

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File No.	Exact Name of Registrants as Specified in their Charters, Address and Telephone Number		State of Incorporation	I.R.S. Employer Identification Nos.
1-14201	SEMPRA 488 8th Avenue San Diego, California 92101 (619) 696-2000		California	33-0732627
1-03779	SAN DIEGO GAS & ELECTRIC COMPANY 8330 Century Park Court San Diego, California 92123 (619) 696-2000		California	95-1184800
1-01402	SOUTHERN CALIFORNIA GAS COMPANY 555 West 5th Street Los Angeles, California 90013 (213) 244-1200		California	95-1240705

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
SEMPRA:		
Common Stock, without par value	SRE	New York Stock Exchange
5.75% Junior Subordinated Notes Due 2079, \$25 par value	SREA	New York Stock Exchange
SAN DIEGO GAS & ELECTRIC COMPANY:		
None		
SOUTHERN CALIFORNIA GAS COMPANY:		
None		

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

Title of Each Class

SEMPRA:

None

SAN DIEGO GAS & ELECTRIC COMPANY:

None

SOUTHERN CALIFORNIA GAS COMPANY:

6% Preferred Stock, \$25 par value

6% Preferred Stock, Series A, \$25 par value

Indicate by check mark if the Registrants are well-known seasoned issuers, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the Registrants are not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrants were required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Sempra:

☒ Large Accelerated Filer ☐ Accelerated Filer ☐ Non-accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company

San Diego Gas & Electric Company:

☐ Large Accelerated Filer ☐ Accelerated Filer ☒ Non-accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company

Southern California Gas Company:

☐ Large Accelerated Filer ☐ Accelerated Filer ☒ Non-accelerated Filer ☐ Smaller Reporting Company ☐ Emerging Growth Company

If an emerging growth company, indicate by check mark if the Registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrants have filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the Registrants included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrants' respective executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the Registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant computed by reference to the price at which the common equity was last sold as of June 28, 2024, the last business day of each Registrant's most recently completed second fiscal quarter:

Sempra	\$48.1 billion
San Diego Gas & Electric Company	\$0
Southern California Gas Company	\$0

Common stock, without par value, outstanding as of February 19, 2025:

Sempra	651,457,249 shares
San Diego Gas & Electric Company	Wholly owned by Enova Corporation, which is wholly owned by Sempra
Southern California Gas Company	Wholly owned by Pacific Enterprises, which is wholly owned by Sempra

SAN DIEGO GAS & ELECTRIC COMPANY MEETS THE CONDITIONS OF GENERAL INSTRUCTIONS I(1)(a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS REPORT WITH A REDUCED DISCLOSURE FORMAT AS PERMITTED BY GENERAL INSTRUCTION I(2).

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the Sempra proxy statement to be filed for its May 2025 annual meeting of shareholders are incorporated by reference into Part III of this annual report on Form 10-K.

Portions of the Southern California Gas Company information statement to be filed for its June 2025 annual meeting of shareholders are incorporated by reference into Part III of this annual report on Form 10-K.

SEMPRA FORM 10-K
SAN DIEGO GAS & ELECTRIC COMPANY FORM 10-K
SOUTHERN CALIFORNIA GAS COMPANY FORM 10-K
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This combined Form 10-K is separately filed by Sempra, San Diego Gas & Electric Company and Southern California Gas Company. Information contained herein relating to any one of these individual Registrants is filed by such entity on its own behalf. Each such Registrant makes statements herein only as to itself and its consolidated entities and makes no statement whatsoever as to any other entity.

You should read this report in its entirety as it pertains to each respective Registrant. No one section of the report deals with all aspects of the subject matter. A separate Part II – Item 8 is provided for each Registrant, except for the Notes to Consolidated Financial Statements, which are combined for all the Registrants. All Items other than Part II – Item 8 are combined for the three Registrants.

The following terms and abbreviations appearing in this report have the meanings indicated below.

GLOSSARY	
AB	California Assembly Bill
ADIA	Black Silverback ZC 2022 LP (assignee of Black River B 2017 Inc.), a wholly owned affiliate of Abu Dhabi Investment Authority
AFUDC	allowance for funds used during construction
amparo	an extraordinary constitutional appeal governed by Articles 103 and 107 of the Mexican Constitution and filed in Mexican federal court
AOCI	accumulated other comprehensive income (loss)
ARO	asset retirement obligation
ASC	Accounting Standards Codification
ASEA	Agencia de Seguridad, Energía y Ambiente (Mexico's National Agency for Industrial Safety and Environmental Protection)
ASR	accelerated share repurchase
ASU	Accounting Standards Update
ATM	at-the-market equity offering program pursuant to the Sales Agreement
Bcf	billion cubic feet
Bechtel	Bechtel Energy Inc.
bps	basis points
California ISO adder	an additional 0.50% ROE for participation in the California ISO
Cameron LNG JV	Cameron LNG Holdings, LLC
Cameron LNG Phase 1 facility	Cameron LNG JV liquefaction facility
Cameron LNG Phase 2 project	Cameron LNG JV liquefaction expansion project
CARB	California Air Resources Board
CCA	Community Choice Aggregation
CCM	cost of capital adjustment mechanism
CEC	California Energy Commission
CFE	Comisión Federal de Electricidad (Mexico's Federal Electricity Commission)
CFIN	Cameron LNG FINCO, LLC, a wholly owned and unconsolidated affiliate of Cameron LNG JV
CNBV	Comisión Nacional Bancaria y de Valores (Mexico's National Banking and Securities Commission)
CODM	chief operating decision maker as defined in ASC 280
ConocoPhillips	ConocoPhillips Company
CPUC	California Public Utilities Commission
CRE	Comisión Reguladora de Energía (Mexico's Energy Regulatory Commission)
CRR	congestion revenue right
DA	Direct Access
DER	distributed energy resources
DOE	U.S. Department of Energy
DOT	U.S. Department of Transportation
DWR	California Department of Water Resources
ECA LNG	ECA LNG Phase 1 and ECA LNG Phase 2, collectively
ECA LNG Phase 1	ECA LNG Holdings B.V.
ECA LNG Phase 2	ECA LNG II Holdings B.V.
ECA Regas Facility	Energía Costa Azul, S. de R.L. de C.V. LNG regasification facility
Ecogas	Ecogas México, S. de R.L. de C.V.
Edison	Southern California Edison Company, a subsidiary of Edison International
EFH	Energy Future Holdings Corp. (renamed Sempra Texas Holdings Corp.)
EPA	U.S. Environmental Protection Agency
EPC	engineering, procurement and construction
EPS	earnings (losses) per common share
ERCOT	Electric Reliability Council of Texas, Inc., the ISO and the regional coordinator of various electricity systems within Texas
ESJ	Energía Sierra Juárez, S. de R.L. de C.V.
ETR	effective income tax rate
Exchange Act	Securities Exchange Act of 1934, as amended

GLOSSARY

FD	final decision
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings, Inc.
FTA	Free Trade Agreement
GCIM	Gas Cost Incentive Mechanism
GHG	greenhouse gas
GRC	General Rate Case
HOA	Heads of Agreement
INova	Infraestructura Energética Nova, S.A.P.I. de C.V.
INova Pipelines	INova Pipelines, S. de R.L. de C.V.
IMG	Infraestructura Marina del Golfo
INEOS	INEOS Energy Trading Limited, a subsidiary of INEOS Limited
IOU	investor-owned utility
IRA	Inflation Reduction Act of 2022
IRS	U.S. Internal Revenue Service
ISFSI	independent spent fuel storage installation
ISO	Independent System Operator
ITC	investment tax credit
JV	joint venture
KKR Denali	KKR Denali Holdco LLC, an affiliate of Kohlberg Kravis Roberts & Co. L.P.
KKR Pinnacle	KKR Pinnacle Investor L.P., an affiliate of Kohlberg Kravis Roberts & Co. L.P.
kV	kilovolt
kW	kilowatt
kWh	kilowatt hour
LA Fires	the wildfires in Los Angeles County, California, including the Palisades, Eaton and other fires, that burned in January and February of 2025
Leak	the leak at the SoCalGas Aliso Canyon natural gas storage facility injection-and-withdrawal well, SS25, discovered by SoCalGas on October 23, 2015
LNG	liquefied natural gas
LPG	liquid petroleum gas
LTIP	long-term incentive plan
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Mexican Stock Exchange	Bolsa Mexicana de Valores, S.A.B. de C.V., or BMV
MMBtu	million British thermal units (of natural gas)
MMcf	million cubic feet
Moody's	Moody's Investors Service, Inc.
MOU	Memorandum of Understanding
Mtpa	million tonnes per annum
MW	megawatt
MWh	megawatt hour
NAV	net asset value
NCI	noncontrolling interest(s)
NDT	nuclear decommissioning trusts
NEIL	Nuclear Electric Insurance Limited
NEM	net energy metering
NOL	net operating loss
NRC	Nuclear Regulatory Commission
NYSE	New York Stock Exchange
O&M	operation and maintenance expense
OCI	other comprehensive income (loss)
OEIS	Office of Energy Infrastructure Safety
OII	Order Instituting Investigation
Oncor	Oncor Electric Delivery Company LLC

GLOSSARY

Oncor Holdings	Oncor Electric Delivery Holdings Company LLC
ORLEN	Polski Koncern Naftowy Orlen S.A.
Other Sempra	All Sempra consolidated entities, except for SDG&E and SoCalGas
PA LNG Phase 1 project	initial phase of the Port Arthur LNG liquefaction project
PA LNG Phase 2 project	second phase of the Port Arthur LNG liquefaction project
PBOP	postretirement benefits other than pension
PEMEX	Petróleos Mexicanos (Mexican state-owned oil company)
PG&E	Pacific Gas and Electric Company
PHMSA	Pipeline and Hazardous Materials Safety Administration
Port Arthur LNG	Port Arthur LNG, LLC, a subsidiary of SI Partners that owns the PA LNG Phase 1 project
PP&E	property, plant and equipment
PPA	power purchase agreement
PRP	Potentially Responsible Party
PUCT	Public Utility Commission of Texas
PURA	Texas Public Utility Regulatory Act
Rating Agencies	Moody's, S&P and Fitch, collectively
REC	renewable energy certificate
Registrants	has the meaning set forth in Rule 12b-2 under the Exchange Act and consists of Sempra, SDG&E and SoCalGas for purposes of this report
ROE	return on equity
ROU	right-of-use
RPS Program	Renewables Portfolio Standard program
RSU	restricted stock unit
S&P	S&P Global Ratings, a division of S&P Global Inc.
Sales Agreement	ATM Equity Offering Sales Agreement, dated November 6, 2024, among Sempra and Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, Scotia Capital (USA) Inc., and Wells Fargo Securities, LLC (each a sales agent or forward seller) and Barclays Bank PLC, Bank of America, N.A., Citibank, N.A., Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, Mizuho Markets Americas LLC, Morgan Stanley & Co. LLC, MUFG Securities EMEA plc, Royal Bank of Canada, The Bank of Nova Scotia and Wells Fargo Bank, National Association, or one of their respective affiliates (each a forward purchaser)
SB	California Senate Bill
scope 1 emissions	a company's direct emissions from operations that it owns or controls
scope 2 emissions	a company's indirect emissions such as purchased electricity for its own use at its facilities
scope 3 emissions	a company's indirect emissions that are not included in scope 2 and that occur in the company's value chain, including both upstream and downstream emissions
SDG&E	San Diego Gas & Electric Company
SDSRA	Senior Debt Service Reserve Account
SEC	U.S. Securities and Exchange Commission
SEDATU	Secretaría de Desarrollo Agrario, Territorial y Urbano (Mexico's agency in charge of agriculture, land and urban development)
SEFE	SEFE Marketing & Trading México S. de R.L. de C.V.
SENER	Secretaría de Energía de México (Mexico's Ministry of Energy)
series A preferred stock	6% mandatory convertible preferred stock, series A
series B preferred stock	6.75% mandatory convertible preferred stock, series B
series C preferred stock	Sempra's 4.875% fixed-rate reset cumulative redeemable perpetual preferred stock, series C
Sharyland Holdings	Sharyland Holdings, L.P.
Sharyland Utilities	Sharyland Utilities, L.L.C.
Shell	Shell México Gas Natural, S. de R.L. de C.V.
SI Partners	Sempra Infrastructure Partners, LP, the holding company for most of Sempra's subsidiaries not subject to California or Texas utility regulation
SoCalGas	Southern California Gas Company
SOFR	Secured Overnight Financing Rate
SONGS	San Onofre Nuclear Generating Station
SPA	sale and purchase agreement
SST Committee	Safety, Sustainability and Technology Committee of the Sempra board of directors

GLOSSARY

Support Agreement	support agreement, dated July 28, 2020 and amended in June 2021 and January 2025, between Sempra and Sumitomo Mitsui Banking Corporation
TAG Norte	TAG Norte Holding, S. de R.L. de C.V.
TAG Pipelines	TAG Pipelines Norte, S. de R.L. de C.V.
Tangguh PSC	Tangguh PSC Contractors
TCEQ	Texas Commission on Environmental Quality
TdM	Termoeléctrica de Mexicali
TO5	Electric Transmission Owner Formula Rate, effective June 1, 2019
TO5 adder refund provision	the provision in the TO5 settlement providing that SDG&E will refund the California ISO adder as of June 1, 2019 if the FERC issues an order ruling that California IOUs are no longer eligible for the California ISO adder
TO6	Electric Transmission Owner Formula Rate, new application
TTI	Texas Transmission Investment LLC, an entity indirectly owned by OMERS Administration Corporation (acting through its infrastructure investment entity, OMERS Infrastructure Management Inc.) and GIC Private Limited
U.S. GAAP	generally accepted accounting principles in the United States of America
VaR	value at risk
VAT	value-added tax
Ventika	Ventika, S.A.P.I. de C.V. and Ventika II, S.A.P.I. de C.V., collectively
VIE	variable interest entity
Wildfire Fund	the fund established pursuant to AB 1054
Wildfire Legislation	AB 1054 and AB 111

In this report, references to “Sempra” are to Sempra and its consolidated entities, collectively, and references to “we,” “our,” “us” and “our company” are to the applicable Registrant and its consolidated entities, collectively, in each case unless otherwise stated or indicated by the context. All references in this report to our reportable segments are not intended to refer to any legal entity with the same or similar name.

Throughout this report, we refer to the following as Consolidated Financial Statements and Notes to Consolidated Financial Statements when discussed together or collectively:

- the Consolidated Financial Statements and related Notes of Sempra;
- the Financial Statements and related Notes of SDG&E; and
- the Financial Statements and related Notes of SoCalGas.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

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

Forward-looking statements can be identified by words such as “believe,” “expect,” “intend,” “anticipate,” “contemplate,” “plan,” “estimate,” “project,” “forecast,” “envision,” “should,” “could,” “would,” “will,” “confident,” “may,” “can,” “potential,” “possible,” “proposed,” “in process,” “construct,” “develop,” “opportunity,” “preliminary,” “initiative,” “target,” “outlook,” “optimistic,” “poised,” “positioned,” “maintain,” “continue,” “progress,” “advance,” “goal,” “aim,” “commit,” or similar expressions, or when we discuss our guidance, priorities, strategies, goals, vision, mission, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those expressed or implied in any forward-looking statement include:

- California wildfires, including potential liability for damages regardless of fault and any inability to recover all or a substantial portion of costs from insurance, the Wildfire Fund, rates from customers or a combination thereof
- decisions, denials of cost recovery, audits, investigations, inquiries, ordered studies, regulations, denials or revocations of permits, consents, approvals or other authorizations, renewals of franchises, and other actions, including the failure to honor contracts and commitments, by the (i) CPUC, CRE, DOE, FERC, IRS, PUCT and other regulatory bodies and (ii) U.S., Mexico and states, counties, cities and other jurisdictions therein and in other countries where we do business
- the success of business development efforts, construction projects, acquisitions, divestitures, and other significant transactions, including risks related to (i) being able to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) realizing anticipated benefits from any of these efforts if completed, (iv) obtaining third-party consents and approvals and (v) third parties honoring their contracts and commitments
- changes to our capital expenditure plans and their potential impact on rate base or other growth
- litigation, arbitration, property disputes and other proceedings, and changes (i) to laws and regulations, including those related to tax and the energy industry in Mexico, (ii) due to the results of elections, and (iii) in trade and other foreign policy, including the imposition of tariffs by the U.S. and foreign countries
- cybersecurity threats, including by state and state-sponsored actors, of ransomware or other attacks on our systems or the systems of third parties with which we conduct business, including the energy grid or other energy infrastructure
- the availability, uses, sufficiency, and cost of capital resources and our ability to borrow money or otherwise raise capital on favorable terms and meet our obligations, which can be affected by, among other things, (i) actions by credit rating agencies to downgrade our credit ratings or place those ratings on negative outlook, (ii) instability in the capital markets, and (iii) fluctuating interest rates and inflation
- the impact on affordability of SDG&E’s and SoCalGas’ customer rates and their cost of capital and on SDG&E’s, SoCalGas’ and Sempra Infrastructure’s ability to pass through higher costs to customers due to (i) volatility in inflation, interest rates and commodity prices, (ii) with respect to SDG&E’s and SoCalGas’ businesses, the cost of meeting the demand for lower carbon and reliable energy in California, and (iii) with respect to Sempra Infrastructure’s business, volatility in foreign currency exchange rates
- the impact of climate policies, laws, rules, regulations, trends and required disclosures, including actions to reduce or eliminate reliance on natural gas, increased uncertainty in the political or regulatory environment for California natural gas distribution companies, the risk of nonrecovery for stranded assets, and uncertainty related to emerging technologies
- weather, natural disasters, pandemics, accidents, equipment failures, explosions, terrorism, information system outages or other events, such as work stoppages, that disrupt our operations, damage our facilities or systems, cause the release of harmful materials or fires or subject us to liability for damages, fines and penalties, some of which may not be recoverable through regulatory mechanisms or insurance or may impact our ability to obtain satisfactory levels of affordable insurance

- the availability of electric power, natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid or pipeline and storage systems or limitations on the injection and withdrawal of natural gas from storage facilities
- Oncor's ability to reduce or eliminate its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director
- other uncertainties, some of which are difficult to predict and beyond our control

We caution you not to rely unduly on any forward-looking statements. You should review and carefully consider the risks, uncertainties and other factors that affect our businesses as described herein and in other reports we file with the SEC.

SUMMARY OF RISK FACTORS

There are a number of risks you should understand before making an investment decision in our securities or the securities of our subsidiaries. This summary is not intended to be complete and should only be read together with the information set forth in “Part I – Item 1A. Risk Factors” in this report. If any of these risks occurs, Sempra’s and its subsidiaries’ results of operations, financial condition, cash flows and/or prospects could be materially adversely affected, and the trading price of Sempra’s securities and those of its subsidiaries could decline. These risks include the following:

Risks Related to Sempra

- Sempra’s ability to pay dividends and meet its obligations largely depends on the performance of its subsidiaries and entities accounted for as equity method investments
- Successfully completing our five-year capital expenditures plan is subject to certain risks
- The economic interest, voting rights and market value of our outstanding common and preferred stock may be adversely affected by any additional equity securities we may issue

Risks Related to All Sempra Businesses

- Our businesses are subject to risks arising from their infrastructure and systems that support this infrastructure
- We face risks related to severe weather, natural disasters, physical attacks and other similar events
- We face evolving cybersecurity and technology resiliency risks associated with the energy grid, pipelines, storage and other infrastructure as well as the collection of personal, sensitive and confidential information
- Our debt service obligations expose us to risks and could require additional equity securities issuances by Sempra or sales of equity interests in subsidiaries or projects under development
- The availability and cost of debt or equity financing could be negatively affected by market and economic conditions and other factors
- Credit rating agencies may downgrade our credit ratings or place them on negative outlook
- We face risks related to failures and delays in obtaining and maintaining permits, licenses, franchises and other approvals required by our businesses
- We face risks related to environmental and climate change regulation and the costs of the energy transition
- We are subject to complex tax and accounting requirements that expose us to risks

Risks Related to Sempra California

- Wildfires in California pose risks to Sempra, SDG&E and SoCalGas
- The electricity industry is undergoing significant change, including increased deployment of renewable energy sources and energy storage, technological advancements, evolving procurement service standards, and political and regulatory developments
- Natural gas continues to be the subject of political and public debate, including a desire by some to reduce or eliminate reliance on natural gas as an energy source
- SDG&E and SoCalGas are subject to extensive regulation

Risks Related to Sempra Texas Utilities

- Certain ring-fencing measures, governance mechanisms and commitments limit our ability to influence the management, operations and policies of Oncor
- Changes in the regulation of Oncor or the regulation or operation of the electric utility industry and/or the ERCOT market could negatively affect Oncor

Risks Related to Sempra Infrastructure

- Project development activities may not be successful, projects under construction may not be completed on schedule or within budget, and completed projects may not operate at expected levels or generate expected earnings or cash flows
- We face risks from increased competition
- We may not be able to secure, maintain, extend or replace long-term supply, sales or capacity agreements
- Sempra Infrastructure’s business is capital-intensive and relies on various types of financing arrangements, which may not be adequate or available in the future
- Our international businesses and operations expose us to increased legal, regulatory, tax, economic, geopolitical, credit and management oversight risks and challenges

PART I.

ITEM 1. BUSINESS

OVERVIEW

We are a California-based holding company with energy infrastructure investments in North America. Our businesses invest in, develop and operate energy infrastructure, and provide electric and gas services to customers.

Sempra was formed in 1998 through a business combination of Enova Corporation and Pacific Enterprises, the holding companies of our regulated public utilities in California: SDG&E, which began operations in 1881, and SoCalGas, which began operations in 1867. We have since expanded our regulated public utility presence into Texas through our 80.25% interest in Oncor and 50% interest in Sharyland Utilities. Sempra Infrastructure's assets include investments in the U.S. and Mexico with a focus on LNG, energy networks and low carbon solutions.

Business Strategy

Our mission is to be North America's premier energy infrastructure company. We are primarily focused on transmission and distribution investments, among other areas, that we believe are capable of producing stable cash flows and earnings visibility, with the goals of delivering safe, reliable and increasingly clean forms of energy affordably to customers and increasing shareholder value.

DESCRIPTION OF BUSINESS BY SEGMENT

Sempra's business activities are organized under the following reportable segments:

- Sempra California
- Sempra Texas Utilities
- Sempra Infrastructure

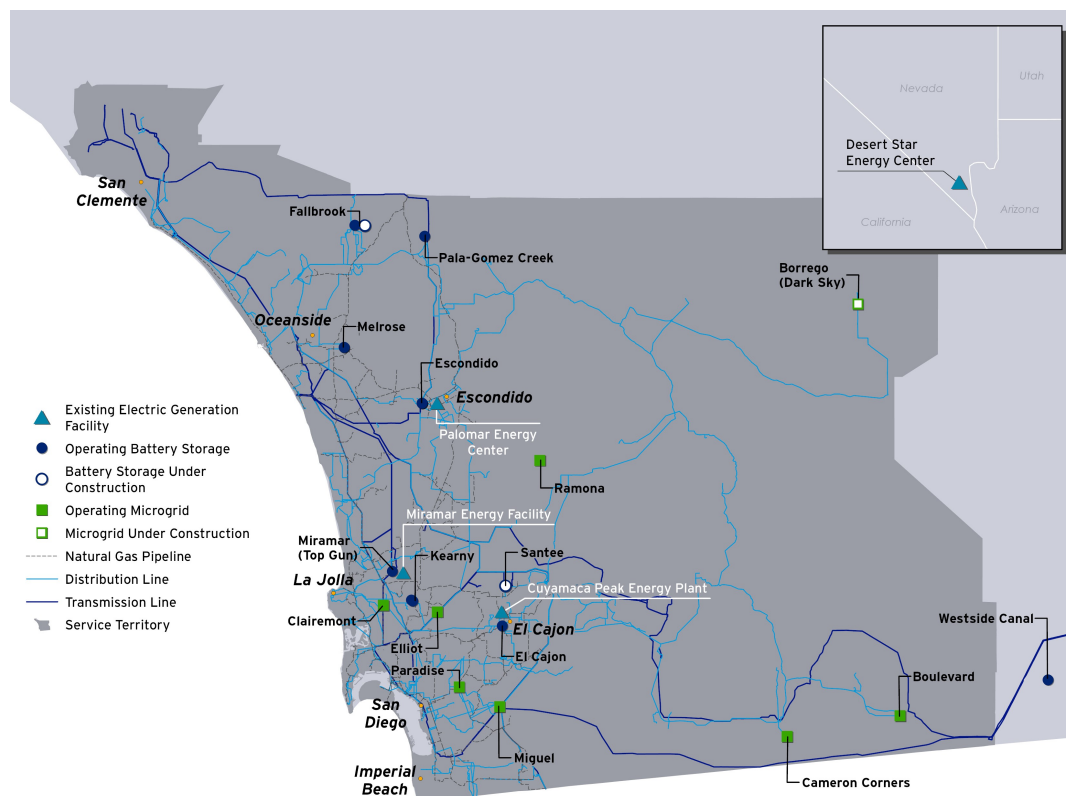
SDG&E and SoCalGas each has one reportable segment.

Sempra California

SDG&E

SDG&E is a regulated public utility that provides electric services to a population of, at December 31, 2024, approximately 3.6 million and natural gas services to approximately 3.3 million of that population, covering an approximate 4,100 square mile service territory in Southern California that encompasses San Diego County and an adjacent portion of Orange County.

SDG&E's assets at December 31, 2024 covered the following territory:



We describe SDG&E's electric utility operations below. We describe SDG&E's natural gas utility operations below in "Sempra California's Natural Gas Utility Operations." For a discussion of the risks and uncertainties facing SDG&E's business, see "Part I – Item 1A. Risk Factors" and "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra California."

Electric Transmission and Distribution System. Service to SDG&E's customers is supported by its electric transmission and distribution system, which includes substations and overhead and underground lines. These electric facilities are primarily in the San Diego, Imperial and Orange counties of California, and in Arizona and Nevada and consisted of 2,021 miles of transmission lines, 24,149 miles of distribution lines and 159 substations at December 31, 2024. Occasionally, various areas of the service territory require expansion to accommodate customer growth and maintain reliability and safety.

SDG&E's 500-kV Southwest Powerlink transmission line, which is shared with Arizona Public Service Company and Imperial Irrigation District, extends from Palo Verde, Arizona to San Diego, California. SDG&E's share of the line is 1,163 MW, although it can be less under certain system conditions. SDG&E's Sunrise Powerlink is a 500-kV transmission line constructed by SDG&E and operated by the California ISO. Both of these lines together provide SDG&E with import capability of 3,900 MW of power.

Mexico's Baja California transmission system is connected to SDG&E's system via two 230-kV interconnections with combined capacity of up to 600 MW in the north-to-south direction and 800 MW in the south-to-north direction. However, it can be less under certain system conditions.

SDG&E's system is connected to Edison's transmission system via five 230-kV transmission lines.

Electric Resources. SDG&E supplies power from its own electric generation facilities and procures power on a long-term basis from other suppliers for resale through CPUC-approved PPAs or purchases on the spot market. SDG&E does not earn any return on commodity sales volumes. SDG&E's electric resources at December 31, 2024 were as follows:

ELECTRIC RESOURCES ⁽¹⁾			
	Contract expiration date	Net operating capacity (MW)	% of total
SDG&E:			
Owned generation facilities, natural gas ⁽²⁾		1,204	24 %
PPAs:			
Renewable energy:			
Wind	2025 to 2042	918	19
Solar	2030 to 2042	1,526	31
Other	2025 and thereafter	155	3
Tolling and other	2025 to 2042	1,113	23
Total		4,916	100 %

⁽¹⁾ Excludes approximately 367 MW of energy storage owned and approximately 632 MW of energy storage contracted.

⁽²⁾ SDG&E owns and operates four natural gas-fired power plants, three of which are in California and one is in Nevada.

Charges under contracts with suppliers are based on the amount of energy received or are tolls based on available capacity. Tolling contracts are PPAs under which SDG&E provides natural gas to the energy supplier.

SDG&E procures natural gas under short-term contracts for its owned generation facilities and for certain tolling contracts associated with PPAs. Purchases from various southwestern U.S. suppliers are primarily priced based on published monthly bid-week indices, which can be subject to volatility.

SDG&E participates in the Western Systems Power Pool, which includes an electric-power and transmission-rate agreement that allows access to power trading with more than 300 member utilities, power agencies, energy brokers and power marketers throughout the U.S. and Canada. Participants can make power transactions on standardized terms, including market-based rates, preapproved by the FERC. Participation in the Western Systems Power Pool is intended to assist members in managing power delivery and price risk.

Customers and Demand. SDG&E provides electric services through the generation, transmission and distribution of electricity to the following customer classes:

ELECTRIC CUSTOMER METERS AND VOLUMES				
	Customer meter count	Volumes ⁽¹⁾ (millions of kWh)		
	December 31,	Years ended December 31,		
	2024	2024	2023	2022
SDG&E:				
Residential	285,881	1,348	2,004	3,940
Commercial	31,313	1,363	1,868	2,850
Industrial	319	441	670	909
Street and highway lighting	1,574	55	77	101
	319,087	3,207	4,619	7,800
CCA and DA	1,213,258	13,484	12,228	9,900
Total	1,532,345	16,691	16,847	17,700

⁽¹⁾ Includes intercompany sales.

SDG&E currently provides procurement service for a portion of its customer load. Most customers receive electric procurement service from a load-serving entity other than SDG&E through programs such as CCA and DA. In such cases, SDG&E no longer procures energy for this departed load. Accordingly, SDG&E's CCA and DA customers receive primarily transportation and distribution services from SDG&E.

CCA is only available if a customer's local jurisdiction (city or county) offers such a program, and DA is currently limited by a cap based on gigawatt hours. Several jurisdictions in SDG&E's territory have implemented CCA, including the City of San Diego in 2022. Additional jurisdictions may be considering CCA.

As a result of customers electing CCA and DA services, SDG&E's historical energy procurement commitments for future deliveries exceed the needs of its remaining bundled customers. To help achieve the goal of ratepayer indifference (as to whether customers' energy is procured by SDG&E or by CCA or DA), the CPUC revised the Power Charge Indifference Adjustment framework. The framework is intended to more equitably allocate SDG&E's procurement cost obligations among customers served by SDG&E and customers now served by CCA and DA.

San Diego's mild climate and SDG&E's robust energy efficiency programs contribute to lower consumption by our customers. Rooftop solar installations continue to reduce residential and commercial volumes sold by SDG&E. At December 31, 2024, 2023 and 2022, the residential and commercial rooftop solar capacity in SDG&E's territory totaled 2,318 MW, 2,154 MW and 1,864 MW, respectively.

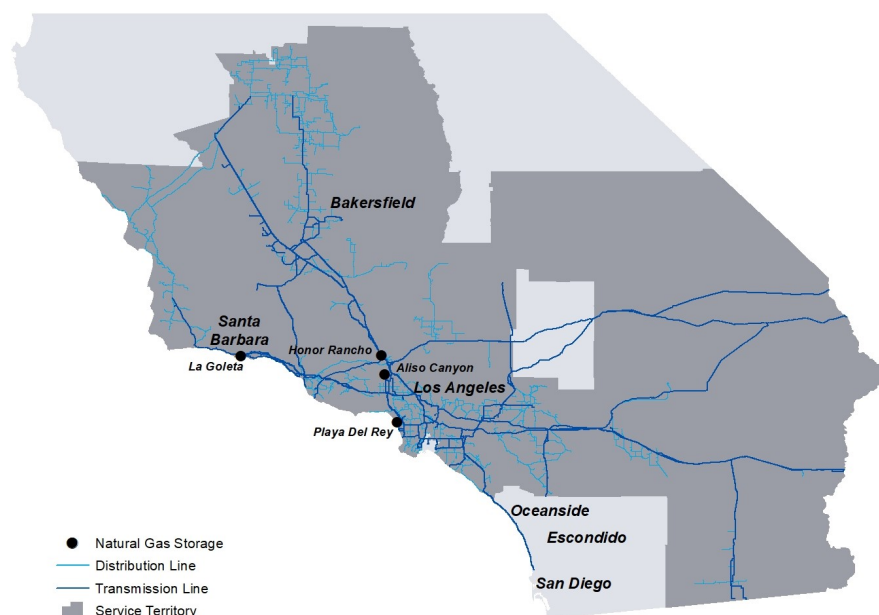
Electricity demand is dependent on the health and expansion of the Southern California economy, prices of alternative energy products, consumer preference, environmental regulations, legislation, renewable power generation, the effectiveness of energy efficiency programs, demand-side management impact and DER. California's energy policy supports increased electrification, particularly electrification of vehicles, which could significantly increase sales volumes in the coming years. Other external factors, such as the price of purchased power, the use and further development of renewable energy sources and energy storage, the development of or requirements for new natural gas supply sources, demand for and supply of natural gas and general economic conditions, can also result in significant shifts in the market price of electricity, which may in turn impact demand. Electricity demand is also impacted by seasonal weather patterns (or "seasonality"), tending to increase in the summer months to meet the cooling load and in the winter months to meet the heating load.

Competition. SDG&E faces competition to serve its customer load from distributed and local power generation growth, including DER. In addition, the electric industry is undergoing rapid technological change, and third-party energy storage alternatives and other technologies may increasingly compete with SDG&E's traditional transmission and distribution infrastructure in delivering electricity to consumers. Certain FERC transmission development projects are open to competition, allowing independent developers to compete with incumbent utilities for the construction and operation of transmission facilities.

SoCalGas

SoCalGas is a regulated public utility that owns and operates a natural gas distribution, transmission and storage system that delivers natural gas to a population of, at December 31, 2024, approximately 21.1 million, covering an approximate 24,000 square mile service territory that encompasses Southern California and portions of central California (excluding San Diego County, the City of Long Beach and the desert area of San Bernardino County).

SoCalGas' assets at December 31, 2024 covered the following territory:



We describe SoCalGas' natural gas utility operations below in "Sempra California's Natural Gas Utility Operations." For a discussion of the risks and uncertainties facing SoCalGas' business, see "Part I – Item 1A. Risk Factors" and "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra California."

Sempra California's Natural Gas Utility Operations

Natural Gas Procurement and Transportation. At December 31, 2024, SoCalGas' natural gas facilities included 3,037 miles of transmission and storage pipelines, 52,567 miles of distribution pipelines, 48,999 miles of service pipelines and nine transmission compressor stations, and SDG&E's natural gas facilities consisted of 188 miles of transmission pipelines, 9,201 miles of distribution pipelines, 6,794 miles of service pipelines and one compressor station.

SoCalGas' and SDG&E's gas transmission pipelines interconnect with four major interstate pipeline systems: El Paso Natural Gas, Transwestern Pipeline, Kern River Pipeline Company, and Mojave Pipeline Company, allowing customers to bring gas supplies into the SoCalGas gas transmission pipeline system from the various out-of-state gas producing basins. Additionally, an interconnection with PG&E's intrastate gas transmission pipeline system allows gas to flow into SoCalGas' gas transmission pipeline system. SoCalGas' gas transmission pipeline system also has an interconnect with a Mexican gas pipeline company at Otay Mesa on the California/Mexico border that allows gas to not only flow south from the gas producing basins in the southwestern U.S., but to also flow north into SoCalGas' gas transmission pipeline system from supplies in Mexico. There are also several in-state gas interconnections allowing for delivery of California-produced gas, including a number of direct connections from biomethane producers.

SoCalGas purchases natural gas under short-term and long-term contracts and on the spot market for SDG&E's and SoCalGas' core customers. SoCalGas purchases natural gas from various sources, including from Canada, the U.S. Rockies and the southwestern regions of the U.S. Purchases of natural gas are primarily priced based on published monthly bid week indices, which can be subject to volatility. The cost of purchases of natural gas for SDG&E's and SoCalGas' core customers is billed to those customers without markup.

To support the delivery of natural gas supplies to its distribution system and to meet the needs of customers, SoCalGas has firm and variable interstate pipeline capacity contracts that require the payment of fixed and variable tariffed and negotiated reservation charges to reserve firm and interruptible transportation rights. Energy companies, primarily El Paso Natural Gas Company, Transwestern Pipeline Company and Kern River Gas Transmission Company, provide transportation services into SoCalGas' intrastate transmission system for supplies purchased by SoCalGas.

Natural Gas Storage. SoCalGas owns four natural gas storage facilities with a combined working gas capacity of 137 Bcf and 126 injection, withdrawal and observation wells that provide natural gas storage service. SoCalGas' and SDG&E's core customers, along with certain third-party market participants, are allocated a portion of SoCalGas' storage capacity. SoCalGas uses the remaining storage capacity for load balancing services for all customers and for storage for noncore customers. Natural gas withdrawn from storage is important to help maintain service reliability during peak demand periods, including consumer heating needs in the winter, as well as peak electric generation needs in the summer. The Aliso Canyon natural gas storage facility has a storage capacity of 86 Bcf and, subject to CPUC limitations, represents 63% of SoCalGas' working natural gas storage capacity. At December 31, 2024, SoCalGas has been authorized by the CPUC to utilize up to 68.6 Bcf of working gas at the facility.

Customers and Demand. SoCalGas and SDG&E sell, distribute and transport natural gas. SoCalGas purchases and stores natural gas for its core customers in its territory and SDG&E's territory on a combined portfolio basis. SoCalGas also offers natural gas transportation and storage services for others.

NATURAL GAS CUSTOMER METERS AND VOLUMES

	Customer meter count	Volumes (Bcf) ⁽¹⁾		
	December 31, 2024	Years ended December 31,		
		2024	2023	2022
SDG&E:				
Residential	886,031			
Commercial	29,009			
Electric generation and transportation	3,312			
Natural gas sales		45	48	45
Transportation		38	39	39
Total	918,352	83	87	84
SoCalGas:				
Residential	5,940,904			
Commercial	248,866			
Industrial	23,833			
Electric generation and wholesale	38			
Natural gas sales		304	321	304
Transportation		522	549	586
Total	6,213,641	826	870	890

⁽¹⁾ Includes intercompany sales.

For regulatory purposes, end-use customers are classified as either core or noncore customers. Core customers are primarily residential and small commercial and industrial customers.

Most core customers purchase natural gas directly from SoCalGas or SDG&E. While core customers are permitted to purchase their natural gas supplies from producers, marketers or brokers, SoCalGas and SDG&E are obligated to maintain adequate delivery capacity to serve the requirements of all their core customers.

SoCalGas' noncore customers consist primarily of electric generation, wholesale, and large commercial and industrial customers. A portion of SoCalGas' noncore customers are non-end-users, which include wholesale customers consisting primarily of other utilities, including SDG&E, or municipally owned natural gas distribution systems. Noncore customers at SDG&E consist primarily of electric generation and large commercial customers.

Noncore customers are responsible for procuring their natural gas requirements, as the regulatory framework does not allow SoCalGas and SDG&E to recover the cost of natural gas procured and delivered to noncore customers.

Natural gas demand largely depends on the health and expansion of the Southern California economy, prices of alternative energy products, consumer preference, environmental regulations, legislation, California's energy policy supporting increased electrification and renewable power generation, and the effectiveness of energy efficiency programs. Other external factors such as weather, the price of, demand for, and supply sources of electricity, the use of and further development of renewable energy sources and energy storage, development of or requirements for new natural gas supply sources, demand for natural gas outside California, storage levels, transport capacity and availability of supply into California and general economic conditions can also result in significant shifts in the market price of natural gas, which may in turn impact demand.

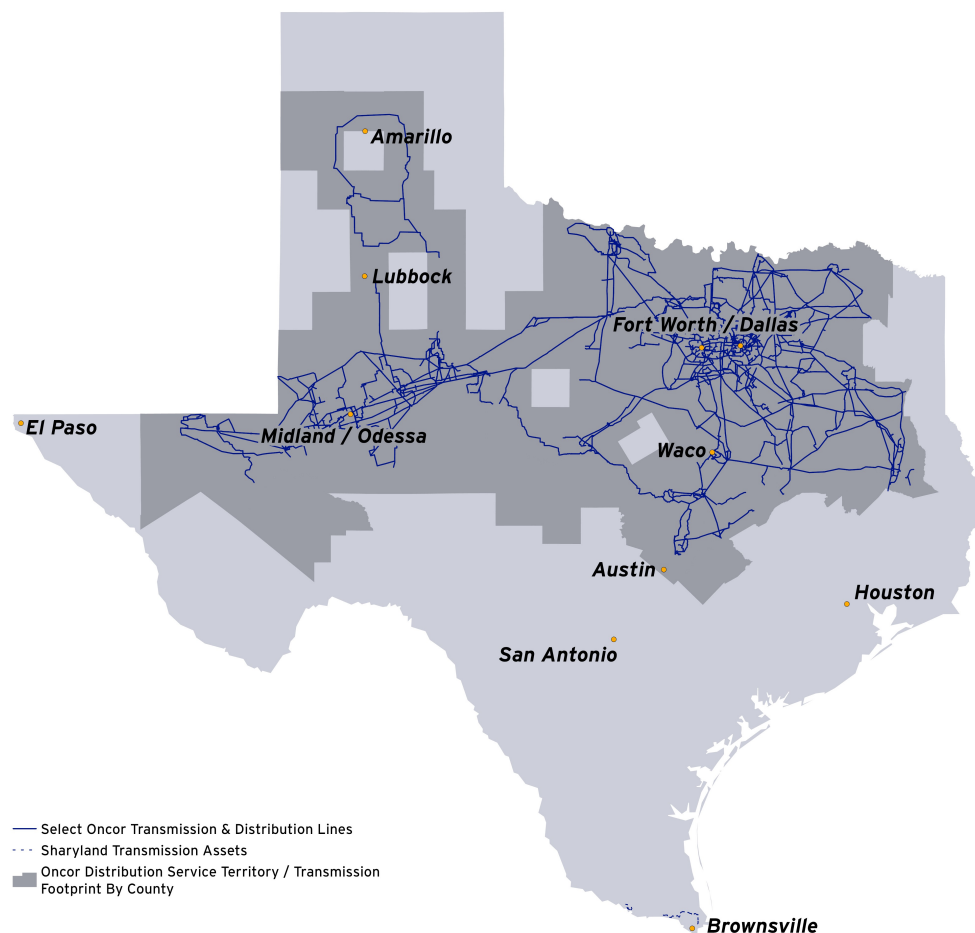
One of the larger drivers of natural gas demand is electric generation. Natural gas-fired electric generation within Southern California (and demand for natural gas supplied to such plants) competes with electric power generated throughout the western U.S. Natural gas transported for electric generating plant customers may be affected by the overall demand for electricity, growth in self-generation from rooftop solar, the addition of more efficient gas technologies, new energy efficiency initiatives, and the degree to which regulatory changes in electric transmission infrastructure investment divert electric generation from SoCalGas' and SDG&E's service areas. The demand for natural gas may also fluctuate due to volatility in the demand for electricity due to seasonality, weather conditions and other impacts, and the availability of competing supplies of electricity, such as renewable energy sources. Given the significant level and availability of natural gas-fired generation, we believe natural gas is a dispatchable fuel that can continue to help provide electric reliability in our California service territories.

The natural gas distribution business is subject to seasonality. Demand for natural gas in our service territory typically rises during the winter months to accommodate heating needs and the summer months to support peak electric generation. As is prevalent in the industry, subject to regulatory limitations, SoCalGas typically injects natural gas into storage during the months of April through October and usually withdraws natural gas from storage during the months of November through March.

Sempra Texas Utilities

Sempra Texas Utilities is comprised of our equity method investments in Oncor Holdings and Sharyland Holdings. Oncor Holdings is a wholly owned entity of Sempra that owns an 80.25% interest in Oncor. TTI owns the remaining 19.75% interest in Oncor. Sempra owns a 50% interest in Sharyland Holdings, which owns a 100% interest in Sharyland Utilities.

Sempra Texas Utilities' assets at December 31, 2024 covered the following territory:



For a discussion of risks and uncertainties related to our equity method investments in Oncor Holdings and Sharyland Holdings, see “Part I – Item 1A. Risk Factors” and “Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra Texas Utilities.”

Oncor

Oncor is a regulated electricity transmission and distribution utility that operates in the north-central, eastern, western and panhandle regions of Texas. Oncor delivers electricity to end-use consumers through its electrical systems and also provides transmission grid connections to merchant generation facilities and interconnections to other transmission grids in Texas. Oncor's transmission and distribution assets are located in over 120 counties and more than 400 incorporated municipalities, including the

cities of Dallas and Fort Worth and surrounding suburbs, as well as Waco, Wichita Falls, Odessa, Midland, Tyler, Temple, Killeen and Round Rock, among others. Most of Oncor's power lines have been constructed over lands of others pursuant to easements or along public highways, streets and rights-of-way pursuant to permits, public utility easements, franchise or other agreements or as otherwise permitted by law.

At December 31, 2024, Oncor had 5,094 employees, including 836 employees covered under a collective bargaining agreement and excluding interns.

Certain ring-fencing measures, governance mechanisms and commitments, which we describe in "Part I – Item 1A. Risk Factors," are in effect and are intended to enhance Oncor Holdings' and Oncor's separateness from their owners and to mitigate the risk that these entities would be negatively impacted by the bankruptcy of, or other adverse financial developments affecting, their owners. Sempra does not control Oncor Holdings or Oncor, and the ring-fencing measures, governance mechanisms and commitments limit our ability to direct the management, policies and operations of Oncor Holdings and Oncor, including the deployment or disposition of their assets, declarations of dividends or other distributions, strategic planning and other important corporate issues and actions, including limited representation on the Oncor Holdings and Oncor boards of directors. Because Oncor Holdings and Oncor are managed independently (i.e., ring-fenced), we account for our 100% ownership interest in Oncor Holdings as an equity method investment.

Electricity Transmission. Oncor's electricity transmission business is responsible for the safe and reliable operations of its transmission network and substations. These responsibilities consist of the construction, maintenance and security of transmission facilities and substations and the monitoring, controlling and dispatching of high-voltage electricity over its transmission facilities in coordination with ERCOT, which we discuss below in "Regulation – Utility Regulation – ERCOT Market."

At December 31, 2024, Oncor's transmission system included approximately 18,324 circuit miles of transmission lines, a total of 1,288 transmission and distribution substations, and interconnection to 192 third-party generation facilities totaling 58,597 MW.

Transmission revenues are provided under tariffs approved by either the PUCT or, to a small degree related to limited interconnection to other markets, the FERC. Network transmission revenues compensate Oncor for delivery of electricity over transmission facilities operating at 60 kV and above. Other services offered by Oncor through its transmission business include system impact studies, facilities studies, transformation service and maintenance of transformer equipment, substations and transmission lines owned by other parties.

Electricity Distribution. Oncor's electricity distribution business is responsible for the overall safe and reliable operation of distribution facilities, including electricity delivery, power quality, security and system reliability. These responsibilities consist of the ownership, management, construction, maintenance and operation of the electricity distribution system within its certificated service area. Oncor's distribution system receives electricity from the transmission system through substations and distributes electricity to end-users and wholesale customers through 3,757 distribution feeders at December 31, 2024.

Oncor's distribution system included more than four million points of delivery at December 31, 2024 and consisted of 125,975 circuit miles of overhead and underground lines.

Distribution revenues from residential and small business users are generally based on actual monthly consumption (kWh) and distribution revenues from large commercial and industrial users are based on, depending on size and annual load factor, either actual monthly demand (kW) or the greater of actual monthly demand (kW) or 80% of peak monthly demand during the prior eleven months.

Customers and Demand. Oncor operates the largest transmission and distribution system in Texas based on the number of end-use customers and miles of transmission and distribution lines, delivering electricity to more than four million homes and businesses, operating more than 144,000 circuit miles of transmission and distribution lines as of December 31, 2024 in a territory with an estimated population of approximately 13 million. The majority of consumers of the electricity Oncor delivers are free to choose their electricity supplier from retail electric providers who compete for their business. Oncor is not a seller of electricity, nor does it purchase electricity for resale. Rather, Oncor provides wholesale transmission services to its electricity distribution business as well as non-affiliated electricity distribution companies, electric cooperatives and municipally owned utilities. Oncor also provides distribution services, consisting of retail delivery services to retail electric providers that sell electricity to end-use customers, as well as wholesale delivery services to electric cooperatives and municipally owned utilities. At December 31, 2024, Oncor's distribution business customers primarily consisted of over 100 retail electric providers that sell the electricity it distributes to consumers in its certificated service areas.

Oncor's revenues and results of operations are subject to seasonality, weather conditions and other electricity usage drivers, with revenues being highest in the summer.

Competition. Oncor operates in certificated areas designated by the PUCT. The majority of Oncor’s service territory is single certificated, with Oncor as the only certificated electric transmission and distribution provider. However, in multi-certificated areas of Texas, Oncor competes with certain other utilities and rural electric cooperatives for the right to serve end-use customers. In addition, the electric industry is undergoing rapid technological change, and third-party DER and other technologies may increasingly compete with Oncor’s traditional transmission and distribution infrastructure in delivering electricity to consumers.

Sharyland Utilities

Sharyland Utilities is a regulated electric transmission utility that owns and operates, at December 31, 2024, approximately 64 miles of electric transmission lines in south Texas, including a direct current line connecting Mexico and assets in McAllen, Texas. Sharyland Utilities is responsible for providing safe, reliable and efficient transmission and substation services and investing to support infrastructure needs in its service territory, which we discuss below in “Regulation – Utility Regulation – ERCOT Market.” Transmission revenues are provided under tariffs approved by the PUCT.

Sempra Infrastructure

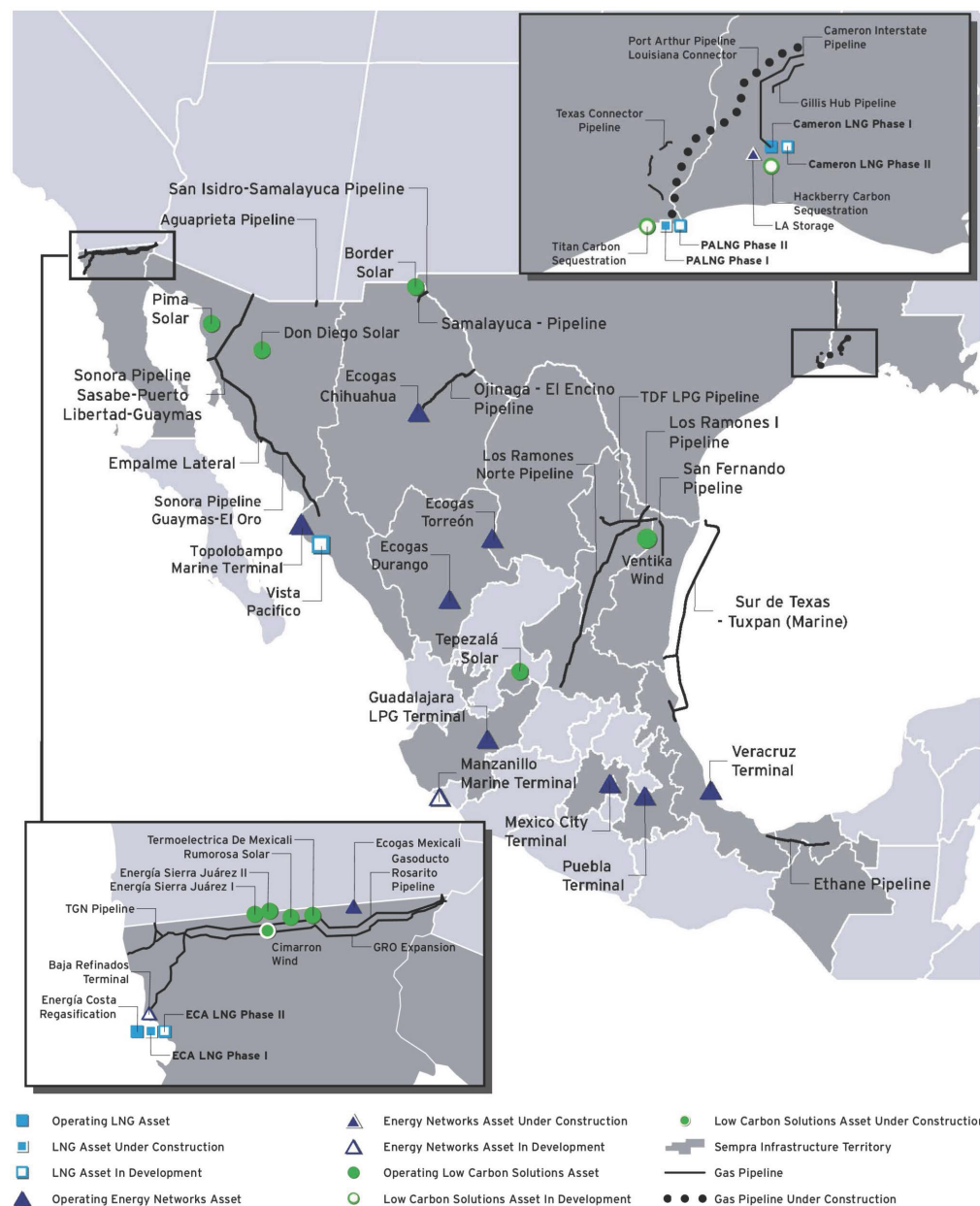
Our Sempra Infrastructure segment includes the operating companies of our subsidiary, SI Partners, as well as a holding company and certain services companies. SI Partners is included within our Sempra Infrastructure reportable segment but is not the same in its entirety as the reportable segment. Sempra Infrastructure develops, builds, operates and invests in energy infrastructure to help provide safe, sustainable and reliable access to cleaner energy in markets in the U.S., Mexico and globally.

At December 31, 2024, Sempra, KKR Pinnacle and ADIA each hold a 70%, 20%, and 10% interest, respectively, in SI Partners. SI Partners owns a 100% interest in Sempra LNG Holding, LP and a 99.9% interest in IEnova at December 31, 2024.

The minority partners in SI Partners and Sempra are parties to the second amended and restated agreement of limited partnership of SI Partners (the LP Agreement). Under the LP Agreement, matters are decided generally by majority vote and the managers designated by the partners of SI Partners each vote on an equity-weighted basis based on the ownership percentage of their respective designating limited partner. SI Partners and its controlled subsidiaries are prohibited from taking certain limited actions without the prior written approval of the minority partners. The LP Agreement contains certain default remedies if any limited partner fails to fund any amounts required to be funded under the LP Agreement and requires that SI Partners distribute to the limited partners at least 85% of distributable cash of SI Partners and its subsidiaries on a quarterly basis, subject to certain exceptions and reserves. Generally, distributions from SI Partners are made on a pro rata basis. However, KKR Pinnacle is entitled to certain priority distributions in the event of material deviations between certain specified projected cash flows and actual cash flows. Additionally, the minority partners are entitled to certain priority distributions in the event a specified project that reaches a positive final investment decision does not have projected internal rates of return greater than a specified threshold or in the event Sempra has not made a positive final investment decision by a certain date on specified LNG projects that are under development. Under the LP Agreement, if the minority partners approve Sempra’s request that a project not be pursued jointly, or if the minority partners decide not to participate in any proposed project for which Sempra nevertheless desires to make a positive final investment decision, then Sempra may proceed with such project either independently through a different investment vehicle or as a “Sole Risk Project” within SI Partners and receive Sole Risk Interests in respect thereof. Sole Risk Projects are separated from other SI Partners projects and are conducted at Sempra’s sole cost, expense and liability, and Sempra receives, through the acquisition of Sole Risk Interests, the economic and other benefits, if any, from such projects.

Sempra Infrastructure consolidates Sempra’s ownership and management of its non-U.S. utility, energy infrastructure assets in North America under a single platform. These assets include LNG and natural gas infrastructure in the U.S. and Mexico and renewable energy, LPG and refined products infrastructure in Mexico, which are managed through three business lines: LNG, Energy Networks and Low Carbon Solutions.

At December 31, 2024, Sempra Infrastructure owned or held interests in the following assets:



For a discussion of the risks and uncertainties facing Sempra Infrastructure's business, see "Part 1 – Item 1A. Risk Factors" and "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra Infrastructure."

LNG

Sempra Infrastructure's LNG business line is comprised of a natural gas liquefaction and regasification portfolio in operation, construction or development, and is focused on securely delivering natural gas to markets around the world. Sempra Infrastructure's development and/or construction of projects, which we describe below, is subject to numerous risks and uncertainties.

Cameron LNG Phase 1 Facility. SI Partners owns 50.2% of Cameron LNG JV, resulting in Sempra Infrastructure holding a 35.1% interest in the JV. An affiliate of TotalEnergies SE, an affiliate of Mitsui & Co., Ltd., and Japan LNG Investment, LLC (a company jointly owned by Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha) each own 16.6% of Cameron LNG JV. We account for our ownership interest in Cameron LNG JV under the equity method. No single owner controls or can unilaterally direct significant activities of Cameron LNG JV.

Cameron LNG JV owns and operates the Cameron LNG Phase 1 facility, a natural gas liquefaction, export, regasification and import facility with three natural gas pre-treatment, processing and liquefaction trains. The Cameron LNG Phase 1 facility is located in Hackberry, Louisiana, along the Calcasieu Ship Channel, which handles significant industrial shipping, including large oil and LNG tankers, that we believe is well positioned to supply the Atlantic and Pacific markets. The three liquefaction trains have a combined nameplate capacity of 13.9 Mtpa of LNG with an export capacity of 12 Mtpa of LNG, or approximately 1.7 Bcf of natural gas per day. The Cameron LNG Phase 1 facility has 20-year liquefaction and regasification tolling capacity agreements in place with affiliates of TotalEnergies SE, Mitsubishi Corporation and Mitsui & Co., Ltd., which collectively subscribe for the full nameplate capacity of the three trains at the facility.

ECA Regas Facility. SI Partners owns and operates the ECA Regas Facility in Baja California, Mexico, which is capable of processing one Bcf of natural gas per day and has a storage capacity of 320,000 cubic meters in two tanks of 160,000 cubic meters each.

The ECA Regas Facility generates revenues from firm storage service fees under firm storage service agreements and nitrogen injection service agreements with Shell and SEFE that expire in May 2028 and December 2025, respectively, which permit them to collectively use 50% of the terminal's capacity, with the remaining 50% of the capacity available for Sempra Infrastructure's use. The land on which the ECA Regas Facility and the ECA LNG liquefaction projects under construction and in development are expected to be situated, as well as land adjacent to those properties, are the subject of litigation. We discuss litigation, regulatory and other matters that could impact the ECA Regas Facility and the ECA LNG liquefaction projects in Note 15 of the Notes to Consolidated Financial Statements and "Part I – Item 1A. Risk Factors."

Sempra Infrastructure uses its 50% capacity at the ECA Regas Facility to satisfy its obligation under an LNG SPA with Tangguh PSC through 2029, which we discuss below, and ECA LNG Phase 1 will be the sole user of this capacity thereafter.

ECA LNG Phase 1 Project. SI Partners owns an 83.4% interest in ECA LNG Phase 1, resulting in Sempra Infrastructure holding a 58.4% interest in the project. An affiliate of TotalEnergies SE owns the remaining 16.6% interest in the project. ECA LNG Phase 1 is constructing a one-train natural gas liquefaction facility at the site of Sempra Infrastructure's existing ECA Regas Facility with a nameplate capacity of 3.25 Mtpa and an initial offtake capacity of 2.5 Mtpa. We expect the ECA LNG Phase 1 project to commence commercial operations in the spring of 2026.

ECA LNG Phase 1 has definitive 20-year SPAs with an affiliate of TotalEnergies SE for approximately 1.7 Mtpa of LNG and Mitsui & Co., Ltd. for approximately 0.8 Mtpa of LNG.

PA LNG Phase 1 Project. SI Partners, KKR Denali and an affiliate of ConocoPhillips own a 28%, 42% and 30% interest, respectively, in the PA LNG Phase 1 project under construction on a greenfield site in the vicinity of Port Arthur, Texas, located along the Sabine-Neches waterway. Sempra Infrastructure holds a 19.6% interest in the project. The PA LNG Phase 1 project will consist of two liquefaction trains, two LNG storage tanks, a marine berth and associated loading facilities and related infrastructure necessary to provide liquefaction services with a nameplate capacity of approximately 13 Mtpa and an initial offtake capacity of approximately 10.5 Mtpa. We expect the first and second trains of the PA LNG Phase 1 project to commence commercial operations in 2027 and 2028, respectively.

PA LNG Phase 1 has definitive SPAs with an affiliate of ConocoPhillips for a 20-year term for 5 Mtpa of LNG, RWE Supply & Trading GmbH for a 15-year term for 2.25 Mtpa of LNG, INEOS for a 20-year term for approximately 1.4 Mtpa of LNG, ORLEN for a 20-year term for approximately 1 Mtpa of LNG, and ENGIE S.A. for a 15-year term for approximately 0.875 Mtpa of LNG.

KKR Denali's interest in the PA LNG Phase 1 project is governed by a limited liability company agreement under which (i) a subsidiary of SI Partners (a) is the managing member, (b) exclusively holds the right to make decisions with respect to certain expansions, such as the potential PA LNG Phase 2 project, (c) has certain rights to preferential distributions from specified revenues and expansion true-up payments, and (d) through a parent entity that is a subsidiary of Sempra, bears a disproportionately higher allocation of certain capital contribution commitments in certain budgetary overrun scenarios, and (ii) KKR Denali has certain investor protection voting rights.

Asset and Supply Optimization. Sempra Infrastructure has an LNG SPA through 2029 with Tangguh PSC for the supply of the equivalent of 500 MMcf of natural gas per day at a price based on the SoCal Border index for natural gas. The LNG SPA allows Tangguh PSC to divert certain LNG volumes to other global markets in exchange for payments of diversion fees. Sempra Infrastructure may also enter into short-term supply agreements to purchase LNG to be received, stored and regasified at the ECA Regas Facility for sale to other parties. Sempra Infrastructure uses the natural gas produced from this LNG to supply a contract for the sale of natural gas to the CFE at prices that are based on the SoCal Border index. If LNG volumes received from Tangguh PSC are not sufficient to satisfy the commitment to the CFE, Sempra Infrastructure may purchase natural gas in the market to satisfy such commitment.

Sempra Infrastructure purchases, transports and sells natural gas and LNG, and has customers in both the U.S. and Mexico, including the CFE. Sempra Infrastructure may also purchase natural gas from other Sempra affiliates. Natural gas purchases and transportation arrangements are substantially backed by long-term, U.S. dollar-based contracts for the sale of natural gas to third parties (both U.S. sourced and derived from imported LNG), LNG offtake and natural gas storage and pipeline capacity.

LNG Projects Under Development. Sempra Infrastructure is pursuing or evaluating the following development opportunities:

- Cameron LNG Phase 2 project, an expansion of the Cameron LNG Phase 1 facility that would add one liquefaction train and debottlenecking capacity from the existing three trains
- ECA LNG Phase 2 project, a large-scale natural gas liquefaction project to be located at the site of Sempra Infrastructure's existing ECA Regas Facility in Baja California, Mexico
- PA LNG Phase 2 project, a large-scale natural gas liquefaction project and associated infrastructure to be located adjacent to the PA LNG Phase 1 project in the vicinity of Port Arthur, Texas
- Vista Pacifico LNG project, a mid-scale natural gas liquefaction project and associated infrastructure in the vicinity of Topolobampo in Sinaloa, Mexico

No final investment decision has been reached for any of these potential projects.

Demand and Competition. North America benefits from numerous competitive advantages as a potential supplier of LNG to world markets, including the following:

- high levels of developed and undeveloped natural gas resources, including unconventional natural gas and oil relative to domestic consumption levels
- flexible and mature oil and gas markets resulting in efficient unit costs of gas production
- availability of extensive natural gas pipeline transmission systems and natural gas storage capacity with proximity to production locations

Global LNG demand and competition may limit North American LNG exports, as international liquefaction projects attempt to match North American LNG production costs and customer contractual rights such as volume and destination flexibility. North American LNG exports add market flexibility that is expected to facilitate additional growth of a global commodity market for natural gas and LNG.

Our LNG projects in development, under construction and in operation all compete globally to market and sell LNG to remarketers and end-users, including gas and electric utilities located in LNG-importing countries around the world. We compete with liquefaction projects currently operating and those under development in the global LNG market. In addition to the U.S., these competitors are located in the Middle East, Southeast Asia, Africa, South America, Australia and Europe.

Energy Networks

Sempra Infrastructure's Energy Networks business line is comprised of a natural gas transportation and distribution network.

Cross-Border Interconnections and In-Country Pipelines. Sempra Infrastructure develops, builds, operates and invests in systems for the receipt, transportation, compression and delivery of natural gas and ethane. At December 31, 2024, these systems consisted of 1,985 miles of natural gas transmission pipelines, 17 natural gas compression stations and 139 miles of ethane pipelines in Mexico. The design capacity of these pipeline assets is over 16,900 MMcf per day of natural gas, 204 MMcf per day of ethane gas and 106,000 barrels per day of ethane liquid. Capacity on Sempra Infrastructure's pipelines and related assets is substantially contracted under long-term, U.S. dollar-based agreements with major industry participants such as the CFE, Centro Nacional de Control de Gas, PEMEX and other similar counterparties. See "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra Infrastructure" for a discussion about Sempra Infrastructure's Sonora pipeline.

Sempra Infrastructure owns a 40-mile natural gas pipeline in south Louisiana, the Cameron Interstate Pipeline, which links the Cameron LNG Phase 1 facility in Cameron Parish in Louisiana to seven pipelines that offer access to major feed gas supply basins in Texas and the northeast, midcontinent and southeast regions of the U.S. The majority of transportation capacity on the Cameron Interstate Pipeline is under long-term transportation service agreements with shippers for delivery to the Cameron LNG Phase 1 facility.

Sempra Infrastructure is constructing the Port Arthur Pipeline Louisiana Connector, a 72-mile pipeline connecting the PA LNG Phase 1 project to Gillis, Louisiana. We expect the Port Arthur Pipeline Louisiana Connector to be ready for service ahead of the PA LNG Phase 1 project's gas requirements.

Natural Gas Distribution. Sempra Infrastructure owns the natural gas distribution regulated utility, Ecogas, which operates in three separate distribution zones in Mexicali, Chihuahua and La Laguna-Durango, Mexico. At December 31, 2024, Ecogas had approximately 3,142 miles of distribution pipeline, and approximately 163,000 customer meters serving more than 628,000 residential, commercial and industrial consumers with sales volume of approximately 10 MMcf per day in 2024. Ecogas relies on supply and transportation services, including from Sempra Infrastructure and SoCalGas for the natural gas it distributes to its customers.

LPG Storage and Associated Systems. Sempra Infrastructure owns and operates the TDF, S. de R. L. de C. V. (TDF) pipeline system and the Guadalajara LPG terminal. At December 31, 2024, the TDF pipeline system consisted of approximately 118 miles of 12-inch diameter LPG pipeline with a design capacity of 34,000 barrels per day and associated storage and dispatch facilities. The TDF pipeline system runs from PEMEX's Burgos facility in the Mexican state of Tamaulipas, Mexico to Sempra Infrastructure's approximately 32,000-barrel LPG storage facility near the city of Monterrey, Mexico and is fully contracted to PEMEX on a firm basis through 2027. Sempra Infrastructure's Guadalajara LPG terminal is an 80,000-barrel LPG storage facility near Guadalajara, Mexico, with associated loading and dispatch facilities, and serves the LPG needs of Guadalajara. The Guadalajara LPG terminal is fully contracted to PEMEX on a firm basis through 2028. Both contracts are U.S. dollar-denominated or referenced and are periodically adjusted for inflation.

Refined Products and Natural Gas Storage. Sempra Infrastructure's refined products storage business develops, constructs and operates systems for the receipt, storage and delivery of refined products, principally gasoline, diesel and jet fuel, throughout the Mexican states of Baja California, Colima, Estado de Mexico, Puebla, Sinaloa and Veracruz for private companies, with a combined storage capacity of 4.6 million barrels fully operating as of December 31, 2024. The Topolobampo marine terminal commenced commercial operations in June 2024. Our customer contracts for our refined products storage business are structured as long-term, U.S. dollar-denominated, firm capacity storage agreements with counterparties including Marathon Petroleum Corporation, Valero Energy Corporation and PEMEX. The contracted rate under these contracts is independent from each terminal's regulated rate as determined by the CRE.

Sempra Infrastructure is constructing Louisiana Storage, a 12.5-Bcf salt dome natural gas storage facility to support the PA LNG Phase 1 project. The construction includes an 11-mile pipeline that will connect to the Port Arthur Pipeline Louisiana Connector. We expect Louisiana Storage to be ready for service in time to support the needs of the PA LNG Phase 1 project.

Demand and Competition. Ecogas faces competition from other distributors of natural gas in each of its three distribution zones in Mexicali, Chihuahua and La Laguna-Durango, Mexico as other distributors of natural gas build or consider building natural gas distribution systems. Sempra Infrastructure's pipeline and storage facilities businesses compete with other regulated and unregulated pipeline and storage facilities. They compete primarily on the basis of price (in terms of storage and transportation fees), available capacity and interconnections to downstream markets. The overall demand for natural gas distribution services increases during the winter months, while the overall demand for power increases during the summer months.

Low Carbon Solutions

Sempra Infrastructure's Low Carbon Solutions business line is focused on commercializing and deploying low carbon solutions in support of meeting the demand for lower carbon and reliable energy supply. The portfolio of resources includes renewable energy infrastructure, a natural gas-fired power plant, as well as potential hydrogen fuel production and advanced carbon capture, usage and storage technologies that are under development.

Renewable Power Generation. Sempra Infrastructure develops, builds and operates renewable energy generation facilities that have long-term PPAs to sell the electricity they generate to their customers, which are generally load-serving entities, as well as industrial and other customers. Load serving entities sell electric service to their end-users and wholesale customers upon receipt of power delivery from these energy generation facilities, while industrial and other customers consume the electricity to run their facilities. At December 31, 2024, Sempra Infrastructure had total nameplate capacity of 1,044 MW related to its operating wind and solar power generation facilities. Generation from Sempra Infrastructure's renewable energy assets is susceptible to fluctuations in naturally occurring conditions such as wind, inclement weather and hours of sunlight. Additionally, some of these facilities are impacted by regulatory actions by the Mexican government and related litigation, which we discuss in Note 15 of the Notes to Consolidated Financial Statements, "Part I – Item 1A. Risk Factors" and "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra Infrastructure."

RENEWABLE POWER GENERATION

	Location	Contract expiration date	Nameplate capacity (MW)
Wind power generation facilities:			
SJ – first phase	Tecate, Baja California	2035	155
SJ – second phase	Tecate, Baja California	2042	108
entika	Nuevo León, Mexico	2036	252
Solar power generation facilities:			
order Solar	Ciudad Juarez, Chihuahua	2032 and 2037	150
on Diego Solar	Benjamin Hill, Sonora	2034 and 2037	125
ima Solar	Caborca, Sonora	2038	110
umorsa Solar	Tecate, Baja California	2034	44
apezalá Solar	Aguascalientes	2034	100
Total			1,044

Natural Gas-Fired Generation. Sempra Infrastructure owns and operates the TdM power plant in the vicinity of Mexicali, Baja California, adjacent to the Mexico-U.S. border. TdM is a 625 MW natural gas-fired, combined-cycle power plant that is connected to our Gasoducto Rosarito pipeline system, which enables it to receive regasified LNG from the ECA Regas Facility as well as continental gas supplied from the U.S. on the North Baja pipeline. TdM generates revenue from selling electricity and resource adequacy to the California ISO for delivery to governmental, public utility and wholesale power marketing entities.

Low Carbon Solutions Projects. Sempra Infrastructure is constructing the Cimarrón Wind project, an approximately 320 MW wind generation facility in Baja California, Mexico. Sempra Infrastructure has a 20-year PPA with Silicon Valley Power for the long-term supply of renewable energy to the City of Santa Clara, California. Cimarrón Wind will utilize Sempra Infrastructure's existing cross-border high voltage transmission line to interconnect and deliver clean energy to the East County substation in San Diego County. We expect the Cimarrón Wind project to begin generating energy in late 2025 and commence commercial operations in the first half of 2026.

Sempra Infrastructure is also evaluating the Hackberry Carbon Sequestration development opportunity, which is a carbon capture and sequestration project that is intended to reduce emissions at the Cameron LNG Phase 1 facility and proposed Cameron LNG Phase 2 project.

Demand and Competition. Sempra Infrastructure competes with Mexican and foreign companies for new energy infrastructure projects in Mexico. Some of its competitors (including public or state-operated companies and their affiliates) may have better access to capital or greater financial and other resources or advantages, which could give them a competitive advantage for such projects.

Sempra Infrastructure sells power from its ESJ wind power facility into California, where renewable energy demand is affected by U.S. state mandates requiring a portion of energy to come from renewable sources. These mandates are part of California's RPS Program. The first and second phases of ESJ, which are in operation, were certified by the CEC under the RPS Program. Certification by the CEC means that the energy produced by a facility can be counted towards the RPS Program requirements, which in turn affects the demand from California load serving entities for energy from that facility. In January 2025, the CEC approved Cimarrón Wind's application for precertification under the RPS Program.

TdM competes daily with other generating plants that supply power into the California electricity market. Sempra Infrastructure manages commodity price risk at TdM by using a mix of day ahead sales of energy, energy spreads hedging, ancillary services, and short-term to medium-term capacity sales.

REGULATION

We discuss the material effects of compliance with all government regulations, including environmental regulations, on our capital expenditures, earnings and competitive position in "Part II – Item 7. MD&A" and Note 15 of the Notes to Consolidated Financial Statements.

Utility Regulation

California

SDG&E and SoCalGas are principally regulated at the state level by the CPUC, CEC and CARB.

The CPUC:

- consists of five commissioners appointed by the Governor of California for staggered, six-year terms;
- regulates, among other things, SDG&E's and SoCalGas' customer rates and conditions of service, sales of securities, rates of return, capital structure, rates of depreciation, and long-term resource procurement, except as described below in "U.S. Federal;"
- has jurisdiction over the proposed construction of major new electric generation, transmission and distribution, and natural gas storage, transmission and distribution facilities in California;
- conducts reviews and audits of utility performance and compliance with regulatory guidelines and conducts investigations related to various matters, such as safety, reliability and planning, deregulation, competition and the environment; and
- regulates the interactions and transactions of SDG&E and SoCalGas with Sempra and other affiliates, including their marketing functions.

The CPUC also oversees and regulates other energy-related products and services, including solar and wind energy, bioenergy, alternative energy storage and other forms of renewable energy. In addition, the CPUC's safety and enforcement role includes inspections, investigations and penalty and citation processes for safety and other violations.

The CEC publishes electric demand forecasts for the state and specific service territories. Based on these forecasts, the CEC:

- determines the need for additional energy sources and conservation programs;
- sponsors alternative-energy research and development projects;
- promotes energy conservation programs to reduce demand for natural gas and electricity within California;
- maintains a statewide plan of action in case of energy shortages; and
- certifies power-plant sites and related facilities within California.

The CEC conducts a 20-year forecast of available supplies and prices for every market sector that consumes natural gas in California. This forecast includes resource evaluation, pipeline capacity needs, natural gas demand and wellhead prices, and transportation and distribution costs. This analysis is one of many resource materials used to support SDG&E's and SoCalGas' long-term investment decisions.

We discuss regulatory oversight by CARB below in "Environmental Matters – Air Quality and GHG Emissions."

Texas

Oncor's and Sharyland Utilities' rates are regulated at the state level by the PUCT and, in the case of Oncor, at the city level by certain cities. The PUCT has original jurisdiction over wholesale transmission rates and services and retail rates and services in unincorporated areas and in those municipalities that have ceded original jurisdiction to the PUCT, and has exclusive appellate jurisdiction to review the retail rates, retail services, and ordinances of municipalities. Generally, the Texas PURA prohibits the collection of any rates or charges by a public utility (as defined by PURA) that do not have the prior approval of the appropriate regulatory authority (i.e., the PUCT or the municipality with original jurisdiction).

At the state level, PURA requires utility owners or operators of electric transmission facilities to provide open-access wholesale transmission services to third parties at rates and terms that are nondiscriminatory and comparable to the rates and terms of the utility's own use of its system. The PUCT has adopted rules implementing the state open-access requirements for all utilities that are subject to the PUCT's jurisdiction over electric transmission services, including Oncor.

U.S. Federal

SDG&E and SoCalGas are also regulated at the federal level by the FERC, the EPA, the DOE and the DOT, and for SDG&E the NRC.

The FERC regulates SDG&E's and SoCalGas' interstate sale and transportation of natural gas. The FERC also regulates SDG&E's transmission and wholesale sales of electricity in interstate commerce, transmission access, rates of return and rates of depreciation on transmission investment, electric rates involving sales for resale and the application of the uniform system of accounts. The U.S. Energy Policy Act governs procedures for requests for electric transmission service. The California IOUs' electric transmission facilities are under the operational control of the California ISO. As member utilities, Oncor and Sharyland Utilities operate within the ERCOT market, which we discuss below. To a small degree related to limited interconnections to other markets, Oncor's electric transmission revenues are provided under tariffs approved by the FERC.

The NRC oversees the licensing, construction, operation and decommissioning of nuclear facilities in the U.S., including SONGS, in which SDG&E owns a 20% interest, and which permanently ceased operations in 2013. The NRC and various state regulations require extensive review of these facilities' safety, radiological and environmental aspects. We provide further discussion of SONGS matters, including the closure and decommissioning of the facility, in Note 14 of the Notes to Consolidated Financial Statements.

The EPA implements federal laws to protect human health and the environment, including federal laws on air quality, water quality, wastewater discharge, solid waste management, and hazardous waste disposal and remediation. The EPA also sets national environmental standards that state and tribal governments implement through their regulations. As a result, SDG&E, SoCalGas, Oncor and Sharyland Utilities are subject to an interrelated framework of environmental laws and regulations.

The DOT, through PHMSA, has established regulations regarding engineering standards and operating procedures, including procedures intended to manage cybersecurity risks, applicable to SDG&E's and SoCalGas' natural gas transmission and distribution pipelines, as well as natural gas storage facilities. The DOT has certified the CPUC to administer oversight and compliance with these regulations for the entities they regulate in California.

ERCOT Market

As member utilities, Oncor and Sharyland Utilities operate within the ERCOT market, which represents approximately 90% of the electricity consumption in Texas. ERCOT is the regional reliability coordinating organization for member electricity systems in Texas and the ISO of the interconnected transmission grid for those systems. ERCOT is subject to oversight by the PUCT and the Texas Legislature. ERCOT is responsible for ensuring reliability, adequacy and security of the electric systems, as well as nondiscriminatory access to transmission service by all wholesale market participants, in the ERCOT region. ERCOT's membership consists of corporate and associate members, including electric cooperatives, municipal power agencies, independent generators, independent power marketers, transmission service providers, distribution service providers, independent retail electric providers and consumers.

The PUCT has primary jurisdiction over the ERCOT market to ensure the adequacy and reliability of power supply across Texas' main interconnected electric transmission grid. Oncor and Sharyland Utilities, along with other owners of electric transmission and distribution facilities in Texas, assist the ERCOT ISO in its operations. Each of these Texas utilities has planning, design, construction, operation, maintenance and security responsibility for the portion of the transmission grid and the load-serving substations it owns, primarily within its certificated distribution service area. Each participates with the ERCOT ISO and other ERCOT utilities in obtaining regulatory approvals and planning, designing, constructing and upgrading transmission lines in order to remove any existing constraints and interconnect energy generation on the ERCOT transmission grid. These transmission line projects are necessary to meet reliability needs, support energy production and increase bulk power transfer capability.

Oncor and Sharyland Utilities are subject to reliability standards adopted and enforced by the Texas Reliability Entity, Inc., an independent organization that develops reliability standards for the ERCOT region and monitors and enforces compliance with the standards of the North American Electric Reliability Corporation, including critical infrastructure protection, and ERCOT protocols.

Other U.S. State and Local Territories Regulation

SDG&E has electric franchise agreements with the two counties and the 27 cities in its electric service territory, and natural gas franchise agreements with the one county and the 18 cities in its natural gas service territory. These franchise agreements allow SDG&E to locate, operate and maintain facilities for the transmission and distribution of electricity or natural gas. Most of the franchise agreements have no expiration dates, while some have expiration dates that range from 2028 to 2041. SDG&E has electric and natural gas franchises for the City of San Diego. These franchise agreements, which went into effect in July 2021, provide SDG&E the opportunity to serve the City of San Diego for the next 20 years, consisting of 10-year agreements that will automatically renew for an additional 10 years unless the City Council voids the automatic renewal. These franchise agreements have been challenged in two lawsuits that we discuss in Note 15 of the Notes to Consolidated Financial Statements.

SoCalGas has natural gas franchise agreements with the 12 counties and the 232 cities in its service territory. These franchise agreements allow SoCalGas to locate, operate and maintain facilities for the transmission and distribution of natural gas. Most of the franchise agreements have no expiration dates, while some have expiration dates that range from 2026 to 2069. In December 2024, the Los Angeles County Board of Supervisors granted SoCalGas a new, 20-year gas pipeline franchise. The franchise consists of an initial 10-year term beginning on January 9, 2025, followed by a 10-year term that Los Angeles County has the option to terminate. Prior to the granting of the new franchise, SoCalGas continued to serve customers in the unincorporated territory of Los Angeles County in accordance with its prior franchise.

Other U.S. Regulation

The FERC regulates certain Sempra Infrastructure assets pursuant to the U.S. Federal Power Act and Natural Gas Act, which provide for FERC jurisdiction over, among other things, sales of wholesale power in interstate commerce, transportation of natural gas in interstate commerce, and siting and permitting of LNG facilities.

The FERC may regulate rates and terms of service based on a cost-of-service approach or, in geographic and product markets determined by the FERC to be sufficiently competitive, rates may be market-based. FERC-regulated rates at Sempra Infrastructure are market-based for wholesale electricity sales, cost-based for the transportation of natural gas, and market-based for the purchase and sale of LNG and natural gas.

Sempra Infrastructure's investment in Cameron LNG JV is subject to regulations of the DOE regarding the export of LNG. Under these regulations, the DOE acts on LNG export applications to non-FTA countries after completing a public interest review that includes several criteria, including economic and environmental review of the proposed export. Sempra Infrastructure's other potential natural gas liquefaction projects would, if completed, be subject to similar regulations.

SDG&E, SoCalGas and businesses in which Sempra Infrastructure invests are subject to the DOT rules and regulations regarding pipeline safety. PHMSA, acting through the Office of Pipeline Safety, is responsible for administering the DOT's national regulatory program to help ensure the safe transportation of natural gas, petroleum and other hazardous materials by pipelines, including pipelines associated with natural gas storage, and develops regulations and other approaches to risk management to help ensure safety in design, construction, testing, operation, maintenance and emergency response of pipeline facilities. PHMSA also regulates the safety of onshore LNG facilities.

SDG&E, SoCalGas and Sempra Infrastructure are also subject to regulation by the U.S. Commodity Futures Trading Commission.

Foreign Regulation

Operations and projects in our Sempra Infrastructure segment are subject to regulation by the CRE, ASEA, SENER, the Mexican Ministry of Environment and Natural Resources of Mexico (Secretaría del Medio Ambiente y Recursos Naturales), and other labor and environmental agencies of city, state and federal governments in Mexico. New energy infrastructure projects may also require a favorable opinion from Mexico's Competition Commission (Comisión Federal de Competencia Económica) in order to be constructed and operated. Recent Mexican Constitutional reforms have proposed to transfer significant powers from the CRE to SENER; implementing legislation on these reforms is expected to be forthcoming.

Licenses and Permits

Our utilities in California and Texas obtain numerous permits, authorizations and licenses for, as applicable, the transmission and distribution of natural gas and electricity and the operation and construction of related assets, including electric generation and natural gas storage facilities, some of which may require periodic renewal.

Sempra Infrastructure obtains numerous permits, authorizations and licenses for its electric and natural gas distribution, generation and transmission systems from the local governments where these services are provided. The permits for generation, transportation, storage and distribution operations at Sempra Infrastructure are generally for 30-year terms, with options for renewal under certain regulatory conditions. Sempra Infrastructure obtains licenses and permits for the construction, operation and expansion of LNG facilities and for the import and export of LNG and natural gas. Sempra Infrastructure also obtains licenses and permits for the construction and operation of facilities for the receipt, storage and delivery of refined products. Sempra Infrastructure obtains permits, authorizations and licenses for the construction and operation of natural gas storage facilities and pipelines, and in connection with participation in the wholesale electricity market. Most of the permits and licenses associated with Sempra Infrastructure's construction and operations are for periods generally in alignment with the construction cycle or expected useful life of the asset and in many cases are greater than 20 years.

RATEMAKING MECHANISMS

Sempra California

General Rate Case Proceedings

A CPUC GRC proceeding is designed to set sufficient base rates to allow SDG&E and SoCalGas to recover their reasonable forecasted operating costs and to provide the opportunity to realize their authorized rates of return on their investments. The proceeding generally establishes the test year revenue requirements and provides for attrition, or annual increases in revenue requirements, for each year following the test year. Both the test year revenue requirements and attrition authorize how much SDG&E and SoCalGas can collect from their customers in base rates.

We discuss the GRC in "Part I – Item 1A. Risk Factors," "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra California" and Note 4 of the Notes to Consolidated Financial Statements.

Cost of Capital Proceedings

A CPUC cost of capital proceeding every three years determines a utility's authorized capital structure and return on rate base, which is a weighted average of the authorized returns on debt, preferred equity and common equity (referred to as ROE), weighted on a basis consistent with the authorized capital structure. The authorized return on rate base approved by the CPUC is the rate that SDG&E and SoCalGas use to establish customer rates to finance investments in CPUC-regulated electric distribution and generation, natural gas distribution, transmission and storage assets, as well as general PP&E and information technology systems investments to support operations.

The CPUC established the CCM to apply in the interim years between required cost of capital applications and considers changes in the cost of capital based on changes in interest rates based on the applicable utility bond index published by Moody's (the CCM benchmark) for each 12-month period ending September 30 (the measurement period). The index applicable to SDG&E and SoCalGas is based on each utility's credit rating. The CCM benchmark rate is the basis of comparison to determine if the CCM is triggered in each measurement period, which occurs if the change in the applicable Moody's utility bond index relative to the CCM benchmark rate is larger than plus or minus 1.00% for the measurement period. The CCM, if triggered, would automatically update the authorized cost of debt based on actual costs and update the authorized ROE upward or downward by 20% of the difference between the CCM benchmark rate and the applicable Moody's utility bond index during the measurement period, subject to regulatory approval. Alternatively, each of SDG&E and SoCalGas is permitted to file a cost of capital application to have its cost of capital determined in lieu of the CCM in an interim year in which an extraordinary or catastrophic event materially impacts its cost of capital and affects utilities differently than the market as a whole.

We discuss the cost of capital and CCM in "Part I – Item 1A. Risk Factors," "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra California" and Note 4 of the Notes to Consolidated Financial Statements.

Transmission Rate Cases

SDG&E files separately with the FERC for its authorized ROE on FERC-regulated electric transmission operations and assets. The proceeding establishes a ROE and a formulaic rate whereby rates are determined using (i) a base period of historical costs and a forecast of capital investments, and (ii) a true-up period, similar to balancing account treatment, that is designed to provide earnings equal to SDG&E's actual cost of service including its authorized return on investment. SDG&E makes annual filings with the FERC to update rates for the following calendar year. SDG&E may also file for ROE incentives that might apply under FERC rules. SDG&E's debt-to-equity ratio is set annually based on the actual ratio at the end of each year.

We discuss the latest FERC rate matters in "Part I – Item 1A. Risk Factors," "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra California" and Note 4 of the Notes to Consolidated Financial Statements.

Incentive Mechanisms

SoCalGas is subject to the GCIM and is eligible for financial awards or subject to financial penalties depending on its performance in relation to specific benchmarks. We discuss the GCIM in "Part II – Item 7. MD&A" and Note 3 of the Notes to Consolidated Financial Statements.

Other Cost-Based Regulatory Recovery

The CPUC, and the FERC as it relates to SDG&E, authorize SDG&E and SoCalGas to collect, or in the case of CPUC programmatic activities, to apply for additional, revenue requirements beyond base rates from customers for certain operating and capital related costs (depreciation, taxes and return on rate base), including for:

- costs to purchase natural gas and electricity;
- costs associated with administering public purpose, demand response, environmental compliance, and customer energy efficiency programs;
- other programmatic activities, such as gas distribution, gas transmission, gas storage integrity management and wildfire mitigation; and
- costs associated with third party liability insurance premiums.

Authorized costs are recovered as the commodity or service is delivered. To the extent authorized amounts collected vary from actual costs, the differences are generally recovered or refunded in a subsequent period based on the nature of the balancing account mechanism. In general, the revenue recognition criteria for balanced costs billed to customers are met when the costs are incurred. Because these costs are substantially recovered in rates through a balancing account mechanism, changes in these costs are reflected as changes in revenues. The CPUC and the FERC may impose various review procedures before authorizing recovery or refund of amounts accumulated for authorized programs, including limitations on the program's total cost, revenue requirement limits or reviews of costs for reasonableness. These procedures could result in delays or disallowances of recovery from customers.

Sempra Texas Utilities

Rates and Cost Recovery

Oncor's and Sharyland Utilities' rates are each regulated at the state level by the PUCT and, in the case of Oncor, at the city level by certain cities, and are subject to regulatory rate-setting processes and earnings oversight. This regulatory treatment does not provide assurance as to achievement of earnings levels or recovery of actual costs. Instead, their rates are based on an analysis of each utility's costs and capital structure in a designated test year, as reviewed and approved in regulatory proceedings. Rate regulation is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. However, there is no assurance that the PUCT will judge all of the Texas utilities' costs to have been prudently incurred and therefore fully recoverable. The approved levels and timing of recovery could differ significantly from requested levels and timing. There can also be no assurance that the PUCT will approve any other items requested in any rate proceeding or that the regulatory process in which rates are determined will necessarily result in rates that produce full recovery of the Texas utilities' actual post-test year costs and/or the full return on invested capital allowed by the PUCT, particularly during periods of increased capital spending, high inflation or increases in interest rates resulting in increased costs relative to the utility's most recent base rate review.

PUCT rules provide that a transmission and distribution utility must file a comprehensive base rate review within four years of the last order in its most recent comprehensive rate proceeding unless an extension is otherwise approved by the PUCT. However, the PUCT or any city retaining original jurisdiction over rates may direct the utility to file a base rate review, or the utility may voluntarily file a base rate review, any time prior to that deadline. Pursuant to these rules, Oncor's next base rate review must be filed no later than June 2027.

We discuss Oncor's most recent comprehensive base rate proceeding in "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sempra Texas Utilities."

Sharyland Utilities' 2020 rate case became effective in July 2021 and remains effective until the next rate case is finalized, which we expect could be in late 2025.

In addition, PUCT rules allow Texas electric utilities providing wholesale or retail distribution service to file up to two interim rate adjustment applications per year to recover distribution-related investments placed into service between base rate review proceedings. PUCT rules also allow the Texas utilities to file up to two interim rate adjustment applications per year to reflect changes in transmission-related invested capital. These applications for interim rate adjustments between base rate reviews, known as "capital tracker" provisions, are intended to encourage transmission and distribution investments in the electric system to help ensure reliability and efficiency by helping to shorten the time period between a utility's investment in transmission and distribution infrastructure and its ability to start recovering and earning a return on such investments. However, all investments included in a capital tracker are ultimately subject to prudence review by the PUCT in the next base rate review, after such assets are put into service.

Capital Structure and Return on Equity

In April 2023, the PUCT issued a final order in Oncor's comprehensive base rate review that set Oncor's authorized ROE at 9.7%, a decrease from its previously authorized ROE of 9.8%, and maintained Oncor's authorized regulatory capital structure at 57.5% debt to 42.5% equity.

Sharyland Utilities' PUCT-authorized ROE is 9.38% and its authorized regulatory capital structure is 60% debt to 40% equity.

Sempra Infrastructure

Ecogas' revenues are derived from service and distribution fees charged to its customers in Mexican pesos. The price Ecogas pays to purchase natural gas, which is based on international price indices, is passed through directly to its customers. The service and distribution fees charged by Ecogas are regulated by the CRE, which performs a review of rates every five years and monitors prices charged to end-users. Ecogas' rate case for 2021 through 2025 was approved by the CRE in December 2023. The tariffs operate under a return-on-asset-base model. In the annual tariff adjustment, rates are adjusted to account for inflation or fluctuations in exchange rates, and inflation indexing includes separate U.S. and Mexican cost components so that U.S. costs can be included in the final distribution rates.

ENVIRONMENTAL MATTERS

We discuss environmental issues affecting us in Note 15 of the Notes to Consolidated Financial Statements and "Part I – Item 1A. Risk Factors." You should read the following additional information in conjunction with those discussions.

Hazardous Substances

The CPUC's Hazardous Waste Collaborative mechanism allows California's IOUs to recover hazardous waste cleanup costs for certain sites, including those related to certain Superfund sites. For sites that are covered by this mechanism, SDG&E and SoCalGas are permitted to recover in rates 90% of hazardous waste cleanup costs and related third-party litigation costs, and 70% of related insurance-litigation expenses. In addition, SDG&E and SoCalGas can retain a percentage of any recoveries from insurance carriers and other third parties to offset the cleanup and associated litigation costs not recovered in rates.

We record estimated liabilities for environmental remediation when amounts are probable and estimable. In addition, we record amounts authorized to be recovered in rates under the Hazardous Waste Collaborative mechanism as regulatory assets.

Air Quality and GHG Emissions

The natural gas and electric industries are subject to increasingly stringent air quality and GHG emissions standards. AB 32, the California Global Warming Solutions Act of 2006, assigns responsibility to CARB for monitoring and establishing policies for reducing GHG emissions. The law requires CARB to develop and adopt a comprehensive plan for achieving real, quantifiable and cost-effective GHG emissions reductions, including a statewide GHG emissions cap, mandatory reporting rules, and regulatory and market mechanisms to achieve reductions of GHG emissions. CARB is a department within the California Environmental Protection Agency, an organization that reports directly to the Governor's Office. Sempra Infrastructure is also subject to the rules and regulations of CARB.

California requires certain electric retail sellers, including SDG&E, to deliver a significant percentage of their retail energy sales from renewable energy sources. The rules governing this requirement, administered by the CPUC and the CEC, are generally known as the RPS Program. SB 100 (enacted in 2018) and SB 1020 (enacted in 2022) require each California electric utility, including SDG&E, to procure at least 50% of its annual retail electricity delivered from renewable energy or zero-carbon sources by 2026, 60% by 2030, 90% by 2035, and 95% by 2040. SDG&E expects to be in compliance with these RPS program requirements. State law also requires California's retail electricity supply to be met with a mix of RPS Program-eligible and zero-carbon sources by 2045 without increasing carbon emissions elsewhere in the western grid or allowing resource shuffling, and instructs the CPUC, CEC, CARB and other state agencies to incorporate this requirement into all relevant planning. In addition, AB 1279 (enacted in 2022) requires the State of California to achieve net-zero GHG emissions no later than 2045, and to achieve and maintain net negative GHG emissions thereafter. AB 1279 also directs CARB to address this goal in future scoping plans, which affect major sectors of California's economy, including energy utilities, transportation, agriculture, construction and manufacturing. Other state climate initiatives in line with this statewide goal include executive orders requiring sales of all passenger vehicles, including SDG&E's and SoCalGas' light-duty fleet vehicles, to be zero-emission by 2035.

California has implemented a biomethane procurement program, whereby IOUs providing gas service in California will procure a portion of the natural gas they deliver from biomethane. The rules governing this program are administered by the CPUC under SB 1440, whereby the proportion of biomethane procured will be phased-in with a state-wide, short-term target in 2025 of 17.6 Bcf per year and a medium-term target in 2030 of 72.8 Bcf per year. SDG&E and SoCalGas are allocated 6.77% and 49.26%, respectively, of the 2025 target, and 7.60% and 52.02%, respectively, of the 2030 target. The CPUC is currently evaluating public comments to inform their review of the pending Renewable Gas Procurement Plans filed by the California gas IOUs and work towards identifying potential enhancements to the biomethane procurement program structure, including areas such as increasing market competition, reducing potential barriers for biomethane producers, streamlining procurement requirements, and improving alignment with regulatory goals.

SDG&E and SoCalGas generally recover the costs to comply with these standards in rates. We discuss GHG emissions standards, allowances and obligations and RECs in Note 1 of the Notes to Consolidated Financial Statements.

The South Coast Air Quality Management District is the air pollution control agency responsible for regulating stationary sources of air pollution in the South Coast Air Basin in Southern California. The district's territory covers all of Orange County and the urban portions of Los Angeles, San Bernardino and Riverside counties.

Sempra continues to decarbonize its operations with an aim to have net-zero scope 1 and 2 GHG emissions by 2050 and an interim target of 50% scope 1 and 2 GHG emissions reductions by 2035 (this interim target applies to Sempra California and Sempra Infrastructure's Mexico (non-LNG) operations and is relative to a 2019 baseline). While the company no longer has a specific goal to achieve net-zero scope 3 GHG emissions by 2050, Sempra continues to advocate for programs and initiatives that support regulatory, consumer and market demand for lower- and zero-carbon energy. Additionally, although SDG&E and SoCalGas continue to support California's goal to achieve net-zero GHG emissions by 2045, their respective abilities to achieve their net-zero aspirations, as well as Sempra's ability to achieve its 2035 and 2050 net-zero aspirations, will depend on the development, commercialization and regulatory acceptance of affordable lower carbon generation resources and cleaner fuels, among other factors. For a discussion of risks and uncertainties related to our net-zero and other climate aims, see "Part I – Item 1A. Risk Factors."

With respect to our net-zero aims, even in a state of "net-zero," GHG emissions may still be generated, but with innovation and continued development of new technology and solutions, it could allow an equal amount of carbon dioxide or its equivalent to be removed from the atmosphere, resulting in a zero increase in overall net emissions. In addition, for purposes of these net-zero aims, we expect that achievement of net-zero GHG emissions will be determined based on operations in 2050 and GHG emissions will be calculated according to widely accepted emissions reporting guidelines or mandates at that time, and our net-zero aim does not include Oncor, which sets its own goals due to certain ring-fencing measures that limit Sempra's ability to direct the management or activities of Oncor.

OTHER MATTERS

Information About Our Executive Officers

INFORMATION ABOUT EXECUTIVE OFFICERS			
Name	Age ⁽¹⁾	Positions held over last five years	Time in position
Sempra:			
Jeffrey W. Martin	63	President	March 2020 to present
		Chairman	December 2018 to present
		Chief Executive Officer	May 2018 to present
Karen L. Sedgwick	58	Executive Vice President and Chief Financial Officer	January 2024 to present
		Chief Administrative Officer	December 2021 to December 2023
		Chief Human Resources Officer	September 2020 to December 2023
		Senior Vice President	September 2020 to December 2021
		Chief Human Resources Officer and Chief Administrative Officer, SDG&E	April 2019 to September 2020
Justin C. Bird	54	Executive Vice President	January 2024 to present
		Chief Executive Officer, Sempra Infrastructure	November 2021 to present
		Chief Executive Officer, Sempra LNG	April 2020 to November 2021
		President, Sempra LNG	March 2019 to April 2020
Diana L. Day	60	Chief Legal Counsel	January 2024 to present
		Deputy General Counsel	October 2022 to December 2023
		Senior Vice President, SDG&E	August 2020 to October 2022
		Chief Risk Officer, SDG&E	August 2019 to October 2022
		General Counsel, SDG&E	January 2019 to October 2022
		Vice President, SDG&E	January 2019 to August 2020
Lisa M. Larroque Alexander	51	Senior Vice President, Human Resources	January 2025 to present
		Senior Vice President, Corporate Affairs	April 2020 to present
		Vice President, Corporate Communications and Sustainability	May 2018 to April 2020
Peter R. Wall	53	Senior Vice President	April 2020 to present
		Controller and Chief Accounting Officer	May 2018 to present
		Vice President	May 2018 to April 2020

⁽¹⁾ Ages are as of February 25, 2025.

INFORMATION ABOUT EXECUTIVE OFFICERS

Name	Age ⁽¹⁾	Positions held over last five years	Time in position
SDG&E:			
Caroline A. Winn	61	Chief Executive Officer	August 2020 to present
		Chief Operating Officer	January 2017 to July 2020
Bruce A. Folkmann ⁽²⁾⁽³⁾	57	Special Projects Officer	February 2025 to present
		Chief Financial Officer	March 2015 to present
		President	August 2020 to January 2025
		Senior Vice President	August 2019 to July 2020
		Controller, Chief Accounting Officer and Treasurer	March 2015 to August 2020
Valerie A. Bille ⁽³⁾	46	Vice President, Controller, Chief Accounting Officer and Treasurer	August 2020 to present
		Assistant Controller, Sempra	June 2019 to August 2020
Scott B. Crider	50	President	February 2025 to present
		Senior Vice President, External and Operations Support	June 2022 to January 2025
		Senior Vice President, Customer Services and External Affairs	June 2021 to June 2022
		Chief Customer Officer	September 2020 to June 2021
		Vice President, Customer Services	July 2016 to September 2020
Kevin C. Geraghty	59	Chief Operating Officer	June 2022 to present
		Chief Safety Officer	January 2021 to present
		Senior Vice President, Electric Operations	July 2020 to June 2022
		Chief Operating Officer and Senior Vice President, Operations, Nevada Energy, an electric and natural gas public utility in Nevada	October 2017 to May 2020
Erbin B. Keith	64	Senior Vice President and General Counsel	October 2022 to present
		Chief Risk Officer	October 2022 to May 2023
		Deputy General Counsel, Sempra	March 2019 to October 2022

⁽¹⁾ Ages are as of February 25, 2025.

⁽²⁾ Mr. Folkmann will retire as of April 1, 2025.

⁽³⁾ Mr. Folkmann will relinquish and Ms. Bille will assume the role as Chief Financial Officer effective March 1, 2025.

INFORMATION ABOUT EXECUTIVE OFFICERS

Name	Age ⁽¹⁾	Positions held over last five years	Time in position
SoCalGas:			
Maryam S. Brown	49	Chief Executive Officer	January 2025 to present
		President	March 2019 to present
Mia L. DeMontigny	52	Senior Vice President	July 2022 to present
		Chief Financial Officer and Treasurer	June 2019 to present
		Chief Accounting Officer	June 2019 to May 2024
		Controller	June 2019 to July 2022
		Vice President	June 2019 to August 2021
David J. Barrett	60	Senior Vice President	July 2022 to present
		General Counsel	January 2019 to present
		Vice President	January 2019 to July 2022
Jimmie I. Cho ⁽²⁾⁽³⁾	60	Chief Operating Officer	January 2019 to present
Sara P. Mijares	43	Chief Accounting Officer	May 2024 to present
		Assistant Treasurer	April 2023 to present
		Vice President and Controller	July 2022 to present
		Vice President of Accounting and Finance	August 2021 to July 2022
		Assistant Controller	June 2020 to July 2022
		PricewaterhouseCoopers LLP	July 2003 to January 2020

⁽¹⁾ Ages are as of February 25, 2025.

⁽²⁾ Mr. Cho will retire as of March 1, 2025.

⁽³⁾ Rodger R. Schwecke, not currently an executive officer, will assume the role as Chief Operating Officer effective March 1, 2025.

Human Capital

Our ability to advance our mission to be North America's premier energy infrastructure company largely depends on the safety, engagement, and responsible actions of our employees.

Safety is foundational at Sempra and its subsidiaries. We strive to foster a strong safety culture and reinforce this culture through various policies, programs and systems designed to mitigate the occurrence and extent of safety incidents, including, training programs, benchmarking, review and analysis of safety trends, internal compliance assessments and audits, and sharing lessons learned from safety incidents and near misses across our businesses. Our businesses also engage in safety-related scenario planning and simulation, develop and implement operational contingency plans, and review safety plans and procedures with work crews regularly. We also participate in emergency planning and preparedness in the communities we serve and train critical employees in emergency management and response each year. The SST Committee assists the Sempra board of directors in overseeing the company's oversight programs and performance related to safety, and our executives' annual incentive compensation is based in part on safety metrics established by the Compensation and Talent Development Committee of the board.

In addition, we strive to create a high-performing, inclusive and supportive workplace where employees of all backgrounds and experiences feel valued and respected. We invest in recruiting, developing and retaining high-performing employees who represent the communities we serve, and we provide a range of programs for employees, including internal and external mentoring and leadership training and workshops, employee resource groups, and a benefits package including wellness benefits and a tuition reimbursement program. We also invest in internal communications programs, including in-person and virtual learning and networking opportunities as well as regular executive communications to employees on topics of interest. In addition, we offer a variety of employee community service opportunities, and at our U.S. operations, we support employees' personal volunteering and charitable giving through the charitable matching program of Sempra Foundation, which was founded and is solely funded by Sempra. Employees participate in annual ethics and compliance training, which includes a review of Sempra's Code of Business Conduct as well as information about resources such as Sempra's ethics and compliance helpline. We measure culture and employee engagement through a variety of channels including pulse surveys, suggestion boxes and a biannual engagement survey administered by a third party.

The table below shows the number of employees for each of the Registrants at December 31, 2024, as well as the number of those employees represented by labor unions under various collective bargaining agreements that generally cover wages, benefits, working conditions and other terms and conditions of employment. We did not experience any major work stoppages in 2024, and we maintain constructive relations with our labor unions.

NUMBER OF EMPLOYEES			
	Number of employees	Number of employees covered under collective bargaining agreements	Number of employees covered under collective bargaining agreements expiring within one year
Sempra ⁽¹⁾	16,773	6,335	4,895
SDG&E	4,779	1,440	—
SoCalGas	8,829	4,850	4,850

⁽¹⁾ Excludes employees of equity method investees.

Labor Relations

Field, technical and most clerical employees at SoCalGas are represented by the Utility Workers Union of America or the International Chemical Workers Union Council. The collective bargaining agreement for these employees covering wages, hours, working conditions, and medical and other benefit plans was due to expire on September 30, 2024, but was extended by mutual agreement through February 7, 2025, while SoCalGas and the unions continued negotiations. Two ratification votes in late 2024 were not successful. SoCalGas is currently operating under the terms of the expired agreement while the parties continue to negotiate revised terms and seek a positive ratification vote from union members. Until a new collective bargaining agreement is ratified by employees, there could be labor disruptions, though we do not anticipate that such labor disruptions would have a material impact on service.

COMPANY WEBSITES

The Registrants' website addresses are:

- Sempra – www.sempra.com
- SDG&E – www.sdge.com
- SoCalGas – www.socalgas.com

We make available free of charge on the Sempra website, and for SDG&E and SoCalGas, via a hyperlink on their websites, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC.

The references to our websites in this report are not active hyperlinks and the information contained on, or that can be accessed through, the websites of Sempra, SDG&E and SoCalGas or any other website referenced herein is not a part of or incorporated by reference in this report or any other document that we file with or furnish to the SEC.

ITEM 1A. RISK FACTORS

When evaluating our company and its consolidated entities and any investment in our or their securities, you should carefully consider the following risk factors and all other information contained in this report and the other documents we file with the SEC (including those filed subsequent to this report). We also may be materially harmed by risks and uncertainties not currently known to us or that we currently consider immaterial. If any of these risks occurs, our results of operations, financial condition, cash flows and/or prospects could be materially adversely affected, our actual results could differ materially from those expressed or implied in our forward-looking statements, and the trading prices of our securities and those of our consolidated entities could decline. These risk factors are not prioritized in order of importance or materiality, and they should be read together with the other information in this report, including in the Consolidated Financial Statements and in “Part II – Item 7. MD&A.”

RISKS RELATED TO SEMPRA

Operational and Structural Risks

Sempra’s ability to pay dividends and meet its obligations largely depends on the performance of its subsidiaries and entities accounted for as equity method investments.

We are a holding company and substantially all the assets that produce our earnings are owned by our subsidiaries or entities we do not control, including equity method investments. Our ability to pay dividends and meet our debt and other obligations largely depends on distributions from our subsidiaries and equity method investments, which in turn depend on their ability to execute their business strategies and generate cash flows in excess of their own expenditures, dividend payments to third-party owners (if any) and debt and other obligations. In addition, entities accounted for as equity method investments, which we do not control, and our subsidiaries are all separate and distinct legal entities that are not obligated to pay dividends or make loans or distributions to us and could be precluded from doing so by legislation, regulation or contractual restrictions, in times of financial distress or in other circumstances. The inability to access capital from our subsidiaries and equity method investments could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Sempra’s rights to the assets of its subsidiaries and equity method investments are structurally subordinated to the claims of each entity’s trade and other creditors. When Sempra is a creditor of any such entity, its rights as a creditor are effectively subordinated to any security interest in the entity’s assets and any indebtedness of the entity senior to that held by Sempra. In addition, Sempra may elect to make capital contributions to its subsidiaries, which are not required to be repaid and are structurally subordinated to claims by creditors of the applicable subsidiary.

Our investments in businesses we do not control expose us to risks.

We have investments in businesses we do not control or manage or in which we share control. In some cases, we engage in arrangements with or for these businesses that could expose us to risks in addition to our investment, including guarantees, indemnities and loans. For businesses we do not control, we are subject to the decisions of others, which may be adverse to our interests. When we share control of a business with other owners, any disagreements among the owners about strategy, financial, operational, transactional or other important matters could hinder the business from moving forward with key initiatives or taking other actions and could negatively affect the relationships among the owners and the efficient functioning of the business. In addition, irrespective of whether we control these businesses, we could be responsible for liabilities or losses related to these businesses or elect to make capital contributions to these businesses. Any such circumstance could materially adversely affect our results of operations, financial condition, cash flows and/or prospects. We discuss these investments in Note 5 of the Notes to Consolidated Financial Statements.

Our business could be negatively affected by activist shareholders.

We have been and may in the future be subject to activist shareholder attention. Activist shareholders may engage in proxy solicitations, advance shareholder proposals or otherwise attempt to effect changes in or assert influence on our board of directors and management. In taking these steps, activist shareholders could seek to acquire our capital stock, in spite of the provisions of our articles of incorporation and bylaws that could have the effect of delaying, deterring or preventing a change of control or other takeover of our company, even when our shareholders might consider such a change of control to be in their best interests. At certain ownership levels, these acquisitions of our common stock could threaten our ability to use some or all of our NOL or tax credit carryforwards if our corporation experiences an “ownership change” under applicable tax rules. Responding to activist

shareholders can be costly and time-consuming and requires time and attention by our board of directors and management, diverting their attention from our business strategies.

Any actual or perceived instability in our future direction, inability to execute our strategies, or changes in our board of directors or management team arising from activist shareholder campaigns could be exploited by our competitors and/or other activist shareholders, result in the loss of business opportunities, and make it more difficult to pursue our strategic initiatives or attract and retain qualified personnel and business partners, any of which could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Financial and Capital Stock-Related Risks

Successfully completing our five-year capital expenditures plan is subject to certain risks.

The execution of our five-year capital expenditures plan may not be completed in accordance with current expectations or produce the desired results. Factors that have historically impacted and could continue to impact the amount, timing and types of capital expenditures we make include the cost and availability of financing; economic and market conditions; regulatory approvals; changes in tax law; business opportunities providing desirable rates of return; forecasts related to safety, reliability and load growth, gas system planning, and transportation electrification; safety and environmental requirements and climate-related policies; and cooperation of third-parties, including customers, partners, suppliers, lenders and others. We discuss these and other relevant factors under “Risks Related to All Sempra Businesses” below. We aim to finance our five-year capital expenditures plan in a manner that will maintain our investment-grade credit ratings and capital structure, but there can be no guarantee that we will be able to do so.

SDG&E and SoCalGas may be required to make significant expenditures before they can request rate recovery for certain capital projects. There can be no guarantee that such capital expenditures will be recoverable through rates. A significant portion of Oncor’s five-year capital expenditures plan is attributable to expected growth in ERCOT, particularly due to increased demand from large commercial and industrial customers. Changes in projected growth in ERCOT could materially impact Oncor’s capital expenditures and consequently our capital expenditures plan. Furthermore, there can be no guarantee that any of Oncor’s capital expenditures will ultimately be recoverable through rates.

The occurrence of any of these risks could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Settlement provisions contained in the forward sale agreements we may enter into in connection with our ATM program subject us to certain risks.

In November 2024, Sempra established an ATM program, which we discuss in Note 12 of the Notes to Consolidated Financial Statements. We are permitted to sell shares of our common stock in the ATM program pursuant to forward sale agreements, which grant each counterparty (each a forward purchaser) the right to accelerate its forward sale agreement (or, in certain cases, the portion thereof that the forward purchaser determines is affected by the relevant event) and require us to physically settle the forward sale agreement on a date specified by the forward purchaser if, subject to a prior notice requirement:

- the forward purchaser determines in its commercially reasonable judgment that it is unable to hedge in a commercially reasonable manner its exposure to the applicable forward sale agreement because insufficient shares of our common stock are made available for borrowing by securities lenders or that, with respect to borrowing such number of shares of our common stock, it would incur a rate that is greater than the borrow cost specified in the forward sale agreement;
- we declare any dividend, issue or distribution to existing holders of shares of our common stock that constitutes an extraordinary dividend under the forward sale agreement or is payable in (i) cash in excess of specified amounts (unless it is an extraordinary dividend), (ii) securities of another company that we acquire or own (directly or indirectly) as a result of a spin-off or similar transaction or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment at less than the prevailing market price;
- an event (i) is announced that, if consummated, would result in an extraordinary event (including certain mergers and tender offers, our nationalization, our insolvency and the delisting of the shares of our common stock) or (ii) occurs that would constitute a hedging disruption or change in law;
- an ownership event (as such term is defined in the forward sale agreement) occurs; or
- certain other events of default, termination events or other specified events occur, including, among other things, a change in law.

A forward purchaser’s decision to exercise its right to accelerate all or a portion of the settlement of its forward sale agreement and to require us to physically settle the relevant shares will be made irrespective of our interests, including our need for capital.

In such cases, we could be required to issue and deliver shares of our common stock under the terms of the physical settlement, which would result in dilution to our EPS and may adversely affect the market price of our common stock, Series C preferred stock and any other series of preferred stock we may issue in the future.

The forward price that we expect to receive upon physical settlement of a forward sale agreement will be subject to adjustment on a daily basis based on a floating interest rate factor. If the specified daily rate is less than the applicable spread on any day, this will result in a daily reduction of the forward price. In addition, the forward price will be subject to decrease on certain dates specified in the relevant forward sale agreement by the amount per share of quarterly dividends we expect to declare on our common stock during the term of such forward sale agreement.

We will generally have the right, in lieu of physical settlement of any forward sale agreement, to elect cash or net share settlement in respect of any or all of the shares of our common stock subject to such forward sale agreement. If we elect to cash or net share settle all or any part of any forward sale agreement, we would expect to issue a substantially lower number of shares than if we settled by physical delivery, but would not receive the cash for the shares that would have otherwise been issued if we settled the entire forward sale agreement by physical delivery and, as a result, would not derive the same credit metrics benefits.

If the price of our common stock at which these purchases are made by such forward purchaser (or its affiliate) exceeds the applicable forward price, we will pay such forward purchaser an amount in cash equal to such difference (if we elect to cash settle) or we will deliver to such forward purchaser a number of shares of our common stock having a market value equal to such difference (if we elect to net share settle). Any such difference could be significant and could require us to pay a significant amount of cash or deliver a significant number of shares of our common stock to such forward purchaser.

The purchase of shares of our common stock by a forward purchaser or its affiliate to unwind the forward purchaser's hedge position could cause the price of our common stock to increase above the price that would have prevailed in the absence of those purchases (or prevent a decrease in such price), thereby increasing the amount of cash (in the case of cash settlement) or the number of shares (in the case of net share settlement) that we would owe such forward purchaser upon settlement of the applicable forward sale agreement or decreasing the amount of cash (in the case of cash settlement) or the number of shares (in the case of net share settlement) that such forward purchaser would owe us upon settlement of the applicable forward sale agreement.

The economic interest, voting rights and market value of our outstanding common and preferred stock may be adversely affected by any additional equity securities we may issue.

At February 19, 2025, we had 651,457,249 shares of our common stock and 900,000 shares of our non-convertible series C preferred stock outstanding. Our businesses have substantial capital needs, and we may seek to raise capital by issuing additional equity, including in our ATM program, or convertible debt securities in potentially significant amounts depending in part on the prevailing market price of our common stock, which at times experiences substantial volatility. Any future issuance of equity or convertible debt securities may materially dilute the voting rights and economic interests of holders of our outstanding common and preferred stock and materially adversely affect the trading price of our common and preferred stock.

The dividend requirements of our preferred stock subject us to risks.

Any failure to pay scheduled dividends on our series C preferred stock when due would have a material adverse impact on the market price of our securities and would prohibit us, under the terms of the series C preferred stock, from paying cash dividends on or repurchasing shares of our common stock (subject to limited exceptions) until we have paid all accumulated and unpaid dividends on the series C preferred stock. Additionally, the terms of the series C preferred stock generally provide that if dividends on any shares of the preferred stock have not been declared and paid or have been declared but not paid for three or more semi-annual dividend periods, the holders of the preferred stock would be entitled to elect two additional members to our board of directors, subject to certain terms and limitations.

RISKS RELATED TO ALL SEMPRA BUSINESSES

Operational Risks

Our businesses are subject to risks arising from their infrastructure and systems that support this infrastructure.

Our facilities and the systems that interconnect and/or manage them are subject to risks of, among other things, equipment or process failures due to aging or degrading infrastructure or otherwise; human error; loss or outage of a key technology platform or system; shortages of or delays in obtaining equipment, materials, commodities or labor, which have been and may in the future be

exacerbated by supply chain and gas transportation capacity constraints, tight labor markets, and cost increases due to inflationary pressures, tariffs or otherwise, that may not be recoverable in a timely manner or at all; operational restrictions resulting from environmental requirements or governmental interventions or permitting delays; inability to enter into, maintain, extend or replace long-term supply or transportation contracts; and performance below expected levels. Our businesses undertake capital investment projects to construct, replace, operate, maintain and upgrade facilities and systems, but such projects may not be completed or effective at managing these risks and involve significant costs that may not be recoverable. We often rely on third parties, including contractors, to perform work related to these projects and other maintenance activities, which may subject us to liability for safety issues and the quality of work performed. Because some of our facilities are interconnected with those of third parties, including customer-side-of-meter facilities, natural gas pipelines and power generation facilities that produce most of the power we distribute, the operation of our facilities could also be materially adversely affected by these or similar risks to such third-party systems, which may be unanticipated or uncontrollable by us.

Additional risks associated with our ability to safely and reliably construct, replace, operate, maintain and upgrade facilities and systems, which may be beyond our control, include:

- failure to meet customer demand for electricity and/or natural gas, including electric or gas outages
- gas surges into homes or other properties
- release of hazardous or toxic substances, including gas leaks
- other incidents impacting the health, safety, or security of employees, contractors, the public or our infrastructure
- failure to respond effectively to catastrophic events

The occurrence of any of these events could affect supply and demand for electricity, natural gas or other forms of energy, cause unplanned outages, damage our assets and/or operations or those of third parties on which our businesses rely, damage property owned by customers or others, and cause personal injury or death. In addition, if we are unable to defend and retain title to the properties we own or obtain or retain rights to construct and operate on the properties we do not own in a timely manner, on reasonable terms or at all, we could lose our rights to occupy and use these properties and related facilities, which could prevent, limit or delay existing or proposed operations or projects, increase our costs, and result in breaches of permits or contracts and related legal costs, impairments, fines or penalties. Any such outcome could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

We face risks related to severe weather, natural disasters, physical attacks and other similar events.

Our facilities and infrastructure may be damaged as a result of physical risks, such as extreme temperatures, storms, droughts and other severe weather; natural disasters, including wildfires (such as the LA Fires), land movement, earthquakes, and solar flares; climate-related conditions, including sea level rise and coastal erosion; accidents, including explosions and excavation damage to pipelines; or acts of terrorism, war, or criminality. Because we are in the business of using, storing, transporting and disposing of highly flammable, explosive and radioactive materials and operating highly energized equipment, the risks such incidents pose to our facilities and infrastructure, as well as to the surrounding communities for which we could be liable, are substantially greater than the potential risks to a typical business.

Such incidents could result in operational disruptions, electric or gas outages, property damage, personal injury or death and could cause secondary incidents that also may have these or other negative effects, such as fires; leaks or spills of gases, natural gas odorant or radioactive material; damage to natural resources; or other impacts to affected communities. Any of these occurrences could decrease revenues and earnings and/or increase costs, including maintenance costs or restoration expenses, amounts associated with claims against us, and regulatory fines, penalties and disallowances. In some cases, we may be liable for damages even though we are not at fault, such as when the doctrine of inverse condemnation applies, which we discuss below under “Risks Related to Sempra California – Operational Risks.” For our regulated utilities, these costs may not be recoverable in rates or recovery may be insufficient or delayed. Insurance coverage for these costs may continue to increase or become prohibitively expensive, be disputed by insurers, or become unavailable for certain of these risks or at adequate levels or in certain geographic locations, and any insurance proceeds may be insufficient to cover our losses or liabilities due to limitations, exclusions, high deductibles, failure to comply with procedural requirements or other factors. We discuss the risks related to insurance for wildfire liabilities below under “Risks Related to Sempra California — Operational Risks.” Such incidents that do not directly affect our facilities may impact our business partners, supply chains and transportation and communication channels, which could negatively affect our ability to operate. Moreover, weather-related incidents have become more prevalent, unpredictable and severe due to climate change or other factors. As a result, these incidents could have a greater impact on our businesses than currently anticipated and, for our regulated utilities, rates may not be adequately or timely adjusted to reflect any such increased impact. Any such outcome could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

We face evolving cybersecurity and technology resiliency risks associated with the energy grid, pipelines, storage and other infrastructure as well as the collection of personal, sensitive and confidential information.

Our significant use of and reliance on complex technologies and information systems in our operations, including our increasing deployment of new technologies, such as advanced forms of automation and artificial intelligence, and virtualization of many business activities, and our collection and retention of personal, sensitive and confidential information, represent large-scale opportunities for attacks on, vulnerabilities in or other failures of our information systems, information and energy grid and infrastructure. Our digitalization and grid modernization efforts, including the networking of operational technology assets such as substations, continue to increase the potential vulnerabilities and points of failure in our information systems. We are also at risk of attacks on, vulnerabilities in or other failures of third-party vendors' and/or regulators' technologies and systems, depending on the level of access these vendors and agencies have to our information and systems. Viruses, ransomware, malware and other forms of cyber-attacks targeting utility systems and other energy infrastructure are continuously increasing in sophistication, magnitude and frequency, may not be recognized until launched against a target and may further escalate during periods of heightened geopolitical tensions. Accordingly, we may be unable to anticipate these techniques or to implement adequate preventative measures, making it impossible for us to eliminate this risk.

Our businesses also face challenges related to data governance, including the need to manage and secure large volumes of electronic data with the aim to meet regulatory requirements and create a foundation for the potential use of artificial intelligence tools. SDG&E and SoCalGas are increasingly required to disclose large amounts of data (including customer personal information and energy use data) to support state energy initiatives, increasing the risks of inadvertent disclosure or unauthorized access of sensitive information. Moreover, all our businesses operating in California (and in other states and countries that have similar laws) are subject to enhanced state privacy laws, which require companies that collect information about California residents to, among other things, disclose their data collection, use and sharing practices; allow consumers to opt out of certain data sharing with third parties; and assume liability for unauthorized disclosure of certain highly sensitive personal information.

Although we make significant investments in risk management, technology resiliency and information security measures for the protection of our systems and data, these measures could be insufficient or otherwise fail, particularly against attacks involving sophisticated adversaries, including nation-state actors, or outages involving key technology vendors. The costs and operational consequences of implementing, maintaining and enhancing these measures are significant and expected to increase to address evolving cyber risks. We often rely on third-party vendors to deploy new technologies and maintain and update our systems (including providing security updates), and these third parties may not have adequate risk management, technology resiliency and information security measures with respect to their systems or may fail to timely provide and install software updates. Although we have not experienced a material breach of our information systems or data, we and some of our vendors have been and will likely continue to be subject to breaches of and attempts to gain unauthorized access to our systems or data or efforts to otherwise disrupt our operations. Any actual or perceived noncompliance with applicable data privacy and security laws or any incidents impacting our or our vendors' information systems; the integrity of the energy grid, our pipelines or our distribution, storage and other infrastructure; or our personal, sensitive and confidential information could result in disruptions to our business operations, regulatory compliance failures, inability to produce accurate and timely financial statements, energy delivery failures, financial and reputational loss, litigation, violations of applicable laws and fines or penalties, any of which could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects. Although Sempra currently maintains cyber liability insurance, this insurance is limited in scope and subject to exceptions, conditions and coverage limitations and may not cover the costs associated with a cybersecurity incident, and there is no guarantee that the insurance we currently maintain will continue to be available at rates we believe are reasonable.

We actively seek opportunities in the market through acquisitions, partnerships, JVs and divestitures.

We diligently analyze the financial viability of each acquisition, divestiture, partnership and JV we pursue. However, our diligence may prove to be insufficient and there could be latent or unforeseen defects. In addition, we may not realize all the anticipated benefits from future acquisitions, divestitures, partnerships or JVs for various reasons, including difficulties integrating or separating operations and personnel effectively or in a timely manner, higher or unexpected transaction or operating costs, unknown liabilities, and fluctuations in markets. Any of these outcomes could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

We face risks related to increasing activities and projects intended to advance new energy technologies.

We regularly participate in research, development and demonstration projects and other activities designed to develop new technologies in the energy space, including those related to hydrogen, liquefaction, energy storage, microgrids, carbon sequestration, and grid modernization. These activities and projects involve significant employee time, as well as substantial capital resources that may not be recoverable in rates or, with respect to our businesses that are not regulated utilities, may not be

able to be passed through to customers. We have sought and continue to seek a variety of federal and state funding opportunities, such as government incentives and subsidies under the IRA, for these activities and projects. These efforts can involve significant employee resources and increased compliance requirements and have not always been successful in securing funding on acceptable terms or at all. In some cases, applicable compliance requirements may cost more than the potential funding opportunity, limiting our ability to pursue available funding. In addition, the timing to complete these activities and projects is inherently uncertain and may require significantly more resources than we initially anticipate. Moreover, many of these technologies are in the early stage of development and may not prove economically and technically feasible or be accepted by regulators, and the applicable activities and projects may not be completed. If any of these circumstances occurs, we may not receive an adequate or any return on our investment in these activities and our results of operations, financial condition, cash flows and/or prospects could be materially adversely affected.

The operation of our facilities depends on good labor relations with our employees and our ability to attract and retain qualified personnel.

Our businesses depend on recruiting, developing and retaining qualified personnel. Several of our businesses have in place collective bargaining agreements with different labor unions, which are generally negotiated on a company-by-company basis. At December 31, 2024, employees covered under collective bargaining agreements were 38%, 30% and 55%, respectively, of Sempra's, SDG&E's and SoCalGas' workforce, of which the collective bargaining agreements covering 29%, 0% and 55% of employees, respectively, expire within one year (and in the case of SoCalGas, the collective bargaining agreement expired in February 2025). Any prolonged negotiation or failure to reach an agreement on these labor contracts as they are up for renewal could result in work stoppages or other labor disruptions. For SoCalGas, negotiations for a new collective bargaining agreement are presently ongoing. Until a new collective bargaining agreement is ratified by employees, there could be labor disruptions. Additionally, we have faced a shortage of experienced and qualified personnel in certain specialty operational positions and could experience disruptions from recruiting or retention challenges for personnel in those positions. Any labor disruption, negotiated wage or benefit increases or other challenges, whether due to union activities, employee turnover, labor shortages or otherwise, could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Our businesses depend on the performance of counterparties.

Our businesses depend on the performance of business partners, customers, suppliers, contractors, and other counterparties under contractual and other arrangements to provide, among other things, services, equipment, or commodities. If they fail to perform their obligations in accordance with these arrangements or elect to exercise their early termination rights, we may be unable to meet our obligations and may be required to enter into alternative arrangements or honor our underlying commitments at then-current market prices, which may result in losses or delays or other operational disruptions. Any efforts to enforce the terms of these arrangements through legal or other means could involve significant time and costs and would be unpredictable and subject to failure. In addition, many of these arrangements and relationships with counterparties are important for the development, construction and operation of our projects and growth of our businesses. We also may not be able to secure replacement agreements with other counterparties on favorable terms, in a timely manner or at all if any of these arrangements terminate. Further, we often face counterparty credit risk with respect to customers, suppliers, and other counterparties and, although we perform credit analyses prior to extending credit or entering into transactions with such counterparties, we may not be able to collect the amounts owed to us, which could be significant and present an increased risk for our long-term supply, sales and capacity contracts. Volatility and disruptions in capital and credit markets could have a negative impact on our counterparties and their ability to meet their obligations. Sempra Infrastructure also faces risks related to doing business with PEMEX and the CFE, which are Mexican state-owned enterprises, including their financial solvency and regulation by the Mexican government and the risk that they fail to meet their respective contractual obligations, among others. Any delay or default in payment of our counterparties' financial obligations could result in our recording of a provision for credit losses on past due receivable balances and lower revenues, as was the case in 2023 and 2024 for a customer at Sempra Infrastructure. The failure of any of our counterparties to perform in accordance with their arrangements with us could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

In addition, Sempra Infrastructure's ECA Regas Facility has long-term capacity agreements with a limited number of counterparties and also enters into short-term and/or long-term supply agreements to purchase LNG to be received, stored and regasified for sale to other parties. Cameron LNG JV has long-term liquefaction and regasification tolling agreements with three counterparties that collectively subscribe for the full nameplate capacity of the Cameron LNG Phase 1 facility, and long-term sale and purchase agreements are in place for the expected capacity at the ECA LNG Phase 1 and PA LNG Phase 1 projects under construction. The long-term nature of these agreements and the small number of customers at each of these facilities exposes us to risks, including increased risk if these counterparties fail to meet their contractual obligations on a timely basis, increased credit risks, and risks associated with our relationships with these counterparties, including increased impacts of disputes or other similar

issues which we have experienced in the past. Any such issues that arise in the future with respect to our long-term contracts could lead to significant legal and other costs, result in cancellation of certain key contracts or otherwise adversely affect our relationships with long-term customers, suppliers or partners, and could negatively impact the reliability of revenues from the applicable projects and the prospects for any implicated development projects. Any such event could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Sempra Infrastructure's obligations and those of its counterparties, such as its LNG customers, are contractually subject to suspension or termination for force majeure events, which generally are beyond the control of the parties. Force majeure declarations may also have attendant negative consequences, or loss or deferral of revenue arising from non-deliveries of natural gas from suppliers or LNG to customers in certain circumstances. Also, certain force majeure events may impact the contractors constructing Sempra Infrastructure's projects, which may result in delays or increased costs. Sempra Infrastructure may have limited remedies available for certain failures to perform, including limitations on damages that may prohibit recovery of costs incurred for any breach of an agreement. Any such occurrence could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Sempra Infrastructure engages in JVs and invests in companies in which other equity partners have or share with us control over the applicable project or investment. Sempra Texas also invests in companies it does not control or manage. We discuss the risks related to such arrangements above under "Risks Related to Sempra – Operational and Structural Risks."

Financial Risks

Our debt service obligations expose us to risks and could require additional equity securities issuances by Sempra or sales of equity interests in subsidiaries or projects under development.

We have significant debt service obligations and an ongoing need for significant amounts of additional capital, which could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects by, among other things:

- making it more difficult and costly to service, pay or refinance debts as they come due, particularly when interest rates increase or economic or industry conditions are otherwise unfavorable
- limiting flexibility to pursue strategic opportunities or react to business developments or industry changes
- causing lenders to require materially adverse terms for new debt, such as restrictions on uses of proceeds, limitations on incurring additional debt, paying dividends, repurchasing stock, or receiving distributions from subsidiaries or equity method investments and the creation of liens

In January 2025, S&P revised Sempra's outlook to negative from stable and downgraded SoCalGas' issuer credit rating to A- from A. Sempra aims to maintain or improve its credit ratings, but we may not be able to do so. To maintain these credit ratings, we may seek to reduce our outstanding indebtedness or our need for additional indebtedness by reducing or postponing discretionary, non-safety related capital expenditures or investments in new businesses. Additionally, we may issue equity securities, including in our ATM program (such as our November 2024 forward sale agreement under the ATM program for the sale of 2,909,274 shares), or sell equity interests in our subsidiaries or development projects. We may not be able to complete any such equity sales on acceptable terms or at all, and any new equity issued by Sempra may dilute the voting rights and economic interests of Sempra's existing equity holders. Any such outcome could have a material adverse effect on Sempra's results of operations, financial condition, cash flows and/or prospects.

The availability and cost of debt or equity financing could be negatively affected by market and economic conditions and other factors.

Our businesses are capital-intensive, with significant and increasing capital spending expected in future periods. In general, we rely on long-term debt to fund a significant portion of our capital expenditures and repay or refinance outstanding debt, and we rely on short-term debt to fund a significant portion of day-to-day operations. Sempra has also raised and may continue to seek capital by issuing equity, including in our ATM program, or selling equity interests in our subsidiaries or investments.

Limitations on the availability of credit, increases in interest rates or credit spreads due to inflation or otherwise or other negative effects on the terms of any financing we pursue could cause us to fund operations and capital expenditures at a higher cost or fail to raise our targeted amount of funds, which could negatively impact our ability to meet contractual and other commitments, progress development projects, make non-safety related capital expenditures and effectively sustain operations. Any of these outcomes could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

In addition to market and economic conditions, factors that can affect the availability and cost of capital include:

- adverse changes to laws and regulations, including recent and proposed changes to energy market regulation in Mexico

- for Sempra and SDG&E, risks related to California wildfires
- for Sempra, SDG&E and SoCalGas, any deterioration of or uncertainty in the political or regulatory environment for local natural gas distribution companies operating in California
- credit ratings downgrades, such as S&P's January 2025 actions that revised Sempra's outlook to negative from stable and downgraded SoCalGas' issuer credit rating to A- from A.

Credit rating agencies may downgrade our credit ratings or place them on negative outlook.

Credit rating agencies routinely evaluate Sempra, SDG&E, SoCalGas, SI Partners and certain of our other businesses whose ratings are based on several factors, including the factors described below and, generally, the ability to generate cash flows; terms and levels of indebtedness, including the credit rating agencies' treatment of certain types of indebtedness, such as subordinated indebtedness which is given partial equity credit but carries a higher interest rate than comparable senior indebtedness; overall financial strength; specific transactions or events, such as share repurchases and significant litigation; the status of certain capital projects, including our LNG projects; and general economic and industry conditions. These credit ratings could be downgraded or subject to other negative rating actions at any time, such as S&P's January 2025 actions that revised Sempra's outlook to negative from stable and downgraded SoCalGas' issuer credit rating to A- from A. We discuss these credit ratings in "Part II – Item 7. MD&A – Capital Resources and Liquidity."

For Sempra, the Rating Agencies have noted that the following events, among others, could lead to negative ratings actions:

- expansion of natural gas liquefaction projects or other unregulated businesses in a manner inconsistent with its present level of credit quality
- the PA LNG Phase 1 project experiences higher construction costs
- Sempra's consolidated financial measures consistently weaken, or it fails to meet certain financial credit metrics
- catastrophic wildfires caused by SDG&E or by any California electric IOUs that participate in the Wildfire Fund, which could exhaust the fund earlier than expected
- a ratings downgrade at SDG&E, SoCalGas, Oncor and/or SI Partners

For SDG&E, the Rating Agencies have noted that the following events, among others, could lead to negative ratings actions:

- catastrophic wildfires caused by SDG&E or by any California electric IOUs that participate in the Wildfire Fund, which could exhaust the fund earlier than expected
- a consistent weakening of SDG&E's financial metrics, or it fails to meet certain financial credit metrics
- a deterioration in the regulatory environment, including credit negative outcomes of its pending regulatory proceedings
- a ratings downgrade at Sempra

For SoCalGas, the Rating Agencies have noted that the following events, among others, could lead to negative ratings actions:

- SoCalGas' financial measures consistently weaken, or it fails to meet certain financial credit metrics
- SoCalGas experiences increased business risk due to a deterioration in the regulatory environment, including credit negative outcomes of its pending regulatory proceedings or elevated risk concerning its natural gas utility business
- a ratings downgrade at Sempra

For SI Partners, the Rating Agencies have noted that the following events, among others, could lead to negative ratings actions:

- SI Partners' failure to meet certain financial credit metrics
- a deterioration in SI Partners' business risk profile, including incremental construction risk or adverse changes in the operating environment in Mexico
- the PA LNG Phase 1 project experiences challenges or delays in construction that have an adverse financial impact on SI Partners
- a ratings downgrade at Sempra, IEnova, Cameron LNG, LLC and/or Port Arthur LNG, LLC

A downgrade of any of our businesses' credit ratings or ratings outlooks, as well as the reasons for such downgrades, could materially adversely affect the interest rates at which borrowings can be made and debt securities issued and the various fees on our credit facilities. This could make it more costly to borrow money, issue securities and/or raise other types of capital, any of which could reduce our ability to meet our debt obligations and contractual commitments and, in the case of SDG&E and SoCalGas, increase customer rates, and otherwise materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

We do not fully hedge our assets or contract positions against changes in commodity prices or interest rates, and for positions that are hedged, our hedging mechanisms may not mitigate our risk or reduce our losses as intended.

We use forward contracts, futures, financial swaps and/or options, among other mechanisms, to hedge a portion of our known or anticipated purchase and sale commitments, inventories of natural gas and LNG, natural gas storage and pipeline capacity and electric generation capacity in an effort to reduce our, and for SDG&E and SoCalGas, customers' financial exposure related to commodity price fluctuations. In addition, we have used and may continue to use similar financial instruments to hedge against changes in interest rates. The extent to which we hedge our positions varies over time. Certain derivative instruments are recorded at fair value through earnings to reflect movements in the price of the derivative, which has recently and could in the future create volatility in our earnings. The effect of such commodity derivative instruments for SDG&E and SoCalGas are passed through to customers in rates without markup. To the extent we have unhedged positions, or if any hedging counterparty fails to fulfill its contractual obligations or if our hedging strategies do not work as intended, fluctuating commodity prices and interest rates could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Risk management procedures may not prevent or mitigate losses.

Although we have risk management and control systems designed to quantify and manage risk, these systems may not prevent material losses. Risk management procedures may not always be followed as intended or function as expected. In addition, daily VaR and loss limits, which are primarily based on historic price movements and which we discuss in "Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk," may not protect us from losses if prices significantly or persistently deviate from historic prices. As a result of these and other factors, our risk management procedures and systems may not prevent or mitigate losses that could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

An impairment of our goodwill or long-lived assets could result in a material charge to earnings.

We test long-lived assets, including equity method investments, for recoverability when events or changes in circumstances have occurred that may affect the recoverability or the estimated useful lives of the assets. We test goodwill for impairment annually or when events or changes in circumstances necessitate a valuation. We could experience such an event or change in circumstances from, among other things, (i) an inability to operate our existing facilities, (ii) an inability to collect from customers, (iii) changes to laws or regulations or other circumstances affecting the energy sector or our assets in Mexico, (iv) adverse rulings in lawsuits, binding arbitrations, regulatory proceedings, audits and other proceedings materially impacting our businesses, including our equity method investments such as Oncor Holdings and Cameron LNG JV, and (v) more generally any loss of permits or approvals that requires us to adjust or cease certain operations and any failure to complete or receive an adequate return on our investments in capital projects. A material charge to earnings from an impairment loss could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Market performance or changes in other assumptions could require unplanned contributions to pension and PBOP plans.

Sempra, SDG&E and SoCalGas provide defined benefit pension and PBOP plans to eligible employees and retirees. The cost of providing these benefits is affected by many factors, including the market value of plan assets and the other factors described in Note 8 of the Notes to Consolidated Financial Statements and "Part II – Item 7. MD&A – Capital Resources and Liquidity." A decline in the market value of plan assets or an adverse change in any of these other factors could cause a material increase in our funding obligations for these plans, which could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Legal and Regulatory Risks

We face risks related to failures and delays in obtaining and maintaining permits, licenses, franchises and other approvals required by our businesses.

The industries in which we operate are subject to extensive regulation, and our businesses require numerous permits, licenses, rights-of-way, franchises, certificates and other approvals from federal, state, local and foreign governmental agencies. These approvals may not be granted in a timely manner (including due to potential staffing issues at U.S. regulatory agencies) or at all or may be modified, rescinded or fail to be extended for a variety of reasons, including due to legal or regulatory changes or political considerations. The City of San Diego is studying the feasibility of municipalization as a potential alternative to SDG&E's existing electric franchise agreement, and various aspects of SDG&E's natural gas and electric franchise agreements have also been challenged in two lawsuits that we discuss in Note 15 of the Notes to the Consolidated Financial Statements. At Semptra Infrastructure, amendments to Mexico's Constitution and to Mexico's Electricity Industry Law have the potential to increase government control and participation in the energy sector and may require the CRE to revoke Semptra Infrastructure's self-supply permits deemed improperly obtained under a legal standard that is ambiguous and not well defined under the law. Obtaining or maintaining required approvals could result in higher costs or the imposition of conditions or restrictions on our operations. Further, noncompliance by us or certain of our customers with the terms of these approvals could result in their modification, suspension or rescission and subject us to lost revenue, fines and penalties. If any of these approvals are suspended, rescinded or otherwise terminated or modified in a manner that makes our continued operation of the applicable business prohibitively expensive or otherwise impracticable, we may be required to adjust or temporarily or permanently cease certain of our operations, sell the associated assets or remove them from service and/or construct new assets intended to bypass the impacted area, in which case we may lose some of our rate base or revenue-generating assets, our development projects may be negatively affected and we may incur impairment charges or other costs that may not be recoverable. The occurrence of any of these events could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

From time to time, we invest funds in projects prior to receiving all regulatory approvals. We may be unable to recover any or all amounts invested in such projects if:

- there is a delay in obtaining these approvals
- any approval is conditioned on changes or other requirements that increase costs or impose restrictions on our existing or planned operations
- we fail to obtain or maintain these approvals or comply with them or other applicable laws or regulations
- we are involved in litigation that adversely impacts any approval or rights to the applicable property or assets
- management decides not to proceed with a project

Our inability to recover funds invested in these projects could materially increase our costs, result in material impairments, and otherwise materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

We face risks related to environmental and climate change regulation and the costs of the energy transition.

The impacts from the mitigation of climate change and related regulations may increase the costs we incur to procure and transmit energy and provide other services. The changes in costs and preferences for lower carbon and renewable energy sources may impact the demand for, consumption of, and type of energy we transmit and distribute.

Environmental and Climate Change Regulation

We are subject to extensive federal, state, regional, local and foreign statutes, orders, rules and regulations relating to climate change and environmental protection. To comply with these requirements, we must expend significant capital and employee resources on environmental monitoring, surveillance and other measures to track performance; acquisition and installation of pollution control equipment; mitigation efforts; and emissions fees, which could increase as a result of various factors we may not control, including changing laws and regulations, increased readiness and enforcement activities, delays in the renewal and issuance of permits, and changes to the mix of energy we transmit and distribute. In addition, we are generally responsible for hazardous substances and other contamination on and the conditions of our projects and properties, regardless of when these conditions arose and whether they are known or unknown. We have been and may in the future be required to pay environmental remediation costs at former facilities and off-site waste disposal sites where any of our businesses is identified as a PRP under federal, state and local environmental laws. For our regulated utilities, some or all of these costs may not be recoverable in rates. Failure to comply with environmental laws and regulations may subject us to fines and penalties, including criminal penalties in some cases, and/or curtailment of our operations. Moreover, increasing international, national, regional, state and local environmental concerns and related changes to applicable legal and regulatory frameworks, such as requirements for increased monitoring and surveillance, disclosures on environmental performance, pollution monitoring and control equipment, safety

practices, emissions fees, taxes, penalties or other obligations or restrictions, may have material negative effects on our operations, costs, corporate planning, and the scope and economics of proposed infrastructure projects or other capital expenditures. Any of these outcomes could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

In particular, legislation and regulation designed to reduce GHG emissions and mitigate climate change are proliferating, as we discuss in “Part I — Item 1. Environmental Matters.” California’s goals are facing cost pressures and may experience delays or other challenges that could cause the state to modify its laws and rules, resulting in significant uncertainty. These or other similar laws and rules may materially restrict our operations, negatively impact demand for our services and/or the energy we transmit and distribute, limit development opportunities, force costly or otherwise burdensome changes to our operations, negatively impact customer affordability, or otherwise materially adversely affect us.

Additionally, the SEC’s final rules on climate-related disclosures and California laws requiring expansive disclosures on GHG emissions and other environmental measures, targets and claims could subject us to liability for these disclosures as well as significant compliance costs and could have other consequences that may be difficult to predict, including negative sentiment from current and potential investors, regulators or other groups. These new disclosure requirements may use different reporting frameworks and methodologies, such as reporting boundaries, which may further increase compliance costs and the risk of compliance failures and may create confusion for stakeholders. Moreover, these disclosure requirements could increase the risk that we become subject to climate change lawsuits. Defense costs associated with such litigation could be significant, and any adverse outcome could require substantial capital expenditures or payment of substantial penalties or damages. Although these new disclosure requirements are subject to challenges in pending lawsuits and may change as a result of further agency action, any of these outcomes could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

Other Energy Transition Risks

The energy transition in California and elsewhere, including decarbonization goals, has introduced uncertainty in long-term investor support, leading some to reduce investment in or divest from our sector. Maintaining investor confidence and attracting capital at a competitive cost will depend, in part, on demonstrating our ability to address material business risks related to climate and our efforts to help achieve the goals of our consumers and the markets and jurisdictions where we operate. In an effort to maintain a sustainable and durable business risk profile and continue to focus on value creation, Sempra has evaluated and updated its climate aspirations to reflect the changing policy, regulatory, commercial and technological landscape, including stakeholders’ evolving focus on reliability, resiliency and affordability and the pace and impact of climate and other public policies. Following this evaluation, Sempra now aims to have net-zero scope 1 and 2 GHG emissions by 2050, with an interim target of 50% scope 1 and 2 GHG emissions reductions by 2035 (this interim target applies to Sempra California and Sempra Infrastructure’s Mexico (non-LNG) operations and is relative to a 2019 baseline). While the company no longer has a specific goal to achieve net-zero scope 3 GHG emissions by 2050, the capabilities we are developing through our energy transition action plan could also support the reduction of scope 3 GHG emissions and help meet regulatory, consumer and market demand for lower- and zero-carbon energy. Sempra’s, SDG&E’s and SoCalGas’ abilities to advance their respective net-zero and other climate objectives will depend on many factors, some of which we do not control, including supportive federal and state energy laws, policies, incentives, tax credits and regulatory decisions; cost and affordability considerations; development, commercialization and regulatory acceptance of alternative and lower-carbon energy sources, including cleaner fuels; successful research and development efforts focused on lower carbon technologies that are economically and technically feasible; cooperation from our partners, financing sources and commercial counterparties; customer participation in conservation and energy efficiency programs; our ability to execute our planned investments in our infrastructure; and consumers’ decisions and preferences. In addition, forecasting to 2035, 2045 and 2050 is inherently speculative without knowing the trajectory of the energy transition. As a result, although we are dedicated to progress on our climate aims and are continuing to develop capabilities designed to reduce GHG emissions from our own operations as well as to support consumers’ and markets’ own climate goals, we may not be successful in achieving these objectives.

We will need to continue to expend capital and employee resources to develop and deploy new technologies and modernize grid systems to meet the demand for lower carbon and reliable energy in California and elsewhere and achieve our climate aspirations and those mandated by applicable authorities, which may not be recoverable in rates or, with respect to our businesses that are not regulated utilities, may not be able to be passed through to customers. Even if such costs are recoverable, these costs, coupled with necessary safety and reliability investments, may negatively impact the affordability of SDG&E’s and SoCalGas’ customer rates and, for our businesses that are not regulated utilities, may cause costs to increase to levels that reduce customer demand and growth. SDG&E and SoCalGas, as well as any of our other businesses affected by GHG emissions reduction and mitigation and renewable energy mandates, may also be subject to fines and penalties if mandated goals are not met, and all our businesses could suffer difficulties attracting investors and business partners, reputational harm and other negative effects if we do not meet or if

we further modify our GHG emissions reduction aims or there are negative views about our environmental disclosures or practices generally.

We develop our capital expenditure plans based on forecasts as well as regulatory and compliance requirements, including those related to safety, reliability and load growth, gas system planning, and transportation electrification, which generally assume that California will continue to pursue consistent environmental and climate-related policies. If the federal government withdraws its support for grid and infrastructure modernization or prohibits California from pursuing its environmental and climate-related policies, or if California changes its policies, SDG&E, SoCalGas and Sempra may be unable to meet their respective aims.

The occurrence of any of these risks could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

We are subject to complex tax and accounting requirements that expose us to risks.

We are subject to complex tax and accounting requirements. These requirements may undergo changes at the federal, state, local and foreign levels, including in response to economic or political conditions. Compliance with these requirements, including changes to them or how they are implemented, interpreted or enforced, could increase our operating costs and materially adversely affect how we conduct our business. New tax legislation, regulations or interpretations or changes in tax policies in the U.S., Mexico or other countries in which we operate or do business could negatively affect our tax expense and/or tax balances and our businesses generally. Any failure to comply with these requirements could subject us to fines and penalties, including criminal penalties in some cases. The occurrence of any of these risks could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

We may be negatively impacted by the outcome of litigation or other proceedings in which we are involved.

Our businesses are involved in a number of lawsuits, appeals, binding arbitrations, regulatory investigations and other proceedings. We discuss material pending proceedings in Note 15 of the Notes to Consolidated Financial Statements. Our businesses also may become involved in new proceedings that we do not consider material, such as the approximately 28,000 proofs of claim that have been filed on behalf of persons who assert the right to file lawsuits in the future based on alleged exposure to asbestos in power plants designed and/or built by certain predecessor entities we acquired in connection with our acquisition of our majority interest in Oncor. We have spent, and continue to spend, substantial money, time and employee and management focus on lawsuits and other proceedings. The uncertainties inherent in lawsuits and other proceedings make it difficult to estimate with any degree of certainty the timing, costs and ranges of costs or outcome of these matters, and changes or disruptions to the judicial system, such as the nationwide strike by the Mexican judiciary in 2024 in response to recent Mexican Constitutional reforms that require all judges to be elected rather than appointed, could result in delays, increased costs, or unfavorable outcomes. In addition, juries have demonstrated a willingness to grant large awards, including punitive damages, in response to personal injury, product liability, property damage, nuisance, and other claims. Accordingly, actual costs incurred have and may continue to differ materially from insured or reserved amounts and may not be recoverable, in whole or in part, from insurance or in customer rates. Any of the foregoing could cause reputational damage and otherwise materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

RISKS RELATED TO SEMPRA CALIFORNIA

Operational Risks

Wildfires in California pose risks to Sempra, SDG&E and SoCalGas.

More and Increasingly Severe Wildfires

In recent years, California has experienced some of the largest wildfires (measured by acres burned and/or structures destroyed) in its history. Frequent and severe drought conditions, inconsistent and extreme swings in precipitation, changes in vegetation, unseasonably warm temperatures, low humidity, strong winds and other factors have increased the duration of the wildfire season and the intensity, prevalence and difficulty of prevention and containment of wildfires in California, including in SDG&E's and SoCalGas' service territories. Changing weather patterns, including as a result of climate change, could exacerbate these conditions. Certain of California's local land use policies and forestry management practices have allowed for the construction and development of residential and commercial projects in high-risk fire areas, which could lead to increased third-party claims and greater losses related to fires for which SDG&E or SoCalGas may be liable. The LA Fires damaged some of SoCalGas' natural gas infrastructure and significant third-party property and resulted in service disruptions in some of its service territory.

Future wildfires in SDG&E's or SoCalGas' service territories could compromise SDG&E's and SoCalGas' electric and natural gas infrastructure and result in further service disruptions. Any such wildfires in SDG&E's and SoCalGas' territories (or outside of SDG&E's territory in the event the Wildfire Fund is materially diminished) could materially adversely affect SDG&E's, SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects, which we discuss further in this risk factor below and above under "Risks Related to All Sempra Businesses – Operational Risks."

The Wildfire Legislation

In July 2019, the Wildfire Legislation was signed into law, which we discuss in Note 1 of the Notes to Consolidated Financial Statements. The Wildfire Legislation's legal standard for the recovery of wildfire costs may not be implemented effectively or applied consistently, we may not be eligible for the Wildfire Legislation's cap on wildfire-related liability if SDG&E fails to maintain a valid annual safety certification from the OEIS or meet other requirements, and/or the Wildfire Fund could be exhausted due to claims against the fund by SDG&E or other participating IOUs as a result of fires in their respective service territories, any of which could have a material adverse effect on Sempra's and SDG&E's results of operations, financial condition, cash flows and/or prospects. PG&E is seeking reimbursement from the Wildfire Fund for losses associated with the Dixie Fire, which burned from July 2021 through October 2021. In addition, fires of the size and scope of the recent LA Fires, if found to have been caused by a participating IOU, could have a material adverse effect on the Wildfire Fund. In the case of the LA fires, the causes of these fires have not been determined and therefore these fires may not impact the Wildfire Fund.

In addition, the Wildfire Legislation did not change the doctrine of inverse condemnation, which imposes strict liability (meaning that liability is imposed regardless of fault) on a utility whose equipment is determined to be a cause of a fire. In such an event, the utility would be responsible for the costs of damages, including business interruption losses, interest and attorneys' fees, even if the utility is not found negligent. In the past, the CPUC has denied recovery of incurred costs associated with wildfire claims despite the doctrine of inverse condemnation, which was historically based on the ability of a utility to pass such costs through to rate payers. The doctrine of inverse condemnation also is not exclusive of other theories of liability, such as negligence, under which additional liabilities, such as fire suppression, clean-up and evacuation costs, medical expenses, and personal injury, punitive and other damages, could be imposed. We are unable to predict the impact of the Wildfire Legislation on SDG&E's ability to recover costs and expenses if SDG&E's equipment is determined to be a cause of a fire, and specifically in the context of the application of inverse condemnation.

Cost Recovery Through Insurance or Rates

As a result of California's doctrine of inverse condemnation, substantial losses recorded by insurance companies, and increased wildfire risk, obtaining insurance coverage for wildfires potentially associated with SDG&E's equipment (or, to a lesser extent, SoCalGas) has become increasingly difficult and costly. If these conditions continue or worsen, including as a result of the LA Fires, insurance for wildfire liabilities may become unavailable or may become prohibitively expensive and we may be denied recovery of insurance cost increases through the regulatory process. In addition, insurance for wildfire liabilities may not be sufficient to cover all losses we may incur, or it may not be available to meet the \$1.0 billion of primary insurance required by the Wildfire Legislation. Wildfire insurance may also become prohibitively expensive or unavailable for homeowners and businesses in SDG&E's service territory, potentially increasing SDG&E's financial exposure if a wildfire is found to be caused by SDG&E's equipment. We are unable to predict whether we would be able to recover in rates or from the Wildfire Fund the amount of any uninsured losses. A loss that is not fully insured, is not sufficiently covered by the Wildfire Fund and/or cannot be recovered in customer rates could materially adversely affect Sempra's and one or both of SDG&E's and SoCalGas' results of operations, financial condition, cash flows and/or prospects.

Wildfire Mitigation Efforts

Although we expend significant resources on measures designed to mitigate wildfire risks, these measures may not be effective in preventing wildfires or reducing our wildfire-related losses, and their costs may not be fully recoverable in rates. SDG&E is required by California law to submit wildfire mitigation plans for approval by the OEIS and could be subject to increased risks if these plans are not approved in a timely manner or SDG&E is determined to not have substantially complied with its approved plans, including the risk of fines or penalties for noncompliance. One of our wildfire mitigation strategies is to de-energize certain circuits for safety when there is elevated weather-related wildfire ignition risk. These "public safety power shutoffs" have been subject to scrutiny by various stakeholders, including customers, regulators and lawmakers, which could increase the risk of liability for damages associated with these events if SDG&E is found not to have acted within applicable guidelines and regulations. Such costs may not be recoverable in rates. Unrecoverable costs, adverse legislation or rulemaking, stakeholder scrutiny, ineffective wildfire mitigation measures or other negative effects associated with these efforts could materially adversely affect SDG&E's and Sempra's results of operations, financial condition, cash flows and/or prospects.

The electricity industry is undergoing significant change, including increased deployment of renewable energy sources and energy storage, technological advancements, evolving procurement service standards, and political and regulatory developments.

Electric utilities in California are experiencing increasing deployment of solar and wind generation, including DER, energy storage and energy efficiency and demand management technologies, and California's environmental policy objectives are accelerating the pace and scope of these changes. This growth will require further modernization of the electric grid to, among other things, accommodate increasing two-way flows of electricity and increase the grid's capacity to interconnect these resources. In addition, attaining California's clean energy goals will require sustained investments in transmission and distribution grid modernization, renewable energy integration projects, energy efficiency programs, operational and data management systems, and electric vehicle and energy storage infrastructure, which may increase exposure to overall grid instability and technology obsolescence. The growth of third-party energy storage alternatives and other technologies also may increasingly compete with SDG&E's traditional transmission and distribution infrastructure in delivering electricity to consumers. Certain FERC transmission development projects are open to competition, allowing independent developers to compete with incumbent utilities for the construction and operation of transmission facilities. The CPUC is conducting various proceedings regarding DER, including the evaluation of special programs and pilot projects; changes to the planning and operation of the electric grid to prepare for higher penetration of DER; future grid modernization investments; the deferral of traditional grid investments by DER; and the role of the electric grid operator. These proceedings and the broader changes in California's electricity industry could result in new regulations, policies and/or operational changes that could materially adversely affect SDG&E's and Sempra's results of operations, financial condition, cash flows and/or prospects.

Most of SDG&E's customers receive electric procurement service from a load-serving entity other than SDG&E through programs such as CCA and DA. CCA is only available if a customer's local jurisdiction (city or county) offers such a program, as is the case with the City of San Diego and certain other jurisdictions in SDG&E's service territory, and DA is currently limited by a cap based on gigawatt hours. As a result of customers electing CCA and DA services, SDG&E's historical energy procurement commitments for future deliveries exceed the needs of its remaining bundled customers. To help achieve the goal of ratepayer indifference (as to whether customers' energy is procured by SDG&E or by CCA or DA), the CPUC revised the Power Charge Indifference Adjustment framework. The framework is intended to more equitably allocate SDG&E's procurement cost obligations among customers served by SDG&E and customers now served by CCA and DA. If the framework or other mechanisms designed to achieve ratepayer indifference do not perform as intended, if the law changes, or if the law is not interpreted or enforced as expected, SDG&E's remaining bundled customers could experience large increases in rates for commodity costs under commitments made on behalf of CCA and DA customers prior to their departure or, if all such costs are not recoverable in rates, SDG&E could experience material increases in its unrecoverable commodity costs. Any of these outcomes could have a material adverse effect on SDG&E's and Sempra's results of operations, financial condition, cash flows and/or prospects.

Natural gas continues to be the subject of political and public debate, including a desire by some to reduce or eliminate reliance on natural gas as an energy source.

Certain California legislators, regulators and other stakeholders have expressed a desire to limit or eliminate reliance on natural gas as an energy source through increased use of renewable electricity and electrification. Reducing methane emissions also has become a major focus of certain local, state and federal agencies, resulting in passed or proposed legislation, regulation, policies and ordinances to prohibit or restrict the use of natural gas in new buildings, appliances and other applications. These actions could have the effect of reducing natural gas use over time, and the combination of reduced load and increasing costs to maintain the gas system could negatively impact affordability for remaining natural gas customers.

In February 2017, the CPUC opened proceeding SB 380 OII relating to SoCalGas to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region, including analyzing alternative means for meeting or avoiding the demand for the facility's services if it were eliminated. In December 2024, the CPUC approved an FD in the SB 380 OII finding that the Aliso Canyon natural gas storage facility is currently necessary for natural gas and electric reliability and affordable rates and closed the OII. Among other things, and subject to future CPUC biennial reviews and potential additional proceedings, the FD authorizes the Aliso Canyon natural gas storage facility to continue operating and sets the maximum working natural gas storage level at 68.6 bcf. If the Aliso Canyon natural gas storage facility were to be permanently closed or if future cash flows from its operation were otherwise insufficient to recover its carrying value, we would record an impairment of the facility, which could be material, we could incur materially higher than expected operating costs and/or be required to make material additional capital expenditures (any or all of which may not be recoverable in rates), and natural gas reliability and electric generation could be jeopardized. Any such outcome could have a material adverse effect on SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects. We discuss proceeding SB 380 OII in Note 15 of the Notes to Consolidated Financial Statements.

CARB, California's primary regulator for GHG emissions reduction programs, is evaluating various options for reducing natural gas demand through building decarbonization measures and is considering a proposed statewide zero-emissions standard for space and water heaters. Additionally, the CEC adopted changes to the Title 24 California Building Standards Code that require newly constructed residential and commercial buildings to include heat pump technologies for space and water heating beginning in 2026.

The CPUC has an open proceeding to establish policies, processes, and rules governing safe and reliable gas system operation and long-term gas system infrastructure planning for natural gas utilities in alignment with California's decarbonization goals. Potential outcomes include reductions in natural gas demand over time in favor of electrification, renewable energy alternatives, and/or cleaner fuels and changes to rate and cost recovery policies.

A substantial reduction in or the elimination of natural gas use in California without adequate recovery of investments could result in impairment of some or all of SoCalGas' and SDG&E's natural gas infrastructure assets if they were not permitted to be repurposed for alternative fuels, were required to be depreciated on an accelerated basis or were to become stranded, which could have a material adverse effect on SoCalGas', SDG&E's and Sempra's results of operations, financial conditions, cash flows and/or prospects.

SDG&E may incur significant costs and liabilities from its partial ownership of a nuclear facility being decommissioned .

SDG&E has a 20% ownership interest in SONGS, which we discuss in Note 14 of the Notes to Consolidated Financial Statements. SDG&E and each of the other owners of SONGS is responsible for financing its share of the facility's expenses and capital expenditures, including those related to decommissioning activities. Although the facility is being decommissioned, SDG&E's ownership interest in SONGS continues to subject it to risks, including:

- the potential release of radioactive material
- the potential harmful effects from the former operation of the facility
- limitations on the insurance commercially available to cover losses associated with operating and decommissioning the facility
- uncertainties with respect to the technological, financial, and political aspects of decommissioning the facility and the long-term storage of radioactive materials

SDG&E maintains the SONGS NDT to provide funds for nuclear decommissioning. Trust assets generally have been invested in equity and debt securities, which are subject to market fluctuations. A decline in the market value of trust assets, an adverse change in the law regarding funding requirements for decommissioning trusts, or changes in assumptions or forecasts related to decommissioning dates, technology and the cost of labor, materials and equipment due to inflationary pressures or otherwise could increase the funding requirements for these trusts, which costs may not be fully recoverable in rates. In addition, CPUC approval is required to make withdrawals from the NDT, and CPUC approval for certain expenditures may be denied if the CPUC determines the expenditures are unreasonable. In addition, decommissioning may be materially more expensive than we currently anticipate and therefore decommissioning costs may exceed the amounts in the NDT. Rate recovery for overruns would require CPUC approval, which may not occur.

The occurrence of any of these events could result in a reduction in our expected recovery and have a material adverse effect on SDG&E's and Sempra's results of operations, financial condition, cash flows and/or prospects.

Legal and Regulatory Risks

SDG&E and SoCalGas are subject to extensive regulation.

Rates and Other Financial Matters

The CPUC regulates SDG&E's and SoCalGas' customer rates, except for SDG&E's electric transmission rates that are regulated by the FERC, and conditions of service. The CPUC also regulates SDG&E's and SoCalGas' sales of securities, rates of return, capital structure, rates of depreciation, long-term resource procurement and other financial matters in various ratemaking proceedings. The CPUC periodically approves SDG&E's and SoCalGas' customer rates based on authorized capital expenditures, operating costs, including income taxes, and an authorized rate of return on investments while incorporating a risk-based decision-making framework, as well as certain settlements with third parties and mandatory social programs. The timing and outcome of ratemaking proceedings can be affected by various factors, many of which are not in our control, including the level of opposition by intervening parties; any rejection by the CPUC of settlements with third parties; increasing levels of regulatory review; changes in the political, regulatory, or legislative environments; and the opinions of regulators, customers and other stakeholders.

These ratemaking proceedings include decisions about major programs in which SDG&E and SoCalGas make investments under an approved CPUC framework, such as wildfire mitigation and pipeline and storage integrity and safety enhancement programs, but which investments may remain subject to a CPUC filing or reasonableness review that may result in the disallowance of incurred costs. SDG&E and SoCalGas also may be required to make investments and incur other costs to comply with proposed legislative and regulatory requirements and initiatives, including those related to California's climate goals and policies, and the ability to recover these costs and investments may depend on the final form of the legislative or regulatory requirements and the corresponding ratemaking mechanisms. Recovery may be delayed and/or insufficient if the applicable ratemaking mechanism involves a significant time lag between when costs are incurred and when those costs are recovered in rates or if there are material differences between the authorized costs embedded in rates (which are set on a prospective basis) and the actual costs incurred. Delays may also result from the administrative process, or the CPUC may deny recovery altogether on the basis that costs were not reasonably or prudently incurred or for other reasons, such as customer affordability. Even if recoverable, simultaneously investing in support of necessary safety and reliability and the regulatory requirements and demand for reliable lower-carbon energy may negatively impact the affordability of SDG&E's and SoCalGas' customer rates and their and Sempra's results of operations, financial condition, cash flows and/or prospects.

A CPUC cost of capital proceeding every three years determines a utility's authorized capital structure and authorized return on rate base. The CCM applies in the interim years and considers changes in the cost of capital based on changes in interest rates based on the applicable utility bond index published by Moody's (CCM benchmark rate) for each 12-month period ending September 30 (the measurement period). Alternatively, each of SDG&E and SoCalGas is permitted to file a cost of capital application to have its cost of capital determined in lieu of the CCM in an interim year in which an extraordinary or catastrophic event materially impacts its cost of capital and affects utilities differently than the market as a whole. In October 2024, the CPUC issued an FD to modify the CCM. The FD updates the upward or downward adjustment to authorized ROE, if the CCM is triggered, from 50% to 20% of the change in the benchmark rate during the measurement period. Any further rate changes due to a downward trigger of the CCM or the denial by the CPUC of an automatic upward trigger of the CCM could have a material adverse effect on Sempra's and the applicable utility's results of operations, financial condition, cash flows and/or prospects. We discuss the CCM in "Part I – Item 1. Business - Ratemaking Mechanisms – Sempra California – Cost of Capital Proceedings," and in Note 4 of the Notes to Consolidated Financial Statements.

The FERC regulates electric transmission rates, the transmission and wholesale sales of electricity in interstate commerce, transmission access, the rates of return on investments in electric transmission assets, and other similar matters involving SDG&E. These ratemaking mechanisms are subject to many risks similar to those described above regarding the CPUC ratemaking proceedings. In particular, SDG&E's authorized TO5 settlement provided for an ROE of 10.60%, consisting of a base ROE of 10.10% plus the California ISO adder. In December 2024, the FERC issued an order, which SDG&E has appealed, finding that SDG&E is not eligible for the California ISO adder and that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019. In October 2024, SDG&E submitted its TO6 filing to the FERC, requested to be effective January 1, 2025, and subject to refund. SDG&E's TO6 filing proposes, among other items, an increase to SDG&E's currently authorized base ROE from 10.10% to 11.75% plus the California ISO adder, for a total ROE of 12.25%. In December 2024, the FERC accepted SDG&E's TO6 filing but suspended the effective date to June 1, 2025 and disallowed the inclusion of the California ISO adder, which SDG&E has appealed. Any unfavorable outcome in these proceedings, such as the discontinuation of the California ISO adder or not being successful in our appeal of the FERC decision finding that the TO5 adder refund provision was triggered, could have a material adverse effect on SDG&E's and Sempra's results of operations, financial condition, cash flows and/or prospects.

CPUC Authority Over Operational Matters

Our operations are subject to CPUC rules (and similar FERC rules), commonly referred to as "affiliate rules," relating to transactions among SDG&E, SoCalGas and other Sempra businesses. These rules primarily impact market transactions and marketing activities involving transmission supply and capacity, including sales or other trades of natural gas or electricity within or among SDG&E and SoCalGas and Sempra and its covered affiliates. Noncompliance with these rules, as well as any changes to these rules or their interpretations or additional more restrictive CPUC or FERC rules related to transactions with affiliates, could materially adversely affect our operations and, in turn, our results of operations, financial condition, cash flows and/or prospects.

Additionally, the CPUC has regulatory authority related to safety standards and practices, reliability and planning, competitive conditions and a wide range of other operational matters, including citation and enforcement programs concerning matters such as safety activity, disconnection and billing practices, resource adequacy and environmental compliance. Many of these standards and citation and enforcement programs are becoming more stringent and could subject a utility to significant penalties and fines, as well as higher operating costs. The CPUC conducts reviews and audits of the matters under its authority and may launch

investigations or open proceedings at its discretion, the results of which could include citations, disallowances, fines and penalties, as well as corrective or mitigation actions to address any noncompliance, any of which may not be sufficiently funded by customer rates or at all. Any such occurrence could result in other regulatory exposure, significant litigation, and reputational harm and could have a material adverse effect on SDG&E's, SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

We discuss various CPUC proceedings relating to SDG&E and SoCalGas in Notes 4 and 15 of the Notes to Consolidated Financial Statements.

Regulatory Changes and Influence of Other Organizations

SDG&E and SoCalGas incur significant capital, operating, and other costs associated with regulatory compliance. SDG&E, SoCalGas and Sempra may be materially adversely affected by revisions or reinterpretations of existing or new legislation, regulations, decisions, orders or interpretations of the CPUC, the FERC or other regulatory bodies, any of which could change how SDG&E and SoCalGas operate, affect their ability to recover various costs through rates or adjustment mechanisms, require them to incur additional expenses and compliance costs or otherwise materially adversely affect their and Sempra's results of operations, financial condition, cash flows and/or prospects.

SDG&E and SoCalGas are also affected by numerous advocacy groups, including California Public Advocates Office, The Utility Reform Network, Utility Consumers' Action Network and the Sierra Club. Success by any of these groups in directly or indirectly influencing legislators and regulators could have a material adverse effect on SDG&E's, SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

SoCalGas has incurred and may continue to incur significant costs, expenses and other liabilities related to the Leak.

From October 23, 2015 through February 11, 2016, SoCalGas experienced the Leak, which we describe in Note 15 of the Notes to Consolidated Financial Statements.

In September 2021, SoCalGas and Sempra entered into an agreement with counsel to resolve approximately 390 lawsuits including approximately 36,000 plaintiffs (the Individual Plaintiffs) then pending against SoCalGas and Sempra related to the Leak for a payment of up to \$1.8 billion. Over 99% of the Individual Plaintiffs participated and submitted valid releases, and SoCalGas paid \$1.79 billion in 2022 under the agreement. The Individual Plaintiffs who did not participate in the settlement (the Non-Settling Individual Plaintiffs) are able to continue to pursue their claims. As of February 19, 2025, there are approximately 520 plaintiffs who are either new plaintiffs that have filed new lawsuits related to the Leak or Non-Settling Individual Plaintiffs. This litigation seeks compensatory and punitive damages, property damage and diminution in property value, injunctive relief and civil penalties. Additional litigation may be filed against us related to the Leak or our responses to it. The costs of defending against, settling or otherwise resolving the pending lawsuits or any new litigation could materially adversely affect SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects. We discuss the risks associated with litigation above under "Risks Related to All Sempra Businesses – Legal and Regulatory Risks."

SoCalGas' loss contingency accruals do not include any amounts in excess of what has been reasonably estimated to resolve these matters, nor any amounts that may be necessary to resolve threatened litigation, other potential litigation or other costs. We are not able to reasonably estimate the possible loss or a range of possible losses in excess of the amounts accrued, which could be significant and could have a material adverse effect on SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

Failure by the CPUC to adequately reform SDG&E's electric rate structure could negatively impact SDG&E and Sempra.

The NEM program is an electric billing tariff mechanism designed to promote the installation of on-site renewable energy generation (primarily solar installations) for residential and business customers. Depending on when the on-site generation is installed, NEM customers receive a full retail rate or a reduced retail rate for energy they generate but do not use that is fed to the utility's power grid, which results in these customers not paying their proportionate share of the cost of maintaining and operating the electric transmission and distribution system, subject to certain exceptions, but still receiving electricity from the system when their self-generation is inadequate to meet their electricity needs. As more and higher electric-use customers switch to NEM and self-generate energy, the burden on remaining non-NEM customers, who effectively subsidize the unpaid NEM costs, increases, which in turn encourages more self-generation and further increases rate pressure on remaining non-NEM customers.

The current electric residential rate structure in California is primarily based on consumption volume, which places a higher rate burden on customers with higher electric use while subsidizing lower-use customers. In December 2023, a new Net Billing Tariff

was implemented for customers who interconnect their qualifying on-site renewable energy generation after April 2023. The new Net Billing Tariff revised the NEM structure for new customers with a retail export compensation rate that is better aligned with the value provided to the grid by behind-the-meter energy generation systems and retail import rates that encourage electrification and adoption of solar systems paired with storage. The new Net Billing Tariff is designed to compensate customers for the value of their exports to the grid based on avoided cost. Additionally, in response to California legislation adopted in 2022, the CPUC initiated a rulemaking to broadly restructure the way fixed costs are collected, moving away from volumetric only charges and incorporating an income-graduated fixed charge for default residential rates. The intent of such a fixed charge is to establish a rate structure that allows the utility to collect a greater portion of its fixed costs on a non-volumetric basis, advance the state's climate goals through end-use electrification and provide a more affordable rate design on average for lower-income customers. In May 2024, the CPUC adopted a residential fixed charge with implementation expected to begin in the fourth quarter of 2025. Depending on the effectiveness of the new Net Billing Tariff and fixed charge, which are uncertain, the risks associated with the existing NEM tariff and rate design, including adverse impacts on electricity rates and the reliability of the transmission and distribution system and the potential for increased customer dissatisfaction, increased likelihood of noncompliance with CPUC or other safety or operational standards, and increased power procurement, operating, capital and other costs that may not be recoverable, could continue or increase, any of which could have a material adverse effect on SDG&E's and Semptra's results of operations, financial condition, cash flows and/or prospects.

RISKS RELATED TO SEMPRA TEXAS UTILITIES

Operational and Structural Risks

Certain ring-fencing measures, governance mechanisms and commitments limit our ability to influence the management, operations and policies of Oncor.

Various "ring-fencing" measures, governance mechanisms and commitments are in place that create legal and financial separation between Oncor Holdings, Oncor and their subsidiaries, on the one hand, and Semptra and its affiliates and subsidiaries, on the other hand. These measures are designed to enhance Oncor's separateness from its owners and mitigate the risk that Oncor would be negatively impacted by a bankruptcy or other adverse financial development affecting its owners. These measures subject us and Oncor to various restrictions, including:

- seven members of Oncor's 13-person board of directors must be independent directors in all material respects under the rules of the NYSE in relation to Semptra and its affiliates and any other owners of Oncor, and also must have no material relationship with Semptra or its affiliates or any other owners of Oncor currently or within the previous 10 years; of the six remaining directors, two must be designated by Semptra, two must be designated by Oncor's minority owner, TTI, and two must be current or former Oncor officers
- Oncor will not pay dividends or other distributions (except for contractual tax payments) if (i) a majority of Oncor's independent directors or any of the directors appointed by TTI determines that it is in the best interest of Oncor to retain such amounts to meet expected future requirements, (ii) the payment would cause Oncor's debt-to-equity ratio to exceed the debt-to-equity ratio approved by the PUCT, or (iii) unless otherwise allowed by the PUCT, Oncor's senior secured debt credit rating by any of the Rating Agencies falls below BBB (or Baa2 for Moody's)
- there must be certain "separateness measures" maintained to reinforce the legal and financial separation of Oncor from Semptra, including a requirement that dealings between Oncor and Semptra or Semptra's affiliates (other than Oncor Holdings and its subsidiaries) must be on an arm's-length basis, limitations on affiliate transactions and a prohibition on pledging Oncor assets or membership interests for any entity other than Oncor
- a majority of Oncor's independent directors and the directors designated by TTI that are present and voting (with at least one required to be present and voting) must approve any annual or multi-year budget if the aggregate amount of capital expenditures or O&M in the budget differs by more than 10% from the corresponding amounts in the budget for the preceding fiscal year or multi-year period, as applicable

As a result of these measures, we do not control Oncor Holdings or Oncor, and we have limited ability to direct the management, operations and policies of Oncor Holdings and Oncor, including the deployment or disposition of their assets, declarations of dividends or other distributions, strategic planning and other important matters. Moreover, all directors of Oncor, including the directors we have appointed, have considerable autonomy and have a duty to act in the best interest of Oncor consistent with the approved ring-fence and Delaware law, which may in some cases be contrary to our interests. To the extent the directors approve or Oncor otherwise pursues actions that are not in our interest, our results of operations, financial condition, cash flows and/or prospects may be materially adversely affected.

Industry-Related Risks

Changes in the regulation of Oncor or the regulation or operation of the electric utility industry and/or the ERCOT market could negatively affect Oncor.

Oncor operates in the electric utility industry and is subject to many of the same or similar risks as SDG&E and SoCalGas as we describe above under “Risks Related to All Sempra Businesses” and “Risks Related to Sempra California,” particularly with respect to our operational risks, financial risks and specifically regulation by federal, state, and local legislative and regulatory authorities regarding rates and other financial and operational matters. Oncor operates in the ERCOT market. In ERCOT, rates are set by the PUCT based on a historical test year, and as a result, the rates Oncor is allowed to charge generally will not exactly match its costs at any given point in time and there is no assurance that it will be able to timely or fully recover its actual costs and/or earn its full return on invested capital, particularly during periods of increased capital spending by Oncor, high inflation, or increases in general interest rates relative to Oncor’s most recent base rate review. Further, the approved levels of recovery could be significantly less than requested levels, and the approved timing for recovery could differ from proposed timelines. In addition to requests to recover its costs, Oncor’s rate proceedings may contain other requests. Failure to receive approval of its requests in any rate proceeding could adversely impact Oncor, which could adversely impact us, and those impacts could be material.

The costs and burdens associated with complying with the various legislative and regulatory requirements to which Oncor is subject at the federal, state, and local levels and adjusting Oncor’s business and operations in response to legislative and regulatory developments, including changes in ERCOT, and any fines or penalties that could result from any noncompliance, may have a material adverse effect on Oncor. In addition, insufficient electric capacity within ERCOT or significant changes within ERCOT or to the ERCOT market structure that impact transmission and distribution utilities, including adverse publicity or public perception, additional regulatory requirements or oversight, could materially adversely affect Oncor. Moreover, legislative, regulatory, market or industry activities could adversely impact Oncor’s collections and cash flows and jeopardize the predictability of utility earnings. For instance, the PUCT has instituted various projects reviewing the regulatory framework regarding DER and other non-traditional technologies. As DER usage continues to grow, related regulatory decisions, including with respect to ERCOT market rules and transmission and distribution utilities’ ability to invest in non-traditional electricity delivery solutions, could adversely impact Oncor’s revenues and operations. Additionally, projected load growth across the ERCOT system could, if not sufficiently addressed through system design and reliability measures, negatively impact electric infrastructure reliability and potentially cause system-wide stresses. If Oncor does not successfully respond to applicable legislative, regulatory, market or industry developments, Oncor could suffer a deterioration in its results of operations, financial condition, cash flows and/or prospects, which could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

Financial Risks

Oncor could have liquidity needs that necessitate additional investments.

Oncor’s business is capital-intensive, with significant and increasing capital spending expected in future periods, and it relies on external financing as a significant source of liquidity for its capital requirements. In the past, Oncor has financed much of its cash needs from operations and with proceeds from indebtedness, but these sources of capital may not be adequate or available at reasonable prices or on other reasonable terms in the future, or at all. Because our commitments to the PUCT prohibit us from making loans to Oncor, we may elect to make capital contributions to Oncor if it fails to meet its capital requirements or is unable to access sufficient capital from other sources to finance its ongoing needs. Any such investments could be substantial, would reduce the cash available to us for other purposes, may not be recovered, and could increase our indebtedness, any of which could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

Sempra could incur substantial tax liabilities if EFH’s 2016 spin-off of Vistra is deemed to be taxable.

As part of its bankruptcy proceedings, in 2016, EFH distributed all the outstanding shares of common stock of its subsidiary Vistra Corp. (formerly Vistra Energy Corp. and referred to herein as Vistra) to certain creditors of TCEH LLC (the spin-off), and Vistra became an independent, publicly traded company. Vistra’s spin-off from EFH was intended to qualify for partially tax-free treatment to EFH and its shareholders under Sections 368(a)(1)(G), 355 and 356 of the U.S. Internal Revenue Code of 1986 (as amended) (collectively referred to as the Intended Tax Treatment). In connection with and as a condition to the spin-off, EFH received a private letter ruling from the IRS regarding certain issues relating to the Intended Tax Treatment, as well as tax opinions from counsel to EFH and Vistra regarding certain aspects of the spin-off not covered by the private letter ruling.

In connection with the merger of EFH with a subsidiary of Sempra (the Merger), EFH received a supplemental private letter ruling from the IRS and Sempra and EFH received tax opinions from their respective counsels that generally provide that the

Merger will not affect the conclusions reached in, respectively, the IRS private letter ruling and tax opinions issued with respect to the spin-off described above. Similar to the IRS private letter ruling and opinions issued with respect to the spin-off, the supplemental private letter ruling is generally binding on the IRS and any opinions issued with respect to the Merger are based on factual representations and assumptions, as well as certain undertakings, made by Semptra and EFH. If such representations and assumptions are untrue or incomplete, any such undertakings are not complied with, or the facts upon which the IRS supplemental private letter ruling or tax opinions (which will not impact the IRS position on the transactions) are based are different from the actual facts relating to the Merger, the tax opinions and/or supplemental private letter ruling may not be valid and could be challenged by the IRS. Even though Semptra Texas Holdings Corp. would have administrative appeal rights if the IRS were to invalidate its private letter ruling and/or supplemental private letter ruling, including the right to challenge any adverse IRS position in court, any such appeal would be subject to uncertainties and could fail. If it is ultimately determined that the Merger caused the spin-off not to qualify for the Intended Tax Treatment, Semptra, through its ownership of Semptra Texas Holdings Corp., could incur substantial tax liabilities, which would materially reduce the value associated with our investment in Oncor and could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

RISKS RELATED TO SEMPRA INFRASTRUCTURE

Operational Risks

Project development activities may not be successful, projects under construction may not be completed on schedule or within budget, and completed projects may not operate at expected levels or generate expected earnings or cash flows.

Energy Infrastructure Projects

We are involved in a number of energy infrastructure projects in various stages of development and construction, which subject us to numerous risks. Success in developing each project depends on, among other things:

- our financial condition and cash flows and other factors that impact our ability to invest sufficient funds in the project, including for preliminary activities conducted before we determine whether the project is feasible or economically attractive
- project assessment and design and our ability to foresee and incorporate new and developing trends and technologies in the energy industry, such as projects and design solutions to help enable our and our customers' climate goals
- our ability to reach a final investment decision or meet other milestones, which may be influenced by external factors outside our control, including the global economy and energy and financial markets, actions by regulators, achieving necessary internal and external approvals, and many of the other factors described in this risk factor
- negotiation of satisfactory EPC agreements and renegotiation in the event of delays in final investment decisions or failures to meet other specified deadlines
- identification of suitable partners, customers, contractors, suppliers and other necessary counterparties
- progressing relationships from MOUs, HOAs or similar arrangements, which are non-binding, to execution of binding, definitive agreements and participation in the project
- negotiation and maintenance of satisfactory equity, purchase, sale, supply, transportation and other appropriate commercial agreements, and satisfaction of any conditions to effectiveness of such agreements, including reaching a positive final investment decision within agreed timelines
- timely receipt and maintenance of required governmental permits, licenses and other authorizations under terms we find reasonable
- our project partners', contractors', equipment providers' and other vendors' and counterparties' willingness and financial or other ability to make their required investments or fulfill their contractual commitments on a timely basis
- timely, satisfactory and on-budget completion of construction, which could be negatively affected by engineering problems, work stoppages, unavailability or increased costs of materials, equipment, labor and commodities due to inflation or supply chain or other issues, and a variety of other factors, many of which we discuss above under "Risks Related to All Semptra Businesses – Operational Risks" and elsewhere in this risk factor
- implementation of new or changes to existing laws or regulations that impact our infrastructure or the energy sector generally
- obtaining satisfactory financing for the project, particularly when inflation and interest rates are volatile
- the absence of hidden defects on or inherited environmental liabilities for the site of the project
- timely and cost-effective resolution of any litigation or unsettled property rights affecting the project
- geopolitical events and other uncertainties

Any failures with respect to the above factors or other factors material to any particular project could involve additional costs, otherwise negatively affect our ability to successfully complete the project and force us to impair or write off amounts we have invested in the project. If we are unable to complete a development project, if we experience delays, or if construction, financing or other project costs exceed our estimated budgets and we are required to make additional capital contributions, we may not receive an adequate or any return on our investment and other resources expended on the project and our results of operations, financial condition, cash flows and/or prospects could be materially adversely affected.

The operation of existing facilities and any future projects we complete involves many risks, including the potential for unforeseen design flaws, engineering challenges, or the breakdown for other reasons of facilities, equipment or processes; labor disputes or shortages; fuel interruption; environmental contamination; increasing regulatory requirements, including from regulations aiming to reduce GHG emissions; and the other operational risks that we discuss above under “Risks Related to All Semptra Businesses – Operational Risks.” Any of these events could lead to our facilities being idle or operating below expected levels, which may result in lost revenues or increased expenses, including higher maintenance costs and penalties. Any such occurrence could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

LNG Projects

In addition to the risks described above that are applicable to all our energy infrastructure projects, our LNG projects, which we discuss in “Part II – Item 7. MD&A – Capital Resources and Liquidity – Semptra Infrastructure,” also face distinct disadvantages relative to some LNG projects being pursued by other project developers, including:

- The proposed Cameron LNG Phase 2 project is subject to certain restrictions and conditions under the JV project financing agreements for the Cameron LNG Phase 1 facility and requires unanimous consent of all the members, including with respect to the equity investment obligation of each member. We may not be able to satisfy the conditions under the financing agreements, receive members’ consent, obtain satisfactory conclusion on the EPC process, or obtain the extension of our non-FTA approval, in which case our ability to develop the Cameron LNG Phase 2 project would be jeopardized.
- The ECA LNG projects under construction and in development are subject to ongoing land and permit disputes and recent and proposed changes to the Mexican Constitution and certain laws in Mexico that could obstruct efforts to find or maintain suitable partners, customers and financing arrangements and hinder or halt construction and, if the projects are completed, operations. We discuss these risks under “Risks Related to Semptra Infrastructure – Legal and Regulatory Risks.” In addition, the Mexican regulatory process and overlay of U.S. regulation for natural gas exports to LNG facilities in Mexico are not well developed, which, among other factors, contributed to delays in obtaining a necessary permit from the Mexican government for the ECA LNG Phase 1 project and could cause similar delays or other hurdles in the future and lead to difficulties finding or maintaining suitable partners, customers and financing arrangements. Further, while we do not expect the construction or operation of the ECA LNG Phase 1 project to disrupt operations at the ECA Regas Facility, we expect construction of the proposed ECA LNG Phase 2 project would conflict with the current operations at the ECA Regas Facility, which currently has firm storage service agreements and nitrogen injection service agreements with Shell and SEFE that expire in May 2028 and December 2025, respectively. In addition, the Baja California region does not have extensive sources of natural gas, and at times, particularly during the summer, natural gas supply to the region is severely constrained and may impact our costs and our ability to source all feed gas required under our ECA LNG Phase 1 supply contracts.
- The PA LNG Phase 1 project under construction is located at a greenfield site and is therefore subject to certain disadvantages relative to other projects being constructed or developed at brownfield sites, such as increased time and costs to develop and construct the project due to lack of existing infrastructure. The PA LNG Phase 2 project in development would be located at the site of the PA LNG Phase 1 project and would therefore be subject to certain advantages, as well as potential disadvantages, relative to projects being developed at greenfield sites. Advantages of brownfield development include the ability to leverage existing permits and infrastructure; disadvantages of brownfield development could include increased complexity of integrating new facilities with existing infrastructure. Additionally, in February 2020, Semptra Infrastructure filed an application with the DOE to permit LNG produced from the proposed PA LNG Phase 2 project to be exported to all current and future non-FTA countries, which we may not receive on a timely basis or at all.

Development and operation of these or any other LNG projects will depend on the expansion of our existing pipeline interconnections or the ability to permit and construct new pipeline facilities, each of which may require us to enter into additional pipeline interconnection agreements with third-party pipelines, which may not be possible on reasonable terms or at all.

The capital requirements for our LNG projects can be significant, even if we decide not to make a positive final investment decision. As has happened in the past, our proposed facilities may not be completed in accordance with estimated timelines or budgets or at all as a result of the above or other factors, and delays, cost overruns or our inability to complete one or more of these projects could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

We face risks from increased competition.

The markets in which we operate are characterized by numerous capable competitors, many of which have extensive and diversified development and/or operating experience domestically and internationally and financial resources similar to or greater than ours. In particular, the natural gas pipeline, storage and LNG market segments recently have been characterized by strong and increasing competition for winning new development projects and acquiring existing assets. These competitive factors could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

We are exposed to additional competitive risks in connection with our LNG projects. Our ability to reach a final investment decision for each development project and, if a positive decision is made and a project is completed, the overall success of the project depends in part on global energy markets, which can increase competition for global LNG demand in a number of ways. In general, depressed natural gas and LNG prices in the markets intended to be served by any of our projects, including as a result of global oil prices and their associated current and forward projections or other factors, could reduce the pricing and cost advantages of exporting natural gas and LNG produced in North America, which could lead to decreased demand from our projects. Although demand for natural gas is currently strong due to increased focus on energy security and climate aims, a reduction in natural gas demand could also occur from higher penetration of alternative fuels in new power generation, reduced economic activity in general, or as a result of calls by some to limit or eliminate global reliance on natural gas. Further, because LNG projects take a number of years to develop and construct, it is difficult to match current and expected demand with the projected supply from projects under development. Moreover, shifts in U.S. and foreign energy policy could impact supply, demand and other matters critical to LNG projects, such as permitting and other approval processes. Both the U.S. and Mexico held federal elections in 2024, and LNG exports may face increased costs under the new Administrations due to changing macroeconomic and geopolitical conditions. Also, the DOE has recently implemented changes to its approach to requests for extensions of time to commence LNG exports under existing non-FTA approvals. These changes and other market factors such as oil prices could delay or hamper the development of U.S. LNG export facilities and make LNG projects in other parts of the world more feasible and competitive with LNG projects in North America, thus increasing supply and competition for global LNG demand. Any of these occurrences could impact competition and prospects for developing LNG projects and negatively affect the performance and prospects of any of our projects that are or become operational, which could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

We may not be able to secure, maintain, extend or replace long-term supply, sales or capacity agreements.

Sempra Infrastructure's ability to secure new or maintain, extend or replace existing long-term sales or capacity agreements for its natural gas pipeline operations depends on, among other factors, demand for and supply of LNG and/or natural gas from its transportation customers, which may include our LNG facilities. A decrease in demand for or supply of LNG or natural gas from such customers or the occurrence of other events that hinder Sempra Infrastructure from maintaining such agreements or establishing new ones could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

The electric generation and wholesale power sales industries are highly competitive. As more plants are built, supplies of energy and related products may exceed demand, competitive pressures may increase and wholesale electricity prices may decline or become more volatile. Without long-term power sales agreements, our revenues may be subject to increased volatility, and we may be unable to sell the power that Sempra Infrastructure's facilities can produce at favorable prices or at all, any of which could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

We rely on transportation assets and services, much of which we do not own or control, to deliver natural gas and electricity.

We depend on electric transmission lines, natural gas pipelines and other transportation facilities and services owned and operated by third parties to, among other things:

- deliver the natural gas, LNG, electricity and LPG we sell to customers or use for our LNG facilities
- supply natural gas to our gas storage and electric generation facilities
- provide retail energy services to customers

If transportation is disrupted, the construction of necessary interconnecting infrastructure is not completed on schedule or at all or capacity is inadequate, we may be delayed in completing projects under development and/or unable to meet our contractual obligations to customers of those projects or existing projects, in which case we may be responsible for damages they incur, such as the cost of acquiring alternative supplies at then-current spot market rates, and we could lose customers that may be difficult to replace. Any such occurrence could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Financial Risks

Sempra Infrastructure's business is capital-intensive and relies on various types of financing arrangements, which may not be adequate or available in the future.

Sempra Infrastructure's business is capital-intensive, with significant and increasing capital spending expected in future periods. It relies on various types of financing to meet its capital requirements, including capital contributions from Sempra and NCI owners, as well as external financing such as loans and other forms of project financing that could impose guarantees, indemnities or other obligations. These arrangements could expose us to risks, including exposure to losses upon the occurrence of certain events related to the development, construction, operation or financing of the applicable projects. In addition, external sources of capital may not be adequate or available on reasonable terms. Any of these outcomes could have a material adverse effect on our future results of operations, financial condition, cash flows and/or prospects.

Fixed-price long-term contracts for services or commodities expose our businesses to inflationary pressures.

Sempra Infrastructure seeks to secure long-term contracts for services and commodities in an effort to optimize the use of its facilities, reduce volatility in earnings and support the construction of new infrastructure. Certain of these contracts are at fixed prices, and their profitability may be negatively affected by inflationary pressures, including increased labor, materials, equipment, commodities and other operational costs, rising interest rates that affect financing costs and changes in applicable exchange rates. We aim to mitigate these risks by, among other things, using variable pricing tied to market indices, anticipating and providing for cost escalation when bidding on projects, contracting for direct pass-through of operating costs and/or entering into hedges. However, these measures may not fully or substantially offset any increases in operating expenses or financing costs caused by inflationary pressures and their use could introduce additional risks, any of which could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Our international businesses and operations expose us to foreign currency exchange rate and inflation risks.

Our operations in Mexico pose foreign currency exchange rate and inflation risks. Exchange and inflation rates with respect to Mexico and fluctuations in those rates may have an impact on the revenue, cash flows and costs from our international operations, which could materially adversely affect our results of operations, financial condition, cash flows and/or prospects. We sometimes attempt to hedge cross-currency transactions and earnings exposure through various means, including financial instruments and short-term investments, but these hedges may not fully achieve our objectives of mitigating earnings volatility that would otherwise occur due to exchange rate fluctuations. Because we do not hedge our net investments in foreign countries, we are susceptible to volatility in OCI caused by exchange rate fluctuations for entities whose functional currencies are not the U.S. dollar. Moreover, Mexico has experienced periods of high inflation and exchange rate instability in the past, and severe devaluation of the Mexican peso could result in governmental intervention to institute restrictive exchange control policies, as has occurred before in Mexico and other Latin American countries. We discuss our foreign currency exposure at our Mexican subsidiaries in "Part II – Item 7. MD&A" and "Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk."

Our businesses are exposed to fluctuations in commodity prices.

We buy energy-related commodities from time to time for pipeline operations, LNG facilities or power plants to satisfy contractual obligations with customers. The regional and other markets in which we purchase these commodities are competitive and can be subject to significant pricing volatility as a result of many factors, including inflation, adverse weather conditions, supply and demand changes, availability of competitively priced alternative energy sources, political and geopolitical instability, commodity production levels and storage capacity, energy and environmental legislation and regulations, and economic and financial market conditions. Our results of operations, financial condition, cash flows and/or prospects could be materially adversely affected if the prevailing market prices for natural gas, LNG, electricity or other commodities we buy change in a direction or manner not anticipated and for which we have not provided adequately through purchase or sale commitments or other hedging transactions.

Legal and Regulatory Risks

Our international businesses and operations expose us to increased legal, regulatory, tax, economic, geopolitical, credit and management oversight risks and challenges.

We own or have interests in a variety of energy infrastructure assets in Mexico, and we do business with companies based in foreign markets, including particularly our LNG export operations. Conducting these activities in foreign jurisdictions subjects us to complex management, security, political, legal, economic and financial risks that vary by country, many of which may differ from and potentially be greater than those associated with our wholly domestic businesses, and the occurrence of any of these

risks could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects. These risks include the following and the other risks discussed in this risk factor below:

- compliance with tax, trade, environmental and other foreign laws and regulations, including legal limitations on ownership in some foreign countries and inadequate or inconsistent enforcement of regulations
- actions by local regulatory bodies, such as the CRE, including setting rates and tariffs that may be earned by or charged to our businesses
- the timing and outcome of ratemaking proceedings can be affected by various factors, many of which are not in our control and recovery may be delayed and/or insufficient to recover our costs
- adverse changes in social, political, economic or market conditions or the stability of foreign governments or such foreign governments' relations with the U.S. government
- adverse rulings by or instability in foreign courts or tribunals
- challenges obtaining, maintaining and complying with permits or approvals
- difficulty enforcing contractual and property rights and differing legal standards
- expropriation or theft of assets
- demand for hydrocarbon fuels, such as natural gas imported from the U.S., may be impacted by geopolitical factors
- with respect to our non-utility international business activities, changes in the priorities and budgets of international customers, which may be driven by many of the factors listed above, among others

Mexican Government Influence on Economic and Energy Matters

The Mexican government exercises significant and increasing influence over the Mexican energy sector and has adopted or proposed additional changes that, in each case, could impact private investment in this sector.

Mexican governmental actions in the past several years in the electricity market include resolutions, orders, decrees, regulations and proposed and adopted amendments to Mexican law that could, among other things, threaten the prospects for private-party renewable energy generation in the country, limit the ability to dispatch renewable energy and receive or maintain operational permits, increase costs of electricity for legacy renewable and cogeneration energy contract holders, and limit ownership of energy assets by private companies. We discuss some of these actions in Note 15 of the Notes to Consolidated Financial Statements. Moreover, the government of Mexico has implemented Mexican Constitutional energy reforms that will impact energy infrastructure and markets in Mexico. We await legislative action to determine the potential impact such reforms will have on the market generally and our business in particular.

With respect to midstream and downstream activities, Mexico's Hydrocarbons Law gives SENER and the CRE significant powers to suspend permits when a danger to national security, energy security, or the national economy is foreseen and to revoke permits under certain other circumstances, including for a failure to comply with certain minimum storage and other requirements or for violations of certain provisions established by SENER or the Hydrocarbons Law, as applicable. Recent Mexican Constitutional reforms have proposed to transfer significant powers from CRE to SENER; implementing legislation on these reforms is expected to be forthcoming.

Subsequent to the federal elections in Mexico in 2024 and, as noted above, the Mexican government has begun to introduce significant changes to the Mexican Constitution, which will require changes in laws, policies, and regulations in order to be implemented. These changes have included Mexican Constitutional reforms affecting the judiciary and the for-profit status of certain state-owned enterprises. The changes to the judiciary include a requirement that all judges be elected rather than appointed. The energy reforms have the potential to increase government control and participation in the energy sector and to create novel challenges for infrastructure development and operations. Additionally, a set of six energy-related laws, including modifications to the Hydrocarbons Law and Electricity Industry Law, were submitted to Mexico's Congress in January 2025. The legislative session runs from February 1 to April 30, and the government is targeting approval by the end of March 2025. These reforms and any further Mexican Constitutional, legal or regulatory changes could affect the Mexican economy, energy sector and our businesses, the extent of which we currently are unable to predict.

If future governmental actions are proposed and passed or otherwise become effective, if efforts to enjoin enforcement or suspend or overturn adopted governmental actions fail, or if other similar actions by the Mexican government are taken to curb private-party participation in the energy sector, including through further amendments to Mexican laws, rules or the Mexican Constitution or increased investigative and enforcement activities, it may impact our ability to operate our facilities at existing levels or at all, result in increased costs for Sempra Infrastructure and for its power consumers, adversely affect our ability to develop new projects, result in decreased revenues and cash flows, and negatively impact our ability to recover the carrying values of our investments in Mexico, any of which could have a material adverse effect on our business, results of operations, financial condition, cash flows and/or prospects.

U.S. and Foreign Laws and International Relations

Our international business activities are subject to laws and regulations in the U.S. and Mexico and other countries where we do business related to foreign operations and doing business internationally, including the U.S. Foreign Corrupt Practices Act, the Mexican Federal Anticorruption Law in Public Contracting (Ley Federal Anticorrupción en Contrataciones Públicas) and similar laws, and are sensitive to foreign policy, trade policy and other geopolitical factors related to or applicable in each of these countries. The current and the last U.S. Administrations have taken different stances with respect to international trade agreements, tariffs, immigration policy and other matters of foreign policy that impact trade and foreign relations. The current U.S. Administration proposed imposing new tariffs on Mexico that are currently deferred, but may become effective in the near term, and other tariffs could potentially be imposed by the current U.S. Administration. The Mexican government has announced plans to implement retaliatory tariffs in response to the U.S. Administration's proposed tariffs, if and when they are imposed, but the details of those tariffs have not yet been disclosed. In addition, the U.S. Administration has announced tariffs on imports of steel and aluminum beginning on March 12, 2025. These materials are integral to the construction of energy infrastructure and could have a significant impact on the costs associated with the construction of the same, whether directly or indirectly. Other shifts in foreign policy could create uncertainty and result in or increase adverse effects on our businesses. Violations or alleged violations of the laws referred to above, as well as foreign policy positions, sanctions or imposition of new or greater tariffs that adversely affect imports and exports between the U.S., Mexican and other foreign countries where we conduct business, could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

We face risks related to unsettled property rights and titles in Mexico.

We are engaged in disputes regarding our title to the property in Mexico where our ECA Regas Facility is situated and our ECA LNG projects are expected to be situated, which we discuss in Note 15 of the Notes to Consolidated Financial Statements. In addition, we have and may in the future seek to obtain long-term leases or rights-of-way from governmental agencies or other third parties to operate our energy infrastructure on land we do not own. In addition to the risks associated with such property ownership and use that we describe above under "Risks Related to All Sempra Businesses – Operational Risks," disputes regarding ownership or rights to any of these properties could lead to difficulties finding or maintaining suitable partners, customers and project financing arrangements and could hinder or halt our ability to construct and, if completed, operate the affected facilities or proposed projects. Any of these outcomes could have a material adverse effect on our results of operations, financial condition, cash flows and/or prospects.

Sempra Infrastructure's energy infrastructure assets may be considered by the Mexican government to be a public service or essential for the provision of a public service, in which case these assets and the related businesses could be subject to expropriation or nationalization, loss of concessions, renegotiation or annulment of existing contracts, and other similar risks. Any such occurrence could materially adversely affect our results of operations, financial condition, cash flows and/or prospects.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

CYBERSECURITY RISK MANAGEMENT

Sempra, SDG&E and SoCalGas have cybersecurity risk management processes in place that are intended to protect the confidentiality, integrity, and availability of our critical infrastructure, systems and information. These cybersecurity risk management processes include cybersecurity incident response plans that are integrated into each entity's respective enterprise risk management and emergency management programs.

Our cybersecurity processes are largely designed and assessed based on the National Institute of Standards and Technology Cybersecurity Framework and the DOE's Cybersecurity Capability Maturity Model standards. This does not imply that we meet any technical standards, specifications, or requirements, only that we use these standards as a guide to help us identify, assess, and manage cybersecurity risks relevant to our business.

Our cybersecurity risk management processes include:

- risk assessments performed by internal personnel and third-party advisors designed to help identify material cybersecurity risks to our critical systems, information, services, and our broader enterprise information technology environments
- information security teams principally responsible for developing and implementing (1) cybersecurity risk assessment processes, (2) information security controls, and (3) response plans to cybersecurity incidents
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our information security controls
- cybersecurity awareness training and policies designed to address social engineering attacks targeting employees and contractors
- cybersecurity incident response plans that include procedures for responding to and reporting, if applicable, certain cybersecurity incidents
- risk management processes for third-party service providers, suppliers, and vendors

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect our results of operations, financial condition, cash flows and/or prospects.

CYBERSECURITY GOVERNANCE

Sempira's, SDG&E's and SoCalGas' respective boards of directors consider cybersecurity risk as part of their risk oversight function. The Sempira board of directors has delegated to its SST Committee, which is entirely composed of independent directors under the independence standards established by the NYSE, oversight of cybersecurity and other information and operational technology risks. The SST Committee reports to the Sempira board of directors regarding the Committee's activities, including those related to cybersecurity. The SST Committee receives briefings on cybersecurity topics from Sempira's chief information security officer, internal information security staff or external experts in part for continuing education on topics that impact public companies. The SST Committee as well as the SDG&E and SoCalGas boards of directors oversee management's implementation of our cybersecurity risk management processes and receive regular reports from management on our material cybersecurity risks. In addition, management updates the SST Committee and SDG&E and SoCalGas boards of directors about certain cybersecurity incidents. The SDG&E and SoCalGas boards of directors receive briefings from SDG&E's and SoCalGas' chief information officer and internal information security staff. SDG&E's and SoCalGas' boards of directors also have safety committees that, at times, may oversee the matters described above on behalf of those companies' respective boards of directors.

We have formed cybersecurity councils to provide overall corporate oversight for managing material risks from cybersecurity threats. The cybersecurity councils meet regularly to receive updates on cybersecurity developments at Sempira and our consolidated entities from their cybersecurity management teams.

Our cybersecurity management teams supervise efforts designed to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal information security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by information security tools deployed in the information technology environment. Cybersecurity management also supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Sempira's director of cybersecurity governance & chief information security officer provides additional oversight and support for the operational cybersecurity activities at our consolidated entities.

Our cybersecurity materiality assessment teams, which include chief information security officers, chief information officers, chief risk officers, chief accounting officers or chief financial officers, and general counsels, help assess the materiality of certain cybersecurity incidents.

The cybersecurity councils, cybersecurity management teams and materiality assessment teams include members with decades of operational experience as cybersecurity professionals as well as management with decades of service in the areas of information and operational technology and legal, compliance, financial reporting and enterprise risk management. Some of these members hold relevant degrees and certifications that we believe enhance our ability to manage and respond to cybersecurity risks, including, among others, bachelor's and/or master's degrees in cybersecurity and computer science as well as certified information systems security professional, certified incident handler, and certified information security manager certifications.

ITEM 2. PROPERTIES

We own or lease land, warehouses, offices, operating and maintenance centers, shops and service facilities necessary to conduct our businesses. Each of the Registrants currently has adequate space and, if we need more space, we believe it is readily available. We discuss properties related to our electric, natural gas and energy infrastructure operations in “Part I – Item 1. Business” and Note 1 of the Notes to Consolidated Financial Statements.

ITEM 3. LEGAL PROCEEDINGS

We are not party to, and our property is not the subject of, any material pending legal proceedings (other than ordinary routine litigation incidental to our businesses), including environmental proceedings described in Item 103(c)(3) of SEC Regulation S-K, except for the matters described in Note 15 of the Notes to Consolidated Financial Statements or referred to in “Part I – Item 1A. Risk Factors” or “Part II – Item 7. MD&A.”

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

Semptra Common Stock

Our common stock is traded on the NYSE under the trading symbol SRE. At February 19, 2025, there were approximately 19,241 record holders of our common stock. Information concerning dividend declarations for Semptra is included in "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sources and Uses of Cash – Dividends."

Market for Semptra's Common Stock

Semptra's common stock began trading on the Mexican Stock Exchange under the trading symbol SRE.MX in May 2021 following an exchange offer launched in the U.S. and Mexico to acquire the then publicly owned shares of IEnova for newly issued shares of our common stock. In November 2024, the CNBV approved our application to cross-list our common stock on the International Quotation System (SIC) of the Mexican Stock Exchange and delist our common stock from the general listing of the Mexican Stock Exchange. Our common stock is no longer quoted or traded on the general listing of the Mexican Stock Exchange or subject to applicable reporting requirements as of December 13, 2024, but remains eligible for trading by Mexican investors on the SIC effective December 16, 2024.

SoCalGas and SDG&E Common Stock

Information concerning dividend declarations for SoCalGas and SDG&E is included in "Part II – Item 7. MD&A – Capital Resources and Liquidity – Sources and Uses of Cash – Dividends."

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On July 6, 2020, our board of directors authorized the repurchase of shares of our common stock at any time and from time to time in an aggregate amount not to exceed the lesser of \$2 billion or amounts spent to purchase no more than 25,000,000 shares. This repurchase authorization was publicly announced on August 5, 2020 and has no expiration date. As of February 25, 2025, a maximum of \$1.25 billion and no more than 19,632,529 shares may yet be purchased under this repurchase authorization.

ITEM 6. (RESERVED)

Not applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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OVERVIEW

This combined MD&A includes the operational and financial results of the following three Registrants:

- *Sempra* is a California-based holding company with energy infrastructure investments in North America. Our businesses invest in, develop and operate energy infrastructure, and provide electric and gas services to customers.
- *SDG&E* is a regulated public utility that provides electric service to San Diego and southern Orange counties and natural gas service to San Diego County.
- *SoCalGas* is a regulated public natural gas distribution utility, serving customers throughout most of Southern California and part of central California.

Sempra has the following three reportable segments which reflect how the CODM oversees operational and financial performance:

- Sempra California
- Sempra Texas Utilities
- Sempra Infrastructure

SDG&E and SoCalGas each has one reportable segment.

Below are significant events, including major project updates, that affected our business in 2024 and may continue to affect our future results:

- In December 2024, we received net proceeds of \$1.2 billion from the issuance of 17,142,858 shares of Sempra common stock from the settlement of forward sale agreements entered into in November 2023
- We established an ATM program providing for the offer and sale of shares of Sempra common stock having an aggregate gross sales price of up to \$3.0 billion, and entered into a forward sale agreement under the ATM program for the sale of 2,909,274 shares with net proceeds expected to be approximately \$268 million
- The CPUC approved an FD in the GRC for SDG&E's and SoCalGas' revenue requirements for 2024 and attrition year adjustments for 2025 through 2027
- The CPUC approved an FD to modify the CCM and update SDG&E's and SoCalGas' cost of capital effective January 1, 2025
- The CPUC approved an FD in the SB 380 OII finding that the Aliso Canyon natural gas storage facility is currently necessary for natural gas and electric reliability and affordable rates and closed the OII (subject to future CPUC biennial reviews and potential additional proceedings)
- The FERC issued an order, which SDG&E has appealed, finding that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019
- SDG&E submitted its TO6 filing to the FERC, which the FERC accepted but suspended the effective date to June 1, 2025 and disallowed inclusion of the California ISO adder, which SDG&E has appealed
- The PUCT approved approximately \$2.9 billion of capital expenditures and approximately \$520 million of O&M under Oncor's inaugural system resiliency plan
- Sempra Infrastructure advanced construction of the ECA LNG Phase 1 project and PA LNG Phase 1 project and entered into an EPC contract with Bechtel for the proposed PA LNG Phase 2 project
- Sempra Infrastructure commenced commercial operations at its refined products terminal in Topolobampo

- Sempra Infrastructure made a positive final investment decision on and began construction of the Cimarrón Wind project
- We resolved all VAT and legal matters related to and substantially completed liquidation of our equity method investment in RBS Sempra Commodities LLP

RESULTS OF OPERATIONS BY REGISTRANT

Throughout the MD&A, our references to earnings represent earnings attributable to common shares. Variance amounts presented are the after-tax earnings impact (based on applicable statutory tax rates unless otherwise noted) and after NCI but before foreign currency and inflation effects, where applicable.



We discuss herein Sempra's results of operations and significant changes in earnings, revenues and costs by segment, as well as Parent and other, for the year ended December 31, 2024 compared to the year ended December 31, 2023. For a discussion of our results of operations and significant changes in earnings, revenues and costs for the year ended December 31, 2023 compared to the year ended December 31, 2022, refer to "Part II – Item 7. MD&A – Results of Operations" in our 2023 annual report on [Form 10-K](#) filed with the SEC on February 27, 2024. We also discuss herein the impact of foreign currency and inflation rates on Sempra's results of operations.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

(Dollars and shares in millions, except per share amounts)



EARNINGS BY SEGMENT

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Sempra California	\$ 1,846	\$ 1,747	\$ 1,514
Sempra Texas Utilities	781	694	736
Sempra Infrastructure	911	877	310
Segment earnings attributable to common shares	3,538	3,318	2,560
Parent and other	(721)	(288)	(466)
Earnings attributable to common shares	\$ 2,817	\$ 3,030	\$ 2,094

Sempra California

Sempra California's earnings are comprised of SDG&E and SoCalGas. Because changes in SDG&E's and SoCalGas' cost of natural gas and/or electricity are recovered in rates, changes in these costs are offset in the changes in revenues and therefore do not impact earnings, other than potential impacts related to the GCIM for SoCalGas that we describe below. In addition to the changes in cost or market prices, natural gas or electric revenues recorded during a period are impacted by the difference between customer billings and recorded or CPUC-authorized amounts. These differences are required to be balanced over time, resulting in over- and undercollected regulatory balancing accounts. We discuss balancing accounts and their effects further in Note 4 of the Notes to Consolidated Financial Statements.

In 2024 compared to 2023, the increase in earnings of \$99 million (6%) to \$1.8 billion was primarily due to:

- \$217 million higher income tax benefits primarily from flow-through items, including higher gas repairs tax benefits, offset by \$25 million related to income tax benefits in 2023 from previously unrecognized income tax benefits pertaining to gas repairs expenditures
- \$12 million higher electric transmission margin
- \$12 million higher AFUDC equity
- \$11 million higher net regulatory interest income
- \$9 million higher CPUC base operating margin authorized for 2024, net of operating expenses, including higher authorized cost of capital

Offset by:

- \$89 million charge in 2024 for amounts relating to the FERC order finding that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019, which we discuss in Note 4 of the Notes to Consolidated Financial Statements
- \$60 million higher net interest expense
- \$15 million impairment from disallowed capital costs in the 2024 GRC FD

Sempra Texas Utilities

In 2024 compared to 2023, the increase in earnings of \$87 million (13%) to \$781 million was primarily due to higher equity earnings from Oncor Holdings driven by:

- overall higher revenues primarily attributable to:
 - rate updates to reflect increases in invested capital
 - updates to transmission billing units
 - customer growth
 - base rates implemented in May 2023

Offset by:

- lower customer consumption primarily attributable to weather
- write-off of rate base disallowances in 2023 resulting from the PUCT's final order in Oncor's comprehensive base rate review

Offset by:

- higher interest expense and depreciation expense attributable to increases in invested capital
- higher O&M

Sempra Infrastructure

In 2024 compared to 2023, the increase in earnings of \$34 million (4%) to \$911 million was primarily due to:

- \$499 million favorable impact from foreign currency and inflation effects on our monetary positions in Mexico, comprised of a \$263 million favorable impact in 2024 compared to a \$236 million unfavorable impact in 2023
- \$61 million favorable impact from \$19 million net interest income in 2024 compared to \$42 million net interest expense in 2023 primarily due to higher capitalization of interest expense in 2024 from projects under construction
- \$47 million favorable impact in interest expense from \$30 million unrealized gains in 2024 compared to \$17 million unrealized losses in 2023 on interest rate swaps related to the PA LNG Phase 1 project
- \$21 million favorable impact from \$20 million income tax benefit in 2024 compared to \$1 million income tax expense in 2023 primarily from outside basis differences and remeasurement of deferred taxes

Offset by:

- \$463 million from asset and supply optimization driven by unrealized losses in 2024 compared to unrealized gains in 2023 on commodity derivatives due to changes in natural gas prices and lower LNG diversion fees
- \$79 million from the transportation business driven by lower equity earnings and revenues, including the cumulative impact of new tariffs going into effect in June 2023 for certain pipelines in Mexico and a customer's early termination of firm transportation agreements in 2023
- \$15 million from the renewables business driven by lower volumes from wind power generation assets
- \$14 million from lower revenues in 2024 offset by higher O&M in 2023 from a provision for expected credit losses on a customer's past due receivable balance

Parent and Other

In 2024 compared to 2023, the increase in losses of \$433 million to \$721 million was primarily due to:

- \$330 million income tax expense in 2024 from changes to a valuation allowance against foreign tax credits that were carried forward from the implementation of the Tax Cuts and Jobs Act of 2017
- \$32 million from higher net interest expense
- \$24 million decrease in equity earnings related to our investment in RBS Sempra Commodities LLP due to \$16 million in 2024 from the substantial dissolution of the partnership and \$40 million in 2023 related to a legal settlement, which we discuss in Notes 5 and 15 of the Notes to Consolidated Financial Statements
- \$23 million income tax benefit in 2023 from the remeasurement of certain deferred income taxes
- \$5 million related to settlement charges from our non-qualified pension plan in 2024

SIGNIFICANT CHANGES IN REVENUES AND COSTS

The regulatory framework permits SDG&E and SoCalGas to recover certain program expenditures and other costs authorized by the CPUC (referred to as "refundable programs").

Utilities: Natural Gas Revenues and Cost of Natural Gas

Our utilities revenues include natural gas revenues at Sempra California and Sempra Infrastructure, which includes Ecogas. Intercompany revenues are eliminated in Sempra's Consolidated Statements of Operations.

SDG&E and SoCalGas operate under a regulatory framework that permits the cost of natural gas purchased for core customers to be passed through to customers in rates substantially as incurred and without markup. The GCIM provides for SoCalGas to share in the savings and/or costs from buying natural gas for its core customers at prices below or above monthly market-based benchmarks. This mechanism permits full recovery of costs incurred when average purchase costs are within a price range around the benchmark price. Any higher costs incurred or savings realized outside this range are shared between SoCalGas and its core customers. We provide further discussion in Note 3 of the Notes to Consolidated Financial Statements.

UTILITIES: NATURAL GAS REVENUES AND COST OF NATURAL GAS
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Natural gas revenues:			
Sempra California	\$ 7,083	\$ 9,425	\$ 7,792
Sempra Infrastructure	78	87	89
Segment totals	7,161	9,512	7,881
Eliminations and adjustments	(20)	(17)	(13)
Total	\$ 7,141	\$ 9,495	\$ 7,868
Cost of natural gas ⁽¹⁾ :			
Sempra California	\$ 1,118	\$ 3,747	\$ 2,562
Sempra Infrastructure	22	8	37
Segment totals	1,140	3,755	2,599
Eliminations and adjustments	(8)	(36)	4
Total	\$ 1,132	\$ 3,719	\$ 2,603

⁽¹⁾ Excludes depreciation and amortization, which are presented separately on Sempra's Consolidated Statements of Operations.

In 2024 compared to 2023, Sempra's natural gas revenues decreased by \$2.4 billion (25%) to \$7.1 billion driven by Sempra California, which included:

- \$2.6 billion decrease in cost of natural gas sold, which we discuss below
- \$268 million lower revenues from incremental and balanced capital projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD, offset by higher authorized cost of capital
- \$79 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$31 million lower franchise fee revenues
- \$7 million lower regulatory awards approved by the CPUC

Offset by:

- \$372 million higher CPUC-authorized revenues in 2024, including certain incremental and balanced capital projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD and higher authorized cost of capital
- \$310 million higher regulatory revenues primarily from the release of a tax regulatory liability for gas repairs expenditures as a result of the 2024 GRC FD
- \$26 million lower regulatory revenues in 2023 from the recognition of previously unrecognized income tax benefits pertaining to gas repairs expenditures, which are offset in income tax expense

In 2024 compared to 2023, Sempra's cost of natural gas decreased by \$2.6 billion to \$1.1 billion driven by Sempra California, which included:

- \$2.4 billion lower average natural gas prices
- \$239 million lower volumes driven by weather

Utilities: Electric Revenues and Cost of Electric Fuel and Purchased Power

Our utilities revenues include electric revenues at Sempra California, substantially all of which is at SDG&E. Intercompany revenues are eliminated in Sempra's Consolidated Statements of Operations.

SDG&E operates under a regulatory framework that permits it to recover the actual cost incurred to generate or procure electricity based on annual estimates of the cost of electricity supplied to customers. The differences in cost between estimates and actual are recovered or refunded in subsequent periods through rates.

Utility cost of electric fuel and purchased power includes utility-owned generation, power purchased from third parties, and net power purchases and sales to/from the California ISO.

UTILITIES: ELECTRIC REVENUES AND COST OF ELECTRIC FUEL AND PURCHASED POWER

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Electric revenues:			
Sempra California	\$ 4,299	\$ 4,336	\$ 4,785
Eliminations and adjustments	(3)	(2)	(2)
Total	\$ 4,296	\$ 4,334	\$ 4,783
Cost of electric fuel and purchased power ⁽¹⁾ :			
Sempra California	\$ 308	\$ 445	\$ 994
Eliminations and adjustments	(63)	(70)	(57)
Total	\$ 245	\$ 375	\$ 937

⁽¹⁾ Excludes depreciation and amortization, which are presented separately on Sempra's Consolidated Statements of Operations.

In 2024 compared to 2023, Sempra's electric revenues decreased by \$38 million (1%) remaining at \$4.3 billion driven by Sempra California, which included:

- \$176 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$137 million lower cost of electric fuel and purchased power, which we discuss below
- \$94 million charge in 2024 for amounts relating to the FERC order finding that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019
- \$18 million lower revenues from a \$5 million credit in 2024 compared to a \$13 million cost in 2023 for the non-service components of net periodic benefit cost, which fully offsets in other income, net
- \$9 million lower franchise fee revenues

Offset by:

- \$178 million lower ITCs from standalone energy storage projects, which are offset in income tax expense
- \$110 million higher CPUC-authorized revenues in 2024, including certain incremental and balanced capital projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD and higher authorized cost of capital
- \$82 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital, offset by certain projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD
- \$42 million higher revenues from transmission operations

In 2024 compared to 2023, Sempra's cost of electric fuel and purchased power decreased by \$130 million (35%) to \$245 million driven by Sempra California, which included:

- \$276 million lower purchased power primarily due to change in excess capacity sales
- \$242 million lower purchased power from the California ISO due to lower market prices
- \$105 million lower utility-owned generation costs

Offset by:

- \$331 million lower sales to the California ISO due to lower market prices
- \$129 million from realized losses in 2024 compared to realized gains in 2023 on derivative contracts for fixed-price natural gas, which are entered into to hedge the cost of electric fuel

Energy-Related Businesses: Revenues and Cost of Sales

ENERGY-RELATED BUSINESSES: REVENUES AND COST OF SALES

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Revenues:			
Sempra Infrastructure	\$ 1,804	\$ 2,984	\$ 1,830
Parent and other ⁽¹⁾	(56)	(93)	(42)
Total	\$ 1,748	\$ 2,891	\$ 1,788
Cost of sales ⁽²⁾ :			
Sempra Infrastructure	\$ 380	\$ 548	\$ 942
Total	\$ 380	\$ 548	\$ 942

⁽¹⁾ Includes eliminations of intercompany activity.

⁽²⁾ Excludes depreciation and amortization, which are presented separately on Sempra's Consolidated Statements of Operations.

In 2024 compared to 2023, Sempra's revenues from energy-related businesses decreased by \$1.1 billion (40%) to \$1.7 billion primarily due to:

- \$1.0 billion from asset and supply optimization from contracts to sell natural gas and LNG to third parties, including:
 - \$896 million primarily driven by \$51 million unrealized losses in 2024 compared to \$710 million unrealized gains in 2023 on commodity derivatives and \$177 million primarily from lower natural gas prices offset by higher volumes
 - \$115 million primarily from lower diversion fees due to lower natural gas prices
- \$55 million lower pipeline transportation revenues primarily from a customer's early termination of firm transportation agreements in the first quarter of 2023 and lower rates
- \$45 million lower transportation revenues
- \$45 million from TdM mainly due to \$78 million from lower power prices offset by \$26 million from higher volumes
- \$25 million from lower volumes from wind power generation assets

In 2024 compared to 2023, Sempra's cost of sales from energy-related businesses decreased by \$168 million (31%) to \$380 million primarily due to:

- \$99 million at TdM driven by \$111 million from lower natural gas prices offset by \$11 million from higher volumes
- \$69 million driven by lower natural gas purchases related to asset and supply optimization

Operation and Maintenance

OPERATION AND MAINTENANCE

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Sempra California	\$ 4,398	\$ 4,591	\$ 4,012
Sempra Texas Utilities	5	5	6
Sempra Infrastructure	858	793	656
Segment totals	5,261	5,389	4,674
Parent and other ⁽¹⁾	75	69	72
Total	\$ 5,336	\$ 5,458	\$ 4,746

⁽¹⁾ Includes eliminations of intercompany activity.

In 2024 compared to 2023, Sempra's O&M decreased by \$122 million (2%) to \$5.3 billion primarily due to:

- \$193 million decrease at Sempra California due to:
 - \$255 million lower expenses associated with refundable programs, which costs are recovered in revenue
- Offset by:
 - \$45 million higher non-refundable operating costs
 - \$20 million impairment from disallowed capital costs in the 2024 GRC FD

Offset by:

- \$65 million increase at Sempra Infrastructure due to:
 - \$33 million higher development costs and certain non-capitalized expenses from projects under construction
 - \$18 million higher purchased services
 - \$6 million from a provision for expected credit losses on a customer's past due receivable balance

Other Income, Net

In 2024 compared to 2023, Sempra's other income, net, increased by \$5 million (4%) to \$136 million primarily due to:

- \$17 million higher AFUDC equity, including \$12 million at Sempra California
- \$15 million higher net interest income on regulatory balancing accounts at Sempra California
- \$8 million higher net investment gains on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation plan at Parent and other
- \$5 million lower non-service components of net periodic benefit cost, including \$17 million at Sempra California

Offset by:

- \$26 million charge in 2024, comprised of \$7 million of AFUDC equity and \$19 million of net regulatory interest, relating to the FERC order finding that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019
- \$20 million decrease from \$14 million losses in 2024 compared to \$6 million gains in 2023 from impacts associated with interest rate and foreign exchange instruments and foreign currency transactions primarily at Sempra Infrastructure, including:
 - \$18 million lower from \$16 million losses in 2024 compared to \$2 million gains in 2023 on other foreign currency transactional effects
 - \$6 million gains in 2023 on cross-currency swaps as a result of fluctuation of the Mexican peso

We provide further details of the components of other income, net, in Note 1 of the Notes to Consolidated Financial Statements.

Interest Expense

In 2024 compared to 2023, Sempra's interest expense decreased by \$260 million (20%) to \$1.0 billion primarily due to:

- \$372 million at Sempra Infrastructure from:
 - \$288 million favorable impact in interest expense from interest rate swaps related to the PA LNG Phase 1 project comprised of:
 - \$245 million from \$212 million unrealized gains in 2024 compared to \$33 million unrealized losses in 2023
 - \$43 million from a \$29 million settlement in 2024 from the termination of interest rate swaps compared to \$14 million settlement losses in 2023 on a contingent interest rate swap
 - \$56 million lower interest expense due to higher capitalization of interest expense on projects under construction

Offset by:

- \$66 million at Sempra California from higher debt balances from debt issuances
- \$46 million at Parent and other from higher debt balances from debt issuances, offset by capitalization of interest expense in 2024 on projects under construction at Sempra Infrastructure

Income Taxes

INCOME TAX EXPENSE (BENEFIT) AND EFFECTIVE INCOME TAX RATES

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Income tax expense	\$ 219	\$ 490	\$ 556
Income from continuing operations before income taxes and equity earnings	\$ 2,110	\$ 2,627	\$ 1,343
Equity earnings, before income tax ⁽¹⁾	603	633	666
Pretax income	\$ 2,713	\$ 3,260	\$ 2,009
Effective income tax rate	8 %	15 %	28 %

⁽¹⁾ We discuss how we recognize equity earnings in Note 5 of the Notes to Consolidated Financial Statements.

We report as part of our pretax results the income or loss attributable to NCI. However, we do not record income taxes for a portion of this income or loss, as some of our entities with NCI are currently treated as partnerships for U.S. income tax purposes, and thus we are only liable for income taxes on the portion of the earnings that are allocated to us. Our pretax income, however, includes 100% of these entities. If our entities with NCI grow, and if we continue to invest in such entities, the impact on our ETR may become more significant.

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. Sempra elected this change in tax accounting method in its consolidated 2023 income tax return filing.

Sempra records regulatory liabilities for benefits that will be flowed through to customers in the future.

In 2024 compared to 2023, Sempra's income tax expense decreased by \$271 million primarily due to:

- \$619 million from \$336 million income tax benefit in 2024 compared to \$283 million income tax expense in 2023 from foreign currency and inflation effects on our monetary positions in Mexico
- lower pretax income
- \$30 million income tax benefit in 2024 from an outside basis difference in a domestic partnership investment
- \$26 million higher income tax benefit from the resolution of prior year income tax items
- higher income tax benefits from flow-through items, including higher gas repairs tax benefits, offset by \$43 million income tax benefit in 2023 from the recognition of previously unrecognized income tax benefits pertaining to gas repairs expenditures

Offset by:

- \$330 million income tax expense in 2024 from changes to a valuation allowance against foreign tax credits that were carried forward from the implementation of the Tax Cuts and Jobs Act of 2017
- lower income tax benefit in 2024 from lower ITCs from standalone energy storage projects under the IRA

We discuss the impact of foreign currency exchange rates and inflation on income taxes below in "Impact of Foreign Currency and Inflation Rates on Results of Operations." See Notes 1 and 7 of the Notes to Consolidated Financial Statements for further details about our accounting for income taxes and items subject to flow-through treatment.

Equity Earnings

In 2024 compared to 2023, Sempra's equity earnings increased by \$128 million (9%) to \$1.6 billion primarily due to:

- \$96 million at IMG due to income tax benefit in 2024 compared to an income tax expense in 2023 primarily from foreign currency and inflation effects
- \$86 million at Oncor Holdings driven by:
 - overall higher revenues primarily attributable to:
 - rate updates to reflect increases in invested capital
 - updates to transmission billing units
 - customer growth
 - base rates implemented in May 2023

Offset by:

- lower customer consumption primarily attributable to weather
- write-off of rate base disallowances in 2023 resulting from the PUCT's final order in Oncor's comprehensive base rate review

Offset by:

- higher interest expense and depreciation expense attributable to increases in invested capital
- higher O&M

Offset by:

- \$24 million at TAG Norte primarily from the cumulative impact of new tariffs going into effect in June 2023 offset by lower income tax expense primarily from foreign currency and inflation effects
- \$21 million related to our investment in RBS Sempra Commodities LLP due to \$19 million in 2024 from the substantial dissolution of the partnership and \$40 million in 2023 related to a legal settlement

Earnings Attributable to Noncontrolling Interests

In 2024 compared to 2023, Sempra's earnings attributable to NCI increased by \$95 million (17%) to \$638 million primarily due to an increase in SI Partners' net income.

IMPACT OF FOREIGN CURRENCY AND INFLATION RATES ON RESULTS OF OPERATIONS

Because our natural gas distribution utility in Mexico, Ecogas, uses its local currency as its functional currency, its revenues and expenses are translated into U.S. dollars at average exchange rates for the period for consolidation in Sempra's results of operations.

Foreign Currency Translation

Any difference in average exchange rates used for the translation of income statement activity from year to year can cause a variance in Sempra's comparative results of operations. In 2024 compared to 2023, the change in our earnings as a result of foreign currency translation rates was negligible.

Transactional Impacts

Although the financial statements of most of our Mexican subsidiaries and JVs have the U.S. dollar as the functional currency, some transactions may be denominated in the local currency; such transactions are remeasured into U.S. dollars. This remeasurement creates transactional gains and losses that are included in other income, net, for our consolidated entities and in equity earnings for our JVs.

We may utilize cross-currency swaps that exchange our Mexican peso-denominated principal and interest payments into the U.S. dollar and swap Mexican fixed interest rates for U.S. fixed interest rates. The impacts of these cross-currency swaps are offset in OCI and are reclassified from AOCI into earnings through other income, net, and interest expense as settlements occur.

Certain of our Mexican pipelines (namely Los Ramones I and San Fernando at IEnova Pipelines and Los Ramones Norte at TAG Pipelines) generate revenue based on tariffs that are set by government agencies in Mexico, with contracts denominated in Mexican pesos that are indexed to the U.S. dollar, adjusted annually for inflation and fluctuation in the exchange rate. The resultant gains and losses from remeasuring the local currency amounts into U.S. dollars and the offsetting settlement of foreign currency forwards and swaps related to these contracts are included in revenues: energy-related businesses or equity earnings.

Income statement activities at our foreign operations and their JVs are also impacted by transactional gains and losses, a summary of which is shown in the table below:

TRANSACTIONAL GAINS (LOSSES) FROM FOREIGN CURRENCY AND INFLATION EFFECTS

(Dollars in millions)

	Total reported amounts			Transactional (losses) gains included in reported amounts		
				Years ended December 31,		
	2024	2023	2022	2024	2023	2022
Sempra:						
Other income, net	\$ 136	\$ 131	\$ 24	\$ (14)	\$ 6	\$ (13)
Income tax expense	(219)	(490)	(556)	336	(283)	(169)
Equity earnings	1,609	1,481	1,498	64	(68)	(36)
Net income	3,500	3,618	2,285	386	(345)	(218)
Earnings attributable to noncontrolling interests	(638)	(543)	(146)	(124)	110	54
Earnings attributable to common shares	2,817	3,030	2,094	262	(235)	(164)

Foreign Currency Exchange Rate and Inflation Impacts on Income Taxes and Related Hedging Activity

Our Mexican subsidiaries have U.S. dollar-denominated cash balances, receivables, payables and debt (monetary assets and liabilities) that are affected by Mexican currency exchange rate movements for Mexican income tax purposes. They also have significant deferred income tax assets and liabilities denominated in the Mexican peso that must be translated to U.S. dollars for financial reporting purposes. In addition, monetary assets and liabilities and certain nonmonetary assets and liabilities are adjusted for Mexican inflation for Mexican income tax purposes. As a result, fluctuations in both the currency exchange rate for the Mexican peso against the U.S. dollar and Mexican inflation may expose us to fluctuations in income tax expense, other income, net, and equity earnings. We may use foreign currency derivatives as a means to help manage exposure to the currency exchange rate on our monetary assets and liabilities, and this derivative activity impacts other income, net. However, we generally do not hedge our deferred income tax assets and liabilities, which makes us susceptible to volatility in income tax expense caused by exchange rate fluctuations and inflation.



We discuss herein SDG&E's results of operations and significant changes in earnings, revenues and costs for the year ended December 31, 2024 compared to the year ended December 31, 2023. For a discussion of SDG&E's results of operations and significant changes in earnings, revenues and costs for the year ended December 31, 2023 compared to the year ended December 31, 2022, refer to "[Part II – Item 7. MD&A – Results of Operations](#)" in our 2023 annual report on [Form 10-K](#) filed with the SEC on February 27, 2024.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

(Dollars in millions)



In 2024 compared to 2023, the decrease in SDG&E's earnings of \$45 million (5%) to \$891 million was primarily due to:

- \$89 million charge in 2024 for amounts relating to the FERC order finding that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019
- \$32 million higher net interest expense
- \$6 million lower AFUDC equity

Offset by:

- \$33 million higher income tax benefits primarily from flow through items, including higher gas repairs tax benefits
- \$27 million higher CPUC base operating margin authorized for 2024, net of operating expenses, including higher authorized cost of capital
- \$12 million higher electric transmission margin
- \$10 million lower Wildfire Fund amortization

SIGNIFICANT CHANGES IN REVENUES AND COSTS

Electric Revenues and Cost of Electric Fuel and Purchased Power

In 2024 compared to 2023, SDG&E's electric revenues decreased by \$36 million (1%) remaining at \$4.3 billion primarily due to:

- \$176 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$137 million lower cost of electric fuel and purchased power, which we discuss below
- \$94 million charge in 2024 for amounts relating to the FERC order finding that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019
- \$18 million lower revenues from a \$5 million credit in 2024 compared to a \$13 million cost in 2023 for the non-service components of net periodic benefit cost, which fully offsets in other income, net
- \$9 million lower franchise fee revenues

Offset by:

- \$178 million lower ITCs from standalone energy storage projects, which are offset in income tax (expense) benefit
- \$110 million higher CPUC-authorized revenues in 2024, including certain incremental and balanced capital projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD and higher authorized cost of capital
- \$82 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital, offset by certain projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD
- \$42 million higher revenues from transmission operations

In 2024 compared to 2023, SDG&E's cost of electric fuel and purchased power decreased by \$137 million (31%) to \$308 million primarily due to:

- \$276 million lower purchased power primarily due to change in excess capacity sales
- \$242 million lower purchased power from the California ISO due to lower market prices
- \$105 million lower utility-owned generation costs

Offset by:

- \$331 million lower sales to the California ISO due to lower market prices
- \$129 million from realized losses in 2024 compared to realized gains in 2023 on derivative contracts for fixed-price natural gas, which are entered into to hedge the cost of electric fuel

Natural Gas Revenues and Cost of Natural Gas

SDG&E's average cost of natural gas per thousand cubic feet was \$5.41 in 2024 and \$11.05 in 2023. The average cost of natural gas sold at SDG&E is impacted by market prices, as well as transportation, tariff and other charges.

In 2024 compared to 2023, SDG&E's natural gas revenues decreased by \$220 million (18%) to \$1.0 billion primarily due to:

- \$290 million decrease in cost of natural gas sold, which we discuss below
- \$38 million lower revenues from incremental and balanced capital projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD, offset by higher authorized cost of capital
- \$7 million lower franchise fee revenues

Offset by:

- \$57 million higher regulatory revenues primarily from the release of a tax regulatory liability for gas repairs expenditures as a result of the 2024 GRC FD
- \$55 million higher CPUC-authorized revenues in 2024, including certain incremental and balanced capital projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD and higher authorized cost of capital
- \$11 million higher revenues associated with refundable programs, which are fully offset in O&M

In 2024 compared to 2023, SDG&E's cost of natural gas decreased by \$290 million to \$242 million primarily due to:

- \$252 million lower average natural gas prices
- \$38 million lower volumes driven by weather

Operation and Maintenance

In 2024 compared to 2023, SDG&E's O&M decreased by \$154 million (8%) to \$1.7 billion due to:

- \$165 million lower expenses associated with refundable programs, which costs are recovered in revenue

Offset by:

- \$14 million higher non-refundable operating costs

Other Income, Net

In 2024 compared to 2023, SDG&E's other income, net, decreased by \$7 million (7%) to \$90 million primarily due to:

- \$26 million charge in 2024, comprised of \$7 million of AFUDC equity and \$19 million of net regulatory interest, relating to the FERC order finding that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019
- \$6 million lower AFUDC equity

Offset by:

- \$23 million increase from a \$4 million credit in 2024 compared to \$19 million cost in 2023 for the non-service components of net periodic benefit cost

Interest Expense

In 2024 compared to 2023, SDG&E's interest expense increased by \$28 million (6%) to \$525 million from higher debt balances from debt issuances.

Income Taxes**INCOME TAX EXPENSE (BENEFIT) AND EFFECTIVE INCOME TAX RATES**

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
SDG&E:			
Income tax expense (benefit)	\$ 153	\$ (26)	\$ 182
Income before income taxes	\$ 1,044	\$ 910	\$ 1,097
Effective income tax rate	15 %	(3)%	17 %

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. SDG&E elected this change in tax accounting method in Semptra's consolidated 2023 income tax return filing.

SDG&E records regulatory liabilities for benefits that will be flowed through to customers in the future.

In 2024 compared to 2023, SDG&E had an income tax expense in 2024 compared to income tax benefit in 2023 primarily due to lower income tax benefit in 2024 from lower ITCs from standalone energy storage projects under the IRA and higher pretax income.



We discuss herein SoCalGas’ results of operations and significant changes in earnings, revenues and costs for the year ended December 31, 2024 compared to the year ended December 31, 2023. For a discussion of SoCalGas’ results of operations and significant changes in earnings, revenues and costs for the year ended December 31, 2023 compared to the year ended December 31, 2022, refer to “[Part II – Item 7. MD&A – Results of Operations](#)” in our 2023 annual report on [Form 10-K](#) filed with the SEC on February 27, 2024.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS
(Dollars in millions)



In 2024 compared to 2023, the increase in SoCalGas’ earnings of \$144 million (18%) to \$955 million was primarily due to:

- \$184 million higher income tax benefits primarily from flow-through items, including higher gas repairs tax benefits, offset by \$25 million related to income tax benefits in 2023 from previously unrecognized income tax benefits pertaining to gas repairs expenditures
- \$18 million higher AFUDC equity
- \$11 million higher net regulatory interest income

Offset by:

- \$28 million higher net interest expense
- \$18 million lower CPUC base operating margin authorized for 2024, net of operating expenses, offset by higher authorized cost of capital
- \$15 million impairment from disallowed capital costs in the 2024 GRC FD
- \$5 million lower regulatory awards approved by the CPUC

SIGNIFICANT CHANGES IN REVENUES AND COSTS

Natural Gas Revenues and Cost of Natural Gas

SoCalGas' average cost of natural gas per thousand cubic feet was \$3.28 in 2024 and \$10.47 in 2023. The average cost of natural gas sold at SoCalGas is impacted by market prices, as well as transportation and other charges.

In 2024 compared to 2023, SoCalGas' natural gas revenues decreased by \$2.1 billion (25%) to \$6.2 billion primarily due to:

- \$2.3 billion decrease in cost of natural gas sold, which we discuss below
- \$230 million lower revenues from incremental and balanced capital projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD, offset by higher authorized cost of capital
- \$90 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$24 million lower franchise fee revenues
- \$7 million lower regulatory awards approved by the CPUC

Offset by:

- \$317 million higher CPUC-authorized revenues in 2024, including certain incremental and balanced capital projects that are now in CPUC-authorized revenues as a result of the 2024 GRC FD and higher authorized cost of capital
- \$253 million higher regulatory revenues primarily from the release of a tax regulatory liability for gas repairs expenditures as a result of the 2024 GRC FD
- \$26 million lower regulatory revenues in 2023 from the recognition of previously unrecognized income tax benefits pertaining to gas repairs expenditures, which are offset in income tax (expense) benefit
- \$6 million higher revenues from higher non-service components of net periodic benefit cost, which fully offsets in other income (expense), net

In 2024 compared to 2023, SoCalGas' cost of natural gas decreased by \$2.3 billion to \$959 million primarily due to:

- \$2.1 billion lower average natural gas prices
- \$201 million lower volumes driven by weather

Operation and Maintenance

In 2024 compared to 2023, SoCalGas' O&M decreased by \$30 million (1%) remaining at \$2.8 billion due to:

- \$90 million lower expenses associated with refundable programs, which costs are recovered in revenue

Offset by:

- \$40 million higher non-refundable operating costs
- \$20 million impairment from disallowed capital costs in the 2024 GRC FD

Other Income (Expense), Net

In 2024 compared to 2023, SoCalGas' other income, net, was \$25 million compared to other expense, net, of \$4 million primarily due to:

- \$18 million higher AFUDC equity
- \$15 million higher net interest income on regulatory balancing accounts

Offset by:

- \$6 million higher non-service components of net periodic benefit cost

Interest Expense

In 2024 compared to 2023, SoCalGas' interest expense increased by \$38 million (13%) to \$323 million from higher debt balances from debt issuances.

Income Taxes

INCOME TAX EXPENSE (BENEFIT) AND EFFECTIVE INCOME TAX RATES

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
SoCalGas:			
Income tax expense (benefit)	\$ 31	\$ (5)	\$ 138
Income before income taxes	\$ 987	\$ 807	\$ 738
Effective income tax rate	3 %	(1)%	19 %

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. SoCalGas elected this change in tax accounting method in Sempra's consolidated 2023 income tax return filing.

SoCalGas records regulatory liabilities for benefits that will be flowed through to customers in the future.

In 2024 compared to 2023, SoCalGas had an income tax expense in 2024 compared to income tax benefit in 2023 primarily due to:

- higher pretax income

Offset by:

- \$40 million higher income tax benefit from the resolution of prior year income tax items
- higher income tax benefits from flow-through items, including higher gas repairs tax benefits, offset by \$43 million income tax benefit in 2023 from the recognition of previously unrecognized income tax benefits pertaining to gas repairs expenditures

CAPITAL RESOURCES AND LIQUIDITY

OVERVIEW

Sempra

Liquidity

We expect to meet our cash requirements through cash flows from operations, unrestricted cash and cash equivalents, borrowings under or supported by our credit facilities, other incurrences of debt which may include issuing debt securities and obtaining term loans, issuing equity securities under our ATM program or other offerings, and other financing transactions which may include, distributions from our equity method investments, project financing and funding from NCI owners. We believe that these cash flow sources, combined with available funds, will be adequate to fund our operations in both the short-term and long-term, including to:

- finance capital expenditures
- repay debt
- fund dividends
- fund contractual and other obligations and otherwise meet liquidity requirements
- fund capital contribution requirements
- fund new business or asset acquisitions

Sempra, SDG&E and SoCalGas currently have reasonable access to the money markets and capital markets and are not currently constrained in their ability to borrow or otherwise raise money at market rates from commercial banks, under existing revolving credit facilities, through public offerings of debt or equity securities (including under our ATM program or other offerings), or through private placements of debt supported by our revolving credit facilities in the case of commercial paper. However, our ability to access these markets or obtain credit from commercial banks outside of our committed revolving credit facilities could become materially constrained if economic conditions worsen or disruptions to or volatility in these markets increase. In addition, our financing activities, actions by credit rating agencies and prevailing interest rates, as well as many other factors, could negatively affect the availability and cost of both short-term and long-term debt and equity financing. In January 2025, S&P revised Sempra's outlook to negative from stable and downgraded SoCalGas' issuer credit rating to A- from A. Also, cash flows

from operations may be impacted by the timing and outcomes of regulatory proceedings, commencement and completion of, and potential cost overruns for, large projects and other material events. If cash flows from operations were to be significantly reduced or we were unable to borrow or obtain other financing under acceptable terms, we would likely first reduce or postpone discretionary capital expenditures (not related to safety/reliability) and investments in new businesses. We monitor our ability to finance the needs of our operating, investing and financing activities in a manner consistent with our goal to maintain our investment-grade credit ratings.

Common Stock Offering and ATM Program

In December 2024, upon full physical settlement of forward sale agreements entered into in connection with our November 2023 common stock offering, we received net proceeds of \$1.2 billion from the issuance of 17,142,858 shares of Sempra common stock.

In November 2024, we established an ATM program providing for the offer and sale of shares of Sempra common stock having an aggregate gross sales price of up to \$3.0 billion through agents acting as our sales agents or as forward sellers or directly to the agents as principals. The shares may be offered and sold in amounts and at times to be determined by us from time to time. At December 31, 2024, approximately \$2.7 billion of common stock remained available for sale under the ATM program, which reflects the forward sale agreement that we describe below.

In November 2024, we entered into a forward sale agreement under the ATM program for the sale of 2,909,274 shares of Sempra common stock. We did not initially receive any proceeds from the sale of shares pursuant to this forward sale agreement. At December 31, 2024, a total of 2,909,274 shares of Sempra common stock remain subject to future settlement under this forward sale agreement, which may be settled on one or more dates specified by us occurring no later than June 30, 2026, which is the final settlement date under the agreement. At the initial forward price of \$92.1546 per share, we expect that the net proceeds from the full physical settlement of the forward sale agreement would be approximately \$268 million (net of sales commissions of approximately \$2 million, but before deducting equity issuance costs, and subject to certain adjustments pursuant to the forward sale agreements). Although we expect to settle the forward sale agreement entirely by the physical delivery of shares of our common stock in exchange for cash proceeds, we may, subject to certain conditions, elect cash settlement or net share settlement for all or a portion of our obligations under the forward sale agreement. The forward sale agreement is also subject to acceleration by the forward purchaser upon the occurrence of certain events.

We further discuss these activities, including the use of proceeds, in Note 12 of the Notes to Consolidated Financial Statements.

Available Funds

Our committed lines of credit provide liquidity and support commercial paper. Sempra, SDG&E and SoCalGas each has a committed line of credit expiring in 2029 and Sempra Infrastructure has four committed lines of credit expiring on various dates from 2025 through 2030, and an uncommitted line of credit expiring in 2026.

AVAILABLE FUNDS AT DECEMBER 31, 2024

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
Unrestricted cash and cash equivalents ⁽¹⁾	\$	1,565	\$	—	\$	12
Available unused credit ⁽²⁾		8,620		1,083		863

⁽¹⁾ Amounts at Sempra include \$70 held in non-U.S. jurisdictions. We discuss repatriation in Note 7 of the Notes to Consolidated Financial Statements.

⁽²⁾ Available unused credit is the total available on committed and uncommitted lines of credit that we discuss in Note 6 of the Notes to Consolidated Financial Statements. Because our commercial paper programs are supported by these lines, we reflect the amount of commercial paper outstanding and any letters of credit outstanding as a reduction to the available unused credit.

Short-Term Borrowings

We use short-term debt primarily to meet liquidity requirements, fund shareholder dividends, and temporarily finance capital expenditures or acquisitions. SDG&E and SoCalGas use short-term debt primarily to meet working capital needs or to help fund event-specific costs. Commercial paper, a term loan and lines of credit were our primary sources of short-term debt funding in 2024.

We discuss our short-term debt activities in Note 6 of the Notes to Consolidated Financial Statements and below in “Sources and Uses of Cash.”

The following table shows selected statistics for our commercial paper borrowings.

COMMERCIAL PAPER STATISTICS							
(Dollars in millions)							
	Sempra		SDG&E		SoCalGas		
	December 31,						
	2024	2023	2024	2023	2024	2023	
Amount outstanding at period end	\$ 754	\$ 1,313	\$ 417	\$ —	\$ 337	\$ 947	
Weighted-average interest rate at period end	4.67 %	5.48 %	4.76 %	— %	4.56 %	5.44 %	
Daily weighted-average outstanding balance	\$ 1,320	\$ 1,329	\$ 161	\$ 48	\$ 313	\$ 301	
Daily weighted-average yield	4.74 %	5.02 %	2.46 %	1.00 %	4.98 %	4.24 %	
Maximum daily amount outstanding	\$ 2,503	\$ 2,119	\$ 696	\$ 408	\$ 966	\$ 982	

Long-Term Debt Activities

Significant issuances of and payments on long-term debt in 2024 included the following:

LONG-TERM DEBT ISSUANCES AND PAYMENTS			
(Dollars in millions)			
Issuances:	Amount at issuance	Maturity	
Sempra 6.40% junior subordinated notes	\$ 1,250	2054	
Sempra 6.875% junior subordinated notes	600	2054	
Sempra 6.875% junior subordinated notes	500	2054	
Sempra 6.55% junior subordinated notes	600	2055	
Sempra 6.625% junior subordinated notes	400	2055	
SDG&E 5.55% first mortgage bonds	600	2054	
SoCalGas 5.05% first mortgage bonds	600	2034	
SoCalGas 5.60% first mortgage bonds	500	2054	
Sempra Infrastructure variable rate notes (ECA LNG Phase 1 project)	231	2025	
Sempra Infrastructure variable rate notes (PA LNG Phase 1 project)	832	2030	
Payments:	Payments	Maturity	
SDG&E variable rate term loan	\$ 400	2024	
SoCalGas 3.15% first mortgage bonds	500	2024	

At December 31, 2024, Sempra expects to make interest payments on long-term debt totaling \$27.2 billion, of which \$1.5 billion is expected to be paid in 2025 and \$25.7 billion is expected to be paid in subsequent years through 2079. At December 31, 2024, SDG&E expects to make interest payments on long-term debt totaling \$6.7 billion, of which \$400 million is expected to be paid in 2025 and \$6.3 billion is expected to be paid in subsequent years through 2054. At December 31, 2024, SoCalGas expects to make interest payments on long-term debt totaling \$5.6 billion, of which \$300 million is expected to be paid in 2025 and \$5.3 billion is expected to be paid in subsequent years through 2054. We calculate expected interest payments using the stated interest rate for fixed-rate obligations, including floating-to-fixed interest rate swaps. We calculate expected interest payments for variable-rate obligations based on forecasted rates in effect at December 31, 2024.

We discuss our long-term debt activities, including the use of proceeds on long-term debt issuances, and maturities in Note 6 of the Notes to Consolidated Financial Statements.

Credit Ratings

The issuer credit ratings of Sempra, SDG&E and SoCalGas remained at investment grade levels in 2024.

ISSUER CREDIT RATINGS AT DECEMBER 31, 2024			
	Sempra	SDG&E	SoCalGas
Moody's	Baa2 with a stable outlook	A3 with a stable outlook	A2 with a stable outlook
S&P	BBB+ with a stable outlook	BBB+ with a stable outlook	A with a negative outlook
Fitch	BBB+ with a stable outlook	BBB+ with a stable outlook	A with a stable outlook

On January 9, 2025, S&P affirmed Sempra's issuer credit rating and revised Sempra's outlook to negative from stable. At the same time, S&P downgraded SoCalGas' issuer credit rating to A- from A and revised SoCalGas' outlook to stable from negative.

Downgrades of or other negative actions with respect to Sempira's or any of its subsidiaries' credit ratings or rating outlooks may, depending on the severity, result in the imposition of financial or other burdensome covenants or a requirement for collateral to be posted in the case of certain financing arrangements and may materially and adversely affect the market prices of their equity and debt securities, the rates at which borrowings are made and commercial paper is issued, and the various fees on their outstanding credit facilities. This could make it more costly for Sempira, SDG&E, SoCalGas and Sempira's other subsidiaries to issue debt or equity securities, to borrow under credit facilities and to raise certain other types of financing. We provide additional information about our credit ratings at Sempira, SDG&E and SoCalGas in "Part I – Item 1A. Risk Factors."

Sempira has agreed that, if the credit rating of Oncor's senior secured debt by any of the Rating Agencies falls below BBB (or the equivalent), Oncor will suspend dividends and other distributions (except for contractual tax payments), unless otherwise allowed by the PUCT. Oncor's senior secured debt was rated A2, A+ and A at Moody's, S&P and Fitch, respectively, at December 31, 2024.

Sempira, SDG&E and SoCalGas have committed lines of credit to provide liquidity and to support commercial paper. Borrowings under these facilities bear interest at benchmark rates plus a margin that varies with market index rates and each borrower's credit rating. Each facility also requires a commitment fee on available unused credit that may be impacted by each borrower's credit rating. For example, assuming a one-notch downgrade:

- If Sempira were to experience a ratings downgrade from its current level, the rate at which borrowings bear interest would increase by 25 bps. The commitment fee on available unused credit would also increase 5 bps.
- If SDG&E were to experience a ratings downgrade from its current level, the rate at which borrowings bear interest would increase by 12.5 bps. The commitment fee on available unused credit would also increase 5 bps.
- If SoCalGas were to experience a ratings downgrade from its current level, the rate at which borrowings bear interest would increase by 12.5 bps. The commitment fee on available unused credit would also increase 2.5 bps.

Sempira's, SDG&E's and SoCalGas' credit ratings also may affect their respective credit limits related to derivative instruments, as we discuss in Note 9 of the Notes to Consolidated Financial Statements.

Loans due to/from Affiliates

At December 31, 2024, Sempira had \$352 million in loans due to unconsolidated affiliates.

Postretirement Benefits

Sempira, SDG&E and SoCalGas have significant investments in several trusts to provide for future payments of pensions and PBOP. The trusts' ability to make ongoing required benefit payments has not been materially adversely affected by changes in asset values, which are dependent on market fluctuations, contributions and withdrawals. However, changes in asset values or other factors in future periods (such as changes to discount rates, assumed rates of return, mortality tables and regulations) may impact funding requirements for pension and PBOP plans. Additionally, contributions to our plans are based on our funding policy, which generally limits payments from exceeding plan assets of 110% of the projected benefit obligation, which are subject to maximum income tax deduction limitations. Sempira, SDG&E and SoCalGas expect to contribute \$283 million, \$55 million and \$189 million, respectively, to pension and PBOP plans in 2025 and \$1.5 billion, \$480 million and \$768 million, respectively, in the nine years thereafter. At SDG&E and SoCalGas, funding requirements are generally recoverable in rates. We discuss our employee benefit plans and our expected contributions to those plans in Note 8 of the Notes to Consolidated Financial Statements.

Pillar Two

The Organization for Economic Cooperation and Development has introduced a framework known as "Pillar Two" to implement a global minimum effective tax rate of 15% in every jurisdiction (generally, every country) in which a company does business. Many aspects of the Pillar Two framework became effective beginning in 2024. While it is uncertain whether the U.S. or Mexico will enact legislation to adopt the Pillar Two framework, other countries are in the process of introducing and enacting legislation to implement Pillar Two. We do not currently expect the Pillar Two framework to have a material effect on Sempira's, SDG&E's or SoCalGas' results of operations, financial condition and/or cash flows.

Sempira California

SDG&E's and SoCalGas' operations have historically provided relatively stable earnings and liquidity. Their future performance and liquidity will depend primarily on the ratemaking and regulatory process, environmental regulations, economic conditions, actions by legislatures, litigation and the changing energy marketplace, as well as other matters described in this report. SDG&E and SoCalGas expect that the available unused funds from their credit facilities described above, which also supports their commercial paper programs, cash flows from operations, and other incurrences of debt including issuing debt securities and

obtaining term loans will continue to be adequate to fund their respective current operations and planned capital expenditures. SDG&E and SoCalGas manage their capital structures and pay dividends when appropriate and as approved by their respective boards of directors.

The implementation of customer assistance programs and higher 2023 winter season customer billings have resulted in certain SDG&E and SoCalGas customers exhibiting slower payment and higher levels of nonpayment than has been the case historically.

SDG&E and SoCalGas have regulatory mechanisms to recover credit losses and thus record changes in the allowances for credit losses related to Accounts Receivable – Trade that are probable of recovery in regulatory accounts. Although SDG&E and SoCalGas have regulatory mechanisms to recover credit losses, delay in payments by customers impacts the timing of their cash flows.

As we discuss in Note 4 of the Notes to Consolidated Financial Statements, changes in regulatory balancing accounts for significant costs at SDG&E and SoCalGas, particularly a change between over and undercollected status, may have a significant impact on cash flows. These changes generally represent the difference between when costs are incurred and when they are ultimately recovered or refunded in rates through billings to customers.

CPUC GRC

2024 Revenue Requirements and Attrition Year Revenues. In December 2024, the CPUC approved an FD in the 2024 GRC for SDG&E and SoCalGas that authorizes SDG&E's and SoCalGas' revenue requirements for 2024 and attrition year adjustments for 2025 through 2027, inclusively.

The GRC FD adopts a 2024 revenue requirement of \$2,699 million for SDG&E's combined operations (\$2,193 million for its electric operations and \$506 million for its natural gas operations), which represents an increase of \$189 million (7.5%) over its authorized 2023 combined revenue requirement. The GRC FD also specifies an increase in SDG&E's 2025, 2026, and 2027 combined revenue requirements of \$147 million (5.45%), \$119 million (4.17%) and \$122 million (4.11%), respectively, over the preceding year's combined revenue requirement, all of which will be updated to implement a previously authorized change in the cost of capital that we describe below that adjusted SDG&E's rate of return to 7.45%.

The GRC FD adopts a 2024 revenue requirement of \$3,806 million for SoCalGas, which represents an increase of \$324 million (9.3%) over its authorized 2023 revenue requirement. The GRC FD also specifies an increase in SoCalGas' 2025, 2026, and 2027 revenue requirements of \$190 million (5.00%), \$116 million (2.91%) and \$120 million (2.92%), respectively, over the preceding year's revenue requirement, all of which will be updated to implement a previously authorized change in the cost of capital that we describe below that adjusted SoCalGas' rate of return to 7.49%.

Since the GRC FD is effective retroactive to January 1, 2024, SDG&E and SoCalGas recorded the retroactive impacts in the fourth quarter of 2024. The incremental revenue requirements associated with the period from January 1, 2024 through January 31, 2025 are being recovered in rates over an 18-month period that began on February 1, 2025.

Existing and Anticipated Requests for Recovery of Specified Safety, Maintenance and Reliability Investments. The GRC also provides SDG&E and SoCalGas with numerous mechanisms to seek cost recovery of specified projects and programs. We expect that the requests for cost recovery of these projects and programs, which remain subject to CPUC approval, will result in additional amounts of authorized revenue requirement that are not included in the amounts described above. These projects and programs include (i) the Track 2 and Track 3 requests related to SDG&E's wildfire mitigation plan costs that we describe below, as well as review of SoCalGas' and SDG&E's Pipeline Safety Enhancement Plan costs incurred from 2015 to 2020, inclusively, which the GRC FD added to the Track 3 request, (ii) the ability to file advice letters to implement the revenue requirements associated with the costs of SDG&E's Moreno compressor station project and SoCalGas' Honor Rancho compressor station and customer information system replacement projects, which projects were all approved by the CPUC subject to applicable cost caps, and (iii) the opportunity to file separate applications for cost recovery of mobile home park and gas integrity management programs at both SDG&E and SoCalGas, advanced metering infrastructure replacements at SDG&E, and other projects and programs.

CCM

A CPUC cost of capital proceeding every three years determines a utility's authorized capital structure and authorized return on rate base. The CCM applies in the interim years and considers changes in the cost of capital based on changes in interest rates based on the applicable utility bond index published by Moody's (CCM benchmark rate) for each 12-month period ending September 30 (the measurement period). Alternatively, each of SDG&E and SoCalGas is permitted to file a cost of capital application to have its cost of capital determined in lieu of the CCM in an interim year in which an extraordinary or catastrophic event materially impacts its cost of capital and affects utilities differently than the market as a whole. In October 2024, the CPUC

issued an FD to modify the CCM. The FD updates the upward or downward adjustment to authorized ROE, if the CCM is triggered, from 50% to 20% of the change in the benchmark rate during the measurement period. The FD adopted this change effective January 1, 2025, reducing both SDG&E's and SoCalGas' ROE by 42 bps to 10.23% and 10.08%, respectively, and allowing SDG&E and SoCalGas to update their respective costs of preferred equity and debt for 2025.

SDG&E

Wildfire Fund

The carrying value of SDG&E's Wildfire Fund asset totaled \$276 million at December 31, 2024. We describe the Wildfire Legislation and SDG&E's commitment to make annual shareholder contributions to the Wildfire Fund through 2028 in Note 1 of the Notes to Consolidated Financial Statements.

SDG&E is exposed to the risk that the participating California electric IOUs may incur third-party wildfire costs for which they will seek recovery from the Wildfire Fund with respect to wildfires that have occurred since enactment of the Wildfire Legislation in July 2019. In such a situation, SDG&E may recognize a reduction of its Wildfire Fund asset and record accelerated amortization against earnings when available coverage is reduced due to recoverable claims from any of the participating IOUs. PG&E is seeking reimbursement from the Wildfire Fund for losses associated with the Dixie Fire, which burned from July 2021 through October 2021. In the case of the recent LA fires, the causes of these fires have not been determined and therefore these fires may not impact the Wildfire Fund. If any California electric IOUs' assets are determined to be a cause of fires, including fires of the size and scope of the recent LA Fires, payments of claims associated with those events could have a material adverse effect on the Wildfire Fund and on SDG&E's and Sempra's financial condition and results of operations up to the carrying value of our Wildfire Fund asset, with additional potential material exposure if SDG&E's equipment is determined to be a cause of a fire. In addition, the Wildfire Fund could be completely exhausted due to fires in the other California electric IOUs' service territories, by fires in SDG&E's service territory or by a combination thereof. In the event that the Wildfire Fund is materially diminished, exhausted or terminated, SDG&E will lose the protection afforded by the Wildfire Fund, and as a consequence, a fire in SDG&E's service territory could have a material adverse effect on SDG&E's and Sempra's results of operations, financial condition, cash flows and/or prospects.

Wildfire Mitigation Cost Recovery Mechanism

2024 GRC Track 2. In October 2023, SDG&E submitted a separate request to the CPUC in its 2024 GRC, known as a Track 2 request. This request seeks review and recovery of \$1.5 billion of wildfire mitigation plan costs incurred from 2019 through 2022 that were in addition to amounts authorized in the 2019 GRC and not addressed in the 2024 GRC FD. SDG&E expects to receive a proposed decision for its Track 2 request in the first half of 2025.

Revenue requirements associated with the Track 2 request have been recorded in a regulatory account. In February 2024, the CPUC approved an interim cost recovery mechanism that permits SDG&E to recover in rates \$194 million and \$96 million of this regulatory account balance in 2024 and 2025, respectively. Such recovery of SDG&E's wildfire mitigation plan regulatory account balance will be subject to refund, contingent on the reasonableness review decision for its Track 2 request.

2024 GRC Track 3. SDG&E expects to submit in the first half of 2025 an additional request to the CPUC in its 2024 GRC, known as a Track 3 request, for review and recovery of wildfire mitigation plan costs incurred in 2023.

FERC Rate Matters

SDG&E files separately with the FERC for its authorized transmission revenue requirement and ROE on FERC-regulated electric transmission operations and assets.

SDG&E's authorized TO5 settlement provided for an ROE of 10.60%, consisting of a base ROE of 10.10% plus the California ISO adder. In December 2024, the FERC issued an order, which SDG&E has appealed, finding that SDG&E is not eligible for the California ISO adder and that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019. In June 2024, SDG&E exercised its right to terminate the TO5 settlement. Accordingly, in October 2024, SDG&E submitted its TO6 filing to the FERC, requested to be effective January 1, 2025, and subject to refund. SDG&E's TO6 filing proposes, among other items, an increase to SDG&E's currently authorized base ROE from 10.10% to 11.75% plus the California ISO adder, for a total ROE of 12.25%. In December 2024, the FERC accepted SDG&E's TO6 filing but suspended the effective date to June 1, 2025 and disallowed the inclusion of the California ISO adder, which SDG&E has appealed.

SONGS Decommissioning

SDG&E has significant investments in the SONGS NDT to provide for future payments of nuclear decommissioning. The NDT's ability to make ongoing required payments has not been materially or adversely affected by changes in asset values, which are dependent on market fluctuations, contributions and withdrawals. However, asset values could be materially and adversely affected by future activity in the equity and fixed income markets, and changes in the estimated decommissioning costs, or in the assumptions and judgments made by management underlying these estimates, could cause revisions to the estimated total cost associated with retiring the assets. Funding requirements are generally recoverable in rates. We discuss SDG&E's NDT and its expected SONGS decommissioning payments in Note 14 of the Notes to Consolidated Financial Statements.

Off-Balance Sheet Arrangements

SDG&E has entered into PPAs and tolling agreements that are variable interests in unconsolidated entities. We discuss variable interests in Note 1 of the Notes to Consolidated Financial Statements.

SoCalGas

LA Fires

The LA Fires burned in SoCalGas' service territory. As of February 6, 2025, the California Department of Forestry and Fire Protection estimated that the Palisades and Eaton fires damaged approximately 2,000 structures and destroyed approximately 16,200 structures.

The potential costs to SoCalGas will depend on various factors, including the number of customers impacted and the nature and extent of damage to SoCalGas' facilities. Due to the limited amount of time that has elapsed since the start of the LA Fires and the limited available information, including continued uncertainty as to the magnitude of their impacts on customers and utility facilities, SoCalGas cannot reasonably estimate the amount or range of such potential costs at this time.

SoCalGas has mechanisms available for potential recovery of costs associated with declared disasters, such as the LA Fires, including through insurance and customer rates. Failure by SoCalGas to timely recover all or a substantial portion of its costs related to the LA Fires or any conclusion that such recovery is no longer probable could have a material adverse effect on SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

Aliso Canyon Natural Gas Storage Facility

Litigation. From October 23, 2015 through February 11, 2016, SoCalGas experienced the Leak, which we describe in Note 15 of the Notes to Consolidated Financial Statements and in "Part I – Item 1A. Risk Factors." As of February 19, 2025, there are approximately 520 plaintiffs who have filed lawsuits related to the Leak or who declined to participate in a previous settlement related to the Leak and are able to continue to pursue their claims. SoCalGas' loss contingency accruals do not include any amounts in excess of what has been reasonably estimated to resolve these matters, nor any amounts that may be necessary to resolve threatened litigation, other potential litigation or other costs. We are not able to reasonably estimate the possible loss or a range of possible losses in excess of the amounts accrued, which could be significant and could have a material adverse effect on SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

Operations and Reliability. Natural gas withdrawn from storage is important to help maintain service reliability during peak demand periods, including consumer heating needs in the winter and peak electric generation needs in the summer. The Aliso Canyon natural gas storage facility is the largest SoCalGas storage facility and an important component of SoCalGas' delivery system. In December 2024, the CPUC approved an FD in the SB 380 OII finding that the Aliso Canyon natural gas storage facility is currently necessary for natural gas and electric reliability and affordable rates and closed the OII. Among other things, and subject to future CPUC biennial reviews and potential additional proceedings, the FD authorizes the Aliso Canyon natural gas storage facility to continue operating and sets the maximum working natural gas storage level at 68.6 bcf.

At December 31, 2024, the Aliso Canyon natural gas storage facility had a net book value of \$1.0 billion. If the Aliso Canyon natural gas storage facility were to be permanently closed or if future cash flows from its operation were otherwise insufficient to recover its carrying value, we would record an impairment of the facility, which could be material, we could incur materially higher than expected operating costs and/or be required to make material additional capital expenditures (any or all of which may not be recoverable in rates), and natural gas reliability and electric generation could be jeopardized.

Los Angeles County Franchise Agreement

In December 2024, the Los Angeles County Board of Supervisors granted SoCalGas a new, 20-year gas pipeline franchise. The franchise consists of an initial 10-year term beginning on January 9, 2025, followed by a 10-year term that Los Angeles County has the option to terminate. Prior to the granting of the new franchise, SoCalGas continued to serve customers in the unincorporated territory of Los Angeles County in accordance with its prior franchise.

Labor Relations

Field, technical and most clerical employees at SoCalGas are represented by the Utility Workers Union of America or the International Chemical Workers Union Council. The collective bargaining agreement for these employees covering wages, hours, working conditions, and medical and other benefit plans was due to expire on September 30, 2024, but was extended by mutual agreement through February 7, 2025, while SoCalGas and the unions continued negotiations. Two ratification votes in late 2024 were not successful. SoCalGas is currently operating under the terms of the expired agreement while the parties continue to negotiate revised terms and seek a positive ratification vote from union members. Until a new collective bargaining agreement is ratified by employees, there could be labor disruptions, though we do not anticipate that such labor disruptions would have a material impact on service.

Sempra Texas Utilities

Oncor relies on external financing as a significant source of liquidity for its capital requirements. In the event that Oncor fails to meet its capital requirements, access sufficient capital, or raise capital on favorable terms to finance its ongoing needs, we may elect to make additional capital contributions to Oncor (as our commitments to the PUCT prohibit us from making loans to Oncor), which could be substantial and reduce the cash available to us for other purposes, increase our indebtedness and ultimately materially adversely affect our results of operations, financial condition, cash flows and/or prospects. Oncor's ability to make distributions may be limited by factors such as its credit ratings, regulatory capital requirements, increases in its capital plan, debt-to-equity ratio approved by the PUCT and other restrictions and considerations. In addition, Oncor will not make distributions if a majority of Oncor's independent directors or any minority member director determines it is in the best interests of Oncor to retain such amounts to meet expected future requirements.

Rates and Cost Recovery

The PUCT issued a final order in Oncor's most recent comprehensive base rate proceeding in April 2023, and rates implementing that order went into effect on May 1, 2023. In June 2023, the PUCT issued an order on rehearing in response to the motions for rehearing filed by Oncor and certain intervenor parties in the proceeding. The order on rehearing made certain technical and typographical corrections to the final order but otherwise affirmed the material provisions of the final order and did not require modification of the rates that went into effect on May 1, 2023. In September 2023, Oncor filed an appeal in Travis County District Court seeking judicial review of certain rate base disallowances and related expense effects of those disallowances in the PUCT's order on rehearing. In February 2024, the court dismissed the appeal for lack of jurisdiction. In March 2024, Oncor appealed the court's dismissal, which is currently with the Fifteenth Court of Appeals in Texas.

Off-Balance Sheet Arrangement

Our investment in Oncor Holdings is a variable interest in an unconsolidated entity. We discuss variable interests in Note 1 of the Notes to Consolidated Financial Statements.

Sempra Infrastructure

Sempra Infrastructure expects to fund capital expenditures, investments and operations in part with available funds, including existing credit facilities, and cash flows from operations from the Sempra Infrastructure businesses. We expect Sempra Infrastructure will require additional funding for the development and expansion of its portfolio of projects, which may be financed through a combination of funding from the parent and NCI owners, bank financing, issuances of debt, project financing, partnering in JVs and asset sales.

In 2024, 2023 and 2022, Sempra Infrastructure distributed \$297 million, \$730 million and \$237 million, respectively, to its NCI owners, and NCI owners contributed \$1,235 million, \$1,770 million and \$31 million, respectively, to Sempra Infrastructure.

Sempra Infrastructure is in various stages of development or construction of natural gas liquefaction projects, pipeline and terminal projects, and renewable power generation and sequestration projects, which we describe below. The successful development and/or construction of these projects is subject to numerous risks and uncertainties.

With respect to projects in development, these risks and uncertainties include, as applicable depending on the project, any failure to:

- secure binding customer commitments
- identify suitable project and equity partners
- obtain sufficient financing
- reach agreement with project partners or other applicable parties to proceed
- obtain, modify, and/or maintain permits and regulatory approvals, including LNG export applications to non-FTA countries
- negotiate, complete and maintain suitable commercial agreements, which may include EPC, tolling, equity acquisition, governance, LNG sales, gas supply and transportation contracts
- reach a positive final investment decision

With respect to projects under construction, these risks and uncertainties include, in addition to the risks described above as applicable to each project, construction delays and cost overruns.

An unfavorable outcome with respect to any of these factors could have a material adverse effect on (i) the development and construction of the applicable project, including a potential impairment of all or a substantial portion of the capital costs invested in the project to date, which could be material, and (ii) for any project that has reached a positive final investment decision, Sempra's results of operations, financial condition, cash flows and/or prospects. For a further discussion of these risks, see "Part I – Item 1A. Risk Factors."

The descriptions below discuss several HOAs, MOUs and other non-binding development agreements with respect to Sempra Infrastructure's various development projects. These arrangements do not commit any party to enter into definitive agreements or otherwise participate in the applicable project, and the ultimate participation by the parties remains subject to negotiation and finalization of definitive agreements, among other factors.

LNG

Cameron LNG Phase 2 Project. Cameron LNG JV is developing a proposed expansion project that would add one electric drive liquefaction train with an expected maximum production capacity of approximately 6.75 Mtpa and would increase the production capacity of the existing three trains at the Cameron LNG Phase 1 facility by up to approximately 1 Mtpa through debottlenecking activities. The Cameron LNG JV site can accommodate additional trains beyond the proposed Cameron LNG Phase 2 project.

Cameron LNG JV has received major permits, which have been amended to allow the use of electric drives for a one-train electric drive expansion along with other design enhancements, and FTA and non-FTA approvals associated with the potential expansion. The non-FTA approval for the proposed Cameron LNG Phase 2 project includes, among other things, a May 2026 deadline to commence commercial exports, for which we expect to request an extension.

Sempra Infrastructure and the other Cameron LNG JV members, namely affiliates of TotalEnergies SE, Mitsui & Co., Ltd. and Japan LNG Investment, LLC, a company jointly owned by Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha, have entered into a non-binding HOA for the potential development of the Cameron LNG Phase 2 project. The non-binding HOA provides a commercial framework for the proposed project, including the contemplated allocation to SI Partners of 50.2% of the fourth train production capacity and 25% of the debottlenecking capacity from the project under tolling agreements. The non-binding HOA contemplates the remaining capacity to be allocated equally to the existing Cameron LNG Phase 1 facility customers.

Cameron LNG JV concluded additional value engineering work on the proposed project in December 2024, which improved the overall value of the project and enabled evaluation of another potential EPC contractor. In collaboration with our partners, we continue to evaluate these materials as well as the timeframe to make a final investment decision, which remains subject to satisfactory conclusion on the EPC process as well as negotiation and finalization of definitive offtake agreements and completion of all related financing and permitting activities.

Entergy Louisiana, LLC, a subsidiary of Entergy Corporation, and Cameron LNG JV have an electricity service agreement (and related ancillary agreements) for the supply to Cameron LNG JV of up to 950 MW of power from new renewable sources in Louisiana.

Expansion of the Cameron LNG Phase 1 facility beyond the first three trains is subject to certain restrictions and conditions under the JV project financing agreements, including among others, scope restrictions on expansion of the project unless appropriate prior consent is obtained from the existing project lenders. Under the Cameron LNG JV equity agreements, the expansion of the project requires the unanimous consent of all the members, including with respect to the equity investment obligation of each member.

ECA LNG Phase 1 Project. ECA LNG Phase 1 is constructing a one-train natural gas liquefaction facility at the site of Sempra Infrastructure’s existing ECA Regas Facility with a nameplate capacity of 3.25 Mtpa and an initial offtake capacity of 2.5 Mtpa. We do not expect the construction or operation of the ECA LNG Phase 1 project to disrupt operations at the ECA Regas Facility.

We received authorizations from the DOE to export U.S.-produced natural gas to Mexico and to re-export LNG to non-FTA countries from the ECA LNG Phase 1 project. ECA LNG Phase 1 has definitive 20-year SPAs with an affiliate of TotalEnergies SE for approximately 1.7 Mtpa of LNG and with Mitsui & Co., Ltd. for approximately 0.8 Mtpa of LNG. The customers have a termination right if the ECA LNG Phase 1 project does not commence commercial operations under the SPAs by February 24, 2026, subject to certain additional conditions, for which we expect to request an extension if necessary.

We have an EPC contract with TP Oil & Gas Mexico, S. De R.L. De C.V., an affiliate of Technip Energies N.V., to construct the ECA LNG Phase 1 project. We estimate the total price of the EPC contract to be approximately \$1.6 billion, with capital expenditures approximating \$2.5 billion including capitalized interest at the project level and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ substantially from our estimates. We expect the ECA LNG Phase 1 project to commence commercial operations in the spring of 2026.

ECA LNG Phase 1 has a five-year loan agreement with a syndicate of seven external lenders that matures in December 2025, which we expect to extend, for an aggregate principal amount of up to \$1.3 billion, of which \$1.1 billion was outstanding at December 31, 2024. Proceeds from the loan are being used to finance the cost of construction of the ECA LNG Phase 1 project.

With respect to the ECA LNG Phase 1 and Phase 2 projects, recent and proposed changes to the Mexican Constitution and certain laws in Mexico and an unfavorable resolution of land disputes and permit challenges, in each case that we discuss in Note 15 of the Notes to Consolidated Financial Statements, could have a material adverse effect on the development and construction of these projects.

ECA LNG Phase 2 Project. Sempra Infrastructure is developing a second, large-scale natural gas liquefaction project at the site of its existing ECA Regas Facility. We expect the proposed ECA LNG Phase 2 project to be comprised of two trains and one LNG storage tank and produce approximately 12 Mtpa of export capacity. We expect that construction of the proposed ECA LNG Phase 2 project would conflict with the current operations at the ECA Regas Facility, which currently has firm storage service agreements and nitrogen injection service agreements with Shell and SEFE that expire in May 2028 and December 2025, respectively.

We received authorizations from the DOE to export U.S.-produced natural gas to Mexico and to re-export LNG to non-FTA countries from the proposed ECA LNG Phase 2 project.

We have non-binding MOUs and/or HOAs with Mitsui & Co., Ltd., an affiliate of TotalEnergies SE, and ConocoPhillips that provide a framework for their potential offtake of LNG from the proposed ECA LNG Phase 2 project and potential acquisition of an equity interest in ECA LNG Phase 2.

PA LNG Phase 1 Project. Sempra Infrastructure is constructing a natural gas liquefaction project on a greenfield site that it owns in the vicinity of Port Arthur, Texas, located along the Sabine-Neches waterway. The PA LNG Phase 1 project will consist of two liquefaction trains, two LNG storage tanks, a marine berth and associated loading facilities and related infrastructure necessary to provide liquefaction services with a nameplate capacity of approximately 13 Mtpa and an initial offtake capacity of approximately 10.5 Mtpa.

Sempra Infrastructure has received authorizations from the DOE that permit the LNG to be produced from the PA LNG Phase 1 project to be exported to all current and future FTA and non-FTA countries. In April 2019, the FERC approved the siting, construction and operation of the PA LNG Phase 1 project. Port Arthur LNG has received authorization from the FERC to increase its work force and implement a 24-hours-per-day construction schedule to further enhance construction efficiency while reducing temporal impacts to the community and environment in the vicinity of the project. The authorization provides the EPC contractor with more optionality to meet or exceed the project’s construction schedule.

The PA LNG Phase 1 project holds two Clean Air Act Prevention of Significant Deterioration permits issued by the TCEQ, which we refer to as the “2016 Permit” and the “2022 Permit.” The 2022 Permit also governs emissions for the proposed PA LNG Phase 2 project. In November 2023, a panel of the U.S. Court of Appeals for the Fifth Circuit issued a decision to vacate and remand the 2022 Permit to the TCEQ for additional explanation of the agency’s permit decision. In February 2024, the court withdrew its opinion and referred the case to the Supreme Court of Texas to resolve the question of the appropriate standard to be applied by the TCEQ. In February 2025, the Supreme Court of Texas adopted Port Arthur LNG’s interpretation of the standard. Port Arthur LNG continues to litigate this matter before the U.S. Court of Appeals for the Fifth Circuit, which will apply the standard adopted by the Supreme Court of Texas. The 2022 Permit is effective during the pending litigation. The 2016 Permit was not the subject of, and is unaffected by, the pending litigation of the 2022 Permit. Construction of the PA LNG Phase 1 project is proceeding

uninterrupted under existing permits, and we do not currently anticipate the pending litigation to materially impact the PA LNG Phase 1 project cost, schedule or expected commercial operations at this stage.

Sempra Infrastructure has definitive SPAs for LNG offtake from the PA LNG Phase 1 project with:

- an affiliate of ConocoPhillips for a 20-year term for 5 Mtpa of LNG, as well as a natural gas supply management agreement whereby an affiliate of ConocoPhillips will manage the feed gas supply requirements for the PA LNG Phase 1 project.
- RWE Supply & Trading GmbH, a subsidiary of RWE AG, for a 15-year term for 2.25 Mtpa of LNG.
- INEOS for a 20-year term for approximately 1.4 Mtpa of LNG.
- ORLEN for a 20-year term for approximately 1 Mtpa of LNG.
- ENGIE S.A. for a 15-year term for approximately 0.875 Mtpa of LNG.

We have an EPC contract with Bechtel to construct the PA LNG Phase 1 project, which has an estimated price of approximately \$10.7 billion. We estimate the capital expenditures for the PA LNG Phase 1 project will be approximately \$13 billion including capitalized interest at the project level and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ substantially from our estimates. We expect the first and second trains of the PA LNG Phase 1 project to commence commercial operations in 2027 and 2028, respectively.

As we discuss in Note 12 of the Notes to the Consolidated Financial Statements, SI Partners and ConocoPhillips have provided guarantees relating to their respective affiliate's commitment to make its pro rata equity share of capital contributions to fund 110% of the development budget of the PA LNG Phase 1 project, in an aggregate amount of up to \$9.0 billion. SI Partners' guarantee covers 70% of this amount plus enforcement costs of its guarantee. As of December 31, 2024, an aggregate amount of \$2.7 billion has been paid by SI Partners' subsidiary in satisfaction of its commitment to fund its portion of the development budget of the PA LNG Phase 1 project.

Port Arthur LNG has a seven-year term loan facility for an aggregate principal amount of approximately \$6.8 billion and an initial working capital facility for up to \$200 million, each of which matures in March 2030. At December 31, 2024, \$1.1 billion of borrowings were outstanding under the term loan facility agreement. Proceeds from the loan are being used to finance the cost of construction of the PA LNG Phase 1 project.

In November 2024, Port Arthur LNG signed an agreement to issue senior secured notes in January 2025 for \$750 million and April 2025 for \$250 million. The net proceeds from the January 2025 issuance and the expected net proceeds from the April 2025 issuance were or will be used to pay transaction fees and repay borrowings under the existing Port Arthur LNG term loan facility. The senior secured notes mature in December 2042 and the January 2025 and April 2025 issuances bear interest at the rate of 6.27% and 6.32% per annum, respectively.

PA LNG Phase 2 Project. Sempra Infrastructure is developing a second phase of the Port Arthur natural gas liquefaction project that we expect will be a similar size to the PA LNG Phase 1 project. We are progressing the development of the proposed PA LNG Phase 2 project, while continuing to evaluate overall opportunities to develop the entirety of the Port Arthur site.

In September 2023, the FERC approved the siting, construction and operation of the proposed PA LNG Phase 2 project, including the potential addition of up to two liquefaction trains. In February 2020, Sempra Infrastructure filed an application with the DOE to permit LNG produced from the proposed PA LNG Phase 2 project to be exported to all current and future non-FTA countries. We received FTA authorization from the DOE in July 2020.

As we discuss above, a U.S. federal court previously issued and subsequently withdrew a decision that would have vacated and remanded the 2022 Permit authorizing emissions from the PA LNG Phase 1 and Phase 2 projects to the TCEQ for additional explanation of the agency's permit decision. The U.S. Court of Appeals for the Fifth Circuit referred the case to the Supreme Court of Texas to resolve the question of the appropriate standard to be applied by the TCEQ. In February 2025, the Supreme Court of Texas adopted Port Arthur LNG's interpretation of the standard. Port Arthur LNG continues to litigate this matter before the U.S. Court of Appeals for the Fifth Circuit, which will apply the standard adopted by the Supreme Court of Texas. The 2022 Permit is effective during the pending litigation.

Sempra Infrastructure has entered into a non-binding HOA for a 20-year SPA with Aramco for 5 Mtpa of LNG offtake from the proposed PA LNG Phase 2 project. The HOA further contemplates Aramco's 25% participation in the project-level equity of the PA LNG Phase 2 project.

In July 2024, Sempra Infrastructure entered into an \$8.2 billion EPC contract with Bechtel for the proposed PA LNG Phase 2 project. The EPC contract contemplates the construction of two liquefaction trains capable of producing approximately 13 Mtpa, an additional LNG storage tank and marine berth and associated loading facilities and related infrastructure necessary to provide liquefaction services. We have no obligation to move forward on the EPC contract, and we may release Bechtel to perform

portions of the work pursuant to limited notices to proceed. The price is subject to increase if certain limited notices to proceed and the full notice to proceed are not issued, each by specified dates. We expect to work with Bechtel with respect to such changes based on the ultimate timeline for the project and plan to fully release Bechtel to perform all the work to construct the PA LNG Phase 2 project only after we reach a final investment decision, which we are targeting in 2025, and after certain other conditions are met, including obtaining permits, executing definitive agreements for LNG offtake and equity investments, and securing project financing.

Vista Pacifico LNG Liquefaction Project. Sempra Infrastructure is developing the Vista Pacifico LNG project, a mid-scale natural gas liquefaction export facility proposed to be located in the vicinity of the Port of Topolobampo in Sinaloa, Mexico. In June 2024, we extended the non-binding development agreement with the CFE through December 2025. We continue to progress with the CFE on the negotiation of definitive agreements, including a natural gas supply agreement. The proposed LNG export terminal would be supplied with U.S. natural gas and would use excess capacity on existing pipelines in Mexico with the intent of helping to meet growing demand for natural gas and LNG in the Mexican and Pacific markets.

Sempra Infrastructure received authorization from the DOE to permit the export of U.S.-produced natural gas to Mexico and for LNG produced from the proposed Vista Pacifico LNG facility to be re-exported to all current and future FTA countries and non-FTA countries.

In March 2022, TotalEnergies SE and Sempra Infrastructure entered into a non-binding MOU that contemplates TotalEnergies SE potentially contracting approximately one-third of the long-term export production of the proposed Vista Pacifico LNG project and potentially participating as a minority partner in the project.

Asset and Supply Optimization. As we discuss in “Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk,” Sempra Infrastructure enters into hedging transactions to help mitigate commodity price risk and optimize the value of its LNG, natural gas pipelines and storage, and power-generating assets. Some of these derivatives that we use as economic hedges do not meet the requirements for hedge accounting, or hedge accounting is not elected, and as a result, the changes in fair value of these derivatives are recorded in earnings. Consequently, significant changes in commodity prices have in the past and could in the future result in earnings volatility, which may be material, as the economic offset of these derivatives may not be recorded at fair value.

Off-Balance Sheet Arrangements. Our investment in Cameron LNG JV is a variable interest in an unconsolidated entity. We discuss variable interests in Note 1 of the Notes to Consolidated Financial Statements.

In June 2021, Sempra provided a promissory note, which constitutes a guarantee, for the benefit of Cameron LNG JV with a maximum exposure to loss of \$165 million. The guarantee will terminate upon full repayment of Cameron LNG JV’s debt, scheduled to occur in 2039, or replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA. We discuss this guarantee in Note 5 of the Notes to Consolidated Financial Statements.

In July 2020, Sempra entered into a Support Agreement, which contains a guarantee and represents a variable interest, for the benefit of CFIN with a maximum exposure to loss of \$979 million. The guarantee will terminate upon full repayment of the guaranteed debt by 2039, including repayment following an event in which the guaranteed debt is put to Sempra. We discuss this guarantee in Notes 1, 5 and 10 of the Notes to Consolidated Financial Statements.

Energy Networks

Sonora Pipeline. Sempra Infrastructure’s Sonora natural gas pipeline consists of two pipeline segments, the Sasabe-Puerto Libertad-Guaymas segment and the Guaymas-El Oro segment. Each segment has its own service agreement with the CFE. Following the start of commercial operations of the Guaymas-El Oro segment, Sempra Infrastructure reported damage to the pipeline in the Yaqui territory that has made that section inoperable since August 2017 because it was not able to be repaired due to legal challenges, which were resolved in March 2023, by some members of the Yaqui tribe.

In September 2019, Sempra Infrastructure and the CFE reached an agreement to modify the tariff structure and extend the term of the contract by 10 years. Under the revised agreement, the CFE will resume making payments only when the damaged section of the Guaymas-El Oro segment of the Sonora pipeline is back in service.

Sempra Infrastructure and the CFE have agreed to an amendment to their transportation services agreement and to re-route the portion of the pipeline that is in the Yaqui territory, whereby the CFE would pay for the re-routing with a new tariff. This amendment will terminate if certain conditions are not met, and Sempra Infrastructure retains the right to terminate the transportation services agreement and seek to recover its reasonable and documented costs and lost profit. Sempra Infrastructure continues to acquire and pursue the necessary rights-of-way and permits for the portion of the pipeline that needs to be re-routed.

The Guaymas-El Oro segment of the Sonora pipeline currently constitutes a Sole Risk Project under the terms of the SI Partners limited partnership agreement, which means that Semptra Infrastructure holds a 100% interest in the project. Sole Risk Projects are separated from other SI Partners projects and are conducted at Semptra's sole cost, expense and liability and Semptra Infrastructure receives, through the acquisition of Sole Risk Interests, any economic and other benefits from such projects. At December 31, 2024, Semptra Infrastructure had \$401 million in PP&E, net, related to the Guaymas-El Oro segment of the Sonora pipeline, which could be subject to impairment if Semptra Infrastructure is unable to re-route a portion of the pipeline and resume operations or if Semptra Infrastructure terminates the contract and is unable to obtain recovery, which in each case could have a material adverse effect on Semptra's business, results of operations, financial condition, cash flows and/or prospects.

Refined Products Terminals. Semptra Infrastructure owns and operates terminals for the receipt, storage, and delivery of refined products; one such terminal located in Topolobampo commenced commercial operations in June 2024. Semptra Infrastructure is also developing terminals for the receipt, storage, and delivery of refined products in the vicinity of Manzanillo and Ensenada.

Port Arthur Pipeline Louisiana Connector. Semptra Infrastructure is constructing the Port Arthur Pipeline Louisiana Connector, a 72-mile pipeline connecting the PA LNG Phase 1 project to Gillis, Louisiana. In April 2019, the FERC approved the siting, construction and operation of the Port Arthur Pipeline Louisiana Connector, which will be used to supply feed gas to the PA LNG Phase 1 project. Semptra Infrastructure received FERC approval to implement construction process enhancements and minor modifications to several discrete sections of the Port Arthur Pipeline Louisiana Connector. These modifications are intended to decrease environmental impacts, accommodate landowner routing requests and enhance construction procedures. We expect the Port Arthur Pipeline Louisiana Connector to be ready for service ahead of the PA LNG Phase 1 project's gas requirements. We estimate the capital expenditures for the project will be approximately \$1 billion, including capitalized interest at the project level and project contingency. The actual amount of these capital expenditures may differ substantially from our estimates.

Louisiana Storage. Semptra Infrastructure is constructing Louisiana Storage, a 12.5-Bcf salt dome natural gas storage facility to support the PA LNG Phase 1 project. The construction includes an 11-mile pipeline that will connect to the Port Arthur Pipeline Louisiana Connector. In September 2022, the FERC approved the development of the project. We expect Louisiana Storage to be ready for service in time to support the needs of the PA LNG Phase 1 project. We estimate the capital expenditures for the project will be approximately \$300 million, including capitalized interest at the project level and project contingency. The actual amount of these capital expenditures may differ substantially from our estimates.

Low Carbon Solutions

Cimarrón Wind. Semptra Infrastructure has made a positive final investment decision on and begun constructing the Cimarrón Wind project, an approximately 320 MW wind generation facility in Baja California, Mexico. Semptra Infrastructure has a 20-year PPA with Silicon Valley Power for the long-term supply of renewable energy to the City of Santa Clara, California. Cimarrón Wind will utilize Semptra Infrastructure's existing cross-border high voltage transmission line to interconnect and deliver clean energy to the East County substation in San Diego County. We estimate the capital expenditures for the project will be approximately \$550 million, including capitalized interest at the project level and project contingency. The actual amount of these capital expenditures may differ substantially from our estimates. We expect the Cimarrón Wind project to begin generating energy in late 2025 and commence commercial operations in the first half of 2026.

Hackberry Carbon Sequestration Project. Semptra Infrastructure is developing the potential Hackberry Carbon Sequestration project near Hackberry, Louisiana, together with TotalEnergies SE, Mitsui & Co., Ltd. and Mitsubishi Corporation. This proposed project is designed to permanently sequester carbon dioxide from the Cameron LNG Phase 1 facility, the proposed Cameron LNG Phase 2 project and potentially other sources. In 2021, Semptra Infrastructure filed an application with the EPA for a Class VI carbon injection well permit, which is under review by the State of Louisiana.

Legal and Regulatory Matters

See Note 15 of the Notes to Consolidated Financial Statements and "Part I – Item 1A. Risk Factors" for discussions of the following legal and regulatory matters affecting our operations in Mexico and risks associated with Mexican laws, policies and government influence:

Energía Costa Azul

- [Land Disputes](#)
- [Environmental and Social Impact Permits](#)

One or more unfavorable final decisions on these land disputes or environmental and social impact permit challenges could materially adversely affect our existing natural gas regasification operations and proposed natural gas liquefaction projects at the

site of the ECA Regas Facility and have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

Regulatory and Other Actions by the Mexican Government

- [Amendments to Mexico's Hydrocarbons Law](#)
- [Amendments to Mexico's Electricity Industry Law](#)

Sempra Infrastructure and other parties affected by these amendments to Mexican law have challenged them by filing amparo and other claims, some of which remain pending. In particular, Sempra Infrastructure filed one lawsuit concerning the provision of Mexico's Electricity Industry Law permitting revocation of self-supply permits deemed improperly obtained that was dismissed by the court. Consequently, the CRE may be required to seek to revoke such self-supply permits, under a legal standard that is ambiguous and not well defined under the law. An unfavorable decision on one or more of these amparo or other challenges, the impact of the amendments that have become effective (due to unsuccessful amparo challenges or otherwise), or the possibility of future reforms to the energy industry through additional amendments to Mexican laws, regulations or rules (including through amendments to the Mexican Constitution) may impact our ability to operate our facilities at existing levels or at all, may result in increased costs for Sempra Infrastructure and its customers, may adversely affect our ability to develop new projects, may result in decreased revenues and cash flows, and may negatively impact our ability to recover the carrying values of our investments in Mexico, any of which may have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

Subsequent to the federal elections in Mexico in 2024 and, as noted above, the Mexican government has begun to introduce significant changes to the Mexican Constitution, which will require changes in laws, policies, and regulations in order to be implemented. These changes have included Mexican Constitutional reforms affecting the judiciary and the for-profit status of certain state-owned enterprises. The changes to the judiciary include a requirement that all judges be elected rather than appointed. The energy reforms have the potential to increase government control and participation in the energy sector and to create novel challenges for infrastructure development and operations. Additionally, a set of six energy-related laws, including modifications to the Hydrocarbons Law and Electricity Industry Law, were submitted to Mexico's Congress in January 2025. The legislative session runs from February 1 to April 30, and the government is targeting approval by the end of March 2025. These reforms and any further Mexican Constitutional, legal or regulatory changes could affect the Mexican economy, energy sector and our businesses, the extent of which we currently are unable to predict.

SOURCES AND USES OF CASH

We discuss herein our sources and uses of cash for the year ended December 31, 2024 compared to the year ended December 31, 2023. For a discussion of our sources and uses of cash for the year ended December 31, 2023 compared to the year ended December 31, 2022, refer to “[Part II – Item 7. MD&A – Sources and Uses of Cash](#)” in our 2023 annual report on [Form 10-K](#) filed with the SEC on February 27, 2024.

The following tables include only significant changes in cash flow activities for each of the Registrants.

CASH FLOWS FROM OPERATING ACTIVITIES				
<i>(Dollars in millions)</i>				
Years ended December 31,	Sempra		SDG&E	
				SoCalGas
2024	\$	4,907	\$	2,073
2023		6,218		1,936
Change	\$	(1,311)	\$	137
Change in net margin posted, current and noncurrent	\$	(1,142)		
Change in fixed-price contracts and other derivatives, current and noncurrent		(432)	\$	(127)
Change in qualified pension liability		(211)		(83)
Change in income taxes receivable/payable, net		(191)		445
Change in GHG allowances, current and noncurrent		(73)		40
Change in accounts receivable ⁽¹⁾		(50)		305
(Lower) higher net income, adjusted for noncash items included in earnings		(45)		78
Change in legal reserve, current and noncurrent		82		
Lower net decrease in Reserve for Aliso Canyon costs, current and noncurrent, due to \$94 lower payments offset by \$6 lower accruals		88		
Change in GHG obligations, current and noncurrent		99		39
Change in accounts payable ⁽²⁾		139		(63)
Higher distributions from Oncor Holdings		162		
Change in regulatory accounts, current and noncurrent		249		(456)
Change in customer deposits				(47)
Change in inventories, current and noncurrent ⁽³⁾				
Other		14		6
	\$	(1,311)	\$	137

⁽¹⁾ Change primarily due to a decrease in natural gas consumption and lower gas rates at SoCalGas offset by timing of customer payments.

⁽²⁾ Change primarily due to a decrease in payments to suppliers at Sempra Infrastructure and a decrease in payments for gas purchases at SoCalGas, offset by an increase in payments to CCAs at SDG&E.

⁽³⁾ Change primarily due to a decrease in purchases of materials and supplies and a decrease in natural gas inventory.

CASH FLOWS FROM INVESTING ACTIVITIES				
<i>(Dollars in millions)</i>				
Years ended December 31,	Sempra		SDG&E	
				SoCalGas
2024	\$	(9,118)	\$	(2,461)
2023		(8,716)		(2,472)
Change	\$	(402)	\$	11
Higher contributions to Oncor Holdings	\$	(609)		
Decrease (increase) in capital expenditures		182	\$	18
Other		25		(7)
	\$	(402)	\$	11

CASH FLOWS FROM FINANCING ACTIVITIES
(Dollars in millions)

Years ended December 31,	Sempra		SDG&E		SoCalGas	
2024	\$	5,424	\$	338	\$	450
2023		2,419		579		612
Change	\$	3,005	\$	(241)	\$	(162)
Lower payments on short-term debt with maturities greater than 90 days	\$	2,923			\$	800
Higher (lower) issuances of long-term debt		2,124	\$	(795)		97
Higher issuances of common stock		1,074				
Lower distributions to NCI		433				
Termination of interest rate and settlement of cross-currency swaps		145				
Higher advances from unconsolidated affiliates		54				
Lower contributions from NCI		(335)				
Change in borrowings and repayments of short-term debt, net		(1,109)		622		(1,455)
(Lower) higher issuances of short-term debt with maturities greater than 90 days		(1,119)				700
Net proceeds from sales of NCI in 2023		(1,219)				
Lower (higher) payments on long-term debt and finance leases				48		(204)
Higher common dividends paid				(125)		(100)
Other		34		9		
	\$	3,005	\$	(241)	\$	(162)

Capital Expenditures for PP&E

We invest the majority of our capital expenditures in Sempra California, primarily for transmission and distribution improvements, including pipeline and wildfire safety. The following table summarizes, by segment, capital expenditures for PP&E for the last three years.

CAPITAL EXPENDITURES FOR PP&E
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Sempra California ⁽¹⁾	\$ 4,753	\$ 4,560	\$ 4,466
Sempra Infrastructure	3,459	3,832	884
Segment totals	8,212	8,392	5,350
Parent and other	3	5	7
Total Sempra	\$ 8,215	\$ 8,397	\$ 5,357

⁽¹⁾ Includes capital expenditures for PP&E of \$2,522, \$2,540, and \$2,473 at SDG&E and \$2,231, \$2,020, and \$1,993 at SoCalGas for 2024, 2023, and 2022, respectively.

Capital Expenditures for Investments

The following table summarizes, by segment, capital expenditures for investments in entities that we account for under the equity method for the last three years.

CAPITAL EXPENDITURES FOR INVESTMENTS
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Sempra Texas Utilities	\$ 976	\$ 367	\$ 346
Sempra Infrastructure	12	15	30
Total Sempra	\$ 988	\$ 382	\$ 376

Future Capital Expenditures for PP&E and Investments

The amounts and timing of capital expenditures for PP&E and certain investments are generally subject to approvals by various regulatory and other governmental and environmental bodies, including the CPUC, the FERC and the PUCT, and various other factors described in this MD&A and in “Part I – Item 1A. Risk Factors.” In 2025, we expect to make capital expenditures for PP&E and investments of approximately \$12.5 billion, as summarized by segment in the following table.

FUTURE CAPITAL EXPENDITURES FOR PP&E AND INVESTMENTS	
(Dollars in millions)	
	Year ending December 31, 2025
Sempra:	
Sempra California ⁽¹⁾	\$ 4,740
Sempra Texas Utilities	1,935
Sempra Infrastructure	5,777
Segment totals	12,452
Parent and other	2
Total Sempra	\$ 12,454

⁽¹⁾ Includes expected future capital expenditures of \$2,632 and \$2,108 at SDG&E and SoCalGas, respectively.

We expect the majority of our capital expenditures for PP&E and investments in 2025 will relate to investments in transmission and distribution safety and reliability at our regulated public utilities and construction of the PA LNG Phase 1 project, ECA LNG Phase 1 project and natural gas pipelines at Sempra Infrastructure.

From 2025 through 2029, and subject to the factors described below, which could cause these estimates to vary substantially, Sempra expects to make aggregate capital expenditures for PP&E and investments of approximately \$41.4 billion, as follows: \$22.4 billion at Sempra California (which includes \$12.7 billion at SDG&E and \$9.7 billion at SoCalGas), \$8.1 billion at Sempra Texas Utilities, and \$10.9 billion at Sempra Infrastructure. Capital expenditure amounts for PP&E include capitalized interest and AFUDC related to debt.

When (i) including Sempra’s proportionate ownership interest in expected capital expenditures for PP&E at unconsolidated equity method investees while excluding Sempra’s expected capital contributions to those unconsolidated equity method investees and (ii) excluding NCI’s proportionate ownership interest in expected capital expenditures for PP&E at Sempra and at unconsolidated equity method investees, we expect capital expenditures for PP&E from 2025 through 2029 to total \$55.5 billion.

Oncor currently anticipates that its five-year capital expenditures plan could grow by approximately \$12 billion over the 2025 through 2029 period due to potential additions to its system resiliency plan expected to occur in 2028 and 2029, potential projects that are pending regulatory action and customer projects that are in Oncor’s transmission interconnection queue but do not yet have signed agreements. Significant changes in Oncor’s capital expenditures plan could result in significant changes to our capital expenditures plan. To the extent Oncor’s five-year capital expenditures plan grows, Sempra expects that its five-year plan for capital expenditures for PP&E and investments, as well as its plan when including its proportionate ownership interest in Oncor’s capital expenditures and excluding Sempra’s expected capital contributions to Oncor, would each grow by Sempra’s 80.25% interest in Oncor’s incremental capital expenditures.

Periodically, we review our construction, investment and financing programs and revise them in response to changes in regulation, economic conditions, competition, customer growth, inflation, customer rates, the cost and availability of capital, and safety and environmental requirements.

Our level of capital expenditures for PP&E and investments in the next few years may vary substantially and will depend on, among other things, the cost and availability of financing, regulatory approvals, changes in tax law and business opportunities providing desirable rates of return, among various other factors described in this MD&A and in “Part I – Item 1A. Risk Factors.” We aim to finance our capital expenditures for PP&E and investments in a manner that will maintain our investment-grade credit ratings and capital structure, but there is no guarantee that we will be able to do so.

Rate Base

For SDG&E and SoCalGas, rate base is the value of assets on which SDG&E and SoCalGas are permitted to earn a specified rate of return in accordance with rules set by regulatory agencies, including the CPUC and the FERC (for SDG&E), which is calculated using a 13-month average in accordance with CPUC methodology as adopted in rate-setting proceedings. The following table summarizes the weighted-average rate base for SDG&E and SoCalGas for the last three years.

WEIGHTED-AVERAGE RATE BASE*(Dollars in millions)*

	2024	2023	2022
SDG&E	\$ 16,842	\$ 15,220	\$ 13,780
SoCalGas	12,446	11,671	10,494

The increase in weighted-average rate base reflects the significant capital investments that SDG&E and SoCalGas have made in transmission and distribution safety and reliability. We expect the weighted-average rate base to continue to increase in 2025 based on our expected capital investments.

For Oncor, rate base represents the total invested capital, as adjusted in accordance with PUCT rules, at the end of the previous calendar year as reported in the Earnings Monitoring Report filed with the PUCT on an annual basis. Oncor's regulatory rate base as reported in these filings as of December 31, 2023 and 2022 was \$23.1 billion and \$20.7 billion, respectively. As calculated on a similar basis, its estimated regulatory rate base at December 31, 2024 was \$26.6 billion. The increase in rate base reflects the significant capital investments that Oncor has made in its transmission and distribution system, and we expect rate base to continue to increase in 2025 based on Oncor's expected capital investments.

Capital Stock Transactions***Sempra***

Cash provided by issuances of common stock was:

- \$1,219 million in 2024
- \$145 million in 2023
- \$4 million in 2022

Cash used for repurchases of common stock was:

- \$43 million in 2024
- \$32 million in 2023
- \$478 million in 2022

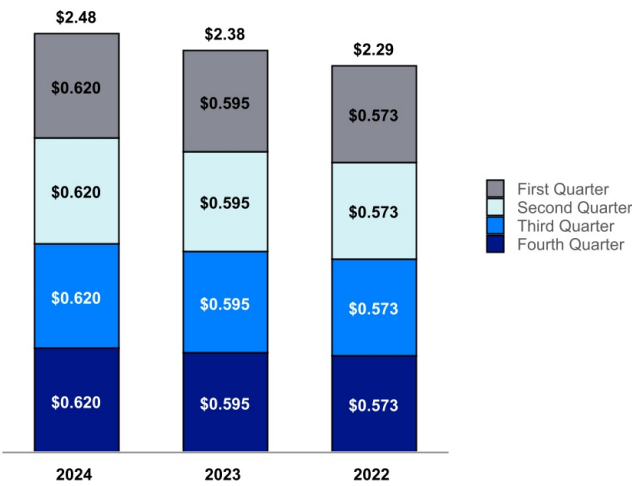
We discuss the issuances and repurchases of common stock in Note 12 of the Notes to Consolidated Financial Statements.

Dividends***Sempra***

Sempra paid cash dividends of:

- \$1,499 million for common stock and \$44 million for preferred stock in 2024
- \$1,483 million for common stock and \$44 million for preferred stock in 2023
- \$1,430 million for common stock and \$44 million for preferred stock in 2022

DIVIDENDS PER SHARE ON SEMPRA COMMON STOCK
(As approved by our board of directors)



On February 24, 2025, our board of directors declared a dividend of \$0.645 per share on our common stock and a dividend of \$24.375 per share on our series C preferred stock, both payable on April 15, 2025.

All declarations of dividends on our common stock and preferred stock are made at the discretion of the board of directors. While we view dividends as an integral component of shareholder return, the amount of future dividends will depend on earnings, cash flows, financial and legal requirements, and other relevant factors at that time. As a result, Sempra’s dividends on common stock and preferred stock declared on a historical basis may not be indicative of future declarations.

SDG&E

In 2024, 2023 and 2022, SDG&E paid common stock dividends to Enova Corporation and Enova Corporation paid corresponding dividends to Sempra of \$225 million, \$100 million and \$100 million, respectively. SDG&E’s dividends on common stock declared on an annual historical basis may not be indicative of future declarations. Rather, SDG&E’s common stock dividends in the next few years may be impacted as available cash is used to maintain its authorized capital structure while supporting its capital investment program.

Enova Corporation, a wholly owned subsidiary of Sempra, owns all of SDG&E’s outstanding common stock. Accordingly, dividends paid by SDG&E to Enova Corporation and dividends paid by Enova Corporation to Sempra are eliminated in Sempra’s consolidated financial statements.

SoCalGas

In 2024 and 2023, SoCalGas paid common stock dividends to Pacific Enterprises and Pacific Enterprises paid corresponding dividends to Sempra of \$200 million and \$100 million, respectively. SoCalGas did not declare or pay common stock dividends in 2022. SoCalGas’ dividends on common stock declared on an annual historical basis may not be indicative of future declarations. Rather, SoCalGas’ common stock dividends in the next few years may be impacted as available cash is used to maintain its authorized capital structure while supporting its capital investment program.

Pacific Enterprises, a wholly owned subsidiary of Sempra, owns all of SoCalGas’ outstanding common stock. Accordingly, dividends paid by SoCalGas to Pacific Enterprises and dividends paid by Pacific Enterprises to Sempra are eliminated in Sempra’s consolidated financial statements.

Dividend Restrictions

The board of directors for each of Sempra, SDG&E and SoCalGas has the discretion to determine whether to declare and, if declared, the amount of any dividends by each such entity. The CPUC’s regulation of SDG&E’s and SoCalGas’ capital structures limits the amounts that are available for loans and dividends to Sempra. At December 31, 2024, based on these regulations, Sempra could have received combined loans and dividends of approximately \$672 million from SDG&E and \$457 million from SoCalGas. In addition, the terms of Sempra’s series C preferred stock limit Sempra’s ability to declare dividends on its common stock under certain circumstances.

We provide additional information about dividend restrictions in “Restricted Net Assets” in Note 1 of the Notes to Consolidated Financial Statements and in Note 11 of the Notes to Consolidated Financial Statements.

Capitalization

Our total capitalization, which is the sum of total debt and equity, and our debt-to-capitalization ratio, which is calculated as total debt as a percentage of total capitalization, was as follows:

TOTAL CAPITALIZATION AND DEBT-TO-CAPITALIZATION RATIO					
(Dollars in millions)					
	Total capitalization		Debt-to-capitalization ratio		
	December 31,				
	2024	2023	2024	2023	
Sempra	\$ 73,636	\$ 64,730	49 %	48 %	
SDG&E	21,041	19,796	50	50	
SoCalGas	16,602	15,167	51	51	

In 2024 compared to 2023, Sempra’s total capitalization increased by \$8.9 billion (14%) due to:

- increase in long-term debt
- increase in equity primarily from comprehensive income exceeding dividends, issuances of common stock and contributions from NCI

Offset by:

- decrease in short-term debt
- distributions to NCI

In 2024 compared to 2023, SDG&E’s and SoCalGas’ total capitalization increased by \$1.2 billion (6%) and \$1.4 billion (9%), respectively, due to increases in equity from comprehensive income exceeding dividends and increases in debt.

CRITICAL ACCOUNTING ESTIMATES

Management views the accounting estimates that we describe below as critical because their application is the most relevant, judgmental and/or material to our financial position and results of operations, and/or because they require the use of material judgments and estimates. We discuss critical accounting estimates that are material to our financial statements with the Audit Committee of Sempra’s board of directors.

REGULATORY ACCOUNTING

Sempra, SDG&E, SoCalGas

As regulated entities, SDG&E’s and SoCalGas’ customer rates, as set and monitored by regulators, are designed to recover the cost of providing service and to provide the opportunity to realize their authorized rates of return on their investments. SDG&E and SoCalGas assess probabilities of future rate recovery associated with regulatory account balances at the end of each reporting period and whenever new and/or unusual events occur, such as:

- changes in the regulatory and political environment or the utility’s competitive position
- issuance of a regulatory commission order
- passage of new legislation

To the extent that circumstances associated with regulatory balances change, the regulatory balances are evaluated and adjusted if appropriate.

Significant management judgment is required to evaluate the anticipated recovery of regulatory assets and revenues subject to refund, as well as the existence and amount of regulatory liabilities. Adverse regulatory or legislative actions could materially impact the amounts of our regulatory assets and liabilities and could materially adversely impact our results of operations and financial condition. Specifically, if future recovery of costs ceases to be probable, all or part of the associated regulatory assets would need to be written off against current period earnings, or adverse regulatory or legislative actions could give rise to material new or higher regulatory liabilities. We discuss details of SDG&E's and SoCalGas' regulatory assets and liabilities and additional factors that management considers when assessing probabilities associated with regulatory balances in Notes 1, 4, 14 and 15 of the Notes to Consolidated Financial Statements.

INCOME TAXES

Sempra, SDG&E, SoCalGas

Our income tax expense and related balance sheet amounts involve significant management judgments and estimates. Amounts of deferred income tax assets and liabilities, as well as current and noncurrent accruals, involve judgments and estimates of the timing and probability of recognition of income and deductions by taxing authorities. When we evaluate the anticipated resolution of income tax issues, we consider:

- past resolutions of the same issue or similar issues
- the status of any income tax examination in progress
- positions taken by taxing authorities with other taxpayers with similar issues

The likelihood of deferred income tax recovery is based on analyses of the deferred income tax assets and our expectation of future taxable income, based on our strategic planning. Should a change in facts or circumstances lead to a change in judgment about the ultimate realizability of a deferred tax asset, we would record or adjust the related valuation allowance in the period that the change in facts and circumstances occurs, along with a corresponding increase or decrease in the provision for income taxes.

Actual income taxes could vary from estimated amounts because of:

- future impacts of various items, including changes in tax laws, regulations, interpretations and rulings
- our financial condition in future periods
- the resolution of various income tax issues between us and taxing and regulatory authorities

Unrecognized income tax benefits involve management's judgment regarding the likelihood of the benefit being sustained. The final resolution of uncertain tax positions could result in adjustments to recorded amounts and may affect our results of operations, financial condition and cash flows.

We discuss these matters and additional information related to accounting for income taxes, including uncertainty in income taxes, in Note 7 of the Notes to Consolidated Financial Statements.

PENSION AND PBOP PLANS

Sempra, SDG&E, SoCalGas

To measure our pension and PBOP obligations, costs and liabilities, we rely on several assumptions. We consider current market conditions, including interest rates, in making these assumptions. We review these assumptions annually and update when appropriate.

The critical assumptions used to develop the required estimates include the following key factors:

- discount rates
- expected return on plan assets
- health care cost trend rates
- interest crediting rate on cash balance accounts
- mortality rate
- rate of compensation increases
- termination and retirement rates

- utilization of postretirement welfare benefits
- payout elections (lump sum or annuity)
- lump sum interest rates

The actuarial assumptions we use may differ materially from actual results due to:

- return on plan assets
- changing market and economic conditions
- higher or lower withdrawal rates
- longer or shorter participant life spans
- more or fewer lump sum versus annuity payout elections made by plan participants
- higher or lower retirement rates

Changes in the estimated costs or timing of pension and PBOP, or the assumptions and judgments used by management underlying these estimates (primarily the discount rate and expected return on plan assets), as well as changes in the circumstances associated with rate recovery, could have a material effect on the recorded expenses and liabilities. The following tables summarize the impact to our projected benefit obligation for pension and accumulated benefit obligation for PBOP at December 31, 2024, and 2024 net periodic benefit costs, in each case if the discount rate or expected return on plan assets were changed by 1%.

IMPACT DUE TO INCREASE/DECREASE IN DISCOUNT RATE

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Pension:						
(Decrease) increase to projected benefit obligation, net	\$ (292)	\$ (379)	\$ (38)	\$ 59	\$ (241)	\$ 304
(Decrease) increase to net periodic benefit cost	(1)	16	2	(1)	(4)	17
PBOP:						
(Decrease) increase to accumulated benefit obligation, net	(67)	94	(9)	22	(56)	69
(Decrease) increase to net periodic benefit cost	(6)	7	(1)	1	(4)	5

IMPACT DUE TO INCREASE/DECREASE IN RETURN ON PLAN ASSETS

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Pension:						
(Decrease) increase to net periodic benefit cost	\$ (39)	\$ 39	\$ (9)	\$ 9	\$ (28)	\$ 28
PBOP:						
(Decrease) increase to net periodic benefit cost	(12)	12	(1)	1	(10)	10

For SDG&E and SoCalGas plans, the effects of the assumptions on earnings are expected to be recovered in rates and therefore are offset in regulatory accounts. We provide details of our pension and PBOP plans in Note 8 of the Notes to Consolidated Financial Statements.

SONGS ASSET RETIREMENT OBLIGATIONS

Sempra, SDG&E

SDG&E's legal AROs related to the decommissioning of SONGS are estimated based on a site-specific study performed no less than every three years. The estimate of the obligations includes:

- estimated decommissioning costs, including labor, equipment, material and other disposal costs
- inflation adjustment applied to estimated cash flows
- discount rate based on a credit-adjusted risk-free rate
- actual decommissioning costs, progress to date and expected duration of decommissioning activities

SDG&E’s nuclear decommissioning expenses are subject to rate recovery and, therefore, rate-making accounting treatment is applied to SDG&E’s nuclear decommissioning activities. SDG&E recognizes a regulatory asset, or liability, to the extent that its SONGS ARO exceeds, or is less than, the amount collected from customers and the amount earned in SDG&E’s NDT.

SDG&E’s ARO related to the decommissioning of SONGS was \$471 million as of December 31, 2024, based on the decommissioning cost study prepared in 2024. Changes in the estimated costs, execution strategy or timing of decommissioning, or in the assumptions and judgments by management underlying these estimates, could cause material revisions to the estimated total cost to decommission this facility, which could have a material effect on the recorded liability.

The following table illustrates the increase to SDG&E’s and Sempra’s ARO liability if the cost escalation rate was adjusted while leaving all other assumptions constant:

INCREASE TO ARO AND REGULATORY ASSET		
(Dollars in millions)		
	December 31, 2024	
Uniform increase in escalation percentage of 1%	\$	62

The increase in the ARO liability driven by an increase in the cost escalation rate would result in a decrease in the regulatory liability for recoveries in excess of ARO liabilities. We provide additional detail in Note 14 of the Notes to Consolidated Financial Statements.

IMPAIRMENT TESTING OF LONG-LIVED ASSETS

Sempra

Whenever events or changes in circumstances indicate that an asset’s carrying amount may not be recoverable, we consider if the estimated future undiscounted cash flows are less than the carrying amount of the asset. If so, we estimate the fair value of the asset to determine the extent to which carrying value exceeds fair value. For such an estimate, we may consider data from multiple valuation methods, including data from market participants. We exercise judgment to estimate the future cash flows and the useful life of a long-lived asset and to determine our intent to use the asset. Our intent to use or dispose of a long-lived asset is subject to re-evaluation and can change over time. If such an impairment test is required, the fair value of a long-lived asset can vary if differing estimates and assumptions are used in the valuation techniques applied as indicated by changing market or other conditions. Critical assumptions that affect our estimates of fair value may include:

- consideration of market transactions
- future cash flows
- the appropriate risk-adjusted discount rate, including the impacts of country risk and entity risk

We discuss impairment of long-lived assets in Note 1 of the Notes to Consolidated Financial Statements.

IMPAIRMENT TESTING OF GOODWILL

Sempra

When determining if goodwill is impaired, the fair value of the reporting unit can vary if differing estimates and assumptions are used in the valuation techniques applied as indicated by changing market or other conditions. As a result, recognizing a goodwill impairment may or may not be required. When we perform a quantitative goodwill impairment test, we exercise judgment to develop estimates of the fair value of the reporting unit and compare that to its carrying value. Our fair value estimates are developed from the perspective of a knowledgeable market participant. We consider observable transactions in the marketplace for similar investments, if available, as well as an income-based approach such as a discounted cash flow analysis. A discounted cash flow analysis may be based directly on anticipated future revenues and expenses and may be performed based on free cash flows generated within the reporting unit. Critical assumptions that affect our estimates of fair value may include:

- consideration of market transactions
- future cash flows
- projected revenue and expense growth rates
- the appropriate risk-adjusted discount rate, including the impacts of country risk, customer creditworthiness and entity risk

Historically, we determined based on a quantitative goodwill impairment test that the estimated fair values of our reporting units in Mexico, to which goodwill was allocated, were substantially above their respective carrying values as of October 1, our annual goodwill impairment testing date. Upon performing a qualitative analysis as of October 1, 2024, we determined that it was not more likely than not that the fair value of such reporting units was less than their respective carrying values. Our goodwill impairment test is determined based on assumptions existing as of that point in time. Changes in the business (such as loss of future cash flows from customer disputes, renegotiation of customer contracts or the macroeconomic environment, including rising interest rates) may result in us having to perform an interim goodwill impairment test, which could result in an impairment of our goodwill.

NEW ACCOUNTING STANDARDS

We discuss the recent accounting pronouncements that have had or may have a significant effect on our financial statements and/or disclosures in Note 2 of the Notes to Consolidated Financial Statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of erosion of our cash flows, earnings, asset values or equity due to adverse changes in commodity market prices, interest rates and foreign currency and inflation rates.

MARKET RISK POLICIES

Sempra has policies governing its market risk management and trading activities. Sempra, SDG&E, SoCalGas and Sempra Infrastructure maintain separate risk management committees, organizations and processes to provide oversight of these activities for their respective businesses. The committees consist of senior officers who establish policy, oversee energy risk management activities, and monitor the results of trading and other activities to help ensure compliance with our energy risk management and trading policies. These activities include, but are not limited to, monitoring of market positions that create credit, liquidity and market risk. The respective oversight organizations and committees are independent from energy procurement departments.

Along with other tools, we use VaR and liquidity metrics to measure our exposure to market risk associated with commodity portfolios. VaR is an estimate of the potential loss on a position or portfolio of positions over a specified holding period, based on normal market conditions and within a given statistical confidence interval. We use a variance-covariance VaR model at a 95% confidence level. A liquidity metric is intended to monitor the amount of financial resources needed for meeting potential margin calls as forward market prices move. VaR and liquidity risk metrics are independently verified by the respective risk management oversight organizations.

SDG&E and SoCalGas use natural gas derivatives and SDG&E uses electricity derivatives to manage natural gas and electric price risk associated with servicing load requirements. The use of natural gas and electricity derivatives is subject to certain limitations imposed by company policy and regulatory requirements. SDG&E's risk management and transacting activity plans for electricity derivatives are also required to be filed with, and have been approved by, the CPUC. SoCalGas is also subject to certain regulatory requirements and thresholds related to natural gas procurement under the GCIM. We discuss revenue recognition in Note 3 and additional market-risk information regarding derivative instruments in Note 9 of the Notes to Consolidated Financial Statements.

We have exposure to changes in commodity prices, interest rates and foreign currency and inflation rates. The following discussion of these primary market-risk exposures as of December 31, 2024 includes a discussion of how these exposures are managed.

COMMODITY PRICE RISK

Market risk related to physical commodities is created by volatility in the prices and basis of certain commodities. Our various subsidiaries are exposed, in varying degrees, to commodity price risk, primarily in the natural gas and electricity markets. Our policy is to manage this risk within a framework that considers the specific markets and operating and regulatory environments of each subsidiary.

Sempra Infrastructure is exposed to commodity price risk indirectly through its LNG, natural gas pipelines and storage, and power-generating assets. Sempra Infrastructure has utilized and may continue to utilize commodity contracts, including physical

and financial derivatives, in an effort to mitigate these risks and optimize the value of these assets. These transactions are typically priced based on market indices but may also include fixed price purchases and sales of commodities. Any residual exposure is monitored as described above. Some of these derivatives that we use as economic hedges do not meet the requirements for hedge accounting, or hedge accounting is not elected, and as a result, the changes in fair value of these derivatives are recorded in earnings. Consequently, significant changes in commodity prices have in the past and could in the future result in earnings volatility as the economic offset of these derivatives may not be recorded at fair value. A significant decrease in the fair value of these economic hedges could also result in higher collateral requirements, which could negatively impact our liquidity and our ability to continue to mitigate our commodity risk exposure. We try to structure our hedging transactions with the objective that over time (i) realized gains and losses on our economic hedges would be largely offset by gains and losses related to our purchases or sales of natural gas and (ii) we would realize the economic benefit we anticipated at the time we structured the original transaction.

A hypothetical 10% change in commodity prices would have resulted in a change in the fair value of our commodity-based natural gas and electricity derivatives of \$13 million and \$14 million at December 31, 2024 and 2023, respectively. The impact of a change in energy commodity prices on our commodity-based derivative instruments at a point in time is not necessarily representative of the results that will be realized when the contracts are ultimately settled and does not typically include the generally offsetting impact of our underlying asset positions.

SDG&E and SoCalGas separately manage risk within the parameters of their market risk management frameworks. In addition, their market-risk exposure is limited due to CPUC-authorized rate recovery of the costs of commodity purchases, interstate and intrastate transportation, and storage activity. However, SoCalGas may, at times, be exposed to market risk as a result of the GCIM, which rewards or penalizes the utility for commodity costs below or above certain benchmarks. The one-day VaR for SDG&E's and SoCalGas' commodity positions were both \$2 million at December 31, 2024 and \$2 million and \$4 million, respectively, at December 31, 2023.

INTEREST RATE RISK

We are exposed to fluctuations in interest rates primarily from our short- and long-term debt. Subject to regulatory constraints, we periodically enter into interest rate swap agreements to moderate our exposure to interest rate changes and to lower our overall cost of borrowing.

The table below shows the nominal amount of our debt:

NOMINAL AMOUNT OF DEBT⁽¹⁾

(Dollars in millions)

	December 31, 2024			December 31, 2023		
	Sempra	SDG&E	SoCalGas	Sempra	SDG&E	SoCalGas
Short-term:						
Sempra California	\$ 1,454	\$ 417	\$ 1,037	\$ 947	\$ —	\$ 947
Other	562	—	—	1,397	—	—
Long-term:						
Sempra California fixed-rate	\$ 16,309	\$ 8,950	\$ 7,359	\$ 15,109	\$ 8,350	\$ 6,759
Sempra California variable-rate	—	—	—	400	400	—
Other fixed-rate	15,527	—	—	11,317	—	—
Other variable-rate	1,063	—	—	890	—	—

⁽¹⁾ After the effects of interest rate swaps. Before reductions for unamortized discount and debt issuance costs and excluding finance lease obligations.

An interest rate risk sensitivity analysis measures interest rate risk by calculating the estimated changes in earnings attributable to common shares (but disregarding capitalized interest and impacts on equity earnings from debt at our equity method investees) that would result from a hypothetical change in market interest rates. Earnings attributable to common shares are affected by changes in interest rates on short-term debt and variable-rate long-term debt. If weighted-average interest rates on short-term debt outstanding at December 31, 2024 increased or decreased by 10%, the change in earnings attributable to common shares over the 12-month period ending December 31, 2025 would be approximately \$7 million. If interest rates increased or decreased by 10% on all variable-rate long-term debt at December 31, 2024, after considering the effects of interest rate swaps, the change in earnings attributable to common shares over the 12-month period ending December 31, 2025 would be approximately \$3 million.

We provide further information about debt and interest rate swap transactions in Notes 6 and 9, respectively, of the Notes to Consolidated Financial Statements.

We also are subject to the effect of interest rate fluctuations on the assets of our pension plans, PBOP plans, and SDG&E's NDT. However, we expect the effects of these fluctuations, as they relate to Sempra California, to be reflected in future rates.

FOREIGN CURRENCY EXCHANGE RATE RISK AND INFLATION EXPOSURE

We discuss our foreign currency exchange rate risk and inflation exposure in "Part II – Item 7. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations."

The hypothetical effect for every 10% appreciation in the U.S. dollar against the Mexican peso, in which we have operations and investments, are as follows:

HYPOTHETICAL EFFECTS FROM 10% STRENGTHENING OF U.S. DOLLAR⁽¹⁾

(Dollars in millions)

	Hypothetical effects
Sempra:	
Translation of 2024 earnings to U.S. dollars ⁽²⁾	\$ (2)
Transactional exposure ⁽³⁾	151
Translation of net assets of foreign subsidiaries and investment in foreign entities ⁽⁴⁾	(18)

⁽¹⁾ After the effects of foreign currency derivatives.

⁽²⁾ Amount represents the impact to earnings for a change in the average exchange rate throughout the reporting period.

⁽³⁾ Amount primarily represents the effects of currency exchange rate movement from December 31, 2024 on monetary assets and liabilities and remeasurement of non-U.S. deferred income tax balances at our Mexican subsidiaries.

⁽⁴⁾ Amount represents the effects of currency exchange rate movement from December 31, 2024 that would be recorded to OCI at the end of the reporting period.

Monetary assets and liabilities at our Mexican subsidiaries and JVs that are denominated in U.S. dollars may fluctuate significantly throughout the year. These monetary assets and liabilities and certain nonmonetary assets and liabilities are adjusted for Mexican inflation for Mexican income tax purposes. Based on a net monetary liability position of \$4.5 billion, including those related to our investments in JVs, at December 31, 2024, the hypothetical effect of a 10% increase in the Mexican inflation rate is approximately \$89 million lower earnings attributable to common shares as a result of higher income tax expense for our consolidated entities, as well as lower equity earnings for our JVs.

In 2024 and 2023, SDG&E and SoCalGas experienced inflationary pressures from increases in various costs, including the cost of natural gas, electric fuel and purchased power, labor, materials and supplies, as well as availability of labor and materials. During this period, Sempra Texas Utilities experienced increased costs, including labor and contractor-related costs as well as higher insurance premiums, and does not have specific regulatory mechanisms that allow for recovery of higher non-reconcilable costs due to inflation; rather, recovery is limited to rate updates through capital trackers and base rate reviews, which may result in partial non-recovery due to the regulatory lag. If such costs continue to be subject to significant inflationary pressures and we are not able to fully recover such higher costs in rates or there is a delay in recovery, these increased costs may have a significant effect on Sempra's, SDG&E's and SoCalGas' results of operations, financial condition, cash flows and/or prospects.

In 2024 and 2023, Sempra Infrastructure experienced inflationary pressures from increases in various costs, including the cost of labor, materials and supplies. Sempra Infrastructure generally secures long-term contracts that are U.S. dollar-denominated or referenced and are periodically adjusted for market factors, including inflation, and Sempra Infrastructure generally enters into lump-sum contracts for its large construction projects in which much of the risk during construction is absorbed or hedged by the EPC contractor. If additional costs become subject to significant inflationary pressures, we may not be able to fully recover such higher costs through contractual adjustments for inflation, which may have a significant effect on Sempra's results of operations, financial condition, cash flows and/or prospects.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements are listed on the Index to Consolidated Financial Statements set forth on page [F-1](#) of this annual report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Sempra, SDG&E, SoCalGas

Sempra, SDG&E and SoCalGas maintain disclosure controls and procedures designed to ensure that information required to be disclosed in their respective reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and is accumulated and communicated to the management of each company, including each respective principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. In designing and evaluating these controls and procedures, the management of each company recognizes that any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives; therefore, the management of each company applies judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of the principal executive officers and principal financial officers of Sempra, SDG&E and SoCalGas, each such company's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of December 31, 2024, the end of the period covered by this report. Based on these evaluations, the principal executive officers and principal financial officers of Sempra, SDG&E and SoCalGas concluded that their respective company's disclosure controls and procedures were effective at the reasonable assurance level as of such date.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Sempra, SDG&E, SoCalGas

The respective management of Sempra, SDG&E and SoCalGas is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rule 13a-15(f).

Under the supervision and with the participation of the principal executive officers and principal financial officers of Sempra, SDG&E and SoCalGas, each such company's management evaluated the effectiveness of its internal control over financial reporting based on the framework in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on these evaluations, each company's management concluded that its internal control over financial reporting was effective as of December 31, 2024. Deloitte & Touche LLP audited the effectiveness of each company's internal control over financial reporting as of December 31, 2024, as stated in their reports, which are included in this annual report on Form 10-K.

There have been no changes in Sempra's, SDG&E's or SoCalGas' internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, any such company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Sempra:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Sempra and subsidiaries (“Sempra”) as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, Sempra maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements as of and for the year ended December 31, 2024, of Sempra and our report dated February 25, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

Sempra’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Sempra’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to Sempra in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ **DELOITTE & TOUCHE LLP**

San Diego, California
February 25, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder and Board of Directors of San Diego Gas & Electric Company:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of San Diego Gas & Electric Company (“SDG&E”) as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, SDG&E maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the financial statements as of and for the year ended December 31, 2024, of SDG&E and our report dated February 25, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

SDG&E’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on SDG&E’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to SDG&E in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

San Diego, California
February 25, 2025

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Southern California Gas Company:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Southern California Gas Company (“SoCalGas”) as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, SoCalGas maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the financial statements as of and for the year ended December 31, 2024, of SoCalGas and our report dated February 25, 2025, expressed an unqualified opinion on those financial statements.

Basis for Opinion

SoCalGas’ management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on SoCalGas’ internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to SoCalGas in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

San Diego, California
February 25, 2025

ITEM 9B. OTHER INFORMATION

- (a) None.
- (b) During the last fiscal quarter, no individual who was at the time a Semptra, SDG&E or SoCalGas director or officer, adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement with respect to the securities of each such Registrant. As used herein, directors and officers are as defined in Rule 16a-1(f) under the Exchange Act, a Rule 10b5-1 trading arrangement is as defined in Item 408(a) of SEC Regulation S-K, and a non-Rule 10b5-1 trading arrangement is as defined in Item 408(c) of SEC Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III.

Because SDG&E meets the conditions of General Instructions I(1)(a) and (b) of Form 10-K and is therefore filing this report with a reduced disclosure format as permitted by General Instruction I(2), the information required by Part III – Items 10, 11, 12 and 13 below is not required for SDG&E. We have, however, voluntarily provided the information required by Item 401 of SEC Regulation S-K, as required by Part III – Item 10 with respect to SDG&E’s executive officers in “Part I – Item 1. Business – Other Matters – Information About Our Executive Officers.”

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

We provide the information required by Item 401 of SEC Regulation S-K, as required by this item, with respect to executive officers of Semptra and SoCalGas in “Part I – Item 1. Business – Other Matters – Information About Our Executive Officers.” The other information required by this item is incorporated by reference from “Corporate Governance” and “Proposal 1: Election of Directors” in the proxy statement to be filed for the May 2025 annual meeting of shareholders for Semptra and from the information statement to be filed for the June 2025 annual meeting of shareholders for SoCalGas. In all cases, only the specific information that is expressly required by this item is incorporated herein by reference. Semptra’s insider trading and information confidentiality policy is filed as [Exhibit 19.1](#) to this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference from “Executive Compensation,” including “Compensation Discussion and Analysis,” “Compensation and Talent Development Committee Report” and “Compensation Tables” (except for the disclosure under the heading “Pay-Versus-Performance”), in the proxy statement to be filed for the May 2025 annual meeting of shareholders for Semptra and from the information statement to be filed for the June 2025 annual meeting of shareholders for SoCalGas. In all cases, only the specific information that is expressly required by this item is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Semptra has LTIPs that permit the grant of a wide variety of equity and equity-based incentive awards to directors, officers and key employees. At December 31, 2024, outstanding awards consisted of stock options and RSUs held by 457 employees.

The following table sets forth information regarding our equity compensation plans at December 31, 2024.

EQUITY COMPENSATION PLANS ⁽¹⁾			
Equity compensation plans approved by shareholders	Number of shares to be issued upon exercise of outstanding options, warrants and rights ⁽²⁾	Weighted-average exercise price of outstanding options, warrants and rights ⁽³⁾	Number of additional shares remaining available for future issuance ⁽⁴⁾
Semptra:			
2013 LTIP	272,728	\$ 53.38	—
2019 LTIP	4,206,750	\$ 70.52	7,628,467

⁽¹⁾ Excludes dividend equivalents.

⁽²⁾ The 2013 LTIP consists of 272,728 options to purchase shares of our common stock, all of which were granted at an exercise price equal to 100% of the grant date fair market value of the shares subject to the option. The 2019 LTIP consists of 1,757,938 options to purchase shares of our common stock, all of which were granted at an exercise price equal to 100% of the grant date fair market value of the shares subject to the option, 1,905,724 performance-based RSUs and 543,088 service-based RSUs. Each performance-based RSU granted under the 2019 LTIP represents the right to receive from 0% to 200% of the shares of our common stock represented by the RSUs, depending on the degree to which applicable performance conditions are satisfied. For purposes of this table, the number of shares of common stock shown to be subject to each performance-based RSU is 100% of the shares represented by the RSUs, which assumes performance conditions are satisfied at the target level.

⁽³⁾ Represents the weighted-average exercise price of the 272,728 and 1,757,938 outstanding options to purchase shares of our common stock under the 2013 LTIP and the 2019 LTIP, respectively.

⁽⁴⁾ The number of shares available for future issuance is increased by the number of shares to which each participant would otherwise be entitled that are withheld or surrendered to satisfy the exercise price or to satisfy tax withholding obligations relating to any plan awards, and is also increased by the number of shares subject to awards that expire or are forfeited, canceled or otherwise terminated without the issuance of shares. No new awards may be granted under the 2013 LTIP.

We provide additional discussion of share-based compensation in Note 13 of the Notes to Consolidated Financial Statements.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by Item 403 of SEC Regulation S-K, as required by this item, is incorporated by reference from “Share Ownership” in the proxy statement to be filed for the May 2025 annual meeting of shareholders for Semptra and from the information statement to be filed for the June 2025 annual meeting of shareholders for SoCalGas. In all cases, only the specific information that is expressly required by this item is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference from “Corporate Governance” in the proxy statement to be filed for the May 2025 annual meeting of shareholders for Semptra and from the information statement to be filed for the June 2025 annual meeting of shareholders for SoCalGas. In all cases, only the specific information that is expressly required by this item is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding principal accountant fees and services is presented below for Sempra, SDG&E and SoCalGas. The following table shows the fees paid to Deloitte & Touche LLP, the independent registered public accounting firm for Sempra, SDG&E and SoCalGas, for services provided for 2024 and 2023.

PRINCIPAL ACCOUNTANT FEES

(Dollars in thousands)

	Sempra		SDG&E		SoCalGas	
	Fees	Percent of total	Fees	Percent of total	Fees	Percent of total
2024:						
Audit fees:						
Consolidated financial statements, internal controls audits and subsidiary audits	\$ 11,708		\$ 3,092		\$ 4,118	
Regulatory filings and related services	798		75		150	
Total audit fees	12,506	81 %	3,167	85 %	4,268	92 %
Audit-related fees:						
Employee benefit plan audits	565		181		315	
Other audit-related services ⁽¹⁾	2,101		190		20	
Total audit-related fees	2,666	17	371	10	335	7
Tax fees ⁽²⁾	299	2	178	5	47	1
All other fees ⁽³⁾	40	—	—	—	—	—
Total fees	\$ 15,511	100 %	\$ 3,716	100 %	\$ 4,650	100 %
2023:						
Audit fees:						
Consolidated financial statements, internal controls audits and subsidiary audits	\$ 11,808		\$ 2,976		\$ 3,970	
Regulatory filings and related services	513		170		85	
Total audit fees	12,321	81 %	3,146	87 %	4,055	90 %
Audit-related fees:						
Employee benefit plan audits	545		175		304	
Other audit-related services ⁽¹⁾	1,643		175		115	
Total audit-related fees	2,188	14	350	9	419	9
Tax fees ⁽²⁾	668	5	135	4	46	1
All other fees ⁽³⁾	59	—	—	—	—	—
Total fees	\$ 15,236	100 %	\$ 3,631	100 %	\$ 4,520	100 %

⁽¹⁾ Other audit-related services primarily relate to statutory audits and agreed upon procedures.

⁽²⁾ Tax fees relate to tax consulting and compliance services.

⁽³⁾ All other fees relate to training and conferences.

The Audit Committee of Sempra's board of directors is directly responsible for the appointment, compensation, retention and oversight, including the oversight of the audit fee negotiations, of the independent registered public accounting firm for Sempra and its subsidiaries, including SDG&E and SoCalGas. As a matter of good corporate governance, each of the Sempra, SDG&E and SoCalGas boards of directors reviewed the performance of Deloitte & Touche LLP and appointed them as the independent registered public accounting firm for each of Sempra, SDG&E and SoCalGas, respectively. Sempra's board of directors has determined that each member of its Audit Committee is an independent director and is financially literate, and that Mr. Jack T. Taylor, who chairs the committee, and Ms. Jennifer M. Kirk, who is a member of the committee, are audit committee financial experts as defined by the rules of the SEC.

Except where pre-approval is not required by SEC rules, Sempra's Audit Committee pre-approves all audit, audit-related and permissible non-audit services provided by Deloitte & Touche LLP for Sempra and its subsidiaries, including all services provided by Deloitte & Touche LLP for Sempra, SDG&E and SoCalGas in 2024 and 2023. The committee's pre-approval policies and procedures provide for the general pre-approval of specific types of services and give detailed guidance to management as to the services that are eligible for general pre-approval, and they require specific pre-approval of all other permitted services. For both types of pre-approval, the committee considers whether the services to be provided are consistent with maintaining the firm's independence. The committee's policies and procedures also delegate authority to the Chair of the

committee to address any requests for pre-approval of services between committee meetings, with any pre-approval decisions to be reported to the committee at its next scheduled meeting.

PART IV.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

FINANCIAL STATEMENTS

Our consolidated financial statements are listed on the Index to Consolidated Financial Statements set forth on page [F-1](#) of this annual report on Form 10-K.

FINANCIAL STATEMENT SCHEDULES

Schedule I is listed on the Index to Condensed Financial Information of Parent as set forth on page [S-1](#) of this annual report on Form 10-K.

Any other schedule for which provision is made in SEC Regulation S-X is not required under the instructions contained therein, is inapplicable or the information is included in the Consolidated Financial Statements and Notes thereto in this annual report on Form 10-K.

EXHIBITS**EXHIBIT INDEX**

The exhibits listed below relate to each Registrant as indicated. Unless otherwise indicated, the exhibits that are incorporated by reference herein were filed under File Number 1-14201 (Sempra), File Number 1-40 (Pacific Lighting Corporation), File Number 1-03779 (San Diego Gas & Electric Company) and/or File Number 1-01402 (Southern California Gas Company). All exhibits to which Sempra is a party have been named in this Exhibit Index with Sempra's current legal name (Sempra) rather than its former legal name (Sempra Energy) regardless of the date of the exhibit.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form or Registration Statement No.	Exhibit or Appendix	Filing Date

EXHIBIT 3 -- ARTICLES OF INCORPORATION AND BYLAWS*Sempra*

3.1	Amended and Restated Articles of Incorporation of Sempra effective May 23, 2008.		10-K	3.1	02/27/20
3.2	Certificate of Determination of Preferences of 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Stock, Series C, of Sempra (including the form of certificate representing the 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C), filed with the Secretary of State of California and effective June 11, 2020.		8-K	3.1	06/15/20
3.3	Certificate of Amendment of Amended and Restated Articles of Incorporation of Sempra dated May 12, 2023.		8-K	3.1	05/16/23
3.4	Bylaws of Sempra (as amended through May 12, 2023).		8-K	3.2	05/16/23

San Diego Gas & Electric Company

3.5	Amended and Restated Articles of Incorporation of San Diego Gas & Electric Company effective August 15, 2014.		10-K	3.4	02/26/15
3.6	Bylaws of San Diego Gas & Electric (as amended through October 26, 2016).		10-Q	3.1	11/02/16

Southern California Gas Company

3.7	Restated Articles of Incorporation of Southern California Gas Company effective October 7, 1996.		10-K	3.01	03/28/97
3.8	Bylaws of Southern California Gas Company (as amended through January 30, 2017).		8-K	3.1	01/31/17

EXHIBIT 4 -- INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

Certain instruments defining the rights of holders of long-term debt instruments are not required to be filed or incorporated by reference herein pursuant to Item 601(b)(4)(iii)(A) of SEC Regulation S-K. Each Registrant agrees to furnish a copy of such instruments to the SEC upon request.

Sempra

4.1	Description of rights of Sempra Common Stock (Amended and Restated Articles of Incorporation of Sempra effective May 23, 2008, as amended by the Certificate of Amendment of Amended and Restated Articles of Incorporation of Sempra dated May 12, 2023) (included as Exhibits 3.1 and 3.3 above).		10-K	3.1	02/27/20
4.2	Description of Securities.	X			
4.3	Certificate of Determination of Preferences of 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Stock, Series C, of Sempra (including the form of certificate representing the 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C), filed with the Secretary of State of California and effective June 11, 2020 (included as Exhibit 3.2 above).		8-K	3.1	06/15/20
4.4	Indenture dated as of February 23, 2000, between Sempra and U.S. Bank Trust National Association, as Trustee.		S-3ASR 333-153425	4.1	09/11/08

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form or Registration Statement No.	Exhibit or Appendix	Filing Date
4.5	Officers' Certificate of Sempra, including the form of its 6.00% Note due 2039.		8-K	4.1	10/08/09
4.6	Officers' Certificate of Sempra, including the form of its 3.250% Note due 2027.		8-K	4.1	06/09/17
4.7	Officers' Certificate of Sempra, including the forms of its 3.400% Note due 2028, its 3.800% Note due 2038, and its 4.000% Note due 2048.		8-K	4.1	01/12/18
4.8	Officers' Certificate of Sempra, including the form of its 3.300% Note due 2025 and the form of its 3.700% Note due 2029.		8-K	4.1	03/24/22
4.9	Officers' Certificate of Sempra, including the form of its 5.400% Note due 2026 and the form of its 5.500% Note due 2033.		8-K	4.1	06/23/23
4.10	Subordinated Indenture, dated as of June 26, 2019, between Sempra and U.S. Bank National Association, as trustee.		8-K	4.2	06/26/19
4.11	Officers' Certificate of Sempra, including the form of its 5.750% Junior Subordinated Note due 2079.		8-K	4.1	06/26/19
4.12	Officers' Certificate of Sempra, including the form of its 4.125% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2052.		8-K	4.1	11/19/21
4.13	Officers' Certificate of Sempra, including the form of 6.875% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2054.		8-K	4.1	03/14/24
4.14	Officers' Certificate of Sempra, dated as of May 31, 2024, including the form of 6.875% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2054.		8-K	4.1	05/31/24
4.15	Officers' Certificate of Sempra, dated as of September 9, 2024, including the form of 6.400% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2054.		8-K	4.1	09/09/24
4.16	Officers' Certificate of Sempra, dated as of November 21, 2024, including the form of 6.625% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2055 and the form of 6.550% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2055.		8-K	4.1	11/21/24
<i>Southern California Gas Company</i>					
4.17	Description of preferences of Preferred Stock, Preference Stock and Series Preferred Stock (Southern California Gas Company Restated Articles of Incorporation) (included as Exhibit 3.7 above).		10-K	3.01	03/28/97
4.18	Description of Securities.		10-K	4.9	02/27/20
<i>Sempra / San Diego Gas & Electric Company</i>					
4.19	Mortgage and Deed of Trust dated July 1, 1940.		2-4769	B-3	(1)
4.20	Second Supplemental Indenture dated as of March 1, 1948.		2-7418	B-5B	(1)
4.21	Ninth Supplemental Indenture dated as of August 1, 1968.		333-52150	4.5	(1)
4.22	Tenth Supplemental Indenture dated as of December 1, 1968.		2-36042	2-K	(1)
4.23	Sixteenth Supplemental Indenture dated August 28, 1975.		33-34017	4.2	(1)
4.24	Fiftieth Supplemental Indenture, dated as of May 19, 2005.		8-K	4.1	05/19/05
4.25	Fifty-Second Supplemental Indenture, dated as of June 8, 2006.		8-K	4.1	06/08/06
4.26	Fifty-Fourth Supplemental Indenture, dated as of September 20, 2007.		8-K	4.1	09/20/07
4.27	Fifty-Fifth Supplemental Indenture, dated as of May 14, 2009.		8-K	4.1	05/15/09

⁽¹⁾ Exhibit is not available on the SEC's website as it was filed in paper and predates the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) database.

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form or Registration Statement No.	Exhibit or Appendix	Filing Date
4.28	Fifty-Sixth Supplemental Indenture, dated as of May 13, 2010.		8-K	4.1	05/13/10
4.29	Fifty-Seventh Supplemental Indenture, dated as of August 26, 2010.		8-K	4.1	08/26/10
4.30	Sixtieth Supplemental Indenture, dated as of November 17, 2011.		8-K	4.1	11/17/11
4.31	Sixty-First Supplemental Indenture, dated as of March 22, 2012.		8-K	4.1	03/23/12
4.32	Sixty-Fifth Supplemental Indenture, dated as of May 19, 2016.		8-K	4.1	05/19/16
4.33	Sixty-Sixth Supplemental Indenture, dated as of June 8, 2017.		8-K	4.1	06/08/17
4.34	Sixty-Seventh Supplemental Indenture, dated as of May 17, 2018.		8-K	4.1	05/17/18
4.35	Sixty-Eighth Supplemental Indenture, dated as of May 31, 2019.		8-K	4.1	05/31/19
4.36	Sixty-Ninth Supplemental Indenture, dated as of April 7, 2020.		8-K	4.1	04/07/20
4.37	Seventieth Supplemental Indenture, dated as of September 28, 2020.		8-K	4.1	09/28/20
4.38	Seventy-First Supplemental Indenture, dated as of August 13, 2021.		8-K	4.1	08/13/21
4.39	Seventy-Second Supplemental Indenture, dated as of March 11, 2022.		8-K	4.1	03/11/22
4.40	Seventy-Third Supplemental Indenture, dated as of March 11, 2022.		8-K	4.2	03/11/22
4.41	Seventy-Fourth Supplemental Indenture, dated as of March 10, 2023.		8-K	4.1	03/10/23
4.42	Seventy-Fifth Supplemental Indenture, dated as of August 11, 2023.		8-K	4.1	08/11/23
4.43	Seventy-Sixth Supplemental Indenture, dated as of March 22, 2024.		8-K	4.1	03/22/24
<i>Sempra / Southern California Gas Company</i>					
4.44	First Mortgage Indenture of Southern California Gas Company to American Trust Company dated October 1, 1940.		2-4504	B-4	(1)
4.45	Supplemental Indenture of Southern California Gas Company to American Trust Company dated as of July 1, 1947.		10-K	4.40	02/28/23
4.46	Supplemental Indenture of Southern California Gas Company to American Trust Company dated as of August 1, 1955.		2-11997	4.07	(1)
4.47	Supplemental Indenture of Southern California Gas Company to American Trust Company dated as of December 1, 1956.		10-K	4.09	02/23/07
4.48	Supplemental Indenture of Southern California Gas Company to Wells Fargo Bank dated as of June 1, 1965.		10-K	4.10	02/23/07
4.49	Supplemental Indenture of Southern California Gas Company to Wells Fargo Bank, National Association dated as of August 1, 1972.		2-59832	2.19	(1)
4.50	Supplemental Indenture of Southern California Gas Company to Wells Fargo Bank, National Association dated as of May 1, 1976.		2-56034	2.20	(1)
4.51	Supplemental Indenture of Southern California Gas Company to Wells Fargo Bank, National Association dated as of September 15, 1981.		333-70654	4.24	(1)
4.52	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of November 18, 2005.		8-K	4.1	11/18/05

⁽¹⁾ Exhibit is not available on the SEC's website as it was filed in paper and predates EDGAR.

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form or Registration Statement No.	Exhibit or Appendix	Filing Date
4.53	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of November 18, 2010.		8-K	4.1	11/18/10
4.54	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of September 21, 2012.		8-K	4.1	09/21/12
4.55	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of March 13, 2014.		8-K	4.1	03/13/14
4.56	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of June 18, 2015.		8-K	4.2	06/18/15
4.57	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of June 3, 2016.		8-K	4.1	06/03/16
4.58	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of May 15, 2018.		8-K	4.1	05/15/18
4.59	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of September 24, 2018.		8-K	4.1	09/24/18
4.60	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of June 4, 2019.		8-K	4.1	06/04/19
4.61	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of January 9, 2020.		8-K	4.1	01/09/20
4.62	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of March 29, 2022.		10-Q	4.5	05/05/22
4.63	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of November 14, 2022.		8-K	4.1	11/14/22
4.64	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of May 23, 2023.		8-K	4.1	05/23/23
4.65	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of May 23, 2023.		8-K	4.2	05/23/23
4.66	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of March 18, 2024.		8-K	4.1	03/18/24
4.67	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of August 14, 2024.		8-K	4.1	08/14/24
4.68	Indenture, dated as of May 1, 1989, between Southern California Gas Company and Citibank, N.A., as trustee.		333-28260	4.1.1	(1)
4.69	First Supplemental Indenture, dated as of October 1, 1992, between Southern California Gas Company and Citibank, N.A., as trustee.		8-K	4.1.2	(1)
4.70	Form of 5.670% Medium Term Note due 2028.		8-K	4.2.1	(1)
4.71	Senior Indenture, dated as of September 21, 2020, between Southern California Gas Company and U.S. Bank National Association, as trustee.		8-K	4.1	09/21/20
4.72	Officers' Certificate of Southern California Gas Company, including the form of its 2.950% Note due 2027.		8-K	4.1	03/14/22

⁽¹⁾ Exhibit is not available on the SEC's website as it was filed in paper and predates EDGAR.

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form or Registration Statement No.	Exhibit or Appendix	Filing Date
EXHIBIT 10 -- MATERIAL CONTRACTS					
Sempra					
10.1	ATM Equity Offering Sales Agreement, dated November 6, 2024, among Sempra and Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, Scotia Capital (USA) Inc., and Wells Fargo Securities, LLC, as sales agents and forward sellers, and Barclays Bank PLC, Bank of America, N.A., Citibank, N.A., Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, Mizuho Markets Americas LLC, Morgan Stanley & Co. LLC, MUFG Securities EMEA plc, Royal Bank of Canada, The Bank of Nova Scotia and Wells Fargo Bank, National Association, as forward purchasers.		10-Q	10.1	11/06/24
Sempra / San Diego Gas & Electric Company / Southern California Gas Company					
10.2	Form of Continental Forge and California Class Action Price Reporting Settlement Agreement dated as of January 4, 2006.		8-K	99.1	01/05/06
Sempra / San Diego Gas & Electric Company					
10.3	Amended and Restated Operating Order between San Diego Gas & Electric Company and the California Department of Water Resources effective March 10, 2011.		10-Q	10.4	05/09/11
10.4	Amended and Restated Servicing Order between San Diego Gas & Electric Company and the California Department of Water Resources effective March 10, 2011.		10-Q	10.5	05/09/11
Sempra / Southern California Gas Company					
10.5	Master Agreement to Resolve JCCP No. 4861 Private Party Claims, dated as of September 26, 2021, by and among Sempra, Southern California Gas Company, and the plaintiffs' law firms listed on the signature pages thereto.		8-K	10.1	09/27/21
10.6	First Amendment to Master Agreement to Resolve JCCP No. 4861 Private Party Claims, dated as of July 15, 2022, by and among Sempra, Southern California Gas Company, and the plaintiffs' law firms listed on the signature pages thereto.		10-Q	10.1	08/04/22
Management Contract or Compensatory Plan, Contract or Arrangement					
Sempra / San Diego Gas & Electric Company / Southern California Gas Company					
10.7	Form of Sempra 2019 Long-Term Incentive Plan 2024 and 2025 Nonqualified Stock Option Award Agreement.		10-K	10.8	02/27/24
10.8	Form of Sempra 2019 Long-Term Incentive Plan 2024 and 2025 Performance-Based Restricted Stock Unit Award - EPS Growth Performance Measure.		10-K	10.9	02/27/24
10.9	Form of Sempra 2019 Long-Term Incentive Plan 2024 and 2025 Performance-Based Restricted Stock Unit Award - Relative Total Shareholder Return Performance Measure-S&P 500 Index.		10-K	10.10	02/27/24
10.10	Form of Sempra 2019 Long-Term Incentive Plan 2024 and 2025 Performance-Based Restricted Stock Unit Award - Relative Total Shareholder Return Performance Measure-S&P 500 Utilities Index.		10-K	10.11	02/27/24
10.11	Form of Sempra 2019 Long-Term Incentive Plan 2024 and 2025 Time-Based Restricted Stock Unit Award - Two Year Award Vest.	X			
10.12	Form of Sempra 2019 Long-Term Incentive Plan 2024 and 2025 Time-Based Restricted Stock Unit Award - Three Year Ratable Vest.		10-K	10.12	02/27/24
10.13	Form of Sempra 2019 Long-Term Incentive Plan 2024 Time-Based Restricted Stock Unit Award - Four Year Award Vest.		10-Q	10.2	11/06/24

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form or Registration Statement No.	Exhibit or Appendix	Filing Date
10.14	Form of Sempra 2019 Long-Term Incentive Plan 2021, 2022 and 2023 Nonqualified Stock Option Award Agreement.		10-K	10.6	02/25/21
10.15	Form of Sempra 2019 Long-Term Incentive Plan 2023 Performance-Based Restricted Stock Unit Award - EPS Growth Performance Measure.		10-K	10.7	02/25/21
10.16	Form of Sempra 2019 Long-Term Incentive Plan 2023 Performance-Based Restricted Stock Unit Award - Relative Total Shareholder Return Performance Measure-S&P 500 Index.		10-K	10.8	02/25/21
10.17	Form of Sempra 2019 Long-Term Incentive Plan 2023 Performance-Based Restricted Stock Unit Award - Relative Total Shareholder Return Performance Measure-S&P 500 Utilities Index.		10-K	10.9	02/25/21
10.18	Form of Sempra 2019 Long-Term Incentive Plan 2023 Time-Based Restricted Stock Unit Award – Three Year Ratable Vest.		10-K	10.6	02/27/20
10.19	Form of Sempra 2019 Long-Term Incentive Plan 2022 and 2023 Time-Based Restricted Stock Unit Award - Four Year Award Vest.		10-Q	10.1	11/05/20
10.20	Form of Sempra 2019 Long-Term Incentive Plan 2020 Nonqualified Stock Option Award Agreement.		10-K	10.5	02/27/20
10.21	Amended and Restated Sempra 2019 Long-Term Incentive Plan.		10-Q	10.1	11/03/23
10.22	Form of Sempra 2013 Long-Term Incentive Plan 2019 Nonqualified Stock Option Award Agreement.		10-Q	10.1	05/07/19
10.23	Form of Indemnification Agreement with Directors and Executive Officers (executed before January 2011).		10-Q	10.2	08/07/08
10.24	Form of Indemnification Agreement with Directors and Executive Officers (executed after January 2011).		10-Q	10.1	05/04/16
10.25	Form of Sempra Shared Services Executive Incentive Compensation Plan.		10-K	10.19	02/27/14
10.26	Amendment Number 1 to the Amended and Restated Sempra 2013 Long-Term Incentive Plan.		10-K	10.26	02/25/21
10.27	Amended and Restated Sempra 2013 Long-Term Incentive Plan.		10-K	10.5	02/26/16
10.28	Amended and Restated Sempra Employee and Director Savings Plan, formerly known as the Sempra 2005 Deferred Compensation Plan.		10-Q	10.2	11/03/23
10.29	Amended and Restated Sempra Deferred Compensation and Excess Savings Plan.		10-K	10.28	02/28/17
10.30	2009 Amendment and Restatement of the Sempra Supplemental Executive Retirement Plan effective July 1, 2009.		10-K	10.28	02/26/16
10.31	First Amendment to the 2009 Amendment and Restatement of the Sempra Supplemental Executive Retirement Plan effective February 11, 2010.		10-K	10.29	02/26/16
10.32	Second Amendment to the 2009 Amendment and Restatement of the Sempra Supplemental Executive Retirement Plan effective January 1, 2014.		10-K	10.43	02/26/15
10.33	2015 Amendment and Restatement of the Sempra Cash Balance Restoration Plan effective November 10, 2015.		10-K	10.31	02/26/16
10.34	Sempra Amended and Restated Executive Life Insurance Plan.		10-K	10.22	02/26/13
10.35	Sempra Executive Personal Financial Planning Program Policy Document.		10-K	10.35	02/27/20

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form or Registration Statement No.	Exhibit or Appendix	Filing Date
<i>Sempra</i>					
10.36	Form of Sempra 2019 Long-Term Incentive Plan Non-Employee Directors' Annual Restricted Stock Unit Award.		10-K	10.34	02/27/24
10.37	Form of Sempra 2019 Long-Term Incentive Plan Non-Employee Directors' Initial Restricted Stock Unit Award.		10-K	10.35	02/27/24
10.38	Sempra Amended and Restated Retirement Plan for Directors.		10-Q	10.7	08/07/08
10.39	Sempra Annual Incentive Plan.		10-Q	10.7	05/07/18
10.40	Severance Pay Agreement between Sempra and Justin C. Bird, signed January 24, 2024 and effective January 1, 2024.		10-K	10.38	02/27/24
10.41	Severance Pay Agreement between Sempra and Diana L. Day, signed March 8, 2023 and effective March 1, 2023.		10-K	10.39	02/27/24
10.42	Severance Pay Agreement between Sempra and Lisa M. Larroque Alexander, signed March 8, 2023 and effective March 1, 2023.	X			
10.43	Amended and Restated Severance Pay Agreement between Sempra and Jeffrey W. Martin, signed January 4, 2023 and effective January 1, 2023.		10-K	10.38	02/28/23
10.44	Amendment to Severance Pay Agreement, dated February 20, 2025, between Sempra and Jeffrey W. Martin.		8-K	10.1	02/20/25
10.45	Amended and Restated Severance Pay Agreement between Sempra and Karen L. Sedgwick, signed January 25, 2024 and effective January 1, 2024.		10-K	10.42	02/27/24
10.46	Amended and Restated Severance Pay Agreement between Sempra and Peter R. Wall, signed January 3, 2023 and effective January 1, 2023.		10-K	10.41	02/28/23
10.47*	Letter Agreement from Sempra Infrastructure to Justin C. Bird dated April 18, 2023.	X			
10.48*	Aircraft Time Sharing Agreement, effective March 11, 2024, between Sempra and Jeffrey W. Martin.		10-Q	10.11	05/07/24
10.49	Sempra Cash Severance Payments Policy.		10-Q	10.12	05/07/24
<i>Sempra / San Diego Gas & Electric Company</i>					
10.50	Form of San Diego Gas & Electric Company Executive Incentive Compensation Plan.		10-K	10.64	02/27/14
10.51	Amended and Restated Severance Pay Agreement between Sempra and Valerie A. Bille, signed March 8, 2023 and effective March 1, 2023.		10-Q	10.7	05/04/23
10.52	Severance Pay Agreement between Sempra and Scott Crider, signed March 8, 2023 and effective March 1, 2023.	X			
10.53	Amended and Restated Severance Pay Agreement between Sempra and Bruce A. Folkmann, signed March 8, 2023 and effective March 1, 2023.		10-Q	10.8	05/04/23
10.54	Amended and Restated Severance Pay Agreement between Sempra and Kevin C. Geraghty, signed March 6, 2023 and effective March 1, 2023.		10-Q	10.9	05/04/23

* Portions of the exhibit have been omitted in accordance with applicable SEC rules.

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form or Registration Statement No.	Exhibit or Appendix	Filing Date
10.55	Amended and Restated Severance Pay Agreement between Sempra and Erbin Keith, signed March 10, 2023 and effective as of March 1, 2023.		10-Q	10.10	05/04/23
10.56	Amended and Restated Severance Pay Agreement between Sempra and Caroline A. Winn, signed March 8, 2023 and effective March 1, 2023.		10-Q	10.11	05/04/23
<i>Sempra / Southern California Gas Company</i>					
10.57	Form of Southern California Gas Company Executive Incentive Compensation Plan.		10-K	10.71	02/27/14
10.58	Amended and Restated Severance Pay Agreement between Sempra and David J. Barrett, signed March 9, 2023 and effective March 1, 2023.		10-Q	10.12	05/04/23
10.59	Amended and Restated Severance Pay Agreement between Sempra and Maryam S. Brown, signed January 22, 2025 and effective January 1, 2025.	X			
10.60	Amended and Restated Severance Pay Agreement between Sempra and Jimmie I. Cho, signed March 8, 2023 and effective March 1, 2023.		10-Q	10.14	05/04/23
10.61	Amended and Restated Severance Pay Agreement between Sempra and Mia L. DeMontigny, signed March 8, 2023 and effective March 1, 2023.		10-Q	10.15	05/04/23
10.62	Severance Pay Agreement between Sempra and Sara P. Mijares, signed March 8, 2023 and effective March 1, 2023.		10-Q	10.1	08/06/24

EXHIBIT 14 -- CODE OF ETHICS
Sempra / San Diego Gas & Electric Company / Southern California Gas Company

14.1	Sempra Code of Business Conduct and Ethics for Directors and Principal and Executive Officers (also applies to Principal Officers of San Diego Gas & Electric Company and Southern California Gas Company).		10-K	14.1	02/25/22

EXHIBIT 19 -- INSIDER TRADING POLICIES AND PROCEDURES
Sempra / San Diego Gas & Electric Company / Southern California Gas Company

19.1	Insider Trading and Information Confidentiality Policy.	X			

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith
EXHIBIT 21 -- SUBSIDIARIES		
<i>Sempra</i>		
21.1	Sempra Schedule of Certain Subsidiaries at December 31, 2024.	X
EXHIBIT 23 -- CONSENTS OF EXPERTS AND COUNSEL		
<i>Sempra</i>		
23.1	Sempra Consent of Independent Registered Public Accounting Firm.	X
23.2	Oncor Electric Delivery Holdings Company LLC Consent of Independent Auditors.	X
<i>San Diego Gas & Electric Company</i>		
23.3	San Diego Gas & Electric Company Consent of Independent Registered Public Accounting Firm.	X
<i>Southern California Gas Company</i>		
23.4	Southern California Gas Company Consent of Independent Registered Public Accounting Firm.	X
EXHIBIT 24 -- POWERS OF ATTORNEY		
<i>Sempra</i>		
24.1	Power of attorney of Sempra signatories (incorporated by reference to the signature page hereto).	X
<i>San Diego Gas & Electric Company</i>		
24.2	Power of attorney of San Diego Gas & Electric Company signatories (incorporated by reference to the signature page hereto).	X
<i>Southern California Gas Company</i>		
24.3	Power of attorney of Southern California Gas Company signatories (incorporated by reference to the signature page hereto).	X
EXHIBIT 31 -- SECTION 302 CERTIFICATIONS		
<i>Sempra</i>		
31.1	Certification of Sempra's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
31.2	Certification of Sempra's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
<i>San Diego Gas & Electric Company</i>		
31.3	Certification of San Diego Gas & Electric Company's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
31.4	Certification of San Diego Gas & Electric Company's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
<i>Southern California Gas Company</i>		
31.5	Certification of Southern California Gas Company's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X
31.6	Certification of Southern California Gas Company's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.	X

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Incorporated by Reference		
			Form or Registration Statement No.	Exhibit or Appendix	Filing Date
EXHIBIT 32 -- SECTION 906 CERTIFICATIONS					
<i>Sempra</i>					
32.1	Certification of Sempra's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350.	X			
32.2	Certification of Sempra's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350.	X			
<i>San Diego Gas & Electric Company</i>					
32.3	Certification of San Diego Gas & Electric Company's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350.	X			
32.4	Certification of San Diego Gas & Electric Company's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350.	X			
<i>Southern California Gas Company</i>					
32.5	Certification of Southern California Gas Company's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350.	X			
32.6	Certification of Southern California Gas Company's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350.	X			
EXHIBIT 97 -- POLICY RELATING TO RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION					
<i>Sempra / San Diego Gas & Electric Company / Southern California Gas Company</i>					
97.1	Compensation Recovery Policy.		10-K	97.1	2/27/24
EXHIBIT 99 -- ADDITIONAL EXHIBITS					
<i>Sempra</i>					
99.1	Audited consolidated financial statements of Oncor Electric Delivery Holdings Company LLC and subsidiaries as of December 31, 2024 and 2023 for each of the three years ended in the period ended December 31, 2024, and the related Independent Auditors' Report.	X			
EXHIBIT 101 -- INTERACTIVE DATA FILE					
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.	X			
101.SCH	XBRL Taxonomy Extension Schema Document.	X			
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	X			
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	X			
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	X			
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	X			
EXHIBIT 104 -- COVER PAGE					
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).				

ITEM 16. FORM 10-K SUMMARY

Not applicable.

Semptra:

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEMPRA,
(Registrant)
By: /s/ J. Walker Martin
J. Walker Martin
Chairman, Chief Executive Officer and President
Date: February 25, 2025

POWER OF ATTORNEY

Each of the undersigned officers and directors of the registrant hereby severally constitutes and appoints each individual who, at the time of acting under this power of attorney, is the Principal Executive Officer (however designated), the Principal Financial Officer (however designated) or the Principal Accounting Officer (however designated) of Semptra, and each of them singly (with full power to each of them to act alone), as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him or her and in his or her name, place and stead, and in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney shall be governed by and construed in accordance with the laws of the State of California and applicable federal securities laws.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Name/Title	Signature	Date
Principal Executive Officer: J. Walker Martin Chief Executive Officer and President	<u>/s/ J. Walker Martin</u>	February 25, 2025
Principal Financial Officer: Karen L. Sedgwick Executive Vice President and Chief Financial Officer	<u>/s/ Karen L. Sedgwick</u>	February 25, 2025
Principal Accounting Officer: Peter R. Wall Senior Vice President, Controller and Chief Accounting Officer	<u>/s/ Peter R. Wall</u>	February 25, 2025

Directors:	Signature	Date
J. Walker Martin, Chairman	<u>/s/ J. Walker Martin</u>	February 25, 2025
Andrés Conesa, Director	<u>/s/ Andrés Conesa</u>	February 25, 2025
Pablo A. Ferrero, Director	<u>/s/ Pablo A. Ferrero</u>	February 25, 2025
Jennifer M. Kirk, Director	<u>/s/ Jennifer M. Kirk</u>	February 25, 2025
Richard J. Mark, Director	<u>/s/ Richard J. Mark</u>	February 25, 2025
Michael N. Mears, Director	<u>/s/ Michael N. Mears</u>	February 25, 2025
Jack T. Taylor, Director	<u>/s/ Jack T. Taylor</u>	February 25, 2025
Cynthia J. Warner, Director	<u>/s/ Cynthia J. Warner</u>	February 25, 2025
James C. Yardley, Director	<u>/s/ James C. Yardley</u>	February 25, 2025

San Diego Gas & Electric Company:

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SAN DIEGO GAS & ELECTRIC COMPANY,
(Registrant)
By: /s/ Caroline A. Winn
Caroline A. Winn
Chief Executive Officer
Date: February 25, 2025

POWER OF ATTORNEY

Each of the undersigned officers and directors of the registrant hereby severally constitutes and appoints each individual who, at the time of acting under this power of attorney, is the Principal Executive Officer (however designated), the Principal Financial Officer (however designated) or the Principal Accounting Officer (however designated) of San Diego Gas & Electric Company, and each of them singly (with full power to each of them to act alone), as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him or her and in his or her name, place and stead, and in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney shall be governed by and construed in accordance with the laws of the State of California and applicable federal securities laws.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Name/Title	Signature	Date
Principal Executive Officer: Caroline A. Winn Chief Executive Officer	<u>/s/ Caroline A. Winn</u>	February 25, 2025
Principal Financial Officer: Bruce A. Folkmann Chief Financial Officer	<u>/s/ Bruce A. Folkmann</u>	February 25, 2025
Principal Accounting Officer: Valerie A. Bille Vice President, Controller and Chief Accounting Officer	<u>/s/ Valerie A. Bille</u>	February 25, 2025

Directors:	Signature	Date
Karen L. Sedgwick, Non-Executive Chairman	<u>/s/ Karen L. Sedgwick</u>	February 25, 2025
Robert J. Borthwick, Director	<u>/s/ Robert J. Borthwick</u>	February 25, 2025
Diana L. Day, Director	<u>/s/ Diana L. Day</u>	February 25, 2025
Glen A. Donovan, Director	<u>/s/ Glen A. Donovan</u>	February 25, 2025
Caroline A. Winn, Director	<u>/s/ Caroline A. Winn</u>	February 25, 2025

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT:

No annual report to security holders covering the registrant’s last fiscal year and no proxy statement, form of proxy or other proxy soliciting material with respect to any annual or other meeting of security holders has been sent to security holders during the period covered by this annual report on Form 10-K, and no such materials are to be furnished to security holders subsequent to the filing of this annual report on Form 10-K.

Southern California Gas Company:

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SOUTHERN CALIFORNIA GAS COMPANY,
(Registrant)
By: /s/ Maryam S. Brown
Maryam S. Brown
Chief Executive Officer and President
Date: February 25, 2025

POWER OF ATTORNEY

Each of the undersigned officers and directors of the registrant hereby severally constitutes and appoints each individual who, at the time of acting under this power of attorney, is the Principal Executive Officer (however designated), the Principal Financial Officer (however designated) or the Principal Accounting Officer (however designated) of Southern California Gas Company, and each of them singly (with full power to each of them to act alone), as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution in each of them, for him or her and in his or her name, place and stead, and in any and all capacities, to sign any and all amendments to this report, and to file the same, with all exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney shall be governed by and construed in accordance with the laws of the State of California and applicable federal securities laws.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Name/Title	Signature	Date
Principal Executive Officer: Maryam S. Brown Chief Executive Officer and President	<u>/s/ Maryam S. Brown</u>	February 25, 2025
Principal Financial Officer: Mia L. DeMontigny Senior Vice President and Chief Financial Officer	<u>/s/ Mia L. DeMontigny</u>	February 25, 2025
Principal Accounting Officer: Sara P. Mijares Vice President, Controller and Chief Accounting Officer	<u>/s/ Sara P. Mijares</u>	February 25, 2025
Directors: Karen L. Sedgwick, Non-Executive Chairman	<u>/s/ Karen L. Sedgwick</u>	February 25, 2025
Maryam S. Brown, Director	<u>/s/ Maryam S. Brown</u>	February 25, 2025
Diana L. Day, Director	<u>/s/ Diana L. Day</u>	February 25, 2025
Lisa M. Larroque Alexander, Director	<u>/s/ Lisa M. Larroque Alexander</u>	February 25, 2025
Peter R. Wall, Director	<u>/s/ Peter R. Wall</u>	February 25, 2025

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Sempra:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Sempra and subsidiaries (“Sempra”) as of December 31, 2024 and 2023, the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for each of the three years in the period ended December 31, 2024, the related notes, and the schedule listed in Item 15 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of Sempra as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), Sempra’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 25, 2025, expressed an unqualified opinion on Sempra’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of Sempra’s management. Our responsibility is to express an opinion on Sempra’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to Sempra in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Regulatory Accounting – Impact of Rate Regulation on the Financial Statements – Refer to Note 1 of the Notes to Financial Statements

Critical Audit Matter Description

Sempra is subject to rate regulation by regulators and commissions in various jurisdictions (collectively, the “Commissions”) that have jurisdiction with respect to the rates of electric and gas transmission and distribution companies in those jurisdictions. Management has determined it meets the requirements under U.S. GAAP to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures.

We identified the impact of rate regulation as a critical audit matter due to the high degree of subjectivity involved in assessing the impact of regulatory orders and future actions by the Commissions on the financial statements. Management’s judgments include assessing the likelihood of (1) the recovery in future rates of incurred costs and (2) potential refunds to customers. Auditing these judgments required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the application of specialized rules to account for the effects of cost-based rate regulation and the uncertainty of future decisions by the Commissions included the following, among others:

- We tested the effectiveness of management’s controls over the evaluation of the likelihood of (1) the recovery in future rates of costs deferred as regulatory assets, and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities. We tested the effectiveness of management’s controls over the initial recognition of amounts as regulatory assets or liabilities and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We read relevant regulatory orders issued by the Commissions for Sempra and other publicly available information to assess the likelihood of recovery in future rates, or of a future reduction in rates, based on precedents of the Commissions’ treatment of similar costs under similar circumstances.
- We evaluated the external information and compared it to management’s recorded regulatory asset and liability balances for completeness.
- We evaluated Sempra’s disclosures related to the impacts of rate regulation.

/s/ **DELOITTE & TOUCHE LLP**

San Diego, California
February 25, 2025

We have served as Sempra’s auditor since 1935.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholder and Board of Directors of San Diego Gas & Electric Company:

Opinion on the Financial Statements

We have audited the accompanying balance sheets of San Diego Gas & Electric Company (“SDG&E”) as of December 31, 2024 and 2023, the related statements of operations, comprehensive income (loss), changes in shareholder’s equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of SDG&E as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), SDG&E’s internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 25, 2025, expressed an unqualified opinion on SDG&E’s internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of SDG&E’s management. Our responsibility is to express an opinion on SDG&E’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to SDG&E in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Regulatory Accounting – Impact of Rate Regulation on the Financial Statements – Refer to Note 1 of the Notes to Financial Statements

Critical Audit Matter Description

SDG&E is subject to rate regulation by regulators and commissions in various jurisdictions (collectively, the “Commissions”) that have jurisdiction with respect to the rates of electric and gas transmission and distribution companies in those jurisdictions. Management has determined it meets the requirements under U.S. GAAP to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures.

We identified the impact of rate regulation as a critical audit matter due to the high degree of subjectivity involved in assessing the impact of regulatory orders and future actions by the Commissions on the financial statements. Management’s judgments include assessing the likelihood of (1) the recovery in future rates of incurred costs and (2) potential refunds to customers. Auditing these judgments required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the application of specialized rules to account for the effects of cost-based rate regulation and the uncertainty of future decisions by the Commissions included the following, among others:

- We tested the effectiveness of management’s controls over the evaluation of the likelihood of (1) the recovery in future rates of costs deferred as regulatory assets, and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities. We tested the effectiveness of management’s controls over the initial recognition of amounts as regulatory assets or liabilities and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We read relevant regulatory orders issued by the Commissions for SDG&E and other publicly available information to assess the likelihood of recovery in future rates, or of a future reduction in rates, based on precedents of the Commissions’ treatment of similar costs under similar circumstances.
- We evaluated the external information and compared it to management’s recorded regulatory asset and liability balances for completeness.
- We evaluated SDG&E’s disclosures related to the impacts of rate regulation.

/s/ DELOITTE & TOUCHE LLP

San Diego, California
February 25, 2025

We have served as SDG&E’s auditor since 1935.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of Southern California Gas Company:

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Southern California Gas Company (“SoCalGas”) as of December 31, 2024 and 2023, the related statements of operations, comprehensive income (loss), changes in shareholders’ equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of SoCalGas as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), SoCalGas’ internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 25, 2025, expressed an unqualified opinion on SoCalGas’ internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of SoCalGas’ management. Our responsibility is to express an opinion on SoCalGas’ financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to SoCalGas in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Regulatory Accounting – Impact of Rate Regulation on the Financial Statements – Refer to Note 1 of the Notes to Financial Statements

Critical Audit Matter Description

SoCalGas is subject to rate regulation by regulators and commissions in various jurisdictions (collectively, the “Commissions”) that have jurisdiction with respect to the rates of gas transmission and distribution companies in those jurisdictions. Management has determined it meets the requirements under U.S. GAAP to prepare its financial statements applying the specialized rules to account for the effects of cost-based rate regulation. Accounting for the economics of rate regulation impacts multiple financial statement line items and disclosures.

We identified the impact of rate regulation as a critical audit matter due to the high degree of subjectivity involved in assessing the impact of regulatory orders and future actions by the Commissions on the financial statements. Management’s judgments include assessing the likelihood of (1) the recovery in future rates of incurred costs and (2) potential refunds to customers. Auditing these judgments required specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the application of specialized rules to account for the effects of cost-based rate regulation and the uncertainty of future decisions by the Commissions included the following, among others:

- We tested the effectiveness of management’s controls over the evaluation of the likelihood of (1) the recovery in future rates of costs deferred as regulatory assets, and (2) a refund or a future reduction in rates that should be reported as regulatory liabilities. We tested the effectiveness of management’s controls over the initial recognition of amounts as regulatory assets or liabilities and the monitoring and evaluation of regulatory developments that may affect the likelihood of recovering costs in future rates or of a future reduction in rates.
- We read relevant regulatory orders issued by the Commissions for SoCalGas and other publicly available information to assess the likelihood of recovery in future rates, or of a future reduction in rates, based on precedents of the Commissions’ treatment of similar costs under similar circumstances.
- We evaluated the external information and compared it to management’s recorded regulatory asset and liability balances for completeness.
- We evaluated SoCalGas’ disclosures related to the impacts of rate regulation.

/s/ DELOITTE & TOUCHE LLP

San Diego, California
February 25, 2025

We have served as SoCalGas’ auditor since 1937.

SEMPRA
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts; shares in thousands)

	Years ended December 31,		
	2024	2023	2022
REVENUES			
Utilities:			
Natural gas	\$ 7,141	\$ 9,495	\$ 7,868
Electric	4,296	4,334	4,783
Energy-related businesses	1,748	2,891	1,788
Total revenues	13,185	16,720	14,439
EXPENSES AND OTHER INCOME			
Utilities:			
Cost of natural gas	(1,132)	(3,719)	(2,603)
Cost of electric fuel and purchased power	(245)	(375)	(937)
Energy-related businesses cost of sales	(380)	(548)	(942)
Operation and maintenance	(5,336)	(5,458)	(4,746)
Aliso Canyon litigation and regulatory matters	—	—	(259)
Depreciation and amortization	(2,437)	(2,227)	(2,019)
Franchise fees and other taxes	(693)	(677)	(635)
Other income, net	136	131	24
Interest income	61	89	75
Interest expense	(1,049)	(1,309)	(1,054)
Income before income taxes and equity earnings	2,110	2,627	1,343
Income tax expense	(219)	(490)	(556)
Equity earnings	1,609	1,481	1,498
Net income	3,500	3,618	2,285
Earnings attributable to noncontrolling interests	(638)	(543)	(146)
Preferred dividends	(44)	(44)	(44)
Preferred dividends of subsidiary	(1)	(1)	(1)
Earnings attributable to common shares	\$ 2,817	\$ 3,030	\$ 2,094
Basic EPS:			
Earnings	\$ 4.44	\$ 4.81	\$ 3.32
Weighted-average common shares outstanding	633,795	630,296	630,318
Diluted EPS:			
Earnings	\$ 4.42	\$ 4.79	\$ 3.31
Weighted-average common shares outstanding	637,943	632,733	632,757

See Notes to Consolidated Financial Statements.

SEMPRA
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

	Years ended December 31, 2024, 2023 and 2022				
	Sempra shareholders' equity			Noncontrolling interests (after tax)	Total
	Pretax amount	Income tax (expense) benefit	Net-of-tax amount		
2024:					
Net income	\$ 3,081	\$ (219)	\$ 2,862	\$ 638	\$ 3,500
Other comprehensive income (loss):					
Foreign currency translation adjustments	(30)	—	(30)	(14)	(44)
Financial instruments	14	(2)	12	25	37
Pension and other postretirement benefits	18	(16)	2	—	2
Total other comprehensive income (loss)	2	(18)	(16)	11	(5)
Comprehensive income	3,083	(237)	2,846	649	3,495
Preferred dividends of subsidiary	(1)	—	(1)	—	(1)
Comprehensive income, after preferred dividends of subsidiary	\$ 3,082	\$ (237)	\$ 2,845	\$ 649	\$ 3,494
2023:					
Net income	\$ 3,565	\$ (490)	\$ 3,075	\$ 543	\$ 3,618
Other comprehensive income (loss):					
Foreign currency translation adjustments	23	—	23	10	33
Financial instruments	57	(18)	39	(38)	1
Pension and other postretirement benefits	(39)	8	(31)	—	(31)
Total other comprehensive income (loss)	41	(10)	31	(28)	3
Comprehensive income	3,606	(500)	3,106	515	3,621
Preferred dividends of subsidiary	(1)	—	(1)	—	(1)
Comprehensive income, after preferred dividends of subsidiary	\$ 3,605	\$ (500)	\$ 3,105	\$ 515	\$ 3,620
2022:					
Net income	\$ 2,695	\$ (556)	\$ 2,139	\$ 146	\$ 2,285
Other comprehensive income (loss):					
Foreign currency translation adjustments	11	—	11	4	15
Financial instruments	221	(55)	166	50	216
Pension and other postretirement benefits	3	(6)	(3)	—	(3)
Total other comprehensive income	235	(61)	174	54	228
Comprehensive income	2,930	(617)	2,313	200	2,513
Preferred dividends of subsidiary	(1)	—	(1)	—	(1)
Comprehensive income, after preferred dividends of subsidiary	\$ 2,929	\$ (617)	\$ 2,312	\$ 200	\$ 2,512

See Notes to Consolidated Financial Statements.

SEMPRA
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,565	\$ 236
Restricted cash	21	49
Accounts receivable – trade, net	1,983	2,151
Accounts receivable – other, net	397	561
Due from unconsolidated affiliates	13	31
Income taxes receivable	90	94
Inventories	559	482
Prepaid expenses	255	273
Regulatory assets	60	226
Fixed-price contracts and other derivatives	91	122
Greenhouse gas allowances	217	1,189
Other current assets	34	56
Total current assets	5,285	5,470
Other assets:		
Restricted cash	3	104
Regulatory assets	3,937	3,771
Greenhouse gas allowances	845	301
Nuclear decommissioning trusts	875	872
Dedicated assets in support of certain benefit plans	585	549
Deferred income taxes	172	129
Right-of-use assets – operating leases	1,177	723
Investment in Oncor Holdings	15,400	14,266
Other investments	2,534	2,244
Goodwill	1,602	1,602
Other intangible assets	292	318
Wildfire fund	262	269
Other long-term assets	1,749	1,603
Total other assets	29,433	26,751
Property, plant and equipment:		
Property, plant and equipment	80,397	72,495
Less accumulated depreciation and amortization	(18,960)	(17,535)
Property, plant and equipment, net	61,437	54,960
Total assets	\$ 96,155	\$ 87,181

See Notes to Consolidated Financial Statements.

SEMPRA
CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	December 31,	
	2024	2023
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 2,016	\$ 2,342
Accounts payable – trade	2,238	2,211
Accounts payable – other	208	224
Due to unconsolidated affiliates	—	5
Dividends and interest payable	773	691
Accrued compensation and benefits	558	526
Regulatory liabilities	141	553
Current portion of long-term debt and finance leases	2,274	975
Greenhouse gas obligations	217	1,189
Other current liabilities	1,251	1,374
Total current liabilities	9,676	10,090
Long-term debt and finance leases	31,558	27,759
Deferred credits and other liabilities:		
Due to unconsolidated affiliates	352	307
Regulatory liabilities	3,817	3,739
Greenhouse gas obligations	506	—
Pension and other postretirement benefit plan obligations, net of plan assets	168	407
Deferred income taxes	5,845	5,254
Asset retirement obligations	3,737	3,642
Deferred credits and other	2,708	2,329
Total deferred credits and other liabilities	17,133	15,678
Commitments and contingencies (Note 15)		
Equity:		
Preferred stock (50,000,000 shares authorized; 900,000 shares of series C outstanding)	889	889
Common stock (1,125,000,000 shares authorized; 650,629,876 and 631,431,732 shares outstanding at December 31, 2024 and 2023, respectively; no par value)	13,520	12,204
Retained earnings	16,979	15,732
Accumulated other comprehensive income (loss)	(166)	(150)
Total Sempra shareholders' equity	31,222	28,675
Preferred stock of subsidiary	20	20
Other noncontrolling interests	6,546	4,959
Total equity	37,788	33,654
Total liabilities and equity	\$ 96,155	\$ 87,181

See Notes to Consolidated Financial Statements.

SEMPRA
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 3,500	\$ 3,618	\$ 2,285
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,437	2,227	2,019
Deferred income taxes and investment tax credits	(20)	249	392
Equity earnings	(1,609)	(1,481)	(1,498)
Share-based compensation expense	86	80	71
Fixed-price contracts and other derivatives	(197)	(666)	863
Bad debt expense	209	458	122
Other	20	(14)	56
Net change in working capital components:			
Accounts receivable	118	168	(976)
Due to/from unconsolidated affiliates, net	30	26	(31)
Income taxes receivable/payable, net	(49)	142	(29)
Inventories	(74)	(80)	(17)
Other current assets	(30)	11	(1,608)
Accounts payable	(131)	(270)	430
Regulatory balancing accounts, net	(456)	260	36
Reserve for Aliso Canyon costs	(12)	(98)	(1,851)
Other current liabilities	142	1,270	228
Insurance receivable for Aliso Canyon costs	—	—	360
Distributions from investments	1,093	912	854
Changes in other noncurrent assets and liabilities, net	(150)	(594)	(564)
Net cash provided by operating activities	4,907	6,218	1,142
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(8,215)	(8,397)	(5,357)
Expenditures for investments	(988)	(382)	(376)
Distributions from investments	9	—	—
Purchases of nuclear decommissioning and other trust assets	(889)	(610)	(700)
Proceeds from sales of nuclear decommissioning and other trust assets	942	661	762
Repayments of advances to unconsolidated affiliates	—	—	626
Other	23	12	6
Net cash used in investing activities	\$ (9,118)	\$ (8,716)	\$ (5,039)

See Notes to Consolidated Financial Statements.

SEMPRA
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Common dividends paid	\$ (1,499)	\$ (1,483)	\$ (1,430)
Preferred dividends paid	(44)	(44)	(44)
Issuances of common stock, net	1,219	145	4
Repurchases of common stock	(43)	(32)	(478)
Issuances of debt (maturities greater than 90 days)	8,674	7,669	9,984
Payments on debt (maturities greater than 90 days) and finance leases	(3,339)	(6,294)	(4,510)
(Decrease) increase in short-term debt, net	(557)	552	(1,266)
Advances from unconsolidated affiliates	85	31	28
Proceeds from sales of noncontrolling interests, net	—	1,219	1,732
Distributions to noncontrolling interests	(297)	(730)	(237)
Contributions from noncontrolling interests	1,235	1,570	31
Termination of interest rate and settlement of cross-currency swaps	46	(99)	—
Other	(56)	(85)	(35)
Net cash provided by financing activities	5,424	2,419	3,779
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(13)	6	(1)
Increase (decrease) in cash, cash equivalents and restricted cash	1,200	(73)	(119)
Cash, cash equivalents and restricted cash, January 1	389	462	581
Cash, cash equivalents and restricted cash, December 31	\$ 1,589	\$ 389	\$ 462
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Interest payments, net of amounts capitalized	\$ 1,205	\$ 1,172	\$ 1,014
Income tax payments, net of refunds	289	197	284
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued interest receivable capitalized to note receivable	\$ 17	\$ 16	\$ 16
Repayments of advances from unconsolidated affiliate in lieu of distributions	62	36	32
Accrued capital expenditures for PP&E	1,181	1,052	590
Capital expenditures reclassified from assets to PP&E	53	18	5
Increase in ARO capitalized to PP&E	1	33	91
Increase in finance lease obligations capitalized to PP&E	41	57	57
Amortized debt issuance costs capitalized to PP&E	13	4	—
Unamortized debt issuance costs reclassified from assets to debt	27	9	—
Accrued interest payable capitalized to due to unconsolidated affiliate	16	—	—
Preferred dividends declared but not paid	11	11	11
Common dividends declared but not paid	393	376	360
Common dividends issued in stock	54	—	—
Net exercise of stock options	9	—	—
Contributions from NCI	—	200	—

See Notes to Consolidated Financial Statements.

SEMPRA
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Dollars in millions)

	Years ended December 31, 2024, 2023 and 2022						
	Preferred stock	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Sempra shareholders' equity	Non-controlling interests	Total equity
Balance at December 31, 2021	\$ 889	\$ 11,862	\$ 13,548	\$ (318)	\$ 25,981	\$ 1,438	\$ 27,419
Net income			2,139		2,139	146	2,285
Other comprehensive income				174	174	54	228
Share-based compensation expense		71			71		71
Dividends declared:							
Series C preferred stock (\$48.75/share)			(44)		(44)		(44)
Common stock (\$2.29/share)			(1,441)		(1,441)		(1,441)
Preferred dividends of subsidiary			(1)		(1)		(1)
Issuances of common stock		4			4		4
Repurchases of common stock		(478)			(478)		(478)
Noncontrolling interest activities:							
Contributions						31	31
Distributions						(237)	(237)
Sale		701		9	710	709	1,419
Balance at December 31, 2022	889	12,160	14,201	(135)	27,115	2,141	29,256
Net income			3,075		3,075	543	3,618
Other comprehensive income (loss)				31	31	(28)	3
Share-based compensation expense		80			80		80
Dividends declared:							
Series C preferred stock (\$48.75/share)			(44)		(44)		(44)
Common stock (\$2.38/share)			(1,499)		(1,499)		(1,499)
Preferred dividends of subsidiary			(1)		(1)		(1)
Issuances of common stock		144			144		144
Repurchases of common stock		(32)			(32)		(32)
Noncontrolling interest activities:							
Contributions		(145)			(145)	1,770	1,625
Distributions						(730)	(730)
Sales		(3)		(46)	(49)	1,283	1,234
Balance at December 31, 2023	889	12,204	15,732	(150)	28,675	4,979	33,654
Net income			2,862		2,862	638	3,500
Other comprehensive (loss) income				(16)	(16)	11	(5)
Share-based compensation expense		86			86		86
Dividends declared:							
Series C preferred stock (\$48.75/share)			(44)		(44)		(44)
Common stock (\$2.48/share)			(1,570)		(1,570)		(1,570)
Preferred dividends of subsidiary			(1)		(1)		(1)
Issuances of common stock		1,273			1,273		1,273
Repurchases of common stock		(43)			(43)		(43)
Noncontrolling interest activities:							
Contributions						1,235	1,235
Distributions						(297)	(297)
Balance at December 31, 2024	\$ 889	\$ 13,520	\$ 16,979	\$ (166)	\$ 31,222	\$ 6,566	\$ 37,788

See Notes to Consolidated Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENTS OF OPERATIONS
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Operating revenues:			
Electric	\$ 4,313	\$ 4,349	\$ 4,795
Natural gas	1,028	1,248	1,043
Total operating revenues	5,341	5,597	5,838
Operating expenses:			
Cost of electric fuel and purchased power	308	445	994
Cost of natural gas	242	532	363
Operation and maintenance	1,692	1,846	1,677
Depreciation and amortization	1,223	1,098	982
Franchise fees and other taxes	402	381	373
Total operating expenses	3,867	4,302	4,389
Operating income	1,474	1,295	1,449
Other income, net	90	97	92
Interest income	5	15	5
Interest expense	(525)	(497)	(449)
Income before income taxes	1,044	910	1,097
Income tax (expense) benefit	(153)	26	(182)
Net income/Earnings attributable to common shares	\$ 891	\$ 936	\$ 915

See Notes to Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

	Years ended December 31, 2024, 2023 and 2022		
	Pretax amount	Income tax (expense) benefit	Net-of-tax amount
2024:			
Net income	\$ 1,044	\$ (153)	\$ 891
Other comprehensive income (loss):			
Pension and other postretirement benefits	(3)	(1)	(4)
Total other comprehensive loss	(3)	(1)	(4)
Comprehensive income	\$ 1,041	\$ (154)	\$ 887
2023:			
Net income	\$ 910	\$ 26	\$ 936
Other comprehensive income (loss):			
Pension and other postretirement benefits	(2)	1	(1)
Total other comprehensive loss	(2)	1	(1)
Comprehensive income	\$ 908	\$ 27	\$ 935
2022:			
Net income	\$ 1,097	\$ (182)	\$ 915
Other comprehensive income (loss):			
Pension and other postretirement benefits	4	(1)	3
Total other comprehensive income	4	(1)	3
Comprehensive income	\$ 1,101	\$ (183)	\$ 918

See Notes to Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEETS
(Dollars in millions)

	December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ —	\$ 50
Accounts receivable – trade, net	774	870
Accounts receivable – other, net	89	141
Income taxes receivable, net	27	236
Inventories	202	153
Prepaid expenses	139	165
Regulatory assets	16	19
Greenhouse gas allowances	27	158
Other current assets	27	31
Total current assets	1,301	1,823
Other assets:		
Regulatory assets	2,024	1,968
Greenhouse gas allowances	272	202
Nuclear decommissioning trusts	875	872
Right-of-use assets – operating leases	795	368
Wildfire fund	262	269
Other long-term assets	133	134
Total other assets	4,361	3,813
Property, plant and equipment:		
Property, plant and equipment	33,162	30,918
Less accumulated depreciation and amortization	(8,051)	(7,369)
Property, plant and equipment, net	25,111	23,549
Total assets	\$ 30,773	\$ 29,185

See Notes to Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	December 31,	
	2024	2023
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term debt	\$ 417	\$ —
Accounts payable	742	808
Due to unconsolidated affiliates	59	73
Interest payable	84	81
Accrued compensation and benefits	175	145
Accrued franchise fees	54	112
Regulatory liabilities	75	447
Current portion of long-term debt and finance leases	42	441
Greenhouse gas obligations	27	158
Asset retirement obligations	97	116
Other current liabilities	215	216
Total current liabilities	1,987	2,597
Long-term debt and finance leases	10,018	9,453
Deferred credits and other liabilities:		
Regulatory liabilities	2,701	2,534
Greenhouse gas obligations	62	—
Pension obligation, net of plan assets	28	79
Deferred income taxes	3,211	2,873
Asset retirement obligations	803	778
Deferred credits and other	1,399	969
Total deferred credits and other liabilities	8,204	7,233
Commitments and contingencies (Note 15)		
Shareholder's equity:		
Preferred stock (45,000,000 shares authorized; none issued)	—	—
Common stock (255,000,000 shares authorized; 116,583,358 shares outstanding; no par value)	1,660	1,660
Retained earnings	8,916	8,250
Accumulated other comprehensive income (loss)	(12)	(8)
Total shareholder's equity	10,564	9,902
Total liabilities and shareholder's equity	\$ 30,773	\$ 29,185

See Notes to Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 891	\$ 936	\$ 915
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,223	1,098	982
Deferred income taxes and investment tax credits	169	135	93
Bad debt expense	55	112	46
Other	(14)	(35)	(34)
Net change in working capital components:			
Accounts receivable	92	(213)	(163)
Due to/from unconsolidated affiliates, net	(14)	(62)	38
Income taxes receivable/payable, net	209	(236)	9
Inventories	(49)	(19)	(11)
Other current assets	(21)	(17)	(80)
Accounts payable	(32)	31	153
Regulatory balancing accounts, net	(429)	571	(10)
Other current liabilities	(21)	129	62
Changes in noncurrent assets and liabilities, net	14	(494)	(271)
Net cash provided by operating activities	2,073	1,936	1,729
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(2,522)	(2,540)	(2,473)
Purchases of nuclear decommissioning trust assets	(826)	(532)	(586)
Proceeds from sales of nuclear decommissioning trust assets	874	592	639
Other	13	8	8
Net cash used in investing activities	(2,461)	(2,472)	(2,412)
CASH FLOWS FROM FINANCING ACTIVITIES			
Common dividends paid	(225)	(100)	(100)
Issuances of debt (maturities greater than 90 days)	594	1,389	1,395
Payments on debt (maturities greater than 90 days) and finance leases	(442)	(490)	(425)
Increase (decrease) in short-term debt, net	417	(205)	(196)
Debt issuance costs	(6)	(13)	(9)
Other	—	(2)	—
Net cash provided by financing activities	338	579	665
(Decrease) increase in cash and cash equivalents	(50)	43	(18)
Cash and cash equivalents, January 1	50	7	25
Cash and cash equivalents, December 31	\$ —	\$ 50	\$ 7
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Interest payments, net of amounts capitalized	\$ 514	\$ 472	\$ 431
Income tax (refunds) payments, net	(225)	76	79
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued capital expenditures for PP&E	\$ 230	\$ 264	\$ 231
Increase in finance lease obligations capitalized to PP&E	14	17	16
Increase in ARO capitalized to PP&E	24	29	15

See Notes to Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Dollars in millions)

	Years ended December 31, 2024, 2023 and 2022			
	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholder's equity
Balance at December 31, 2021	\$ 1,660	\$ 6,599	\$ (10)	\$ 8,249
Net income		915		915
Other comprehensive income			3	3
Common stock dividends declared (\$0.86/share)		(100)		(100)
Balance at December 31, 2022	1,660	7,414	(7)	9,067
Net income		936		936
Other comprehensive loss			(1)	(1)
Common stock dividends declared (\$0.86/share)		(100)		(100)
Balance at December 31, 2023	1,660	8,250	(8)	9,902
Net income		891		891
Other comprehensive loss			(4)	(4)
Common stock dividends declared (\$1.93/share)		(225)		(225)
Balance at December 31, 2024	\$ 1,660	\$ 8,916	\$ (12)	\$ 10,564

See Notes to Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENTS OF OPERATIONS
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Operating revenues	\$ 6,209	\$ 8,289	\$ 6,840
Operating expenses:			
Cost of natural gas	959	3,264	2,233
Operation and maintenance	2,791	2,821	2,402
Aliso Canyon litigation and regulatory matters	—	—	259
Depreciation and amortization	910	839	761
Franchise fees and other taxes	273	278	247
Total operating expenses	4,933	7,202	5,902
Operating income	1,276	1,087	938
Other income (expense), net	25	(4)	(8)
Interest income	9	9	6
Interest expense	(323)	(285)	(198)
Income before income taxes	987	807	738
Income tax (expense) benefit	(31)	5	(138)
Net income	956	812	600
Preferred dividends	(1)	(1)	(1)
Earnings attributable to common shares	\$ 955	\$ 811	\$ 599

See Notes to Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

	Years ended December 31, 2024, 2023 and 2022		
	Pretax amount	Income tax (expense) benefit	Net-of-tax amount
2024:			
Net income	\$ 987	\$ (31)	\$ 956
Other comprehensive income (loss):			
Financial instruments	1	—	1
Pension and other postretirement benefits	(4)	(1)	(5)
Total other comprehensive loss	(3)	(1)	(4)
Comprehensive income	\$ 984	\$ (32)	\$ 952
2023:			
Net income	\$ 807	\$ 5	\$ 812
Other comprehensive income (loss):			
Financial instruments	1	—	1
Total other comprehensive income	1	—	1
Comprehensive income	\$ 808	\$ 5	\$ 813
2022:			
Net income	\$ 738	\$ (138)	\$ 600
Other comprehensive income (loss):			
Financial instruments	1	—	1
Pension and other postretirement benefits	8	(2)	6
Total other comprehensive income	9	(2)	7
Comprehensive income	\$ 747	\$ (140)	\$ 607

See Notes to Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEETS
(Dollars in millions)

	December 31,	
	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12	\$ 2
Accounts receivable – trade, net	932	985
Accounts receivable – other, net	71	102
Due from unconsolidated affiliates	16	22
Inventories	287	277
Regulatory assets	42	204
Greenhouse gas allowances	176	950
Other current assets	71	100
Total current assets	1,607	2,642
Other assets:		
Regulatory assets	1,844	1,715
Greenhouse gas allowances	526	62
Right-of-use assets – operating leases	18	29
Other long-term assets	609	645
Total other assets	2,997	2,451
Property, plant and equipment:		
Property, plant and equipment	29,084	27,025
Less accumulated depreciation and amortization	(8,330)	(7,852)
Property, plant and equipment, net	20,754	19,173
Total assets	\$ 25,358	\$ 24,266

See Notes to Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	December 31,	
	2024	2023
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 1,037	\$ 946
Accounts payable – trade	752	811
Accounts payable – other	158	184
Due to unconsolidated affiliates	38	38
Accrued compensation and benefits	245	213
Regulatory liabilities	64	103
Current portion of long-term debt and finance leases	373	523
Greenhouse gas obligations	176	950
Asset retirement obligations	91	73
Other current liabilities	451	566
Total current liabilities	3,385	4,407
Long-term debt and finance leases	7,031	6,288
Deferred credits and other liabilities:		
Regulatory liabilities	1,115	1,202
Greenhouse gas obligations	410	—
Pension obligation, net of plan assets	45	231
Deferred income taxes	2,005	1,586
Asset retirement obligations	2,839	2,774
Deferred credits and other	367	368
Total deferred credits and other liabilities	6,781	6,161
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preferred stock (11,000,000 shares authorized; 862,043 shares outstanding)	22	22
Common stock (100,000,000 shares authorized; 91,300,000 shares outstanding; no par value)	2,316	2,316
Retained earnings	5,850	5,095
Accumulated other comprehensive income (loss)	(27)	(23)
Total shareholders' equity	8,161	7,410
Total liabilities and shareholders' equity	\$ 25,358	\$ 24,266

See Notes to Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 956	\$ 812	\$ 600
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	910	839	761
Deferred income taxes and investment tax credits	28	12	146
Bad debt expense	97	294	70
Other	(6)	(12)	(12)
Net change in working capital components:			
Accounts receivable	(13)	207	(512)
Due to/from unconsolidated affiliates, net	6	57	(28)
Income taxes receivable/payable, net	13	(8)	23
Inventories	(10)	(118)	13
Other current assets	6	(1,053)	(139)
Accounts payable	(103)	(179)	191
Regulatory balancing accounts, net	(27)	(311)	46
Reserve for Aliso Canyon costs	(12)	(98)	(1,851)
Other current liabilities	46	1,047	185
Insurance receivable for Aliso Canyon costs	—	—	360
Changes in other noncurrent assets and liabilities, net	(100)	(100)	(307)
Net cash provided by (used in) operating activities	1,791	1,389	(454)
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(2,231)	(2,020)	(1,993)
Net cash used in investing activities	(2,231)	(2,020)	(1,993)
CASH FLOWS FROM FINANCING ACTIVITIES			
Common dividends paid	(200)	(100)	—
Preferred dividends paid	(1)	(1)	(1)
Equity contribution from Semptra	—	—	650
Issuances of debt (maturities greater than 90 days)	1,794	997	2,094
Payments on debt (maturities greater than 90 days) and finance leases	(524)	(1,120)	(15)
(Decrease) increase in short-term debt, net	(609)	846	(285)
Debt issuance costs	(10)	(10)	(12)
Net cash provided by financing activities	450	612	2,431
Increase (decrease) in cash and cash equivalents	10	(19)	(16)
Cash and cash equivalents, January 1	2	21	37
Cash and cash equivalents, December 31	\$ 12	\$ 2	\$ 21
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Interest payments, net of amounts capitalized	\$ 299	\$ 279	\$ 173
Income tax (refunds) payments, net	(9)	6	(31)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued capital expenditures for PP&E	\$ 308	\$ 290	\$ 245
Capital expenditures reclassified from assets to PP&E	50	—	—
Increase in finance lease obligations capitalized to PP&E	27	40	41
(Decrease) increase in ARO capitalized to PP&E	(23)	1	63

See Notes to Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in millions)

	Years ended December 31, 2024, 2023 and 2022				
	Preferred stock	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
Balance at December 31, 2021	\$ 22	\$ 1,666	\$ 3,785	\$ (31)	\$ 5,442
Net income			600		600
Other comprehensive income				7	7
Dividends declared:					
Preferred stock (\$1.50/share)			(1)		(1)
Equity contributions from Sempra		650			650
Balance at December 31, 2022	22	2,316	4,384	(24)	6,698
Net income			812		812
Other comprehensive income				1	1
Dividends declared:					
Preferred stock (\$1.50/share)			(1)		(1)
Common stock (\$1.10/share)			(100)		(100)
Balance at December 31, 2023	22	2,316	5,095	(23)	7,410
Net income			956		956
Other comprehensive loss				(4)	(4)
Dividends declared:					
Preferred stock (\$1.50/share)			(1)		(1)
Common stock (\$2.19/share)			(200)		(200)
Balance at December 31, 2024	\$ 22	\$ 2,316	\$ 5,850	\$ (27)	\$ 8,161

See Notes to Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER FINANCIAL DATA

PRINCIPLES OF CONSOLIDATION

Sempra

Sempra's Consolidated Financial Statements include the accounts of Sempra, a California-based holding company, and its consolidated entities, which invest in, develop and operate energy infrastructure in North America, and provide electric and gas services to customers. Sempra has three operating and reportable segments, which we describe in Note 16. All references in these Notes to our reportable segments are not intended to refer to any legal entity with the same or similar name.

SDG&E

SDG&E's common stock is wholly owned by Enova Corporation, which is a wholly owned subsidiary of Sempra. SDG&E is a regulated public utility that provides electric service to San Diego and southern Orange counties and natural gas service to San Diego County. SDG&E has one operating and reportable segment.

SoCalGas

SoCalGas' common stock is wholly owned by Pacific Enterprises, which is a wholly owned subsidiary of Sempra. SoCalGas is a regulated public natural gas distribution utility, serving customers throughout most of Southern California and part of central California. SoCalGas has one operating and reportable segment.

BASIS OF PRESENTATION

This is a combined report of Sempra, SDG&E and SoCalGas. We provide separate information for SDG&E and SoCalGas as required. We have eliminated intercompany accounts and transactions within Sempra's consolidated financial statements.

Use of Estimates in the Preparation of the Financial Statements

We have prepared our financial statements in conformity with U.S. GAAP. This requires us to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, including the disclosure of contingent assets and liabilities at the date of the financial statements. Although we believe the estimates and assumptions are reasonable, actual amounts ultimately may differ significantly from those estimates.

Subsequent Events

We evaluated events and transactions that occurred after December 31, 2024 through the date the financial statements were issued, and in the opinion of management, the accompanying financial statements reflect all adjustments and disclosures necessary for a fair presentation.

REGULATED OPERATIONS

SDG&E's and SoCalGas' accounting policies and financial statements reflect the application of U.S. GAAP provisions governing rate-regulated operations and the policies of the CPUC and the FERC. Under these provisions, a regulated utility records regulatory assets, which are generally costs that would otherwise be charged to expense, if it is probable that, through the ratemaking process, the utility will recover those assets from customers. To the extent that recovery is no longer probable, the related regulatory assets are written off. Regulatory liabilities generally represent amounts collected from customers in advance of the actual expenditure by the utility. If the actual expenditures are less than amounts previously collected from customers, the excess would be refunded to customers, generally by reducing future rates. Regulatory assets and liabilities may also arise from other transactions such as unrealized losses and/or gains on fixed-price contracts and other derivatives or certain deferred income tax benefits that are passed through to customers in future rates. In addition, SDG&E and SoCalGas record regulatory liabilities when the CPUC or, in the case of SDG&E, the FERC, requires a refund to be made to customers or has required that a gain or other transaction of net allowable costs be given to customers over future periods.

Determining probability of recovery of regulatory assets requires judgment by management and may include, but is not limited to, consideration of:

- the nature of the event giving rise to the assessment
- existing statutes and regulatory code
- legal precedents
- regulatory principles and analogous regulatory actions
- testimony presented in regulatory hearings
- regulatory orders
- a commission-authorized mechanism established for the accumulation of costs
- status of applications for rehearings or state court appeals
- specific approval from a commission
- historical experience

Our Sempra Texas Utilities segment is comprised of our equity method investments in Oncor Holdings, which owns an 80.25% interest in Oncor, and Sharyland Holdings, which owns 100% of Sharyland Utilities. Oncor and Sharyland Utilities are regulated electric transmission and distribution utilities in Texas and their rates are regulated by the PUCT and, in the case of Oncor, certain cities and are subject to regulatory rate-setting processes and earnings oversight. Oncor and Sharyland Utilities prepare their financial statements in accordance with the provisions of U.S. GAAP governing rate-regulated operations.

Sempra Infrastructure's natural gas distribution utility, Ecogas, also applies U.S. GAAP provisions governing rate-regulated operations, including the same evaluation of probability of recovery of regulatory assets described above. Certain business activities at Sempra Infrastructure are regulated by the CRE and the FERC and meet the regulatory accounting requirements of U.S. GAAP.

FAIR VALUE MEASUREMENTS

We measure certain assets and liabilities at fair value on a recurring basis, primarily NDT and benefit plan trust assets and derivatives. We also measure certain assets at fair value on a non-recurring basis in certain circumstances.

A fair value measurement reflects the assumptions market participants would use in pricing an asset or liability based on the best available information. These assumptions include the risk inherent in a particular valuation technique (such as a pricing model) and the risks inherent in the inputs to the model. Also, we consider an issuer's credit standing when measuring its liabilities at fair value.

We establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 – Pricing inputs are unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Our Level 1 financial instruments primarily consist of listed equities, short-term investments, and U.S. government treasury securities, primarily in the NDT and benefit plan trusts, and exchange-traded derivatives.

Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date. Level 2 includes those financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including:

- quoted forward prices for commodities
- time value
- current market and contractual prices for the underlying instruments
- volatility factors
- other relevant economic measures

Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument and can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Our financial instruments in this category include listed equities, domestic corporate bonds, municipal bonds and other foreign bonds, primarily in the NDT and benefit plan trusts, and non-exchange-traded derivatives such as interest rate instruments and over-the-counter forwards and options.

Level 3 – Pricing inputs include significant inputs that are generally less observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value from the perspective of a market participant. Our Level 3 financial instruments consist of CRRs and, until December 31, 2022, fixed-price electricity positions, at SDG&E and the Support Agreement at Sempra Infrastructure.

VARIABLE INTEREST ENTITIES

We consolidate a VIE if we are the primary beneficiary of the VIE. Our determination of whether we are the primary beneficiary is based on qualitative and quantitative analyses, which assess:

- the purpose and design of the VIE;
- the nature of the VIE’s risks and the risks we absorb;
- the power to direct activities that most significantly impact the economic performance of the VIE; and
- the obligation to absorb losses or the right to receive benefits that could be significant to the VIE.

We will continue to evaluate our VIEs for any changes that may impact our determination of whether an entity is a VIE and if we are the primary beneficiary.

SDG&E

SDG&E’s power procurement is subject to reliability requirements that may require SDG&E to enter into various PPAs that include variable interests. SDG&E evaluates the respective entities to determine if variable interests exist and, based on the qualitative and quantitative analyses described above, if SDG&E, and indirectly Sempra, is the primary beneficiary.

SDG&E has agreements under which it purchases power generated by facilities for which it supplies all of the natural gas to fuel the power plant (i.e., tolling agreements). SDG&E’s obligation to absorb natural gas costs may be a significant variable interest. In addition, SDG&E has the power to direct the dispatch of electricity generated by these facilities. Based on our analysis, the ability to direct the dispatch of electricity may have the most significant impact on the economic performance of the entity owning the generating facility because of the associated exposure to the cost of natural gas, which fuels the plants, and the value of electricity produced. To the extent that SDG&E (1) is obligated to purchase and provide fuel to operate the facility, (2) has the power to direct the dispatch, and (3) purchases all of the output from the facility for a substantial portion of the facility’s useful life, SDG&E may be the primary beneficiary of the entity owning the generating facility. SDG&E determines if it is the primary beneficiary in these cases based on a qualitative approach in which it considers the operational characteristics of the facility, including its expected power generation output relative to its capacity to generate and the financial structure of the entity, among other factors. If SDG&E determines that it is the primary beneficiary, SDG&E and Sempra consolidate the entity that owns the facility as a VIE.

In addition to tolling agreements, other variable interests involve various elements of fuel and power costs, and other components of cash flows expected to be paid to or received by our counterparties. In most of these cases, the expectation of variability is not substantial, and SDG&E generally does not have the power to direct activities, including the operation and maintenance activities of the generating facility, that most significantly impact the economic performance of the other VIEs. If our ongoing evaluation of these VIEs were to conclude that SDG&E becomes the primary beneficiary and consolidation by SDG&E becomes necessary, the effects could be significant to the financial position and liquidity of SDG&E and Sempra.

SDG&E determined that none of its PPAs and tolling agreements resulted in SDG&E being the primary beneficiary of a VIE at December 31, 2024 and 2023. PPAs and tolling agreements that relate to SDG&E’s involvement with VIEs are primarily accounted for as finance leases. The carrying amounts of the assets and liabilities under these contracts are included in PP&E, net, and finance lease liabilities with balances of \$1,138 million and \$1,166 million at December 31, 2024 and 2023, respectively. SDG&E recovers costs incurred on PPAs, tolling agreements and other variable interests through CPUC-approved long-term power procurement plans. SDG&E has no residual interest in the respective entities and has not provided or guaranteed any debt or equity support, liquidity arrangements, performance guarantees or other commitments associated with these contracts other than the purchase commitments described in Note 15. As a result, SDG&E’s potential exposure to loss from its variable interest in these VIEs is not significant.

Other Sempra

Oncor Holdings

Oncor Holdings is a VIE. Sempra is not the primary beneficiary of this VIE because of the structural and operational ring-fencing and governance measures in place that prevent us from having the power to direct the significant activities of Oncor Holdings. As a result, we do not consolidate Oncor Holdings and instead account for our ownership interest as an equity method investment. See Note 5 for additional information about our equity method investment in Oncor Holdings and restrictions on our ability to influence its activities. Our maximum exposure to loss, which fluctuates over time, from our interest in Oncor Holdings does not exceed the carrying value of our investment, which was \$15,400 million and \$14,266 million at December 31, 2024 and 2023, respectively.

Cameron LNG JV

Cameron LNG JV is a VIE principally due to contractual provisions that transfer certain risks to customers. Sempra is not the primary beneficiary of this VIE because we do not have the power to direct the most significant activities of Cameron LNG JV, including LNG production and operation and maintenance activities at the liquefaction facility. Therefore, we account for our investment in Cameron LNG JV under the equity method. The carrying value of our investment was \$1,149 million and \$1,008 million at December 31, 2024 and 2023, respectively. Our maximum exposure to loss, which fluctuates over time, includes the carrying value of our investment and our obligation under the SDSRA, which we discuss in Note 5.

CFIN

As we discuss in Note 5, in July 2020, Sempra entered into a Support Agreement for the benefit of CFIN, which is a VIE. Sempra is not the primary beneficiary of this VIE because we do not have the power to direct the most significant activities of CFIN, including modification, prepayment, and refinance decisions related to the financing arrangement with external lenders and Cameron LNG JV's four project owners as well as the ability to determine and enforce remedies in the event of default. The conditional obligations of the Support Agreement represent a variable interest that we measure at fair value on a recurring basis (see Note 10). Sempra's maximum exposure to loss under the terms of the Support Agreement is \$979 million.

ECA LNG Phase 1

ECA LNG Phase 1 is a VIE because its total equity at risk is not sufficient to finance its activities without additional subordinated financial support. We expect that ECA LNG Phase 1 will require future capital contributions or other financial support to finance the construction of the facility. Sempra is the primary beneficiary of this VIE because we have the power to direct the activities related to the construction and future operation and maintenance of the liquefaction facility. As a result, we consolidate ECA LNG Phase 1. Sempra consolidated \$1,758 million and \$1,580 million of assets at December 31, 2024 and 2023, respectively, consisting primarily of PP&E, net, attributable to ECA LNG Phase 1 that could be used only to settle obligations of this VIE and that are not available to settle obligations of Sempra, and \$1,080 million and \$1,029 million of liabilities at December 31, 2024 and 2023, respectively, consisting primarily of long-term debt attributable to ECA LNG Phase 1 for which creditors do not have recourse to the general credit of Sempra. Additionally, as we discuss in Note 6, IEnova and TotalEnergies SE have provided guarantees for 83.4% and 16.6%, respectively, of the loan facility supporting construction of the liquefaction facility.

Port Arthur LNG

Port Arthur LNG is a VIE because its total equity at risk is not sufficient to finance its activities without additional subordinated financial support. We expect that Port Arthur LNG will require future capital contributions or other financial support to finance the construction of the PA LNG Phase 1 project. Sempra is the primary beneficiary of this VIE because we have the power to direct the activities related to the construction and future operation and maintenance of the liquefaction facility. As a result, we consolidate Port Arthur LNG. Sempra consolidated \$6,419 million and \$3,927 million of assets at December 31, 2024 and 2023, respectively, consisting primarily of PP&E, net, attributable to Port Arthur LNG that could be used only to settle obligations of this VIE and that are not available to settle obligations of Sempra, and \$1,584 million and \$600 million of liabilities at December 31, 2024 and 2023, respectively, consisting primarily of long-term debt and accounts payable attributable to Port Arthur LNG for which creditors do not have recourse to the general credit of Sempra.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash equivalents are highly liquid investments with original maturities of three months or less at the date of purchase.

Restricted cash includes:

- certain funds at Port Arthur LNG for which withdrawals and usage are dictated by its debt agreements
- funds held as collateral in lieu of a customer's letters of credit associated with its LNG storage and regasification agreement
- funds denominated in U.S. dollars and Mexican pesos to pay for rights-of-way and other costs pursuant to trust agreements related to pipeline projects
- funds held in a delisting trust for the purpose of purchasing the remaining publicly owned IEnova shares

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on Semptra's Consolidated Balance Sheets to the sum of such amounts reported on Semptra's Consolidated Statements of Cash Flows.

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
(Dollars in millions)			
	December 31,		
	2024	2023	
Semptra:			
Cash and cash equivalents	\$ 1,565	\$ 236	
Restricted cash, current	21	49	
Restricted cash, noncurrent	3	104	
Total cash, cash equivalents and restricted cash on the Consolidated Statements of Cash Flows	\$ 1,589	\$ 389	

CREDIT LOSSES

We are exposed to credit losses from financial assets measured at amortized cost, including trade and other accounts receivable, amounts due from unconsolidated affiliates, our net investment in sales-type leases and a note receivable. We are also exposed to credit losses from off-balance sheet arrangements through Semptra's guarantee related to Cameron LNG JV's SDSRA, which we discuss in Note 5.

We regularly monitor and evaluate credit losses and record allowances for expected credit losses, if necessary, for trade and other accounts receivable using a combination of factors, including past-due status based on contractual terms, trends in write-offs, the age of the receivables and customer payment patterns, historical and industry trends, counterparty creditworthiness, economic conditions and specific events, such as bankruptcies, pandemics and other factors. We write off financial assets measured at amortized cost in the period in which we determine they are not recoverable. We record recoveries of amounts previously written off when it is known that they will be recovered.

After considering the past-due status of receivables, payment history and other customer-specific information, in 2024 and 2023, Semptra recorded a provision for expected credit losses of \$53 million and \$52 million, respectively, on a customer's past due account balance.

The implementation of customer assistance programs and higher 2023 winter season customer billings have resulted in certain SDG&E and SoCalGas customers exhibiting slower payment and higher levels of nonpayment than has been the case historically.

SDG&E and SoCalGas have regulatory mechanisms to recover credit losses and thus record changes in the allowances for credit losses related to Accounts Receivable – Trade that are probable of recovery in regulatory accounts. We discuss regulatory accounts in Note 4.

Changes in allowances for credit losses for trade receivables and other receivables are as follows:

CHANGES IN ALLOWANCES FOR CREDIT LOSSES (Dollars in millions)				
	2024	2023	2022	
Sempra:				
Allowances for credit losses at January 1	\$ 533	\$ 181	\$ 136	
Provisions for expected credit losses	203	468	123	
Write-offs	(222)	(116)	(78)	
Allowances for credit losses at December 31	\$ 514	\$ 533	\$ 181	
SDG&E:				
Allowances for credit losses at January 1	\$ 144	\$ 78	\$ 66	
Provisions for expected credit losses	52	115	54	
Write-offs	(82)	(49)	(42)	
Allowances for credit losses at December 31	\$ 114	\$ 144	\$ 78	
SoCalGas:				
Allowances for credit losses at January 1	\$ 331	\$ 98	\$ 69	
Provisions for expected credit losses	94	300	65	
Write-offs	(140)	(67)	(36)	
Allowances for credit losses at December 31	\$ 285	\$ 331	\$ 98	

Allowances for credit losses related to trade receivables and other receivables are included in the Consolidated Balance Sheets as follows:

ALLOWANCES FOR CREDIT LOSSES (Dollars in millions)			
	December 31,		
	2024	2023	
Sempra:			
Accounts receivable – trade, net	\$ 447	\$ 480	
Accounts receivable – other, net	53	52	
Other long-term assets	14	1	
Total allowances for credit losses	\$ 514	\$ 533	
SDG&E:			
Accounts receivable – trade, net	\$ 81	\$ 116	
Accounts receivable – other, net	25	27	
Other long-term assets	8	1	
Total allowances for credit losses	\$ 114	\$ 144	
SoCalGas:			
Accounts receivable – trade, net	\$ 251	\$ 306	
Accounts receivable – other, net	28	25	
Other long-term assets	6	—	
Total allowances for credit losses	\$ 285	\$ 331	

As we discuss below in “Note Receivable,” we have an interest-bearing promissory note due from KKR Pinnacle. On a quarterly basis, we evaluate credit losses and record allowances for expected credit losses on this note receivable, including compounded interest and unamortized transaction costs, based on published default rate studies, the maturity date of the instrument and an internally developed credit rating. At December 31, 2024 and 2023, \$5 million and \$6 million, respectively, of expected credit losses are included in Other Long-Term Assets on Sempra’s Consolidated Balance Sheets.

As we discuss in Note 5, Sempra provided a guarantee for the benefit of Cameron LNG JV related to amounts withdrawn by Sempra Infrastructure from the SDSRA. On a quarterly basis, we evaluate credit losses and record liabilities for expected credit losses on this off-balance sheet arrangement based on external credit ratings, published default rate studies and the maturity date of the arrangement. At both December 31, 2024 and 2023, \$5 million of expected credit losses are included in Deferred Credits and Other on Sempra’s Consolidated Balance Sheets.

CONCENTRATION OF CREDIT RISK

Credit risk is the risk of loss that would be incurred as a result of nonperformance by our counterparties on their contractual obligations. We have policies governing the management of credit risk that are administered by the respective credit departments at each of the Registrants and overseen by their separate risk management committees.

This oversight includes calculating current and potential credit risk on a regular basis and monitoring actual balances in comparison to approved limits. We establish credit limits based on risk and return considerations under terms customarily available in the industry. We avoid concentration of counterparties whenever possible, and we believe our credit policies significantly reduce overall credit risk. These policies include an evaluation of:

- prospective counterparties' financial condition (including credit ratings)
- collateral requirements
- the use of standardized agreements that allow for the netting of positive and negative exposures associated with a single counterparty
- downgrade triggers

We believe that we have provided adequate reserves for counterparty nonperformance in our allowances for credit losses.

TRANSACTIONS WITH AFFILIATES

We summarize amounts due from and to unconsolidated affiliates at the Registrants in the following table.

AMOUNTS DUE FROM (TO) UNCONSOLIDATED AFFILIATES

(Dollars in millions)

	December 31,	
	2024	2023
Sempra:		
Tax sharing agreement with Oncor Holdings	\$ 8	\$ 25
Various affiliates	5	6
Total due from unconsolidated affiliates – current	\$ 13	\$ 31
TAG Pipelines – 5.5% Note due January 9, 2024 ⁽¹⁾	\$ —	\$ (5)
Total due to unconsolidated affiliates – current	\$ —	\$ (5)
TAG Pipelines ⁽¹⁾ :		
5.5% Note due January 14, 2025	\$ —	\$ (24)
5.5% Note due July 16, 2025	—	(23)
5.5% Note due January 14, 2026	(8)	(20)
5.5% Note due July 14, 2026	(12)	(11)
5.5% Note due January 19, 2027	(15)	(14)
5.5% Note due July 21, 2027	(19)	(17)
5.5% Note due January 19, 2028	(48)	—
5.5% Note due July 18, 2028	(41)	—
TAG Norte – 5.74% Note due December 17, 2029 ⁽¹⁾	(209)	(198)
Total due to unconsolidated affiliates – noncurrent	\$ (352)	\$ (307)
SDG&E:		
Sempra	\$ (42)	\$ (44)
SoCalGas	(14)	(21)
Various affiliates	(3)	(8)
Total due to unconsolidated affiliates – current	\$ (59)	\$ (73)
Income taxes due from Sempra ⁽²⁾	\$ 38	\$ 246
SoCalGas:		
SDG&E	\$ 14	\$ 21
Various affiliates	2	1
Total due from unconsolidated affiliates – current	\$ 16	\$ 22
Sempra	\$ (38)	\$ (38)
Total due to unconsolidated affiliates – current	\$ (38)	\$ (38)
Income taxes due (to) from Sempra ⁽²⁾	\$ (6)	\$ 6

⁽¹⁾ U.S. dollar-denominated loans at fixed interest rates. Amounts include principal balances plus accumulated interest outstanding and VAT payable to the Mexican government.

⁽²⁾ SDG&E and SoCalGas are included in the consolidated income tax return of Sempra, and their respective income tax expense is computed as an amount equal to that which would result from each company having always filed a separate return. Amounts include current and noncurrent income taxes due to/from Sempra.

The following table summarizes income statement information from unconsolidated affiliates.

INCOME STATEMENT IMPACT FROM UNCONSOLIDATED AFFILIATES

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Revenues	\$ 40	\$ 44	\$ 41
Interest income	—	—	16
Interest expense	16	15	15
SDG&E:			
Revenues	\$ 23	\$ 21	\$ 16
Cost of sales	146	113	92
SoCalGas:			
Revenues	\$ 169	\$ 124	\$ 100
Cost of sales ⁽¹⁾	(5)	35	(9)

⁽¹⁾ Includes net commodity costs from natural gas transactions with unconsolidated affiliates.

Sempra, SDG&E and SoCalGas provide certain services to each other and are charged an allocable share of the cost of such services. Also, from time-to-time, SDG&E and SoCalGas may make short-term advances of surplus cash to Sempra at interest rates based on the federal funds effective rate plus a margin of 13 to 20 bps, depending on the loan balance. Such amounts are eliminated in consolidation at Sempra.

SDG&E and SoCalGas charge one another, as well as other Sempra affiliates, for shared asset depreciation. SoCalGas and SDG&E record revenues and the affiliates record corresponding amounts to O&M. Such amounts are eliminated in consolidation at Sempra.

SDG&E has a 20-year contract that commenced in June 2015 for up to 155 MW of renewable power supplied from the ESJ wind power generation facility, a consolidated subsidiary of Sempra. A second 20-year contract between SDG&E and ESJ for up to 108 MW of renewable power supplied from the same facility commenced in January 2022. Such amounts are eliminated in consolidation at Sempra.

The natural gas supply for SDG&E's and SoCalGas' core natural gas customers is purchased by SoCalGas as a combined procurement portfolio managed by SoCalGas. Core customers are primarily residential and small commercial and industrial customers. This core gas procurement function is considered a shared service; therefore, SoCalGas records revenues net of costs in cost of sales. Such amounts are eliminated in consolidation at Sempra.

SoCalGas provides natural gas transportation and storage services to SDG&E and charges SDG&E for such services monthly. SoCalGas records revenues and SDG&E records a corresponding amount to cost of sales. Such amounts are eliminated in consolidation at Sempra.

SoCalGas provides transportation services to Ecogas. SoCalGas records revenues and Ecogas records a corresponding amount to cost of sales. Such amounts are eliminated in consolidation at Sempra.

SoCalGas and Sempra Infrastructure may buy and sell natural gas from and to each other in open market transactions to help satisfy supply needs. SoCalGas records revenues and costs in cost of sales. Sempra Infrastructure records revenues and costs in revenues. Such amounts are eliminated in consolidation at Sempra.

Sempra Infrastructure has agreements with Cameron LNG JV to provide certain business services and project development services related to the Cameron LNG Phase 2 project.

Sempra Infrastructure provides maintenance and administrative services to TAG Pipelines. Additionally, Sempra Infrastructure subleases office space for personnel to TAG Pipelines and TAG Norte.

Sempra provides guarantees related to Cameron LNG JV's SDSRA and CFIN's Support Agreement. We discuss these guarantees in Note 5.

INVENTORIES

SDG&E and SoCalGas value natural gas inventory using the last-in first-out method. Sempra Infrastructure values natural gas inventory at the lower of average cost or net realizable value. We record natural gas to inventory when injected and then to expense when the gas is withdrawn for distribution to customers or to be used as fuel for electric generation.

Sempra Infrastructure values LNG inventory at the lower of average cost or net realizable value. We record LNG to inventory when delivered to our terminals and then to expense when transported from our terminals.

SDG&E, SoCalGas and Sempra Infrastructure generally value materials and supplies at the lower of average cost or net realizable value. We record materials and supplies to inventory when purchased and then to expense or capitalized to PP&E, as appropriate, when used.

The components of inventories are as follows:

INVENTORY BALANCES AT DECEMBER 31

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
	2024	2023	2024	2023	2024	2023
Natural gas	\$ 163	\$ 174	\$ 1	\$ 1	\$ 148	\$ 155
LNG	27	9	—	—	—	—
Materials and supplies	369	299	201	152	139	122
Total	\$ 559	\$ 482	\$ 202	\$ 153	\$ 287	\$ 277

GREENHOUSE GAS ALLOWANCES AND OBLIGATIONS

SDG&E, SoCalGas and Sempra Infrastructure are required by AB 32 to acquire GHG allowances for every metric ton of carbon dioxide equivalent emitted into the atmosphere during electric generation and natural gas consumption. SDG&E and SoCalGas receive allocations of GHG allowances on behalf of their customers at no cost and purchase any additional allowances required. We record purchased and allocated GHG allowances at the lower of weighted-average cost or market. We measure the compliance obligation, which is based on emissions, at the carrying value of allowances held plus the fair value of additional allowances necessary to satisfy the obligation. SDG&E and SoCalGas balance costs and revenues associated with the GHG program through regulatory balancing accounts. Sempra Infrastructure records the cost of GHG obligations in cost of sales. We remove the assets and liabilities from the balance sheets as the allowances are surrendered.

WILDFIRE FUND

In July 2019, the Wildfire Legislation was signed into law to address certain issues related to catastrophic wildfires in California and their impact on electric IOUs. Investor-owned gas distribution utilities such as SoCalGas are not covered by this legislation. The issues addressed include wildfire mitigation, cost recovery standards and requirements, a wildfire fund, a cap on liability, and the establishment of a wildfire safety board.

The Wildfire Legislation established a revised legal standard for the recovery of wildfire costs (Revised Prudent Manager Standard) and established a fund (the Wildfire Fund) designed to provide liquidity to SDG&E, PG&E and Edison to pay IOU wildfire-related claims in the event that the governmental agency responsible for determining causation determines the applicable IOU's equipment caused the ignition of a wildfire, primary insurance coverage is exceeded and certain other conditions are satisfied. A primary purpose of the Wildfire Fund is to pool resources provided by shareholders and ratepayers of the IOUs and make those resources available to reimburse the IOUs for third-party wildfire claims incurred after July 12, 2019, the effective date of the Wildfire Legislation, subject to certain limitations.

An IOU may seek payment from the Wildfire Fund for settled or adjudicated third-party damage claims arising from certain wildfires that exceed, in aggregate in a calendar year, the greater of \$1.0 billion or the IOU's required amount of insurance coverage as recommended by the Wildfire Fund's administrator. Wildfire claims approved by the Wildfire Fund's administrator will be paid by the Wildfire Fund to the IOU to the extent funds are available. These utilized funds will be subject to review by the CPUC, which will make a determination as to the degree an IOU's conduct related to an ignition of a wildfire was prudent or imprudent. The Revised Prudent Manager Standard requires that the CPUC apply clear standards when reviewing wildfire liability losses paid when determining the reasonableness of an IOU's conduct related to an ignition. Under this standard, the conduct under review related to the ignition may include factors within and beyond the IOU's control, including humidity, temperature and winds. Costs and expenses may be allocated for cost recovery in full or in part. Also, under this standard, an IOU's conduct will be deemed reasonable if a valid annual safety certification is in place at the time of the ignition, unless a serious doubt is raised, in which case the burden shifts to the utility to dispel that doubt. The IOUs will receive an annual safety certification from OEIS if they meet various requirements.

If an IOU has maintained a valid annual safety certification, to the extent it is found to be imprudent, claims will be reimbursable by the IOU to the Wildfire Fund up to a cap based on the IOU's rate base. The aggregate requirement to reimburse the Wildfire Fund over a trailing three calendar year period is capped at 20% of the equity portion of an IOU's electric transmission and distribution rate base in the year of the prudence determination. Based on its 2024 rate base, the liability cap for SDG&E is approximately \$1.4 billion, which is adjusted annually. The liability cap will apply on a rolling three-year basis so long as future annual safety certifications are received and the Wildfire Fund has not been terminated, which could occur if funds are exhausted. Amounts in excess of the liability cap and amounts that are determined to be prudently incurred do not need to be reimbursed by an IOU to the Wildfire Fund. The Wildfire Fund does not have a specified term and coverage will continue until the assets of the Wildfire Fund are exhausted and the Wildfire Fund is terminated, in which case, the remaining funds, if any, will be transferred to California's general fund to be used for fire risk mitigation programs.

In October 2024, the OEIS approved an update to SDG&E's 2023-2025 wildfire mitigation plan, which is effective until the OEIS approves a new plan. In December 2024, SDG&E received its annual wildfire safety certification from the OEIS.

The Wildfire Fund was initially funded up to \$10.5 billion by a loan from the California Surplus Money Investment Fund. The loan is financed through a DWR bond, which was put in place in October 2020 and is securitized through a dedicated surcharge on ratepayers' bills attributable to the DWR. In October 2019, the CPUC adopted a decision authorizing a non-bypassable charge to be collected by the IOUs to support the anticipated DWR bond issuance authorized by AB 1054. The CPUC decision also determined that ratepayers of non-participating electrical corporations shall not pay the non-bypassable charge.

The Wildfire Fund was also funded by initial shareholder contributions from the IOUs totaling \$7.5 billion. SDG&E's share was \$322.5 million. The IOUs are also required to make annual shareholder contributions to the Wildfire Fund with an aggregate value of \$3 billion over a 10-year period starting in 2019. SDG&E's share is \$129 million. The contributions are not subject to rate recovery.

Wildfire Fund Asset and Obligation

In 2019, SDG&E recorded both a Wildfire Fund asset and a related obligation for its commitment to make shareholder contributions of \$451.5 million to the Wildfire Fund. SDG&E paid its initial shareholder contribution of \$322.5 million to the Wildfire Fund in September 2019. SDG&E funded this contribution with proceeds from an equity contribution from Semptra. SDG&E expects to continue to make annual shareholder contributions of \$12.9 million through December 31, 2028. SDG&E is accreting the present value of the Wildfire Fund obligation until the liability is settled.

SDG&E is amortizing the Wildfire Fund asset on a straight-line basis over the estimated period of benefit, as adjusted for utilization by the IOUs. In 2024, SDG&E revised its estimate of the period of benefit from 15 years to 25 years. The estimated period of benefit of the Wildfire Fund asset is based on several assumptions, including, but not limited to:

- historical wildfire experience of each IOU in California, including frequency and severity of the wildfires
- the value of property potentially damaged by wildfires
- the effectiveness of wildfire risk mitigation efforts by each IOU
- liability cap of each IOU
- IOU prudence determination levels
- FERC jurisdictional allocation levels
- insurance coverage levels

The use of different assumptions, or changes to the assumptions used, could have a significant impact on the estimated period of benefit of the Wildfire Fund asset. SDG&E periodically evaluates the estimated period of benefit of the Wildfire Fund asset based on actual experience and changes in these assumptions. SDG&E recognizes a reduction of its Wildfire Fund asset and records a charge against earnings in the period when there is a reduction of the available coverage due to recoverable claims from any of the participating IOUs. Wildfire claims that are recoverable from the Wildfire Fund, net of anticipated or actual reimbursement to the Wildfire Fund by the responsible IOU, decrease the Wildfire Fund asset and remaining available coverage.

The following table summarizes the location of balances related to the Wildfire Fund on Sempra's and SDG&E's Consolidated Balance Sheets.

WILDFIRE FUND				
(Dollars in millions)				
		December 31,		
	Location	2024		2023
Wildfire Fund asset:				
Current	Prepaid Expenses	\$	14	\$ 28
Noncurrent	Wildfire Fund		262	269
Wildfire Fund obligation:				
Current	Other Current Liabilities		13	13
Noncurrent	Deferred Credits and Other		31	42

NOTE RECEIVABLE

In November 2021, Sempra loaned \$300 million to KKR Pinnacle in exchange for an interest-bearing promissory note that is due in full no later than October 2029 and bears compound interest at 5% per annum, which may be paid quarterly or added to the outstanding principal at the election of KKR Pinnacle. At December 31, 2024 and 2023, Other Long-Term Assets includes \$349 million and \$332 million, respectively, of outstanding principal, compounded interest and unamortized transaction costs, net of allowance for credit losses, on Sempra's Consolidated Balance Sheets.

LONG-LIVED ASSETS

We test long-lived assets for recoverability whenever events or changes in circumstances have occurred that may affect the recoverability or the estimated useful lives of long-lived assets. Long-lived assets include intangible assets subject to amortization, but do not include investments in unconsolidated entities. A long-lived asset may be impaired when the estimated future undiscounted cash flows are less than the carrying amount of the asset. If that comparison indicates that the asset's carrying value may not be recoverable, the impairment is measured based on the difference between the carrying amount and the fair value of the asset. This evaluation is performed at the lowest level for which separately identifiable cash flows exist.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill is the excess of the purchase price over the fair value of the identifiable net assets of acquired companies measured at the time of acquisition. Goodwill is not amortized, but we test it for impairment annually on October 1 or whenever events or changes in circumstances necessitate an evaluation. If the carrying value of the reporting unit, including goodwill, exceeds its fair value, we record a goodwill impairment loss as the excess of a reporting unit's carrying amount over its fair value, not to exceed the carrying amount of goodwill.

For our annual goodwill impairment testing, we have the option to first make a qualitative assessment of whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount before applying the quantitative goodwill impairment test. If we elect to perform the qualitative assessment, we evaluate relevant events and circumstances, including but not limited to, macroeconomic conditions, industry and market considerations, cost factors and the overall financial performance of the reporting unit. If, after assessing these qualitative factors, we determine that it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount, then we perform the quantitative goodwill impairment test. If, after performing the quantitative goodwill impairment test, we determine that goodwill is impaired, we record the amount of goodwill impairment as the excess of a reporting unit's carrying amount over its fair value, not to exceed the carrying amount of goodwill.

Goodwill of \$1,602 million at both December 31, 2024 and 2023 primarily relates to the 2016 acquisitions of IEnova Pipelines and the Ventika wind power generation facilities at Sempra Infrastructure.

Other Intangible Assets

Other Intangible Assets included on Sempra's Consolidated Balance Sheets are as follows:

OTHER INTANGIBLE ASSETS			
(Dollars in millions)			
	Amortization period (years)	December 31,	
		2024	2023
Sempra:			
Renewable energy transmission and consumption permits	15 to 19	\$ 169	\$ 169
O&M agreement	23	66	66
ESJ PPA	14	190	190
Other	10 to indefinite	15	15
		<u>440</u>	<u>440</u>
Less accumulated amortization:			
Renewable energy transmission and consumption permits		(68)	(59)
O&M agreement		(20)	(17)
ESJ PPA		(51)	(37)
Other		(9)	(9)
		<u>(148)</u>	<u>(122)</u>
		<u>\$ 292</u>	<u>\$ 318</u>

Other Intangible Assets at December 31, 2024 primarily include:

- renewable energy transmission and consumption permits granted by the CRE at the Ventika wind power generation facilities, Don Diego Solar and Border Solar;
- a favorable O&M agreement acquired in connection with the acquisition of Ductos y Energéticos del Norte, S. de R.L. de C.V.; and
- the relative fair value of the PPA that was acquired in connection with the acquisition of ESJ.

Intangible assets subject to amortization are amortized over their estimated useful lives. Amortization expense for intangible assets was \$26 million (including \$13.5 million recorded against revenues) in each of 2024, 2023, and 2022. We estimate amortization expense for each of the next five years to be approximately \$26 million per year (including \$13.5 million per year recorded against revenues).

PROPERTY, PLANT AND EQUIPMENT

PP&E is recorded at cost and primarily represents the buildings, equipment, other facilities and information systems used by SDG&E and SoCalGas to provide natural gas and electric utility services, and by Other Sempra businesses in their operations, including construction work in progress, leasehold improvements and other equipment. Our PP&E costs include labor, materials and contract services and expenditures for replacement parts incurred during a major maintenance outage of a plant. In addition, the cost of utility plant at our rate-regulated businesses and PP&E under regulated projects that meet the regulatory accounting requirements of U.S. GAAP includes AFUDC. The cost of PP&E for our non-regulated projects includes capitalized interest. Maintenance costs are expensed as incurred. The cost of most retired depreciable utility plant assets less salvage value is charged to accumulated depreciation. We discuss assets collateralized as security for certain indebtedness in Note 6.

PROPERTY, PLANT AND EQUIPMENT BY MAJOR FUNCTIONAL CATEGORY

(Dollars in millions)

	December 31,		Depreciation rates for years ended December 31,		
	2024	2023	2024	2023	2022
SDG&E:					
Natural gas operations	\$ 4,531	\$ 4,175	2.62 %	2.60 %	2.57 %
Electric distribution	12,542	11,597	4.21	4.05	3.94
Electric transmission ⁽¹⁾	8,878	8,504	3.06	3.04	3.03
Electric generation	2,527	2,515	5.43	5.18	5.11
Other electric	2,722	2,507	6.95	7.05	7.03
Construction work in progress ⁽¹⁾	1,962	1,620	N/A	N/A	N/A
Total SDG&E	33,162	30,918			
SoCalGas:					
Natural gas operations	27,191	25,506	3.68	3.64	3.57
Other non-utility	32	50	0.98	1.03	1.54
Construction work in progress	1,861	1,469	N/A	N/A	N/A
Total SoCalGas	29,084	27,025			
Other Sempra⁽²⁾:			Estimated useful lives	Weighted-average useful life	
Land and land rights	498	488	16 to 44 years ⁽³⁾	37	
Machinery and equipment:					
Pipelines and storage	4,355	3,883	41 to 49 years	42	
Generating plants	1,820	1,815	11 to 28 years	26	
LNG terminal	1,156	1,139	42 years	42	
Refined products terminals	876	656	37 years	37	
Other	348	346	1 to 21 years	15	
Construction work in progress	8,781	5,930	N/A	N/A	
Other	317	295	1 to 35 years	16	
	18,151	14,552			
Total Sempra	\$ 80,397	\$ 72,495			

⁽¹⁾ At December 31, 2024, includes \$563 in electric transmission assets and \$1 in construction work in progress related to SDG&E's 86% interest in the Southwest Powerlink transmission line, jointly owned by SDG&E with other utilities. SDG&E, and each of the other owners, holds its undivided interest as a tenant in common in the property. Each owner is responsible for its share of the project and participates in decisions concerning operations and capital expenditures. SDG&E's share of operating expenses is included in SDG&E's and Sempra's Consolidated Statements of Operations.

⁽²⁾ Includes \$290 and \$310 at December 31, 2024 and 2023, respectively, of utility plant, primarily pipelines and other distribution assets at Ecogas.

⁽³⁾ Estimated useful lives are for land rights.

Sempra Infrastructure's Sonora natural gas pipeline consists of two pipeline segments, the Sasabe-Puerto Libertad-Guaymas segment and the Guaymas-El Oro segment. Each segment has its own service agreement with the CFE. Following the start of commercial operations of the Guaymas-El Oro segment, Sempra Infrastructure reported damage to the pipeline in the Yaqui territory that has made that section inoperable since August 2017 because it was not able to be repaired due to legal challenges, which were resolved in March 2023, by some members of the Yaqui tribe. Sempra Infrastructure and the CFE have agreed to an amendment to their transportation services agreement and to re-route the portion of the pipeline that is in the Yaqui territory, whereby the CFE would pay for the re-routing with a new tariff. This amendment will terminate if certain conditions are not met, and Sempra Infrastructure retains the right to terminate the transportation services agreement and seek to recover its reasonable and documented costs and lost profit. Sempra Infrastructure continues to acquire and pursue the necessary rights-of-way and permits for the portion of the pipeline that needs to be re-routed. At December 31, 2024, Sempra Infrastructure had \$401 million in PP&E, net, related to the Guaymas-El Oro segment of the Sonora pipeline, which could be subject to impairment if Sempra Infrastructure is unable to re-route a portion of the pipeline and resume operations or if Sempra Infrastructure terminates the contract and is unable to obtain recovery.

Depreciation expense is computed using the straight-line method over the asset's estimated composite useful life, the CPUC-prescribed period for SDG&E and SoCalGas, or the remaining term of the site leases, whichever is shortest.

DEPRECIATION EXPENSE

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra	\$ 2,409	\$ 2,202	\$ 1,995
SDG&E	1,216	1,092	977
SoCalGas	903	833	755

ACCUMULATED DEPRECIATION AND AMORTIZATION

(Dollars in millions)

	December 31,	
	2024	2023
SDG&E:		
Accumulated depreciation:		
Natural gas operations	\$ 1,121	\$ 1,048
Electric transmission, distribution and generation ⁽¹⁾	6,930	6,321
Total SDG&E	8,051	7,369
SoCalGas:		
Accumulated depreciation:		
Natural gas operations	8,315	7,835
Other non-utility	15	17
Total SoCalGas	8,330	7,852
Other Sempra:		
Accumulated depreciation – other ⁽²⁾	2,579	2,314
Total Sempra	\$ 18,960	\$ 17,535

⁽¹⁾ Includes \$338 at December 31, 2024 related to SDG&E's 86% interest in the Southwest Powerlink transmission line, jointly owned by SDG&E and other utilities.

⁽²⁾ Includes \$75 and \$82 at December 31, 2024 and 2023, respectively, of accumulated depreciation for utility plant at Ecogas.

SDG&E and SoCalGas finance construction projects with debt and equity funds. The CPUC and the FERC allow the recovery of the cost of these funds by the capitalization of AFUDC, calculated using rates authorized by the CPUC and the FERC, as a cost component of PP&E. SDG&E and SoCalGas earn a return on the capitalized AFUDC after the utility property is placed in service and recover the AFUDC from their customers over the expected useful lives of the assets.

Pipeline projects under construction by Sempra Infrastructure that are both subject to certain regulation and meet U.S. GAAP regulatory accounting requirements record the impact of AFUDC.

We capitalize interest costs incurred to finance capital projects and interest at equity method investments that have not commenced planned principal operations.

The table below summarizes capitalized financing costs, comprised of capitalized interest and AFUDC related to debt.

CAPITALIZED FINANCING COSTS

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra	\$ 629	\$ 448	\$ 255
SDG&E	100	116	116
SoCalGas	101	77	73

ASSET RETIREMENT OBLIGATIONS

For tangible long-lived assets, we record AROs for the present value of liabilities of future costs expected to be incurred when assets are retired from service if the retirement process is legally required and if a reasonable estimate of fair value can be made. We also record a liability if a legal obligation to perform an asset retirement exists and can be reasonably estimated but performance is conditional upon a future event. We record the estimated retirement cost using the present value of the obligation at the time the asset is placed into service and recognize that cost over the life of the related asset by depreciating the asset retirement cost and accreting the obligation until the liability is settled. Our rate-regulated entities record regulatory assets or liabilities as a result of the timing difference between the recognition of costs in accordance with U.S. GAAP and costs recovered through the rate-making process.

We have recorded AROs related to various assets, including:

SDG&E and SoCalGas

- fuel and storage tanks
- natural gas transmission and distribution systems
- hazardous waste storage facilities
- asbestos-containing construction materials

SDG&E

- nuclear power facilities
- electric transmission and distribution systems
- energy storage systems
- power generation plants

SoCalGas

- underground natural gas storage facilities and wells

Other Sempra

- LNG terminal
- natural gas transportation and distribution systems
- LPG storage facilities
- refined products terminals
- power generating plants

The changes in AROs are as follows:

CHANGES IN ASSET RETIREMENT OBLIGATIONS									
<i>(Dollars in millions)</i>									
	Sempra			SDG&E			SoCalGas		
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Balance at January ⁽¹⁾	\$ 3,831	\$ 3,712	\$ 3,538	\$ 894	\$ 887	\$ 890	\$ 2,847	\$ 2,743	\$ 2,582
Accretion expense	156	148	141	37	37	37	114	106	101
Liabilities incurred	—	18	21	—	15	6	—	—	—
Payments	(65)	(62)	(57)	(57)	(59)	(54)	(8)	(3)	(3)
Revisions	3	15	69	26	14	8	(23)	1	63
Balance at December 31 ⁽¹⁾	\$ 3,925	\$ 3,831	\$ 3,712	\$ 900	\$ 894	\$ 887	\$ 2,930	\$ 2,847	\$ 2,743

⁽¹⁾ Current portion of the ARO for Sempra is included in Other Current Liabilities on the Consolidated Balance Sheets.

CONTINGENCIES

We accrue losses for the estimated impacts of various conditions, situations or circumstances involving uncertain outcomes. For loss contingencies, we accrue the loss if an event has occurred on or before the balance sheet date and if:

- information available through the date we file our financial statements indicates it is probable that a loss has been incurred, given the likelihood of uncertain future events; and
- the amount of the loss or a range of possible losses can be reasonably estimated.

We do not accrue contingencies that might result in gains. We assess contingencies for litigation claims, environmental remediation and other events.

COMPREHENSIVE INCOME

Comprehensive income includes all changes in the equity of a business enterprise (except those resulting from investments by owners and distributions to owners), including:

- foreign currency translation adjustments
- certain hedging activities
- changes in unamortized net actuarial gain or loss and prior service cost related to pension and PBOP plans

The Consolidated Statements of Comprehensive Income (Loss) show the changes in the components of OCI, including the amounts attributable to NCI. The following tables present the changes in AOCI by component and amounts reclassified out of AOCI to net income, after amounts attributable to NCI.

CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT⁽¹⁾

(Dollars in millions)

	Foreign currency translation adjustments	Financial instruments	Pension and PBOP	Total AOCI
Sempra:				
Balance at December 31, 2021	\$ (79)	\$ (156)	\$ (83)	\$ (318)
OCI before reclassifications	10	147	(11)	146
Amounts reclassified from AOCI ⁽²⁾	10	19	8	37
Net OCI ⁽²⁾	20	166	(3)	183
Balance at December 31, 2022	(59)	10	(86)	(135)
OCI before reclassifications	23	59	(35)	47
Amounts reclassified from AOCI ⁽³⁾	—	(66)	4	(62)
Net OCI ⁽³⁾	23	(7)	(31)	(15)
Balance at December 31, 2023	(36)	3	(117)	(150)
OCI before reclassifications	(30)	34	(1)	3
Amounts reclassified from AOCI	—	(22)	3	(19)
Net OCI	(30)	12	2	(16)
Balance at December 31, 2024	\$ (66)	\$ 15	\$ (115)	\$ (166)
SDG&E:				
Balance at December 31, 2021			\$ (10)	\$ (10)
OCI before reclassifications			2	2
Amounts reclassified from AOCI			1	1
Net OCI			3	3
Balance at December 31, 2022			(7)	(7)
OCI before reclassifications			(2)	(2)
Amounts reclassified from AOCI			1	1
Net OCI			(1)	(1)
Balance at December 31, 2023			(8)	(8)
OCI before reclassifications			(3)	(3)
Amounts reclassified from AOCI			(1)	(1)
Net OCI			(4)	(4)
Balance at December 31, 2024			\$ (12)	\$ (12)
SoCalGas:				
Balance at December 31, 2021	\$ (13)	\$ (18)	\$ (31)	
OCI before reclassifications	—	4	4	
Amounts reclassified from AOCI	1	2	3	
Net OCI	1	6	7	
Balance at December 31, 2022	(12)	(12)	(24)	
OCI before reclassifications	—	(1)	(1)	
Amounts reclassified from AOCI	1	1	2	
Net OCI	1	—	1	
Balance at December 31, 2023	(11)	(12)	(23)	
OCI before reclassifications	—	(5)	(5)	
Amounts reclassified from AOCI	1	—	1	
Net OCI	1	(5)	(4)	
Balance at December 31, 2024	\$ (10)	\$ (17)	\$ (27)	

⁽¹⁾ All amounts are net of income tax, if subject to tax, and after NCI.

⁽²⁾ Total AOCI includes \$9 of foreign currency translation adjustments associated with the sale of NCI to ADIA in 2022. We discuss this transaction in Note 12 in "Noncontrolling Interests – SI Partners." This transaction did not impact the Consolidated Statement of Comprehensive Income (Loss).

⁽³⁾ Total AOCI includes \$(46) of financial instruments associated with sale of NCI to KKR Denali in 2023, which we discuss in Note 12 in "Noncontrolling Interests – SI Partners Subsidiaries." This transaction did not impact the Consolidated Statement of Comprehensive Income (Loss).

RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

Details about AOCI components	Amounts reclassified from AOCI			Affected line item on
				Consolidated Statements of Operations
	Years ended December 31,			
	2024	2023	2022	
Sempra:				
Foreign currency translation adjustments	\$ —	\$ —	\$ 1	Operation and maintenance
Financial instruments:				
Interest rate instruments	\$ (11)	\$ 1	\$ 1	Interest expense
Interest rate instruments	(23)	(48)	29	Equity earnings ⁽¹⁾
Foreign exchange instruments	(5)	1	(1)	Revenues: Energy-related businesses
	(2)	2	1	Other income, net
Foreign exchange instruments	(6)	2	—	Equity earnings ⁽¹⁾
Interest rate and foreign exchange instruments	—	(1)	(2)	Interest expense
	—	(6)	(12)	Other income, net
Total, before income tax	(47)	(49)	16	
	11	6	(6)	Income tax expense
Total, net of income tax	(36)	(43)	10	
	14	23	9	Earnings attributable to noncontrolling interests
Total, net of income tax and after NCI	\$ (22)	\$ (20)	\$ 19	
Pension and PBOP ⁽²⁾ :				
Amortization of actuarial loss	\$ 6	\$ 3	\$ 7	Other income, net
Amortization of prior service cost	3	2	4	Other income, net
Settlement charges	9	—	—	Other income, net
Total, before income tax	18	5	11	
	(15)	(1)	(3)	Income tax expense
Total, net of income tax	\$ 3	\$ 4	\$ 8	
Total reclassifications for the period, net of income tax and after NCI	\$ (19)	\$ (16)	\$ 28	
SDG&E:				
Pension and PBOP ⁽²⁾ :				
Amortization of actuarial loss	\$ 1	\$ —	\$ 1	Other income, net
Amortization of prior service cost	—	1	—	Other income, net
Total, before income tax	1	1	1	
	(2)	—	—	Income tax (expense) benefit
Total reclassifications for the period, net of income tax	\$ (1)	\$ 1	\$ 1	
SoCalGas:				
Financial instruments:				
Interest rate instruments	\$ 1	\$ 1	\$ 1	Interest expense
Pension and PBOP ⁽²⁾ :				
Amortization of actuarial loss	\$ 1	\$ 1	\$ 2	Other income (expense), net
Amortization of prior service cost	1	1	1	Other income (expense), net
Total, before income tax	2	2	3	
	(2)	(1)	(1)	Income tax (expense) benefit
Total, net of income tax	\$ —	\$ 1	\$ 2	
Total reclassifications for the period, net of income tax	\$ 1	\$ 2	\$ 3	

⁽¹⁾ Equity earnings at Oncor Holdings and our foreign equity method investees are recognized after tax.

⁽²⁾ Amounts are included in the computation of net periodic benefit cost (see "Pension and PBOP" in Note 8).

REVENUES

See Note 3 for a description of significant accounting policies for revenues.

RENEWABLE ENERGY CERTIFICATES

RECs are energy rights established by governmental agencies for the environmental and social promotion of renewable electricity generation. A REC, and its associated attributes and benefits, can be sold separately from the underlying physical electricity associated with a renewable-based generation source in certain markets.

Retail sellers of electricity obtain RECs through renewable energy PPAs, internal generation or separate purchases in the market to comply with the RPS Program established by the governmental agencies. RECs provide documentation for the generation of a unit of renewable energy that is used to verify compliance with the RPS Program. The cost of RECs at SDG&E, which is recoverable in rates, is recorded in Cost of Electric Fuel and Purchased Power on the Statements of Operations.

OPERATION AND MAINTENANCE EXPENSES

Operation and Maintenance includes O&M and general and administrative costs, consisting primarily of personnel costs, purchased materials and services, insurance, rent, provisions for expected credit losses and litigation expense (except for litigation expense included in Aliso Canyon Litigation and Regulatory Matters).

LEGAL FEES

Legal fees that are associated with a past event for which a liability has been recorded are accrued when it is probable that fees also will be incurred and amounts are estimable.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS

Our natural gas distribution utility in Mexico, Ecogas, uses its local currency as its functional currency. The assets and liabilities of its foreign operations are translated into U.S. dollars at current exchange rates at the end of the reporting period, and revenues and expenses are translated at average exchange rates for the year. The resulting noncash translation adjustments do not enter into the calculation of earnings or retained earnings but are reflected in OCI and AOCI.

Cash flows of this consolidated foreign subsidiary are translated into U.S. dollars using average exchange rates for the period. We report the effect of exchange rate changes on cash balances held in foreign currencies in Effect of Exchange Rate Changes on Cash, Cash Equivalents and Restricted Cash on Sempra's Consolidated Statements of Cash Flows.

Foreign currency transaction gains (losses), net, are included in Other Income, Net, on Sempra's Consolidated Statements of Operations.

OTHER INCOME, NET

Other Income, Net, on the Consolidated Statements of Operations consists of the following:

OTHER INCOME (EXPENSE), NET (Dollars in millions)	Years ended December 31,		
	2024	2023	2022
Sempra:			
Allowance for equity funds used during construction	\$ 150	\$ 140	\$ 143
Investment gains (losses), net ⁽¹⁾	36	28	(42)
Gains on interest rate and foreign exchange instruments, net	2	4	11
Foreign currency transaction (losses) gains, net ⁽²⁾	(16)	2	(24)
Non-service components of net periodic benefit cost	(101)	(106)	(59)
Interest on regulatory balancing accounts, net	75	79	26
Sundry, net	(10)	(16)	(31)
Total	\$ 136	\$ 131	\$ 24
SDG&E:			
Allowance for equity funds used during construction	\$ 73	\$ 86	\$ 88
Non-service components of net periodic benefit cost	4	(19)	(11)
Interest on regulatory balancing accounts, net	23	42	18
Sundry, net	(10)	(12)	(3)
Total	\$ 90	\$ 97	\$ 92
SoCalGas:			
Allowance for equity funds used during construction	\$ 72	\$ 54	\$ 55
Non-service components of net periodic benefit cost	(86)	(80)	(42)
Interest on regulatory balancing accounts, net	52	37	8
Sundry, net	(13)	(15)	(29)
Total	\$ 25	\$ (4)	\$ (8)

⁽¹⁾ Represents net investment gains (losses) on dedicated assets in support of our executive retirement and deferred compensation plans. These amounts are offset by corresponding changes in compensation expense related to the plans, recorded in O&M on the Consolidated Statements of Operations.

⁽²⁾ Includes losses of \$11 in 2022 from translation to U.S. dollars of a Mexican peso-denominated loan to IMG, which are offset by corresponding amounts included in Equity Earnings on the Consolidated Statements of Operations.

INCOME TAXES

Income tax expense includes current and deferred income taxes. We record deferred income taxes for temporary differences between the book and the tax basis of assets and liabilities. ITCs from prior years are generally amortized to income by SDG&E and SoCalGas over the estimated service lives of the properties as required by the CPUC. However, in 2023, the scope of projects eligible for ITCs was expanded to include standalone energy storage projects, which are transferable under the IRA. The IRA also provided an election that permits ITCs related to standalone energy storage projects to be returned to utility customers over a period that is shorter than the life of the applicable asset.

Under the regulatory accounting treatment required for flow-through temporary differences, the Registrants recognize:

- regulatory assets to offset deferred income tax liabilities if it is probable that the amounts will be recovered from customers; and
- regulatory liabilities to offset deferred income tax assets if it is probable that the amounts will be returned to customers.

When there are uncertainties related to potential income tax benefits, the position we take must have at least a more-likely-than-not chance of being sustained (based on the position's technical merits) upon challenge by the respective authorities in order to qualify for recognition. The term "more-likely-than-not" means a likelihood of more than 50%. Otherwise, we may not recognize any of the potential tax benefit associated with the position. We recognize a benefit for a tax position that meets the more-likely-than-not criterion at the largest amount of tax benefit that is greater than 50% likely of being realized upon its effective resolution.

Unrecognized income tax benefits involve management's judgment regarding the likelihood of the benefit being sustained. The final resolution of uncertain tax positions could result in adjustments to recorded amounts and may affect our ETR.

We accrue income tax to the extent we intend to repatriate cash to the U.S. from our continuing international operations. We currently do not record deferred income taxes for other basis differences between financial statement and income tax investment amounts in non-U.S. subsidiaries because they are indefinitely reinvested. We recognize income tax expense for basis differences related to global intangible low-taxed income as a period cost if and when incurred.

We recognize interest and penalties related to income taxes in income tax expense.

We provide additional information about income taxes in Note 7.

RESTRICTED NET ASSETS

Sempra

As we discuss below, SDG&E, SoCalGas and certain Other Sempra entities have restrictions on the amount of funds that can be transferred to Sempra by dividend, advance or loan as a result of conditions imposed by various regulators. Additionally, certain Other Sempra entities are subject to various financial and other covenants and other restrictions contained in debt and credit agreements (described in Note 6) and in other agreements that limit the amount of funds that can be transferred to Sempra. At December 31, 2024, Sempra was in compliance with all covenants related to its debt agreements.

At December 31, 2024, the amount of restricted net assets of consolidated entities of Sempra that may not be distributed to Sempra in the form of a loan or dividend is \$17.9 billion. Additionally, the amount of restricted net assets of our unconsolidated entities is \$16.3 billion. Although the restrictions cap the amount of funding that the various operating subsidiaries can provide to Sempra, we do not believe these restrictions will have a significant impact on our ability to access cash to pay dividends and fund operating needs.

As we discuss in Note 5, \$2.9 billion of Sempra's retained earnings represents undistributed earnings of equity method investments at December 31, 2024.

SDG&E and SoCalGas

The CPUC's regulation of SDG&E's and SoCalGas' capital structures limits the amounts available for dividends and loans to Sempra. At December 31, 2024, Sempra could have received combined loans and dividends of approximately \$672 million from SDG&E and approximately \$457 million from SoCalGas.

The payment and amount of future dividends by SDG&E and SoCalGas are at the discretion of their respective boards of directors. The following restrictions limit the amount of retained earnings that may be paid as common stock dividends or loaned to Sempra from either utility:

- The CPUC requires that SDG&E's and SoCalGas' common equity ratios be no lower than one percentage point below the CPUC-authorized percentage of each entity's authorized capital structure. The authorized percentage at December 31, 2024 is 52% at both SDG&E and SoCalGas.
- SDG&E and SoCalGas each have a revolving credit line that requires it to maintain a ratio of consolidated indebtedness to consolidated capitalization (as defined in the agreements) of no more than 65%, as we discuss in Note 6.

Based on these restrictions, at December 31, 2024, SDG&E's restricted net assets were \$10.0 billion, and SoCalGas' restricted net assets were \$7.7 billion, which could not be transferred to Sempra.

Other Sempra

Sempra owns a 100% interest in Oncor Holdings, which owns an 80.25% interest in Oncor. As we discuss in Note 5, we account for our investment in Oncor Holdings under the equity method. Significant restrictions at Oncor that limit the amount that may be paid as dividends to Sempra include:

- In connection with ring-fencing measures, governance mechanisms and commitments, Oncor may not pay any dividends or make any other distributions (except for contractual tax payments) if a majority of its independent directors or a minority member director determines that it is in the best interests of Oncor to retain such amounts to meet expected future requirements.
- Oncor must remain in compliance with its debt-to-equity ratio established by the PUCT for ratemaking purposes and may not pay dividends or other distributions (except for contractual tax payments) if that payment would cause it to exceed its PUCT authorized debt-to-equity ratio. Oncor's authorized regulatory capital structure is 57.5% debt to 42.5% equity at December 31, 2024.
- If the credit rating on Oncor's senior secured debt by any of the Rating Agencies falls below BBB (or the equivalent), Oncor will suspend dividends and other distributions (except for contractual tax payments), unless otherwise allowed by the PUCT. At December 31, 2024, all of Oncor's senior secured ratings were above BBB.
- Oncor's revolving credit lines and certain of its other debt agreements require it to maintain a consolidated senior debt-to-capitalization ratio of no more than 65% and observe certain affirmative covenants. At December 31, 2024, Oncor was in compliance with these covenants.

Based on these restrictions, at December 31, 2024, Oncor's restricted net assets were \$15.6 billion, which could not be transferred to its owners.

Sempra owns a 50% interest in Sharyland Holdings, which owns a 100% interest in Sharyland Utilities. Significant restrictions related to this equity method investment include:

- Sharyland Utilities may not pay dividends or make other distributions (except for contractual payments) without the consent of the JV partner.
- Sharyland Utilities must remain in compliance with the capital structure established by the PUCT for ratemaking purposes and may not pay dividends or other distributions (except for contractual tax payments) if that payment would cause its debt to exceed 60% of its capital structure.
- Sharyland Utilities has a revolving credit line and three senior notes that require it to maintain a consolidated debt-to-capitalization ratio of no more than 70% and observe certain customary reporting requirements and other affirmative covenants. At December 31, 2024, Sharyland Utilities was in compliance with these and all other covenants.

Based on these restrictions, at December 31, 2024, Sharyland Utilities' restricted net assets were \$136 million, which could not be transferred to its owners.

Significant restrictions at Sempra Infrastructure include:

- Partnerships and JVs at Sempra Infrastructure may not pay dividends or make other distributions (except for contractual payments) without the consent of the partners.
- Sempra Infrastructure has an equity method investment in Cameron LNG JV, which has debt agreements that require the establishment and funding of project accounts to which the proceeds of loans, project revenues and other amounts are deposited and applied in accordance with the debt agreements. The debt agreements require the JV to maintain reserve accounts in order to pay the project debt service, and also contain restrictions related to the payment of dividends and other distributions to the members of the JV.

Pursuant to the transfer restriction agreement under the debt agreements, Sempra must retain at least 10% of the indirect fully diluted economic and beneficial ownership interest in Cameron LNG JV. In addition, at all times, a Sempra controlled (but not necessarily wholly owned) subsidiary must directly own 50.2% of the membership interests of Cameron LNG JV.

To support Cameron LNG JV's obligations under its debt agreements, Cameron LNG JV has granted security over all of its assets, subject to customary exceptions, and all equity interests in Cameron LNG JV were pledged to HSBC Bank USA, National Association, as security trustee for the benefit of all of Cameron LNG JV's creditors. As a result, an enforcement action by the lenders taken in accordance with the finance documents could result in the exercise of such security interests by the lenders and the loss of ownership interests in Cameron LNG JV by Sempra and the other project partners.

Under these restrictions, net assets of Cameron LNG JV of approximately \$443 million were restricted at December 31, 2024.

- Mexico requires domestic corporations to maintain minimum legal reserves as a percentage of capital stock, resulting in restricted net assets of \$185 million at Sempra Infrastructure's consolidated Mexican subsidiaries at December 31, 2024.
- IEnova has restrictions under trust agreements related to pipeline projects to pay for rights-of-way and other costs. Under these restrictions, net assets totaling \$3 million were restricted at December 31, 2024.

- TAG Norte, a 50% owned and unconsolidated JV of Sempra Infrastructure, has a long-term debt agreement that requires it to maintain a reserve account to pay the projects' debt. Under these restrictions, net assets totaling \$126 million were restricted at December 31, 2024.
- Port Arthur LNG has a seven-year term loan facility agreement and working capital credit facility agreement that require consent of a trustee for the withdrawal or transfer of cash. Under these restrictions, net assets totaling \$19 million were restricted at December 31, 2024.

NOTE 2. NEW ACCOUNTING STANDARDS

We describe below recent accounting pronouncements that have had or may have a significant effect on our results of operations, financial condition, cash flows or disclosures.

ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures": ASU 2023-07 revises reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, public entities are required to disclose the title and position of the CODM and explain how the CODM uses the reported measures of profit or loss to assess segment performance. The standard also requires interim disclosure of certain segment-related disclosures that previously were required only on an annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. We adopted the standard on December 31, 2024 and revised our segment reporting disclosures in Note 16 on a retrospective basis.

ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures": ASU 2023-09 improves the transparency of income tax disclosures by requiring disaggregated information about each Registrant's ETR reconciliation as well as information on income taxes paid. For each annual period, each Registrant will be required to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. We plan to adopt the standard on December 31, 2025 and are currently evaluating the effect of the standard on our financial reporting.

ASU 2024-03, "Disaggregation of Income Statement Expenses": ASU 2024-03 mandates detailed disclosures on the disaggregation of income statement expenses. Public business entities are required to disclose in the notes to financial statements the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization included in each relevant expense caption. The standard also requires disclosure of the amount, and a qualitative description of, other items remaining in relevant expense captions that are not separately disaggregated. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted, and entities may adopt the standard on either a prospective or retrospective basis. We are currently evaluating the effect of the standard on our financial reporting and have not yet selected the year in which we will adopt the standard.

NOTE 3. REVENUES

The following tables disaggregate our revenues from contracts with customers by major service line and market. We also provide a reconciliation to total revenues by segment for Sempra. The majority of our revenue is recognized over time.

DISAGGREGATED REVENUES

(Dollars in millions)

	Sempra			
	Consolidating adjustments and Parent and other			Sempra
	Sempra California	Sempra Infrastructure		
Year ended December 31, 2024				
By major service line:				
Utilities	\$ 11,008	\$ 78	\$ (23)	\$ 11,063
Energy-related businesses	—	818	(63)	755
Revenues from contracts with customers	\$ 11,008	\$ 896	\$ (86)	\$ 11,818
By market:				
Gas	\$ 6,858	\$ 471	\$ (21)	\$ 7,308
Electric	4,150	425	(65)	4,510
Revenues from contracts with customers	\$ 11,008	\$ 896	\$ (86)	\$ 11,818
Revenues from contracts with customers	\$ 11,008	\$ 896	\$ (86)	\$ 11,818
Utilities regulatory revenues	374	—	—	374
Other revenues	—	986	7	993
Total revenues	\$ 11,382	\$ 1,882	\$ (79)	\$ 13,185
Year ended December 31, 2023				
By major service line:				
Utilities	\$ 13,686	\$ 87	\$ (19)	\$ 13,754
Energy-related businesses	—	1,164	(70)	1,094
Revenues from contracts with customers	\$ 13,686	\$ 1,251	\$ (89)	\$ 14,848
By market:				
Gas	\$ 8,949	\$ 755	\$ (17)	\$ 9,687
Electric	4,737	496	(72)	5,161
Revenues from contracts with customers	\$ 13,686	\$ 1,251	\$ (89)	\$ 14,848
Revenues from contracts with customers	\$ 13,686	\$ 1,251	\$ (89)	\$ 14,848
Utilities regulatory revenues	75	—	—	75
Other revenues	—	1,820	(23)	1,797
Total revenues	\$ 13,761	\$ 3,071	\$ (112)	\$ 16,720
Year ended December 31, 2022				
By major service line:				
Utilities	\$ 11,944	\$ 89	\$ (15)	\$ 12,018
Energy-related businesses	—	1,760	(56)	1,704
Revenues from contracts with customers	\$ 11,944	\$ 1,849	\$ (71)	\$ 13,722
By market:				
Gas	\$ 7,267	\$ 1,270	\$ (12)	\$ 8,525
Electric	4,677	579	(59)	5,197
Revenues from contracts with customers	\$ 11,944	\$ 1,849	\$ (71)	\$ 13,722
Revenues from contracts with customers	\$ 11,944	\$ 1,849	\$ (71)	\$ 13,722
Utilities regulatory revenues	633	—	—	633
Other revenues	—	70	14	84
Total revenues	\$ 12,577	\$ 1,919	\$ (57)	\$ 14,439

DISAGGREGATED REVENUES

(Dollars in millions)

	SDG&E				SoCalGas		
	Years ended December 31,						
	2024	2023	2022	2024	2023	2022	
By major service line:							
Revenues from contracts with customers – Utilities	\$ 5,042	\$ 5,954	\$ 5,586	\$ 6,134	\$ 7,857	\$ 6,459	
By market:							
Gas	\$ 878	\$ 1,204	\$ 899	\$ 6,134	\$ 7,857	\$ 6,459	
Electric	4,164	4,750	4,687	—	—	—	
Revenues from contracts with customers	\$ 5,042	\$ 5,954	\$ 5,586	\$ 6,134	\$ 7,857	\$ 6,459	
Revenues from contracts with customers	\$ 5,042	\$ 5,954	\$ 5,586	\$ 6,134	\$ 7,857	\$ 6,459	
Utilities regulatory revenues	299	(357)	252	75	432	381	
Total revenues	\$ 5,341	\$ 5,597	\$ 5,838	\$ 6,209	\$ 8,289	\$ 6,840	

REVENUES FROM CONTRACTS WITH CUSTOMERS

Revenues from contracts with customers are primarily related to the transmission, distribution and storage of natural gas and the generation, transmission and distribution of electricity through our regulated utilities. We also provide other midstream and renewable energy-related services. We assess our revenues on a contract-by-contract basis as well as a portfolio basis to determine the nature, amount, timing and uncertainty, if any, of revenues being recognized.

We generally recognize revenues when performance of the promised commodity or service is provided to customers and invoices are issued for an amount that reflects the consideration we are entitled to in exchange for those services. We consider the delivery and transmission of natural gas and electricity and providing of natural gas storage services as ongoing and integrated services. Generally, natural gas or electricity services are received and consumed by the customer simultaneously. Performance obligations related to these services are satisfied over time and represent a series of distinct services that are substantially the same and that have the same pattern of transfer to the customers. We recognize revenue based on units delivered, as the satisfaction of respective performance obligations can be directly measured by the amount of natural gas or electricity delivered to the customer. In most cases, the right to consideration from the customer directly corresponds to the value transferred to the customer and we recognize revenue in the amount that we have the right to invoice.

The payment terms in customer contracts vary. Typically, we have an unconditional right to customer payments, which are due after the performance obligation to the customer is satisfied. The term between invoicing and when payment is due is typically between 10 and 90 days.

We exclude sales and usage-based taxes from revenues. In addition, SDG&E and SoCalGas pay franchise fees to operate in various municipalities. SDG&E and SoCalGas bill these franchise fees to their customers based on a CPUC-authorized rate. These franchise fees, which are required to be paid regardless of SDG&E's and SoCalGas' ability to collect from customers, are accounted for on a gross basis and reflected in utilities revenues from contracts with customers and operating expense.

Utilities Revenues

Utilities revenues represent the majority of our consolidated revenues from contracts with customers and include:

- The transmission, distribution and storage of natural gas at:
 - SDG&E
 - SoCalGas
 - Semptra's Ecogas
- The generation, transmission and distribution of electricity at SDG&E.

Utilities revenues are derived from and recognized upon the delivery of natural gas or electricity services to customers. Amounts that we bill customers are based on tariffs set by regulators within the respective state or country. For SDG&E and SoCalGas, amounts that we bill to customers also include adjustments for previously recognized regulatory revenues.

SDG&E, SoCalGas and Ecogas recognize revenues based on regulator-approved revenue requirements, which allow the utilities to recover their reasonable operating costs and provides the opportunity to realize their authorized rates of return on their investments. While SDG&E's and SoCalGas' revenues are not affected by actual sales volumes, the pattern of their revenue recognition during the year is affected by seasonality. SDG&E and SoCalGas recognize annual authorized revenue from customers using seasonal factors established in applicable proceedings. This generally results in a significant portion of operating revenues being recognized in the third quarter of each year for SDG&E and in the first and fourth quarters of each year for SoCalGas.

SDG&E has an arrangement to provide the California ISO with the ability to control its high-voltage transmission lines for prices approved by the FERC. Revenue is recognized over time as access is provided to the California ISO.

Factors that can affect the amount, timing and uncertainty of revenues and cash flows include weather, seasonality and timing of customer billings and collections, which may result in unbilled revenues that can vary significantly from month to month and generally approximate one-half month's deliveries.

SDG&E and SoCalGas recognize revenues from the sale of allocated California GHG emission allowances at quarterly auctions administered by CARB. GHG allowances are delivered to CARB in advance of the quarterly auctions, and SDG&E and SoCalGas have the right to payment when the GHG allowances are sold at auction. GHG revenue is recognized on a point in time basis within the quarter the auction is held. SDG&E and SoCalGas balance costs and revenues associated with the GHG program through regulatory balancing accounts.

Energy-Related Businesses Revenues

Revenues at Sempra Infrastructure typically represent revenues from long-term, U.S. dollar-based contracts with customers for the sale of natural gas and LNG, as well as storage and transportation of natural gas. Invoiced amounts are based on the volume of natural gas delivered and contracted prices.

We generate pipeline transportation revenues from firm agreements, under which customers pay a fee for reserving transportation capacity. Revenue is recognized when the volumes are delivered to the customers' agreed upon delivery point. We recognize revenues for our stand-ready obligation to provide capacity and transportation services throughout the contractual delivery period, as the benefits are received and consumed simultaneously as customers utilize pipeline capacity for the transport and receipt of natural gas and LPG. Invoiced amounts are based on a variable usage fee and a fixed capacity charge, adjusted for the Consumer Price Index, the effects of any foreign currency impacts and the actual quantity of commodity transported.

Sempra Infrastructure develops, invests in and operates solar and wind facilities that have long-term PPAs to sell the electricity and the related green energy attributes they generate to customers, generally load serving entities, industrial and other customers. Load serving entities will sell electric service to their end-users and wholesale customers immediately upon receipt of our power delivery, and industrial and other customers immediately consume the electricity to run their facilities, and thus, we recognize the revenue under the PPAs as the electricity is generated and delivered. We invoice customers based on the volume of energy delivered at rates pursuant to the PPAs.

TdM is a natural gas-fired power plant that generates revenues from selling electricity and/or resource adequacy to the California ISO and to governmental, public utility and wholesale power marketing entities as the power is delivered at the interconnection point.

We recognize storage revenue from firm capacity reservation agreements, under which we collect a fee for reserving storage capacity for customers in our storage facilities. Under these firm agreements, customers pay a monthly fixed reservation fee based on the storage capacity reserved rather than the actual volumes stored. For the fixed-fee component, revenue is recognized on a straight-line basis over the term of the contract. We bill customers for any capacity used in excess of the contracted capacity and such revenues are recognized in the month of occurrence. We also recognize revenue for interruptible storage services.

Sempra Infrastructure sells natural gas to the CFE and other customers under supply agreements. Sempra Infrastructure recognizes the revenue from the sale of natural gas upon transfer of the natural gas via pipelines to customers at the agreed upon delivery points, and in the case of the CFE, at its thermoelectric power plants.

Remaining Performance Obligations

We do not disclose information about remaining performance obligations for (a) contracts with an original expected length of one year or less, (b) variable consideration recognized at the amount at which we have the right to invoice for services performed, or (c) variable consideration allocated to wholly unsatisfied performance obligations.

For contracts greater than one year, at December 31, 2024, we expect to recognize revenue related to the fixed fee component of the consideration as shown below. Sempra's remaining performance obligations primarily relate to capacity agreements for natural gas storage and transportation at Sempra Infrastructure and transmission line projects at SDG&E. SoCalGas did not have any remaining performance obligations for contracts greater than one year at December 31, 2024.

REMAINING PERFORMANCE OBLIGATIONS			
(Dollars in millions)			
	Sempra ⁽¹⁾		SDG&E
2025	\$	403	\$ 4
2026		284	4
2027		285	4
2028		239	4
2029		211	4
Thereafter		2,101	52
Total revenues to be recognized	\$	3,523	\$ 72

⁽¹⁾ Excludes intercompany transactions.

Contract Liabilities from Revenues from Contracts with Customers

From time to time, we receive payments in advance of satisfying the performance obligations associated with customer contracts. We defer such revenues as contract liabilities and recognize them in earnings as the performance obligations are satisfied.

Activities within Sempra's and SDG&E's contract liabilities are presented below. There were no contract liabilities at SoCalGas in 2024, 2023 or 2022.

CONTRACT LIABILITIES			
(Dollars in millions)			
	2024	2023	2022
Sempra:			
Contract liabilities at January 1	\$ (198)	\$ (252)	(278)
Revenue from performance obligations satisfied during reporting period	11	14	131
Payments received in advance	(7)	(21)	(105)
Contract modification	(2)	61	—
Contract liabilities at December 31 ⁽¹⁾	\$ (196)	\$ (198)	\$ (252)
SDG&E:			
Contract liabilities at January 1	\$ (75)	\$ (79)	(83)
Revenue from performance obligations satisfied during reporting period	3	4	4
Contract liabilities at December 31 ⁽²⁾	\$ (72)	\$ (75)	\$ (79)

⁽¹⁾ Balances at December 31, 2024 and 2023 include \$105 and \$5, respectively, in Other Current Liabilities and \$91 and \$193, respectively, in Deferred Credits and Other.

⁽²⁾ Balances at December 31, 2024 and 2023 include \$4 and \$3, respectively, in Other Current Liabilities and \$68 and \$72, respectively, in Deferred Credits and Other.

Sempra Infrastructure previously recorded a contract liability for funds held as collateral in lieu of a customer's letters of credit primarily associated with its LNG storage and regasification agreement. In December 2024, Sempra Infrastructure and the customer agreed to modify their LNG storage and regasification agreement by reducing the remaining term of the agreement from approximately three years to one year, now expiring in December 2025. As a result of the modification, Sempra Infrastructure will recognize approximately \$107 million, which the customer paid in advance, in revenue over the remaining one-year term. The net effect to our contract liabilities is reflected in "contract modification" in the table above.

As we discuss in Note 1 in "Property, Plant and Equipment," Sempra Infrastructure and the CFE have agreed to an amendment to their transportation services agreement for the Guaymas-El Oro segment of the Sonora pipeline. Sempra Infrastructure determined that the amended transportation services agreement met the definition of a lease. In December 2023, Sempra reclassified \$61 million from contract liabilities to other noncurrent liabilities, both within Deferred Credits and Other on Sempra's Consolidated Balance Sheet.

Receivables from Revenues from Contracts with Customers

The table below shows receivable balances, net of allowances for credit losses, associated with revenues from contracts with customers on the Consolidated Balance Sheets.

RECEIVABLES FROM REVENUES FROM CONTRACTS WITH CUSTOMERS

(Dollars in millions)

	December 31,	
	2024	2023
Sempra:		
Accounts receivable – trade, net ⁽¹⁾	\$ 1,787	\$ 1,951
Accounts receivable – other, net	12	15
Due from unconsolidated affiliates – current ⁽²⁾	4	4
Other long-term assets ⁽³⁾	18	—
Total	\$ 1,821	\$ 1,970
SDG&E:		
Accounts receivable – trade, net ⁽¹⁾	\$ 774	\$ 870
Accounts receivable – other, net	11	13
Due from unconsolidated affiliates – current ⁽²⁾	6	6
Other long-term assets ⁽³⁾	4	—
Total	\$ 795	\$ 889
SoCalGas:		
Accounts receivable – trade, net	\$ 932	\$ 985
Accounts receivable – other, net	1	2
Other long-term assets ⁽³⁾	14	—
Total	\$ 947	\$ 987

⁽¹⁾ At December 31, 2024 and 2023, includes \$144 and \$148, respectively, of receivables due from customers that were billed on behalf of CCAs, which are not included in revenues.

⁽²⁾ Amount is presented net of amounts due to unconsolidated affiliates on the Consolidated Balance Sheets, when right of offset exists.

⁽³⁾ In January 2024, the CPUC directed SDG&E and SoCalGas to offer long-term repayment plans to eligible residential customers with past-due balances.

REVENUES FROM SOURCES OTHER THAN CONTRACTS WITH CUSTOMERS

Certain of our revenues are derived from sources other than contracts with customers and are accounted for under other accounting standards outside the scope of ASC 606.

Utilities Regulatory Revenues

Alternative Revenue Programs

We recognize revenues from alternative revenue programs when the regulator-specified conditions for recognition have been met and adjust these revenues as they are recovered or refunded through future utility service.

Decoupled Revenues. As we discuss above, the regulatory framework requires SDG&E and SoCalGas to recover authorized revenue based on estimated annual demand forecasts approved in regular proceedings before the CPUC. However, actual demand for natural gas and electricity will generally vary from CPUC-approved forecasted demand due to the impacts from weather volatility, energy efficiency programs, rooftop solar and other factors affecting consumption. The CPUC regulatory framework provides for SDG&E and SoCalGas to use a “decoupling” mechanism, which allows SDG&E and SoCalGas to record revenue shortfalls or excess revenues resulting from any difference between actual and forecasted demand to be recovered or refunded in authorized revenue in a subsequent period based on the nature of the account.

Incentive Mechanisms. SoCalGas is subject to the GCIM and is eligible for financial awards or subject to financial penalties depending on its performance in relation to specific benchmarks.

Incentive awards are included in revenues when we receive required CPUC approval of the award, the timing of which may not be consistent from year to year. We would record penalties for results below the specified benchmarks against revenues when we believe it is probable that the CPUC would assess a penalty.

Other Cost-Based Regulatory Recovery

The CPUC, and the FERC as it relates to SDG&E, authorize SDG&E and SoCalGas to collect, or in the case of CPUC programmatic activities, to apply for additional, revenue requirements beyond base rates from customers for certain operating and capital related costs (depreciation, taxes and return on rate base), including for:

- costs to purchase natural gas and electricity;
- costs associated with administering public purpose, demand response, environmental compliance, and customer energy efficiency programs;
- other programmatic activities, such as gas distribution, gas transmission, gas storage integrity management and wildfire mitigation; and
- costs associated with third party liability insurance premiums.

Authorized costs are recovered as the commodity or service is delivered. To the extent authorized amounts collected vary from actual costs, the differences are generally recovered or refunded in a subsequent period based on the nature of the balancing account mechanism. In general, the revenue recognition criteria for balanced costs billed to customers are met when the costs are incurred. Because these costs are substantially recovered in rates through a balancing account mechanism, changes in these costs are reflected as changes in revenues. The CPUC and the FERC may impose various review procedures before authorizing recovery or refund of amounts accumulated for authorized programs, including limitations on the program's total cost, revenue requirement limits or reviews of costs for reasonableness. These procedures could result in delays or disallowances of recovery from customers.

We discuss balancing accounts and their effects further in Note 4.

Other Revenues

Sempra Infrastructure generates lease revenues from certain of its natural gas and ethane pipelines, compressor stations, LPG storage facilities, a rail facility and refined products terminals. We discuss the recognition of lease income in Note 15.

Sempra Infrastructure has an agreement with Tangguh PSC to supply LNG to the ECA Regas Facility. Under the terms of the agreement, Tangguh PSC must either deliver the contracted number of cargoes or pay a diversion fee for non-delivery of LNG cargoes.

Sempra Infrastructure also recognizes other revenues associated with derivatives related to the sales of natural gas and electricity under short-term and long-term contracts and into the spot market and other competitive markets. Revenues include the net realized gains and losses on physical and derivative settlements and net unrealized gains and losses from the change in fair values of these derivatives.

NOTE 4. REGULATORY MATTERS

REGULATORY ASSETS AND LIABILITIES

We show the details of regulatory assets and liabilities in the following table and discuss them below. With the exception of regulatory balancing accounts, we generally do not earn a return on our regulatory assets until a related cash expenditure has been made. Upon the occurrence of a cash expenditure associated with a regulatory asset, the related amounts are recoverable through a regulatory account mechanism for which we earn a return authorized by applicable regulators, which generally approximates the three-month commercial paper rate. The periods during which we recognize a regulatory asset while we do not earn a return vary by regulatory asset.

REGULATORY ASSETS (LIABILITIES) AT DECEMBER 31

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
	2024	2023	2024	2023	2024	2023
Fixed-price contracts and other derivatives	\$ 53	\$ 215	\$ 11	\$ 14	\$ 42	\$ 201
Deferred income taxes recoverable in rates	1,689	1,142	802	626	817	430
Pension and PBOP plan obligations	(458)	(212)	(2)	48	(456)	(260)
Employee benefit costs	19	24	3	3	16	21
Removal obligations	(3,295)	(3,082)	(2,676)	(2,468)	(619)	(614)
Environmental costs	149	139	115	105	34	34
Sunrise Powerlink fire mitigation	124	124	124	124	—	—
Regulatory balancing accounts ⁽¹⁾⁽²⁾ :						
Commodity – electric	(313)	(233)	(313)	(233)	—	—
Commodity – gas, including transportation	(47)	(259)	86	52	(133)	(311)
Safety and reliability	820	959	227	207	593	752
Public purpose programs	(439)	(273)	(219)	(144)	(220)	(129)
2024 GRC retroactive impacts	631	—	277	—	354	—
Wildfire mitigation plan	808	685	808	685	—	—
Liability insurance premium	(24)	113	(15)	90	(9)	23
Other balancing accounts	158	373	(51)	(152)	209	525
Other regulatory assets (liabilities), net ⁽²⁾	164	(10)	87	49	79	(58)
Total	\$ 39	\$ (295)	\$ (736)	\$ (994)	\$ 707	\$ 614

⁽¹⁾ At December 31, 2024 and 2023, the noncurrent portion of regulatory balancing accounts – net undercollected for Sempra was \$1,731 and \$1,913, respectively, for SDG&E was \$873 and \$950, respectively, and for SoCalGas was \$858 and \$963, respectively.

⁽²⁾ Includes regulatory assets earning a return authorized by applicable regulators, which generally approximates the three-month commercial paper rate.

Regulatory Assets Not Earning a Return

- Regulatory assets arising from fixed-price contracts and other derivatives are offset by corresponding liabilities arising from purchased power and natural gas commodity and transportation contracts. The regulatory asset is increased/decreased based on changes in the fair market value of the contracts. It is also reduced as payments are made for commodities and services under these contracts. The related amounts are recovered in rates once these contracts are settled, generally within four years.
- Deferred income taxes recoverable/refundable in rates are based on current regulatory ratemaking and income tax laws. SDG&E, SoCalGas and Sempra Infrastructure expect to recover/refund net regulatory assets/liabilities related to deferred income taxes over the lives of the assets, ranging from 5 to 69 years, that give rise to the related accumulated deferred income tax balances. Regulatory assets and liabilities include excess deferred income taxes resulting from statutory income tax rate changes and certain income tax benefits and expenses associated with flow-through items, which we discuss in Note 7.
- Regulatory assets/liabilities related to pension and PBOP plan obligations are offset by corresponding liabilities/assets. The assets are recovered in rates as the plans are funded.
- The regulatory asset related to employee benefit costs represents our liability associated with long-term disability insurance that will be recovered from customers in future rates as expenditures are made.
- Regulatory liabilities from removal obligations represent cumulative amounts collected in rates for future asset removal costs in excess of cumulative amounts incurred (or paid).

- Regulatory assets related to environmental costs represent the portion of our environmental liability recognized at the end of the period in excess of the amount that has been recovered through rates charged to customers. We expect this amount to be recovered in future rates as expenditures are made.
- The regulatory asset related to Sunrise Powerlink fire mitigation is offset by a corresponding liability for the funding of a trust to cover the mitigation costs. SDG&E expects to recover the regulatory asset in rates as the trust is funded over a remaining 45-year period.

Regulatory Assets Earning a Return

- Over- and undercollected regulatory balancing accounts and other regulatory assets, net, reflect the difference between customer billings and recorded or CPUC-authorized amounts. Depreciation, taxes and return on rate base may also be included in certain accounts. Amounts in the balancing accounts are recoverable (receivable) or refundable (payable) in future rates, subject to CPUC approval. The adopted revenue requirements in the 2024 GRC FD were placed into rates on February 1, 2025 and the incremental revenue requirements associated with the period from January 1, 2024 through January 31, 2025 are being recovered in rates over an 18-month period that began on February 1, 2025. SDG&E and SoCalGas periodically make requests to the CPUC to true up their revenue requirement for amounts accumulated in the regulatory balancing accounts and in other regulatory assets, net. The CPUC may impose various review procedures before authorizing recovery or refund of amounts accumulated for authorized programs, including limitations on the program's total cost, revenue requirement limits or reviews of costs for reasonableness. These procedures could result in delays or disallowances of recovery from customers.

Amortization expense on certain regulatory assets for the years ended December 31, 2024, 2023 and 2022 was \$14 million, \$12 million and \$11 million, respectively, at Sempra, \$7 million, \$6 million and \$5 million, respectively, at SDG&E, and \$7 million, \$6 million and \$6 million, respectively, at SoCalGas.

CPUC GRC

The CPUC uses GRCs to set revenues to allow SDG&E and SoCalGas to recover their reasonable operating costs and to provide the opportunity to realize their authorized rates of return on their investments. In December 2024, the CPUC approved an FD in the 2024 GRC for SDG&E and SoCalGas that authorizes SDG&E's and SoCalGas' revenue requirements for 2024 and attrition year adjustments for 2025 through 2027, inclusively.

The GRC FD adopts a 2024 revenue requirement of \$2,699 million for SDG&E's combined operations (\$2,193 million for its electric operations and \$506 million for its natural gas operations). SDG&E's authorized 2024 combined revenue requirement represents an increase of \$189 million (7.5%) over its authorized 2023 combined revenue requirement. In connection with SDG&E's election to change its tax accounting method for gas repairs expenditures, the 2024 combined revenue requirement increase is net of \$68 million of income tax benefits for 2023 and 2024 to be flowed through to customers. The GRC FD also specifies an increase in SDG&E's 2025, 2026, and 2027 combined revenue requirements of \$147 million (5.45%), \$119 million (4.17%) and \$122 million (4.11%), respectively, over the preceding year's combined revenue requirement. The 2025, 2026 and 2027 revenue requirements will be updated to implement a previously authorized change in the cost of capital, which we describe below, that adjusted SDG&E's rate of return to 7.45%.

The GRC FD adopts a 2024 revenue requirement of \$3,806 million for SoCalGas. SoCalGas' authorized 2024 revenue requirement represents an increase of \$324 million (9.3%) over its authorized 2023 revenue requirement. In connection with SoCalGas' election to change its tax accounting method for gas repairs expenditures, the 2024 revenue requirement increase is net of \$202 million of income tax benefits for 2023 and 2024 to be flowed through to customers. The GRC FD also specifies an increase in SoCalGas' 2025, 2026, and 2027 revenue requirements of \$190 million (5.00%), \$116 million (2.91%) and \$120 million (2.92%), respectively, over the preceding year's revenue requirement. The 2025, 2026 and 2027 revenue requirements will be updated to implement a previously authorized change in the cost of capital, which we describe below, that adjusted SoCalGas' rate of return to 7.49%.

The GRC provides SDG&E and SoCalGas with numerous mechanisms to seek cost recovery of specified projects and programs. We expect that the requests for cost recovery of these projects and programs, which remain subject to CPUC approval, will result in additional amounts of authorized revenue requirement that are not included in the amounts described above.

Since the GRC FD is effective retroactive to January 1, 2024, SDG&E and SoCalGas recorded the retroactive impacts in the fourth quarter of 2024.

2024 GRC Track 2

In October 2023, SDG&E submitted a separate request to the CPUC in its 2024 GRC, known as a Track 2 request. This request seeks review and recovery of \$1.5 billion of wildfire mitigation plan costs incurred from 2019 through 2022 that were in addition to amounts authorized in the 2019 GRC and not addressed in the 2024 GRC FD. SDG&E expects to receive a proposed decision for its Track 2 request in the first half of 2025.

Revenue requirements associated with the Track 2 request have been recorded in a regulatory account. In February 2024, the CPUC approved an interim cost recovery mechanism that permits SDG&E to recover in rates \$194 million and \$96 million of this regulatory account balance in 2024 and 2025, respectively. Such recovery of SDG&E's wildfire mitigation plan regulatory account balance will be subject to refund, contingent on the reasonableness review decision for its Track 2 request.

2024 GRC Track 3

SDG&E expects to submit in the first half of 2025 an additional request to the CPUC in its 2024 GRC, known as a Track 3 request, for review and recovery of wildfire mitigation plan costs incurred in 2023. The GRC FD expanded the scope of the Track 3 filing to include review of SoCalGas' and SDG&E's Pipeline Safety Enhancement Plan costs incurred from 2015 to 2020, inclusively.

CPUC COST OF CAPITAL

A CPUC cost of capital proceeding every three years determines a utility's authorized capital structure and authorized return on rate base. The CCM applies in the interim years and considers changes in the cost of capital based on changes in interest rates based on the applicable utility bond index published by Moody's (CCM benchmark rate) for each 12-month period ending September 30 (the measurement period). The index applicable to SDG&E and SoCalGas is based on each utility's credit rating. The CCM benchmark rate is the basis of comparison to determine if the CCM is triggered in each measurement period, which occurs if the change in the applicable Moody's utility bond index relative to the CCM benchmark rate is larger than plus or minus 1.00% for the measurement period. Alternatively, each of SDG&E and SoCalGas is permitted to file a cost of capital application to have its cost of capital determined in lieu of the CCM in an interim year in which an extraordinary or catastrophic event materially impacts its cost of capital and affects utilities differently than the market as a whole.

The CPUC-approved cost of capital for SDG&E and SoCalGas that became effective on January 1, 2020 remained in effect through December 31, 2022. The CPUC subsequently approved the cost of capital for SDG&E and SoCalGas that became effective on January 1, 2023 and was to remain in effect through December 31, 2025, subject to the CCM. The CCM was triggered for SDG&E and SoCalGas for the measurement period ending September 30, 2023, and in December 2023, the CPUC approved updated authorized rates of return effective January 1, 2024.

In October 2023, the CPUC issued a ruling to initiate a second phase of the 2023-2025 cost of capital proceeding to evaluate potential modifications to the CCM. In October 2024, the CPUC issued an FD to modify the CCM. The FD updates the upward or downward adjustment to authorized ROE, if the CCM is triggered, from 50% to 20% of the change in the benchmark rate during the measurement period. The FD adopted this change effective January 1, 2025, reducing both SDG&E's and SoCalGas' ROE by 42 bps to 10.23% and 10.08%, respectively, and allowing SDG&E and SoCalGas to update their respective costs of preferred equity and debt for 2025.

The following table summarizes the cost of capital for SDG&E and SoCalGas. The authorized weighting remained unchanged for each of the years presented.

AUTHORIZED COST OF CAPITAL									
	Authorized weighting	2022	2023	2024	2025	2022	2023 ⁽¹⁾	2024	2025
		Return on rate base				Weighted return on rate base			
SDG&E:									
Long-Term Debt	45.25 %	4.59 %	4.05 %	4.34 %	4.34 %	2.08 %	1.83 %	1.96 %	1.96 %
Preferred Equity	2.75	6.22	6.22	6.22	6.22	0.17	0.17	0.17	0.17
Common Equity	52.00	10.20	9.95	10.65	10.23	5.30	5.17	5.54	5.32
	100.00 %					7.55 %	7.18 %	7.67 %	7.45 %
SoCalGas:									
Long-Term Debt	45.60 %	4.23 %	4.07 %	4.54 %	4.63 %	1.93 %	1.86 %	2.07 %	2.11 %
Preferred Equity	2.40	6.00	6.00	6.00	6.00	0.14	0.14	0.14	0.14
Common Equity	52.00	10.05	9.80	10.50	10.08	5.23	5.10	5.46	5.24
	100.00 %					7.30 %	7.10 %	7.67 %	7.49 %

⁽¹⁾ Total weighted return on rate base for SDG&E does not sum due to rounding differences.

FERC RATE MATTERS

SDG&E files separately with the FERC for its authorized transmission revenue requirement and ROE on FERC-regulated electric transmission operations and assets.

TO5 Settlement

SDG&E's authorized TO5 settlement provided for an ROE of 10.60%, consisting of a base ROE of 10.10% plus the California ISO adder. In December 2024, the FERC issued an order, which SDG&E has appealed, finding that SDG&E is not eligible for the California ISO adder and that the TO5 adder refund provision has been triggered, requiring SDG&E to refund customers the California ISO adder retroactively from June 1, 2019. As a result of the FERC order, SDG&E recorded a charge of \$120 million (\$89 million after tax) with \$94 million in Electric Revenues and \$26 million in Other Income, Net, on the SDG&E and Sempra Consolidated Statements of Operations in the year ended December 31, 2024.

TO6 Filing

In June 2024, SDG&E exercised its right to terminate the TO5 settlement. Accordingly, in October 2024, SDG&E submitted its TO6 filing to the FERC, requested to be effective January 1, 2025, and subject to refund. SDG&E's TO6 filing proposes, among other items, an increase to SDG&E's currently authorized base ROE from 10.10% to 11.75% plus the California ISO adder, for a total ROE of 12.25%. In December 2024, the FERC accepted SDG&E's TO6 filing but suspended the effective date to June 1, 2025 and disallowed the inclusion of the California ISO adder, which SDG&E has appealed.

NOTE 5. SEMPRA – INVESTMENTS IN UNCONSOLIDATED ENTITIES

We generally account for investments under the equity method when we have significant influence over, but do not have control of, these entities. Equity earnings and losses, both before and net of income tax, are combined and presented as Equity Earnings on the Consolidated Statements of Operations. Distributions received from equity method investees are classified in the Consolidated Statements of Cash Flows as either a return on investment in operating activities or a return of investment in investing activities based on the "nature of the distribution" approach.

Our equity method investments include various domestic and foreign entities. Our domestic equity method investees are typically partnerships that are pass-through entities for income tax purposes and therefore they do not record income tax. Sempra's income tax on earnings from these equity method investees, other than Oncor Holdings as we discuss below, is included in Income Tax Expense on the Consolidated Statements of Operations. Our foreign equity method investees are generally corporations whose operations are taxable on a standalone basis in the countries in which they operate, and we recognize our equity in such income or loss net of investee income tax. See Note 7 for information on how equity earnings and losses before income taxes are factored into the calculations of our pretax income or loss and ETR.

We provide the carrying values of our investments and earnings on these investments by segment in the following tables.

EQUITY METHOD AND OTHER INVESTMENTS⁽¹⁾

(Dollars in millions)

	Percent ownership		Investment balance	
			December 31,	
	2024	2023	2024	2023
Sempra Texas Utilities:				
Oncor Holdings ⁽²⁾	100 %	100 %	\$ 15,400	\$ 14,266
Sempra Texas Utilities:				
Sharyland Holdings ⁽³⁾	50 %	50 %	\$ 122	\$ 114
Sempra Infrastructure:				
Cameron LNG JV ⁽⁴⁾	50.2	50.2	1,149	1,008
IMG ⁽⁵⁾	40	40	723	620
TAG Norte ⁽⁶⁾	50	50	539	501
Segment totals			2,533	2,243
Parent and other – Other			1	1
Total			\$ 2,534	\$ 2,244

⁽¹⁾ All amounts are before NCI, where applicable.

⁽²⁾ The carrying value of our equity method investment is \$2,884 and \$2,870 higher than the underlying equity in the net assets of the investee at December 31, 2024 and 2023, respectively, due to \$2,868 of equity method goodwill and \$69 in basis differences in AOCI, offset by \$53 and \$67 at December 31, 2024 and 2023, respectively, due to a tax sharing liability to TTI under a tax sharing agreement.

⁽³⁾ The carrying value of our equity method investment is \$41 higher than the underlying equity in the net assets of the investee due to equity method goodwill.

⁽⁴⁾ The carrying value of our equity method investment is \$257 and \$262 higher than the underlying equity in the net assets of the investee at December 31, 2024 and 2023, respectively, primarily due to guarantees, interest capitalized on the investment prior to the JV commencing its operations, and amortization of guarantee fees and capitalized interest thereafter.

⁽⁵⁾ The carrying value of our equity method investment is \$5 higher than the underlying equity in the net assets of the investee due to guarantees.

⁽⁶⁾ The carrying value of our equity method investment is \$130 higher than the underlying equity in the net assets of the investee due to equity method goodwill.

EARNINGS FROM EQUITY METHOD INVESTMENTS⁽¹⁾

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
EARNINGS RECORDED BEFORE INCOME TAX⁽²⁾:			
Sempra Texas Utilities:			
Sharyland Holdings	\$ 8	\$ 7	\$ 7
Sempra Infrastructure:			
Cameron LNG JV ⁽³⁾	576	586	659
Segment totals	584	593	666
Parent and other – RBS Sempra Commodities LLP	19	40	—
	603	633	666
EARNINGS RECORDED NET OF INCOME TAX:			
Sempra Texas Utilities:			
Oncor Holdings	780	694	735
Sempra Infrastructure:			
IMG	136	40	68
TAG Norte	90	114	29
Segment totals	1,006	848	832
Total	\$ 1,609	\$ 1,481	\$ 1,498

⁽¹⁾ All amounts are before NCI, where applicable.

⁽²⁾ We provide our ETR calculation in Note 7.

⁽³⁾ Includes \$9 and \$12 of basis differences in equity earnings related to AOCI in 2023 and 2022, respectively.

We provide the contributions to and distributions from our investments by segment in the following tables.

EXPENDITURES FOR INVESTMENTS

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra Texas Utilities:			
Oncor Holdings	\$ 972	\$ 363	\$ 341
Sharyland Holdings	4	4	5
	976	367	346
Sempra Infrastructure:			
Cameron LNG JV	12	15	30
	12	15	30
Total	\$ 988	\$ 382	\$ 376

DISTRIBUTIONS FROM INVESTMENTS

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra Texas Utilities:			
Oncor Holdings ⁽¹⁾	\$ 616	\$ 441	\$ 340
Sharyland Holdings	4	4	5
	620	445	345
Sempra Infrastructure:			
Cameron LNG JV	453	456	509
IMG	33	11	—
TAG Norte	62	36	32
	548	503	541
Segment totals	1,168	948	886
Parent and other – RBS Sempra Commodities LLP	9	—	—
Total	\$ 1,177	\$ 948	\$ 886

⁽¹⁾ Includes a \$13 noncash return on investment in 2024. When including payments received under a tax sharing agreement, cash and noncash distributions would total \$681, \$558 and \$443 in 2024, 2023 and 2022, respectively.

At December 31, 2024 and 2023, our share of the undistributed earnings of equity method investments was \$2.9 billion and \$2.5 billion, respectively, including \$630 million at December 31, 2024 in undistributed earnings from investments for which we have less than 50% equity interests.

ONCOR HOLDINGS

We account for our 100% equity ownership interest in Oncor Holdings, which owns an 80.25% interest in Oncor, as an equity method investment. Sempra does not control Oncor Holdings or Oncor, and the ring-fencing measures, governance mechanisms and commitments in effect limit our ability to direct the management, policies and operations of Oncor Holdings and Oncor, including the deployment or disposition of their assets, declarations of dividends, strategic planning and other important corporate issues and actions. We also have limited representation on the Oncor Holdings and Oncor boards of directors.

Oncor is a domestic partnership for U.S. federal income tax purposes and is not included in the consolidated income tax return of Sempra. Rather, only our pretax equity earnings from our investment in Oncor Holdings (a disregarded entity for tax purposes) are included in our consolidated income tax return. A tax sharing agreement with TTI, Oncor Holdings and Oncor provides for the calculation of an income tax liability substantially as if Oncor Holdings and Oncor were taxed as corporations and requires tax payments determined on that basis. While partnerships are not subject to income taxes, in consideration of the tax sharing agreement and Oncor being subject to the provisions of U.S. GAAP governing rate-regulated operations, Oncor recognizes amounts determined under cost-based regulatory rate-setting processes (with such costs including income taxes), as if it were taxed as a corporation. As a result, since Oncor Holdings consolidates Oncor, we recognize equity earnings from our investment in Oncor Holdings net of its recorded income tax.

We provide summarized income statement and balance sheet information for Oncor Holdings in the following table.

SUMMARIZED FINANCIAL INFORMATION – ONCOR HOLDINGS

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Operating revenues	\$ 6,082	\$ 5,586	\$ 5,243
Operating expenses	(4,318)	(4,026)	(3,682)
Income from operations	1,764	1,560	1,561
Interest expense	(653)	(536)	(445)
Income tax expense	(217)	(192)	(203)
Net income	957	849	893
NCI held by TTI	(192)	(170)	(179)
Earnings attributable to Sempra ⁽¹⁾	765	679	714

	December 31,	
	2024	2023
Current assets	\$ 1,638	\$ 1,431
Noncurrent assets	38,697	34,649
Current liabilities	2,183	1,625
Noncurrent liabilities	21,958	19,727
NCI held by TTI	3,689	3,338

⁽¹⁾ Excludes adjustments to equity earnings related to amortization of a tax sharing liability associated with a tax sharing agreement and changes in basis differences in AOCI within the carrying value of our equity method investment.

SHARYLAND HOLDINGS

We account for our 50% ownership interest in Sharyland Holdings, a JV with SU Investment Partners, L.P. that owns a 100% interest in Sharyland Utilities, as an equity method investment.

CAMERON LNG JV

Cameron LNG JV is a JV between Sempra and three project partners, TotalEnergies SE, Mitsui & Co., Ltd., and Japan LNG Investment, LLC, a company jointly owned by Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha. We account for SI Partners' 50.2% investment in Cameron LNG JV under the equity method.

Sempra Promissory Note for SDSRA Distribution

Cameron LNG JV's debt agreements require Cameron LNG JV to maintain the SDSRA, which is an additional reserve account beyond the Senior Debt Service Accrual Account, where funds accumulate from operations to satisfy senior debt obligations due and payable on the next payment date. Both accounts can be funded with cash or authorized investments. In June 2021, Sempra Infrastructure received a distribution of \$165 million based on its proportionate share of the SDSRA, for which Sempra provided a promissory note and letters of credit to secure a proportionate share of Cameron LNG JV's obligation to fund the SDSRA. Sempra's maximum exposure to loss is replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA, or \$165 million. We recorded a guarantee liability of \$22 million in June 2021, with an associated carrying value of \$18 million at December 31, 2024, for the fair value of the promissory note, which is being reduced over the duration of the guarantee through Sempra Infrastructure's investment in Cameron LNG JV. The guarantee will terminate upon full repayment of Cameron LNG JV's debt, scheduled to occur in 2039, or replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA.

Sempra Support Agreement for CFIN

In July 2020, CFIN entered into a financing arrangement with Cameron LNG JV's four project owners and received aggregate proceeds of \$1.5 billion from two project owners and from external lenders on behalf of the other two project owners (collectively, the affiliate loans), based on their proportionate ownership interest in Cameron LNG JV. CFIN used the proceeds from the affiliate loans to provide a loan to Cameron LNG JV. The affiliate loans mature in 2039. Principal and interest are paid from Cameron LNG JV's project cash flows from its three-train natural gas liquefaction facility. Cameron LNG JV used the proceeds from its loan to return equity to its project owners.

Sempra Infrastructure's \$753 million proportionate share of the affiliate loans, based on SI Partners' 50.2% ownership interest in Cameron LNG JV, was funded by external lenders comprised of a syndicate of eight banks (the bank debt) to whom Sempra has provided a guarantee pursuant to a Support Agreement under which:

- Sempra has severally guaranteed repayment of the bank debt plus accrued and unpaid interest if CFIN fails to pay the external lenders;
- the external lenders may exercise an option to put the bank debt to Sempra Infrastructure upon the occurrence of certain events, including a failure by CFIN to meet its payment obligations under the bank debt;
- the external lenders will put some or all of the bank debt to Sempra Infrastructure on the fifth, tenth, or fifteenth anniversary date of the affiliate loans, except the portion of the debt owed to any external lender that has elected not to participate in the put option three months prior to the respective anniversary date;
- Sempra Infrastructure also has a right to call the bank debt back from, or to refinance the bank debt with, the external lenders at any time; and
- the Support Agreement will terminate upon full repayment of the bank debt, including repayment following an event in which the bank debt is put to Sempra Infrastructure.

In exchange for this guarantee, the external lenders pay a guarantee fee that is based on the credit rating of Sempra's long-term senior unsecured non-credit enhanced debt rating, which guarantee fee Sempra Infrastructure recognizes as interest income as earned. Sempra's maximum exposure to loss is the bank debt plus any accrued and unpaid interest and related fees, subject to a liability cap of 130% of the bank debt, or \$979 million. We measure the Support Agreement at fair value, net of related guarantee fees, on a recurring basis (see Note 10). At December 31, 2024, the fair value of the Support Agreement was \$25 million, of which \$7 million is included in Other Current Assets and \$18 million is included in Other Long-Term Assets on Sempra's Consolidated Balance Sheet.

IMG

SI Partners' has a 40% interest in IMG, a JV with a subsidiary of TC Energy Corporation, and accounts for its interest as an equity method investment. IMG owns and operates the Sur de Texas-Tuxpan natural gas marine pipeline, which is fully contracted under a 35-year natural gas transportation service contract with the CFE.

TAG NORTE

SI Partners' has a 50% beneficial ownership interest in TAG Norte, a JV with TETL JV Mexico Norte, S. de R.L. de C.V. and Bravo N Mergeco, S. de R.L. de C.V. that owns a 50% interest in the Los Ramones Norte pipeline. SI Partners accounts for its 50% interest in TAG Norte as an equity method investment.

RBS SEMPRA COMMODITIES LLP

RBS Sempra Commodities LLP is a United Kingdom limited liability partnership formed by Sempra and The Royal Bank of Scotland plc (RBS) in 2008 to own and operate the commodities-marketing businesses previously operated through wholly owned subsidiaries of Sempra. We and RBS sold substantially all of the partnership's businesses and assets in four separate transactions completed in 2010 and 2011. Since 2011, our investment balance has reflected our share of the remaining partnership assets, including amounts retained by the partnership to help offset unanticipated future general and administrative costs necessary to complete the dissolution of the partnership and the distribution of the partnership's remaining assets, if any. We accounted for our investment in RBS Sempra Commodities LLP under the equity method.

In 2018, we fully impaired our remaining equity method investment in RBS Sempra Commodities LLP. In 2023, we reduced our previously recorded estimate of losses by \$40 million based on a settlement that fully resolved legal matters that we discuss in "Legal Proceedings – Other Sempra" in Note 15. In 2024, we substantially completed the dissolution of the partnership, at which time we recorded \$19 million (\$16 million after tax) in Equity Earnings on Sempra's Consolidated Statement of Operations.

SUMMARIZED FINANCIAL INFORMATION

We present summarized financial information below, aggregated for all other equity method investments (excluding Oncor Holdings and RBS Sempra Commodities LLP) for the periods in which we were invested in the entities. The amounts below represent the results of operations and aggregate financial position of 100% of each of Sempra's other equity method investments.

SUMMARIZED FINANCIAL INFORMATION – OTHER EQUITY METHOD INVESTMENTS

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Gross revenues	\$ 2,962	\$ 3,083	\$ 2,959
Operating expenses	(820)	(776)	(772)
Income from operations	2,142	2,307	2,187
Interest expense	(547)	(570)	(505)
Net income/Earnings ⁽¹⁾⁽²⁾	1,688	1,499	1,537

	December 31,	
	2024	2023
Current assets	\$ 1,134	\$ 1,216
Noncurrent assets	14,687	14,826
Current liabilities	1,130	1,255
Noncurrent liabilities	10,051	10,786

⁽¹⁾ Except for our investments in Mexico, there was no income tax recorded by the entities, as they are primarily domestic partnerships.

⁽²⁾ Amounts for Cameron LNG JV exclude adjustments to equity earnings related to amortization of capitalized interest and guarantee fees within the carrying value of our equity method investment and changes in basis differences in equity earnings related to AOCI.

NOTE 6. DEBT AND CREDIT FACILITIES

SHORT-TERM DEBT

Committed Lines of Credit

At December 31, 2024, Sempra had an aggregate capacity of \$9.9 billion under seven primary committed lines of credit, which provide liquidity and support our commercial paper programs. Because our commercial paper programs are supported by some of these lines of credit, we reflect the amount of commercial paper outstanding, before reductions of any unamortized discounts, and any letters of credit outstanding as a reduction to the available unused credit capacity in the following table.

COMMITTED LINES OF CREDIT

(Dollars in millions)

Borrower	Expiration date of facility	December 31, 2024				
		Total facility	Commercial paper outstanding	Amounts outstanding	Letters of credit outstanding	Available unused credit
Sempra	October 2029	\$ 4,000	\$ —	\$ —	\$ —	\$ 4,000
SDG&E	October 2029	1,500	(417)	—	—	1,083
SoCalGas	October 2029	1,200	(337)	—	—	863
SI Partners and IEnova	September 2025	500	—	(368)	—	132
SI Partners and IEnova	August 2026	1,000	—	—	—	1,000
SI Partners and IEnova	August 2028	1,500	—	(186)	—	1,314
Port Arthur LNG	March 2030	200	—	—	(64)	136
Total		\$ 9,900	\$ (754)	\$ (554)	\$ (64)	\$ 8,528

The principal terms of Sempra's, SDG&E's and SoCalGas' lines of credit reflected in the table above include the following:

- Each facility has a syndicate of 23 lenders. No single lender has greater than a 6% share in any facility.
- Sempra's, SDG&E's and SoCalGas' facilities provide for the issuance of \$200 million, \$100 million and \$150 million, respectively, of letters of credit. Subject to obtaining commitments from existing or new lenders and satisfaction of other specified conditions, Sempra, SDG&E and SoCalGas each has the right to increase its letter of credit commitment to up to \$500 million, \$250 million and \$250 million, respectively.
- Borrowings bear interest at a benchmark rate plus a margin that varies with the borrower's credit rating.
- Each borrower must maintain a ratio of indebtedness to total capitalization (as defined in each of the applicable credit facilities) of no more than 65% at the end of each quarter. At December 31, 2024, each Registrant was in compliance with this ratio under its respective credit facility.

SI Partners and IEnova have three combined lines of credit, reflected in the table above, that require borrowings to be issued in U.S. dollars only and include the following principal terms:

- Borrowings on the \$500 million revolving credit facility bear interest at a per annum rate equal to term SOFR plus 80 bps (including a credit adjustment spread).
- The \$1.0 billion facility provides for borrowings of up to \$1.0 billion through a syndicate of 12 lenders available to SI Partners and up to \$910 million through a syndicate of 11 lenders available to IEnova, subject to a combined borrowing limit of \$1.0 billion. This facility:
 - Charges interest on borrowings at a benchmark rate plus a margin that varies with SI Partners' credit rating (plus a term SOFR credit adjustment spread of 10 bps in all tenors).
 - Provides for issuance of up to \$200 million of letters of credit, subject to a combined letter of credit commitment of \$200 million, which can be issued in U.S. dollars or Mexican pesos, and which reduces available unused credit.
 - Includes a \$100 million swingline loan sub-limit, whereby any outstanding amounts would reduce available unused credit. No swingline loan borrowings were outstanding at December 31, 2024.
 - Gives either SI Partners or IEnova the right to increase the total facility to \$1.5 billion, subject to lender approval, with borrowings of up to \$1.5 billion through a syndicate of 12 lenders available to SI Partners and up to \$1,365 million through a syndicate of 11 lenders available to IEnova.
- Borrowings on the \$1.5 billion revolving credit facility, with borrowings of up to \$1.5 billion through a syndicate of 12 lenders available to SI Partners and up to \$1,365 million through a syndicate of 11 lenders available to IEnova, subject to a combined borrowing limit of \$1.5 billion, bear interest at a per annum rate equal to term SOFR plus 90 bps (including a credit adjustment spread).

Additionally, the three lines of credit that are shared by SI Partners and IEnova require that SI Partners maintain a ratio of consolidated adjusted net indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (as defined in each credit facility) of no more than 5.25 to 1.00 at the end of each quarter. At December 31, 2024, SI Partners was in compliance with this ratio.

Port Arthur LNG has a working capital facility agreement, reflected in the table above, that permits borrowings of up to \$200 million, which bear interest by reference to term SOFR plus the applicable margin and a credit adjustment spread. The credit facility also provides for the issuance of up to \$200 million of letters of credit, which reduces available unused credit.

Uncommitted Line of Credit

ECA LNG Phase 1 has an uncommitted line of credit with an aggregate capacity of \$100 million that expires in August 2026. Borrowings are generally used for working capital requirements and can be in U.S. dollars or Mexican pesos. At December 31, 2024, ECA LNG Phase 1 had outstanding borrowings of \$8 million, before reductions of any unamortized discounts, in Mexican pesos that bear interest at a variable rate based on the 28-day Interbank Equilibrium Interest Rate plus 154 bps. Borrowings made in U.S. dollars bear interest at a variable rate based on the one-month or three-month SOFR plus 164 bps and a credit adjustment spread of 10 bps.

Uncommitted Letters of Credit

Outside of our domestic and foreign credit facilities, we have bilateral unsecured standby letter of credit capacity with select lenders that is uncommitted and supported by reimbursement agreements. At December 31, 2024, we had \$497 million in standby letters of credit outstanding under these agreements.

UNCOMMITTED LETTERS OF CREDIT OUTSTANDING			
(Dollars in millions)			
	Expiration date range	December 31, 2024	
SDG&E	January 2025 - November 2025	\$	26
SoCalGas	January 2025 - December 2025		20
Other Semptra	January 2025 - November 2054		451
Total Semptra		\$	497

Term Loan

In May 2024, SoCalGas entered into a \$500 million, 364-day term loan facility with a maturity date of May 22, 2025, and in December 2024, SoCalGas increased the amount of the term loan to \$700 million. At December 31, 2024, SoCalGas had borrowed the full \$700 million then available under the term loan, net of negligible debt issuance costs, which is included in Short-Term Debt on SoCalGas' Balance Sheet. SoCalGas may request a further increase in the term loan facility of up to \$300 million prior to the maturity date, subject to lender approval. The outstanding borrowings bear interest at a per annum rate equal to term SOFR, plus 80 bps and a credit adjustment spread of 10 bps. SoCalGas used the proceeds to repay commercial paper and for other general corporate purposes.

Weighted-Average Interest Rates

The weighted-average interest rates on all short-term debt were as follows:

WEIGHTED-AVERAGE INTEREST RATES			
	December 31,		
	2024	2023	
Semptra	5.03 %	5.96 %	
SDG&E	4.76	—	
SoCalGas	5.02	5.44	

LONG-TERM DEBT

The following tables show the detail and maturities of long-term debt outstanding.

LONG-TERM DEBT AND FINANCE LEASES (Dollars in millions)		December 31,	
		2024	2023
SDG&E:			
First mortgage bonds (collateralized by plant assets):			
2.50% May 15, 2026	\$	500	\$ 500
6.00% June 1, 2026		250	250
4.95% August 15, 2028		600	600
1.70% October 1, 2030		800	800
3.00% March 15, 2032		500	500
5.35% May 15, 2035		250	250
6.125% September 15, 2037		250	250
6.00% June 1, 2039		300	300
5.35% May 15, 2040		250	250
4.50% August 15, 2040		500	500
3.95% November 15, 2041		250	250
4.30% April 1, 2042		250	250
3.75% June 1, 2047		400	400
4.15% May 15, 2048		400	400
4.10% June 15, 2049		400	400
3.32% April 15, 2050		400	400
2.95% August 15, 2051		750	750
3.70% March 15, 2052		500	500
5.35% April 1, 2053		800	800
5.55% April 15, 2054		600	—
		8,950	8,350
Other long-term debt (uncollateralized):			
Notes at variable rates (5.99% at December 31, 2023) February 18, 2024 ⁽¹⁾		—	400
Finance lease obligations:			
Power purchase agreements		1,138	1,166
Other		67	67
		1,205	1,633
		10,155	9,983
Current portion of long-term debt and finance leases		(42)	(441)
Unamortized discount on long-term debt		(33)	(29)
Unamortized debt issuance costs		(62)	(60)
Total SDG&E	\$	10,018	\$ 9,453

⁽¹⁾ Callable long-term debt not subject to make-whole provisions.

LONG-TERM DEBT AND FINANCE LEASES (CONTINUED)
(Dollars in millions)

	December 31,	
	2024	2023
SoCalGas:		
First mortgage bonds (collateralized by plant assets):		
3.15% September 15, 2024	\$ —	\$ 500
3.20% June 15, 2025	350	350
2.60% June 15, 2026	500	500
2.55% February 1, 2030	650	650
5.20% June 1, 2033	500	500
5.05% September 1, 2034	600	—
5.75% November 15, 2035	250	250
5.125% November 15, 2040	300	300
3.75% September 15, 2042	350	350
4.45% March 15, 2044	250	250
4.125% June 1, 2048	400	400
4.30% January 15, 2049	550	550
3.95% February 15, 2050	350	350
6.35% November 15, 2052	600	600
5.75% June 1, 2053	500	500
5.60% April 1, 2054	500	—
	<u>6,650</u>	<u>6,050</u>
Other long-term debt (uncollateralized):		
1.875% Notes May 14, 2026 ⁽¹⁾	4	4
2.95% Notes April 15, 2027	700	700
5.67% Notes January 18, 2028 ⁽²⁾	5	5
Finance lease obligations	<u>110</u>	<u>107</u>
	<u>819</u>	<u>816</u>
	<u>7,469</u>	<u>6,866</u>
Current portion of long-term debt and finance leases	(373)	(523)
Unamortized discount on long-term debt	(18)	(13)
Unamortized debt issuance costs	<u>(47)</u>	<u>(42)</u>
Total SoCalGas	\$ 7,031	\$ 6,288

⁽¹⁾ Callable long-term debt not subject to make-whole provisions.

⁽²⁾ Debt is not callable.

LONG-TERM DEBT AND FINANCE LEASES (CONTINUED)
(Dollars in millions)

	December 31,	
	2024	2023
Other Sempira:		
Sempira - Other long-term debt (uncollateralized):		
3.30% Notes April 1, 2025	\$ 750	\$ 750
5.40% Notes August 1, 2026	550	550
3.25% Notes June 15, 2027	750	750
3.40% Notes February 1, 2028	1,000	1,000
3.70% Notes April 1, 2029	500	500
5.50% Notes August 1, 2033	700	700
3.80% Notes February 1, 2038	1,000	1,000
6.00% Notes October 15, 2039	750	750
4.00% Notes February 1, 2048	800	800
4.125% (next rate reset on April 1, 2027) Junior Subordinated Notes April 1, 2052 ⁽¹⁾	1,000	1,000
6.40% (next rate reset on October 1, 2034) Junior Subordinated Notes October 1, 2054 ⁽¹⁾	1,250	—
6.875% (next rate reset on October 1, 2029) Junior Subordinated Notes October 1, 2054 ⁽¹⁾	600	—
6.875% (next rate reset on October 1, 2029) Junior Subordinated Notes October 1, 2054 ⁽¹⁾	500	—
6.55% (next rate reset on April 1, 2035) Junior Subordinated Notes April 1, 2055 ⁽¹⁾	600	—
6.625% (next rate reset on April 1, 2030) Junior Subordinated Notes April 1, 2055 ⁽¹⁾	400	—
5.75% Junior Subordinated Notes July 1, 2079 ⁽¹⁾	758	758
	11,908	8,558
Sempira Infrastructure - Other long-term debt (uncollateralized unless otherwise noted):		
Loan at variable rates (weighted-average rate of 7.29% and 8.31% at December 31, 2024 and 2023, respectively) December 9, 2025	1,063	832
3.75% Notes January 14, 2028	300	300
Loan at variable rates (includes \$1,090 and \$200 at December 31, 2024 and 2023, respectively, (5.329% after floating-to-fixed rate swaps effective 2023) and \$58 at December 31, 2023 (weighted-average rate of 7.37% at December 31, 2023)) March 20, 2030, collateralized by plant assets ⁽¹⁾	1,090	258
3.25% Notes January 15, 2032	400	400
Loan at variable rates (4.03% after floating-to-fixed rate swap effective 2019) payable June 15, 2022 through November 19, 2034 ⁽¹⁾	90	96
Loan at variable rates (4.03% after floating-to-fixed rate swap effective 2019) payable June 15, 2022 through November 19, 2034 ⁽¹⁾	90	96
Loan at variable rates (2.38% after floating-to-fixed rate swap effective 2020) payable June 15, 2022 through November 19, 2034 ⁽¹⁾	90	96
2.90% Loan payable June 15, 2022 through November 19, 2034 ⁽¹⁾	219	231
4.875% Notes January 14, 2048	540	540
4.75% Notes January 15, 2051	800	800
	4,682	3,649
	16,590	12,207
Current portion of long-term debt	(1,859)	(11)
Unamortized discount on long-term debt	(78)	(66)
Unamortized debt issuance costs	(144)	(112)
Total Other Sempira	14,509	12,018
Total Sempira	\$ 31,558	\$ 27,759

⁽¹⁾ Callable long-term debt not subject to make-whole provisions.

At December 31, 2024, scheduled maturities of long-term debt are as follows:

MATURITIES OF LONG-TERM DEBT⁽¹⁾

(Dollars in millions)

	SDG&E	SoCalGas	Other Sempra	Total Sempra
2025	\$ —	\$ 350	\$ 1,862	\$ 2,212
2026	750	504	599	1,853
2027	—	700	799	1,499
2028	600	5	1,358	1,963
2029	—	—	584	584
Thereafter	7,600	5,800	11,388	24,788
Total	\$ 8,950	\$ 7,359	\$ 16,590	\$ 32,899

⁽¹⁾ Excludes finance lease obligations, discounts, and debt issuance costs.

Various long-term obligations totaling \$16.2 billion at Sempra at December 31, 2024 are unsecured. This includes unsecured long-term obligations totaling \$709 million at SoCalGas.

Callable Long-Term Debt

At the option of Sempra, SDG&E and SoCalGas, certain debt at December 31, 2024 is callable subject to premiums:

CALLABLE LONG-TERM DEBT

(Dollars in millions)

	SDG&E	SoCalGas	Other Sempra	Total Sempra
Not subject to make-whole provisions	\$ —	\$ 4	\$ 6,687	\$ 6,691
Subject to make-whole provisions	8,950	7,350	9,903	26,203

First Mortgage Bonds

SDG&E and SoCalGas issue first mortgage bonds secured by liens on their respective utility plant assets. SDG&E and SoCalGas may issue additional first mortgage bonds if in compliance with the provisions of their bond agreements (indentures). These indentures require, among other things, the satisfaction of pro forma earnings-coverage tests on first mortgage bond interest and the availability of sufficient mortgaged property to support the additional bonds, after giving effect to prior bond redemptions. The most restrictive of these tests (the property test) would permit the issuance, subject to CPUC authorization, of additional first mortgage bonds of \$8.8 billion at SDG&E and \$1.6 billion at SoCalGas at December 31, 2024.

SDG&E

In March 2024, SDG&E issued \$600 million aggregate principal amount of 5.55% first mortgage bonds due in full upon maturity on April 15, 2054 and received proceeds of \$587 million (net of debt discount, underwriting discounts and debt issuance costs of \$13 million). The first mortgage bonds are redeemable prior to maturity, subject to their terms, and in certain circumstances subject to make-whole provisions. SDG&E used the net proceeds to repay commercial paper and for other general corporate purposes.

SoCalGas

In March 2024, SoCalGas issued \$500 million aggregate principal amount of 5.60% first mortgage bonds due in full upon maturity on April 1, 2054 and received proceeds of \$491 million (net of debt discount, underwriting discounts and debt issuance costs of \$9 million). The first mortgage bonds are redeemable prior to maturity, subject to their terms, and in certain circumstances subject to make-whole provisions. SoCalGas used the net proceeds to repay outstanding indebtedness and for other general corporate purposes.

In August 2024, SoCalGas issued \$600 million aggregate principal amount of 5.05% first mortgage bonds due in full upon maturity on September 1, 2034 and received proceeds of \$592 million (net of debt discount, underwriting discounts and debt issuance costs of \$8 million). The first mortgage bonds are redeemable prior to maturity, subject to their terms, and in certain circumstances subject to make-whole provisions. SoCalGas used the net proceeds to repay outstanding indebtedness and for other general corporate purposes.

Other Long-Term Debt

Other Sempira

Sempira. Sempira issued the following fixed-to-fixed reset rate junior subordinated notes in 2024:

- In March 2024, Sempira issued \$600 million aggregate principal amount of 6.875% junior subordinated notes maturing on October 1, 2054, and received proceeds of \$593 million (net of debt discount, underwriting discounts and debt issuance costs of \$7 million). In May 2024, Sempira issued an additional \$500 million aggregate principal amount of these junior subordinated notes and received proceeds of \$489 million (net of debt discount, underwriting discounts and debt issuance costs of \$11 million, but excluding \$7 million paid to us in respect of accrued interest from and including March 14, 2024 to, but excluding, May 31, 2024. Interest accrues from and including March 14, 2024 to, but excluding, October 1, 2029 at the rate of 6.875% per annum.
- In September 2024, Sempira issued \$1.25 billion aggregate principal amount of 6.40% junior subordinated notes maturing on October 1, 2054, and received proceeds of \$1.235 billion (net of underwriting discounts and debt issuance costs of \$15 million). Interest accrues from and including September 9, 2024 to, but excluding, October 1, 2034 at the rate of 6.40% per annum.
- In November 2024, Sempira issued \$400 million aggregate principal amount of 6.625% junior subordinated notes maturing on April 1, 2055, and received proceeds of \$395 million (net of underwriting discounts and debt issuance costs of \$5 million). Interest accrues from and including November 21, 2024 to, but excluding, April 1, 2030 at the rate of 6.625% per annum.
- In November 2024, Sempira issued \$600 million aggregate principal amount of 6.55% junior subordinated notes maturing on April 1, 2055, and received proceeds of \$593 million (net of underwriting discounts and debt issuance costs of \$7 million). Interest accrues from and including November 21, 2024 to, but excluding, April 1, 2035 at the rate of 6.55% per annum.

The interest rates on the notes will be reset on:

- October 1, 2029 (for the March 2024 and May 2024 issuances),
- October 1, 2034 (for the September 2024 issuance),
- April 1, 2030 (for the \$400 million November 2024 issuance), and
- April 1, 2035 (for the \$600 million November 2024 issuance),

and on each subsequent five-year period beginning on October 1 or April 1, as applicable, of every fifth year thereafter, at a rate per annum equal to the Five-year U.S. Treasury Rate (as defined in the notes) as of the day falling two business days before the first day of such five-year period plus a spread of:

- 2.789% (for the March 2024 and May 2024 issuances),
- 2.632% (for the September 2024 issuance),
- 2.354% (for the \$400 million November 2024 issuance), and
- 2.138% (for the \$600 million November 2024 issuance).

Interest is payable on the notes semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2024 (for the March 2024 and May 2024 issuances) or April 1, 2025 (for the September 2024 and November 2024 issuances).

We may redeem some or all of the notes before their maturity, as follows:

- in whole or in part, (i) on any day in the period commencing on the date falling 90 days prior to, and ending on and including October 1, 2029 (for the March 2024 and May 2024 issuances), October 1, 2034 (for the September 2024 issuance), April 1, 2030 (for the \$400 million November 2024 issuance), and April 1, 2035 (for the \$600 million November 2024 issuance), and (ii) after those respective dates, on any interest payment date, at a redemption price in cash equal to 100% of the principal amount of the notes being redeemed, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to be redeemed to, but excluding, the redemption date;
- in whole but not in part, at any time following the occurrence and during the continuance of a tax event (as defined in the notes) at a redemption price in cash equal to 100% of the principal amount of the notes, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to, but excluding, the redemption date; and
- in whole but not in part, at any time following the occurrence and during the continuance of a rating agency event (as defined in the notes) at a redemption price in cash equal to 102% of the principal amount of the notes, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to, but excluding, the redemption date.

The notes described above are unsecured obligations and rank junior and subordinate in right of payment to our existing and future senior indebtedness. The notes rank equally in right of payment with each other and with our existing 4.125% fixed-to-fixed reset rate junior subordinated notes due 2052 and 5.75% junior subordinated notes due 2079 and with any future unsecured indebtedness that we may incur if the terms of such indebtedness provide that it ranks equally with the notes in right of payment. The notes are effectively subordinated in right of payment to any secured indebtedness we have incurred or may incur (to the extent of the value of the collateral securing such secured indebtedness) and to all existing and future indebtedness and other liabilities and any preferred equity of our subsidiaries.

We used, or plan to use, the proceeds from the offerings for general corporate purposes, including repayment of commercial paper and other indebtedness.

ECA LNG Phase 1. ECA LNG Phase 1 has a five-year loan agreement with a syndicate of seven external lenders that matures on December 9, 2025 for an aggregate principal amount of up to \$1.3 billion. IEnova and TotalEnergies SE have provided guarantees for repayment of the loans plus accrued and unpaid interest of 83.4% and 16.6%, respectively. At December 31, 2024 and 2023, \$1.1 billion and \$832 million, respectively, of borrowings from external lenders were outstanding under the loan agreement, with a weighted-average interest rate of 7.29% and 8.31%, respectively.

Port Arthur LNG. Port Arthur LNG has a seven-year term loan facility agreement with a syndicate of lenders that matures on March 20, 2030, for an aggregate principal amount of approximately \$6.8 billion. At December 31, 2024 and 2023, \$1.1 billion and \$258 million, respectively, of borrowings were outstanding under the loan agreement, with an all-in weighted-average interest rate of 5.33% and 5.81%, respectively. Proceeds from the loan are being used to finance the cost of construction of the PA LNG Phase 1 project.

In November 2024, Port Arthur LNG signed an agreement to issue senior secured notes in January 2025 for \$750 million and April 2025 for \$250 million. The net proceeds from the January 2025 issuance and the expected net proceeds from the April 2025 issuance were or will be used to pay transaction fees and repay borrowings under the existing Port Arthur LNG term loan facility. The senior secured notes mature in December 2042 and the January 2025 and April 2025 issuances bear interest at the rate of 6.27% and 6.32% per annum, respectively.

NOTE 7. INCOME TAXES

We provide our calculations of ETRs in the following table.

INCOME TAX EXPENSE (BENEFIT) AND EFFECTIVE INCOME TAX RATES

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Income tax expense	\$ 219	\$ 490	\$ 556
Income before income taxes and equity earnings	\$ 2,110	\$ 2,627	\$ 1,343
Equity earnings, before income tax ⁽¹⁾	603	633	666
Pretax income	\$ 2,713	\$ 3,260	\$ 2,009
Effective income tax rate	8 %	15 %	28 %
SDG&E:			
Income tax expense (benefit)	\$ 153	\$ (26)	\$ 182
Income before income taxes	\$ 1,044	\$ 910	\$ 1,097
Effective income tax rate	15 %	(3)%	17 %
SoCalGas:			
Income tax expense (benefit)	\$ 31	\$ (5)	\$ 138
Income before income taxes	\$ 987	\$ 807	\$ 738
Effective income tax rate	3 %	(1)%	19 %

⁽¹⁾ We discuss how we recognize equity earnings in Note 5.

For SDG&E and SoCalGas, the CPUC requires flow-through rate-making treatment for the current income tax benefit or expense arising from certain property-related and other temporary differences between the treatment for financial reporting and income tax, which will reverse over time. Under the regulatory accounting treatment required for these flow-through temporary differences, deferred income tax assets and liabilities are not recorded to deferred income tax expense, but rather to a regulatory asset or liability, which impacts the ETR. As a result, changes in the relative size of these items compared to pretax income, from period to period, can cause variations in the ETR. Items subject to flow-through treatment include:

- repairs expenditures related to certain utility plant fixed assets
- the equity component of AFUDC, which is non-taxable
- cost of removal related to certain utility plant assets
- utility self-developed software expenditures
- depreciation related to certain utility plant assets
- state income taxes

AFUDC related to equity recorded for regulated construction projects at Sempra Infrastructure has similar flow-through treatment.

We present in the table below reconciliations of net U.S. statutory federal income tax rates to our ETRs.

RECONCILIATION OF FEDERAL INCOME TAX RATES TO EFFECTIVE INCOME TAX RATES

	Years ended December 31,		
	2024	2023	2022
Sempra:			
U.S. federal statutory income tax rate	21 %	21 %	21 %
Valuation allowances	14	—	(2)
Utility depreciation	4	3	4
Non-U.S. earnings taxed at rates different from the U.S. statutory income tax rate ⁽²⁾	1	1	3
State income taxes, net of federal income tax benefit	1	1	1
Outside basis differences	—	—	6
Remeasurement of deferred taxes	—	(1)	(3)
Tax credits	(1)	(5)	(1)
Utility self-developed software expenditures	(1)	(1)	—
Allowance for equity funds used during construction	(1)	(1)	(1)
Amortization of excess deferred income taxes	(1)	(1)	(2)
Resolution of prior years' income tax items	(2)	(2)	(2)
Noncontrolling interests	(3)	(3)	—
Utility repairs expenditures	(8)	(6)	(5)
Foreign exchange and inflation effects ⁽¹⁾	(14)	9	9
Other, net	(2)	—	—
Effective income tax rate	8 %	15 %	28 %
SDG&E:			
U.S. federal statutory income tax rate	21 %	21 %	21 %
Depreciation	5	5	3
State income taxes, net of federal income tax benefit	3	2	4
Self-developed software expenditures	(1)	(1)	—
Resolution of prior years' income tax items	(1)	(1)	(2)
Amortization of excess deferred income taxes	(1)	(2)	(2)
Allowance for equity funds used during construction	(1)	(2)	(2)
Tax credits	(1)	(16)	—
Repairs expenditures	(9)	(8)	(5)
Other, net	—	(1)	—
Effective income tax rate	15 %	(3)%	17 %
SoCalGas:			
U.S. federal statutory income tax rate	21 %	21 %	21 %
Depreciation	5	5	5
Nondeductible expenditures	—	—	2
State income taxes, net of federal income tax benefit	(1)	(2)	2
Amortization of excess deferred income taxes	(1)	(2)	(2)
Allowance for equity funds used during construction	(2)	(1)	(2)
Self-developed software expenditures	(2)	(2)	—
Resolution of prior years' income tax items	(3)	(6)	—
Repairs expenditures	(14)	(14)	(6)
Other, net	—	—	(1)
Effective income tax rate	3 %	(1)%	19 %

⁽¹⁾ Due to fluctuation of the Mexican peso against the U.S. dollar. We record income tax expense (benefit) from the transactional effects of foreign currency and inflation because of appreciation (depreciation) of the Mexican peso.

⁽²⁾ Related to operations in Mexico.

We expect to repatriate approximately \$3.1 billion of foreign undistributed earnings in the foreseeable future, and have accrued \$100 million of U.S. state deferred income tax liability at December 31, 2024. We repatriated approximately \$100 million and \$108 million to the U.S. in 2024 and 2023, respectively.

In the year ended December 31, 2022, we recognized income tax expense of \$120 million for a deferred income tax liability related to outside basis differences in our foreign subsidiaries that we had previously considered to be indefinitely reinvested. We have not recorded deferred income taxes with respect to remaining basis differences of approximately \$700 million between financial statement and income tax investment amounts in our non-U.S. subsidiaries because we consider them to be indefinitely reinvested as of December 31, 2024. The remaining basis differences are calculated pursuant to U.S. federal tax law, which may differ from tax law in California and foreign jurisdictions. It is currently not practicable to determine the hypothetical amount of tax that might be payable if the underlying basis differences were realized.

The table below presents the geographic location of pretax income.

PRETAX INCOME BY GEOGRAPHIC LOCATION				
(Dollars in millions)				
	Years ended December 31,			
	2024	2023	2022	
Sempra:				
U.S.	\$ 2,354	\$ 2,678	\$ 1,449	
Non-U.S.	359	582	560	
Total ⁽¹⁾	\$ 2,713	\$ 3,260	\$ 2,009	

⁽¹⁾ See the Income Tax Expense (Benefit) and Effective Income Tax Rates table above for the calculation of pretax income.

The components of income tax expense are as follows.

INCOME TAX EXPENSE (BENEFIT)			
(Dollars in millions)			
	Years ended December 31,		
	2024	2023	2022
Sempra:			
Current:			
U.S. federal	\$ 73	\$ 102	\$ —
U.S. state	(4)	3	(1)
Non-U.S.	179	208	165
Total	248	313	164
Deferred:			
U.S. federal	366	(56)	248
U.S. state	28	18	50
Non-U.S.	(422)	225	94
Total ⁽¹⁾	(28)	187	392
Deferred investment tax credits	(1)	(10)	—
Total income tax expense	\$ 219	\$ 490	\$ 556
SDG&E:			
Current:			
U.S. federal	\$ (16)	\$ (156)	\$ 76
U.S. state	—	(5)	13
Total	(16)	(161)	89
Deferred:			
U.S. federal	129	111	54
U.S. state	41	35	38
Total	170	146	92
Deferred investment tax credits	(1)	(11)	1
Total income tax expense (benefit)	\$ 153	\$ (26)	\$ 182
SoCalGas:			
Current:			
U.S. federal	\$ 3	\$ (6)	\$ (5)
U.S. state	—	(11)	(3)
Total	3	(17)	(8)
Deferred:			
U.S. federal	45	22	125
U.S. state	(16)	(11)	22
Total	29	11	147
Deferred investment tax credits	(1)	1	(1)
Total income tax expense (benefit)	\$ 31	\$ (5)	\$ 138

⁽¹⁾ In 2024 and 2023, Deferred Income Taxes and Investment Tax Credits on the Sempra Consolidated Statements of Cash Flows also includes \$9 and \$72, respectively, of income taxes included in equity earnings, which are recorded net of income tax under a tax sharing agreement with Oncor.

The tables below present the components of deferred income taxes:

DEFERRED INCOME TAXES			
(Dollars in millions)			
	December 31,		
	2024	2023	
Sempra:			
Deferred income tax liabilities:			
Differences in financial and tax bases of fixed assets, investments and other assets ⁽¹⁾	\$ 7,164	\$ 6,875	
U.S. state and non-U.S. withholding tax on repatriation of foreign earnings	79	55	
Regulatory balancing accounts	850	727	
Right-of-use assets – operating leases	325	211	
Property taxes	74	68	
Postretirement benefits	150	47	
Other deferred income tax liabilities	94	68	
Total deferred income tax liabilities	8,736	8,051	
Deferred income tax assets:			
Tax credits	1,485	1,468	
Net operating losses	1,105	982	
Compensation-related items	225	157	
Operating lease liabilities	301	179	
Other deferred income tax assets	219	96	
Bad debt allowance	151	144	
Accrued expenses not yet deductible	80	89	
Deferred income tax assets before valuation allowances	3,566	3,115	
Less: valuation allowances	503	189	
Total deferred income tax assets	3,063	2,926	
Net deferred income tax liability ⁽²⁾	\$ 5,673	\$ 5,125	

⁽¹⁾ In addition to the financial over tax basis differences in fixed assets, the amount also includes financial over tax basis differences in various interests in partnerships and certain subsidiaries.

⁽²⁾ At December 31, 2024 and 2023, includes \$172 and \$129, respectively, recorded as a noncurrent asset and \$5,845 and \$5,254, respectively, recorded as a noncurrent liability on the Consolidated Balance Sheets.

DEFERRED INCOME TAXES					
(Dollars in millions)					
	SDG&E		SoCalGas		
	December 31,				
	2024	2023	2024	2023	
Deferred income tax liabilities:					
Differences in financial and tax bases of utility plant and other assets	\$ 2,805	\$ 2,641	\$ 2,594	\$ 2,272	
Regulatory balancing accounts	545	418	306	309	
Right-of-use assets – operating leases	222	103	5	8	
Property taxes	47	43	27	25	
Postretirement benefits	—	—	124	71	
Other deferred income tax liabilities	—	—	2	4	
Total deferred income tax liabilities	3,619	3,205	3,058	2,689	
Deferred income tax assets:					
Tax credits	8	7	2	7	
Compensation-related items	8	9	26	31	
Operating lease liabilities	222	103	5	8	
Bad debt allowance	29	37	72	86	
Accrued expenses not yet deductible	10	11	54	56	
Net operating losses	122	146	874	890	
Other deferred income tax assets	9	19	20	25	
Total deferred income tax assets	408	332	1,053	1,103	
Net deferred income tax liability	\$ 3,211	\$ 2,873	\$ 2,005	\$ 1,586	

The following table summarizes our unused NOLs and tax credit carryforwards.

NET OPERATING LOSSES AND TAX CREDIT CARRYFORWARDS

(Dollars in millions)

	Unused amount at December 31, 2024	Year expiration begins
Sempra:		
U.S. federal:		
NOLs ⁽¹⁾	\$ 3,091	2037
General business tax credits ⁽¹⁾	126	2043
Corporate alternative minimum tax credits ⁽¹⁾	676	Indefinite
Foreign tax credits ⁽²⁾	706	2025
U.S. state:		
NOLs ⁽²⁾	5,912	2027
General business tax credits ⁽¹⁾	24	2027
Non-U.S. ⁽²⁾ :		
NOLs	782	2025
Foreign tax credits	5	Indefinite
SDG&E:		
U.S. federal ⁽¹⁾ :		
NOLs	\$ 279	Indefinite
General business tax credits	1	2044
U.S. state NOLs ⁽¹⁾	909	2043
SoCalGas:		
U.S. federal NOLs ⁽¹⁾	\$ 2,857	Indefinite
U.S. state NOLs ⁽¹⁾	3,917	2042

⁽¹⁾ We have recorded deferred income tax benefits on these NOLs and tax credits, in total, because we currently believe they will be realized on a more-likely-than-not-basis.

⁽²⁾ We have not recorded deferred income tax benefits on a portion of these NOLs and tax credits because we currently believe they will not be realized on a more-likely-than-not-basis, as we discuss below.

A valuation allowance is recorded when, based on more-likely-than-not criteria, negative evidence outweighs positive evidence with regard to our ability to realize a deferred income tax asset in the future. In the year ended December 31, 2024, we recognized income tax expense of \$330 million from changes to a valuation allowance against foreign tax credits that were carried forward from the implementation of the Tax Cuts and Jobs Act of 2017. For various U.S. state and non-U.S. jurisdictions, the negative evidence outweighs the positive evidence primarily due to cumulative pretax losses resulting in deferred income tax assets that we currently do not believe will be realized on a more-likely-than-not basis.

The following table provides the valuation allowances that we recorded against a portion of our total deferred income tax assets shown above in the “Deferred Income Taxes – Sempra” table.

VALUATION ALLOWANCES BY JURISDICTION

(Dollars in millions)

	December 31,	
	2024	2023
Sempra:		
U.S. federal	\$ 406	\$ 108
U.S. state	47	51
Non-U.S.	50	30
	\$ 503	\$ 189

Following is a reconciliation of the changes in unrecognized income tax benefits and the potential effect on our ETR for the years ended December 31:

RECONCILIATION OF UNRECOGNIZED INCOME TAX BENEFITS (Dollars in millions)			
	2024	2023	2022
Sempra:			
Balance at January 1	\$ 492	\$ 278	\$ 304
Increase in prior period tax positions	40	308	16
Decrease in prior period tax positions	(8)	(63)	(2)
Decrease in current period tax positions	—	(21)	—
Settlements with tax authorities	(15)	(16)	(43)
Expiration of statutes of limitations	—	—	(1)
Increase in current period tax positions	39	6	4
Balance at December 31	\$ 548	\$ 492	\$ 278
Of December 31 balance, amounts related to tax positions that if recognized in future years would			
decrease the effective tax rate ⁽¹⁾	\$ (229)	\$ (224)	\$ (117)
increase the effective tax rate ⁽¹⁾	1	1	38
SDG&E:			
Balance at January 1	\$ 14	\$ 14	\$ 14
Increase in prior period tax positions	—	2	—
Settlements with tax authorities	—	(2)	—
Balance at December 31	\$ 14	\$ 14	\$ 14
Of December 31 balance, amounts related to tax positions that if recognized in future years would			
decrease the effective tax rate ⁽¹⁾	\$ (11)	\$ (11)	\$ (11)
increase the effective tax rate ⁽¹⁾	1	1	1
SoCalGas:			
Balance at January 1	\$ 29	\$ 77	\$ 72
Increase in prior period tax positions	—	1	1
Decrease in prior period tax positions	—	(47)	—
Increase in current period tax positions	—	—	4
Settlements with tax authorities	—	(2)	—
Balance at December 31	\$ 29	\$ 29	\$ 77
Of December 31 balance, amounts related to tax positions that if recognized in future years would			
decrease the effective tax rate ⁽¹⁾	\$ (29)	\$ (29)	\$ (67)
increase the effective tax rate ⁽¹⁾	—	—	37

⁽¹⁾ Includes temporary book and tax differences that are treated as flow-through for ratemaking purposes, as discussed above.

The California Franchise Tax Board is examining Sempra's California unitary group for tax years 2018 and 2019. As of December 31, 2024, it is not reasonably possible this matter could be resolved within the next 12 months. We have included an increase in unrecognized income tax benefits in the reconciliation above.

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. SDG&E and SoCalGas elected this change in tax accounting method in Sempra's consolidated 2023 income tax return filing and recorded additional income tax benefits of \$34 million and \$97 million, respectively, in 2023. Additionally, SoCalGas updated its assessment of prior years' unrecognized income tax benefits and recorded an income tax benefit of \$43 million in 2023 for previously unrecognized income tax benefits pertaining to gas repairs expenditures. Sempra elected this change in tax accounting method in its consolidated 2023 income tax return filing.

Sempra, SDG&E, and SoCalGas record regulatory liabilities for benefits that will be flowed through to customers in the future.

It is reasonably possible that within the next 12 months, unrecognized income tax benefits could decrease due to the following:

POSSIBLE DECREASES IN UNRECOGNIZED INCOME TAX BENEFITS WITHIN 12 MONTHS (Dollars in millions)					
	December 31,				
	2024	2023	2022		
Sempra:					
Potential resolution of audit issues with various U.S. federal, state and local and non-U.S. taxing authorities	\$ 15	\$ 242	\$ 8		
SDG&E:					
Potential resolution of audit issues with various U.S. federal, state and local taxing authorities	\$ 6	\$ 6	\$ 6		
SoCalGas:					
Potential resolution of audit issues with various U.S. federal, state and local taxing authorities	\$ 2	\$ 2	\$ 2		

Amounts accrued for interest and penalties associated with unrecognized income tax benefits are included in Income Tax Expense (Benefit) on the Consolidated Statements of Operations. Sempra accrued \$15 million at both December 31, 2024 and 2023 on the Consolidated Balance Sheets, and negligible amounts in 2024, \$2 million in 2023 and negligible amounts in 2022 on the Consolidated Statements of Operations for interest and penalties. SDG&E and SoCalGas each accrued negligible amounts for interest expense and penalties at December 31, 2024 and 2023 on the Consolidated Balance Sheets, and recorded negligible amounts for interest expense and penalties on the Consolidated Statements of Operations for all periods presented.

INCOME TAX AUDITS

Sempra is subject to U.S. federal income tax as well as income tax of multiple state and non-U.S. jurisdictions. We remain subject to examination for U.S. federal tax years after 2020. We are subject to examination by major state tax jurisdictions for tax years after 2012. Certain major non-U.S. income tax returns for tax years 2013 through the present are open to examination.

SDG&E and SoCalGas are subject to U.S. federal income tax and state income tax. They remain subject to examination for U.S. federal tax years after 2020 and state tax years after 2012.

In addition, Sempra has filed protests to contest proposed state audit adjustments for tax years 2009 through 2012. The pre-2013 tax years for our major state tax jurisdictions are closed to new issues; therefore, no additional tax may be assessed by the taxing authorities for these tax years.

SI Partners has filed an administrative appeal to contest a tax assessment issued by the Servicio de Administración Tributaria for tax year 2016. In 2023, we increased unrecognized income tax benefits in the table above, and will have the opportunity to contest any unresolved issues through the Mexican courts.

NOTE 8. EMPLOYEE BENEFIT PLANS

For our employee benefit plans, we:

- recognize an asset for a plan's overfunded status or a liability for a plan's underfunded status in the balance sheet;
- measure a plan's assets and its obligations that determine its funded status as of the end of the fiscal year; and
- recognize changes in the funded status of pension and PBOP plans in the year in which the changes occur. Generally, those changes are reported in OCI and as a separate component of shareholders' equity.

The detailed information presented below covers the employee benefit plans of primarily Sempra and its consolidated entities.

Sempra has funded and unfunded noncontributory traditional defined benefit and cash balance plans, including separate plans for SDG&E and SoCalGas, which collectively cover all eligible employees. Pension benefits under the traditional defined benefit plans are based on service and final average earnings, while the cash balance plans provide benefits using a career average earnings methodology.

IEnova has an unfunded noncontributory defined benefit plan covering all employees that provides defined benefits to retirees based on date of hire, years of service and final average earnings.

Sempra also has PBOP plans, including separate plans for SDG&E and SoCalGas, which collectively cover all domestic and certain foreign employees. The life insurance plans are both contributory and noncontributory, and the health care plans are contributory. Participants' contributions are adjusted annually. PBOP plans include medical benefits.

Pension and PBOP costs and obligations are dependent on assumptions used in calculating such amounts. We review these assumptions on an annual basis and update them as appropriate. We consider current market conditions, including interest rates, in making these assumptions.

DEDICATED ASSETS IN SUPPORT OF CERTAIN BENEFITS PLANS

In support of its Supplemental Executive Retirement, Cash Balance Restoration and Deferred Compensation Plans, Sempra maintains dedicated assets, including a Rabbi Trust and investments in life insurance contracts, which totaled \$585 million and \$549 million at December 31, 2024 and 2023, respectively.

PENSION AND PBOP PLANS

Oncor

In 2024 and 2023, we had \$34 million and \$38 million, respectively, in AOCI representing an actuarial loss related to Oncor's pension plans.

Benefit Obligations and Assets

The following three tables provide a reconciliation of the changes in the plans' projected benefit obligations and the fair value of assets during 2024 and 2023, and a statement of the funded status at December 31, 2024 and 2023.

PROJECTED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND FUNDED STATUS

(Dollars in millions)

	Pension ⁽¹⁾		PBOP	
	2024	2023	2024	2023
Sempra:				
CHANGE IN PROJECTED BENEFIT OBLIGATION				
Obligation at January 1	\$ 3,107	\$ 2,806	\$ 693	\$ 663
Service cost	132	109	15	13
Interest cost	166	157	36	37
Contributions from plan participants	—	—	23	23
Actuarial (gain) loss	(100)	190	(11)	28
Plan amendments	2	4	—	—
Benefit payments	(81)	(83)	(69)	(71)
Settlements	(87)	(76)	—	—
Obligation at December 31	3,139	3,107	687	693
CHANGE IN PLAN ASSETS				
Fair value of plan assets at January 1	2,664	2,390	1,169	1,096
Actual return on plan assets	196	218	57	117
Employer contributions	243	215	5	4
Contributions from plan participants	—	—	23	23
Benefit payments	(81)	(83)	(69)	(71)
Settlements	(87)	(76)	—	—
Fair value of plan assets at December 31	2,935	2,664	1,185	1,169
Funded status at December 31	\$ (204)	\$ (443)	\$ 498	\$ 476
Net recorded (liability) asset at December 31	\$ (204)	\$ (443)	\$ 498	\$ 476

⁽¹⁾ The accumulated benefit obligation was \$2,900 and \$2,865 at December 31, 2024 and 2023, respectively.

PROJECTED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND FUNDED STATUS
(Dollars in millions)

	Pension ⁽¹⁾		PBOP	
	2024	2023	2024	2023
SDG&E:				
CHANGE IN PROJECTED BENEFIT OBLIGATION				
Obligation at January 1	\$ 807	\$ 714	\$ 140	\$ 134
Service cost	39	32	3	3
Interest cost	43	40	7	8
Contributions from plan participants	—	—	8	8
Actuarial (gain) loss	(28)	69	(6)	7
Benefit payments	(16)	(17)	(18)	(20)
Settlements	(23)	(31)	—	—
Obligation at December 31	822	807	134	140
CHANGE IN PLAN ASSETS				
Fair value of plan assets at January 1	726	670	150	147
Actual return on plan assets	63	52	5	14
Employer contributions	37	52	—	1
Contributions from plan participants	—	—	8	8
Benefit payments	(16)	(17)	(18)	(20)
Settlements	(23)	(31)	—	—
Fair value of plan assets at December 31	787	726	145	150
Funded status at December 31	\$ (35)	\$ (81)	\$ 11	\$ 10
Net recorded (liability) asset at December 31	\$ (35)	\$ (81)	\$ 11	\$ 10

⁽¹⁾ The accumulated benefit obligation was \$781 and \$769 at December 31, 2024 and 2023, respectively.

PROJECTED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND FUNDED STATUS
(Dollars in millions)

	Pension ⁽¹⁾		PBOP	
	2024	2023	2024	2023
SoCalGas:				
CHANGE IN PROJECTED BENEFIT OBLIGATION				
Obligation at January 1	\$ 1,977	\$ 1,814	\$ 521	\$ 497
Service cost	79	65	11	9
Interest cost	105	101	27	28
Contributions from plan participants	—	—	14	14
Actuarial (gain) loss	(70)	90	(4)	21
Plan amendments	2	—	—	—
Benefit payments	(56)	(58)	(47)	(48)
Settlements	(38)	(35)	—	—
Obligation at December 31	1,999	1,977	522	521
CHANGE IN PLAN ASSETS				
Fair value of plan assets at January 1	1,744	1,535	990	923
Actual return on plan assets	115	151	50	100
Employer contributions	172	151	1	1
Contributions from plan participants	—	—	14	14
Benefit payments	(56)	(58)	(47)	(48)
Settlements	(38)	(35)	—	—
Fair value of plan assets at December 31	1,937	1,744	1,008	990
Funded status at December 31	\$ (62)	\$ (233)	\$ 486	\$ 469
Net recorded (liability) asset at December 31	\$ (62)	\$ (233)	\$ 486	\$ 469

⁽¹⁾ The accumulated benefit obligation was \$1,824 and \$1,799 at December 31, 2024 and 2023, respectively.

Actuarial (gains) losses fluctuate based on changes in assumptions that we describe below in “Assumptions for Pension and PBOP Plans” and updates to census data.

Pension Plans

- In 2024, actuarial gains were driven by an increase in discount rates at SoCalGas and SDG&E, offset by updated census data at SoCalGas and SDG&E.
- In 2023, actuarial losses were driven by a decrease in discount rates at SoCalGas and SDG&E, an increase in the interest crediting rate for cash balance plans at SDG&E and SoCalGas and updated census data at Sempra and SDG&E. These actuarial losses were partially offset by actuarial gains at SoCalGas due to a change in the rates to convert traditional pension benefits to lump-sums.

PBOP Plans

- In 2024, actuarial gains were driven by an increase in discount rates at SoCalGas, partially offset by an increase in the 2025 expected healthcare costs at SoCalGas.
- In 2023, actuarial losses were driven by a decrease in discount rates at SoCalGas and SDG&E.

Net Assets and Liabilities

The assets and liabilities of the pension and PBOP plans are affected by changing market conditions as well as when actual plan experience is different than assumed. Such events result in investment gains and losses, which we defer and recognize in pension and PBOP costs over a period of years. Our funded pension and PBOP plans use the asset smoothing method, except for those at SDG&E. This method develops an asset value that recognizes realized and unrealized investment gains and losses over a three-year period. This adjusted asset value, known as the market-related value of assets, is used in conjunction with an expected long-term rate of return to determine the expected return-on-plan-assets component of net periodic benefit cost. SDG&E does not use the asset smoothing method but rather recognizes realized and unrealized investment gains and losses during the current year.

The 10% corridor accounting method is used at Sempra, SDG&E and SoCalGas. Under the corridor accounting method, if as of the beginning of a year unrecognized net gain or loss exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets, the excess is amortized over the average remaining service period of active participants (or, for plans where participants are substantially inactive employees, the average remaining lifetime of all participants or the period for which benefits will be paid, whichever is shorter). The asset smoothing and 10% corridor accounting methods help mitigate volatility of net periodic benefit costs from year to year.

Defined benefit pension and PBOP plans with an aggregated overfunded status are recognized as an asset and with an aggregated underfunded status are recognized as a liability; unrecognized changes in these assets and/or liabilities are normally recorded in AOCI on the balance sheet. SDG&E and SoCalGas record regulatory assets and liabilities that offset the funded pension and PBOP plans' assets or liabilities, as these costs are expected to be recovered in future utility rates based on decisions by regulatory agencies.

SDG&E and SoCalGas record annual pension and PBOP net periodic benefit costs equal to the contributions to their qualified plans as authorized by the CPUC. The annual contributions to the pension plans are the greater of:

- a minimum required funding amount as required by the IRS;
- the amount required to maintain an 85% Adjusted Funding Target Attainment Percentage as defined by the Pension Protection Act of 2006, as amended; or
- beginning January 1, 2024 and for the duration of the 2024 GRC cycle, a fixed amount equal to the estimated annual service cost as defined by U.S. GAAP plus one year of a seven-year amortization of the unfunded projected benefit obligation of the pension plan as of January 1, 2024, and limited to an annual amount that keeps the fair value of the pension plan assets from exceeding 110% of the pension benefit obligation of the plan.

The annual contributions to PBOP plans are equal to the lesser of the maximum tax-deductible amount or the net periodic benefit cost calculated in accordance with U.S. GAAP for pension and PBOP plans but not less than benefits paid directly by the employer (such as benefits paid to key employees). Any differences between booked net periodic benefit cost and amounts contributed to the pension and PBOP plans for SDG&E and SoCalGas are disclosed as regulatory adjustments in accordance with U.S. GAAP for rate-regulated entities.

The net (liability) asset is included in the following categories on the Consolidated Balance Sheets.

PENSION AND PBOP OBLIGATIONS, NET OF PLAN ASSETS					
(Dollars in millions)					
	Pension		PBOP		
	December 31,				
	2024	2023	2024	2023	
Sempra:					
Noncurrent assets	\$ 6	\$ —	\$ 507	\$ 485	
Current liabilities	(50)	(44)	(1)	(1)	
Noncurrent liabilities	(160)	(399)	(8)	(8)	
Net recorded (liability) asset	\$ (204)	\$ (443)	\$ 498	\$ 476	
SDG&E:					
Noncurrent assets	\$ —	\$ —	\$ 11	\$ 10	
Current liabilities	(7)	(2)	—	—	
Noncurrent liabilities	(28)	(79)	—	—	
Net recorded (liability) asset	\$ (35)	\$ (81)	\$ 11	\$ 10	
SoCalGas:					
Noncurrent assets	\$ —	\$ —	\$ 486	\$ 469	
Current liabilities	(17)	(2)	—	—	
Noncurrent liabilities	(45)	(231)	—	—	
Net recorded (liability) asset	\$ (62)	\$ (233)	\$ 486	\$ 469	

Amounts recorded in AOCI, net of income tax effects and amounts recorded as regulatory assets, are as follows.

AMOUNTS IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)					
(Dollars in millions)					
	Pension		PBOP		
	December 31,				
	2024	2023	2024	2023	
Sempra:					
Net actuarial (loss) gain	\$	(120)	\$	(124)	\$ 14 \$ 13
Prior service cost		(9)		(6)	— —
Total	\$	(129)	\$	(130)	\$ 14 \$ 13
SDG&E:					
Net actuarial loss	\$	(12)	\$	(8)	
Total	\$	(12)	\$	(8)	
SoCalGas:					
Net actuarial loss	\$	(14)	\$	(10)	
Prior service cost		(3)		(2)	
Total	\$	(17)	\$	(12)	

Sempra, SDG&E and SoCalGas each have a funded pension plan. The following table shows the obligations of funded pension plans with benefit obligations in excess of plan assets.

OBLIGATIONS OF FUNDED PENSION PLANS (Dollars in millions)			
	December 31,		
	2024	2023	
Sempra:			
Projected benefit obligation	\$ 2,752	\$ 2,925	
Accumulated benefit obligation	2,542	2,712	
Fair value of plan assets	2,724	2,664	
SDG&E:			
Projected benefit obligation	\$ 793	\$ 781	
Accumulated benefit obligation	755	746	
Fair value of plan assets	787	726	
SoCalGas:			
Projected benefit obligation	\$ 1,959	\$ 1,944	
Accumulated benefit obligation	1,787	1,771	
Fair value of plan assets	1,937	1,744	

We also have unfunded pension plans at Sempra, SDG&E, SoCalGas and IEnova. The following table shows the obligations of unfunded pension plans.

OBLIGATIONS OF UNFUNDED PENSION PLANS (Dollars in millions)			
	December 31,		
	2024	2023	
Sempra:			
Projected benefit obligation	\$ 183	\$ 182	
Accumulated benefit obligation	159	153	
SDG&E:			
Projected benefit obligation	\$ 29	\$ 26	
Accumulated benefit obligation	26	23	
SoCalGas:			
Projected benefit obligation	\$ 40	\$ 33	
Accumulated benefit obligation	37	28	

Sempra, SDG&E and SoCalGas each have a funded PBOP plan. At December 31, 2024, Sempra's, SDG&E's and SoCalGas' plan assets were each in excess of their respective obligations for funded PBOP plans with accumulated postretirement benefit obligations.

We also have unfunded PBOP plans at Sempra. The following table shows the obligations of unfunded PBOP plans.

OBLIGATIONS OF UNFUNDED PBOP PLANS (Dollars in millions)			
	December 31,		
	2024	2023	
Sempra:			
Accumulated postretirement benefit obligation	\$ 9	\$ 9	

Net Periodic Benefit Cost

The following tables provide the components of net periodic benefit cost (which, other than the service cost component, are included in Other Income, Net) and pretax amounts recognized in OCI.

NET PERIODIC BENEFIT COST AND AMOUNTS RECOGNIZED IN OCI

(Dollars in millions)

	Pension				PBOP							
	Years ended December 31,											
	2024	2023	2022	2024	2023	2022						
Sempra:												
NET PERIODIC BENEFIT COST												
Service cost	\$	132	\$	109	\$	146	\$	15	\$	13	\$	23
Interest cost		166		157		118		36		37		28
Expected return on plan assets		(178)		(169)		(183)		(70)		(69)		(64)
Amortization of:												
Prior service cost (credit)		5		5		10		(2)		(2)		(2)
Actuarial loss (gain)		14		10		25		(17)		(23)		(15)
Settlement charges		9		—		28		—		—		—
Net periodic benefit cost (credit)		148		112		144		(38)		(44)		(30)
Regulatory adjustment		100		117		84		38		43		30
Total expense (income) recognized		248		229		228		—		(1)		—
CHANGES IN PLAN ASSETS AND BENEFIT OBLIGATIONS RECOGNIZED IN OCI												
Net (gain) loss		(2)		42		12		(1)		(2)		(4)
Prior service cost		3		4		—		—		—		—
Amortization of actuarial (loss) gain		(7)		(5)		(8)		1		2		1
Amortization of prior service cost		(3)		(2)		(4)		—		—		—
Settlements		(9)		—		—		—		—		—
Total recognized in OCI		(18)		39		—		—		—		(3)
Total recognized in net periodic benefit cost and OCI	\$	230	\$	268	\$	228	\$	—	\$	(1)	\$	(3)

NET PERIODIC BENEFIT COST AND AMOUNTS RECOGNIZED IN OCI

(Dollars in millions)

	Pension				PBOP		
	Years ended December 31,						
	2024	2023	2022	2024	2023	2022	
SDG&E:							
NET PERIODIC BENEFIT COST							
Service cost	\$ 39	\$ 32	\$ 37	\$ 3	\$ 3	\$ 5	
Interest cost	43	40	26	7	8	6	
Expected return on plan assets	(45)	(39)	(46)	(9)	(8)	(10)	
Amortization of:							
Prior service cost	1	1	1	—	—	—	
Actuarial loss (gain)	8	4	1	(1)	(2)	(2)	
Settlement charges	—	—	14	—	—	—	
Net periodic benefit cost (credit)	46	38	33	—	1	(1)	
Regulatory adjustment	(8)	15	20	—	—	1	
Total expense recognized	38	53	53	\$ —	\$ 1	\$ —	
CHANGES IN PLAN ASSETS AND BENEFIT OBLIGATIONS RECOGNIZED IN OCI							
Net loss (gain)	4	3	(3)				
Amortization of actuarial loss	(1)	—	(1)				
Amortization of prior service cost	—	(1)	—				
Total recognized in OCI	3	2	(4)				
Total recognized in net periodic benefit cost and OCI	\$ 41	\$ 55	\$ 49				

NET PERIODIC BENEFIT COST AND AMOUNTS RECOGNIZED IN OCI
(Dollars in millions)

	Pension			PBOP		
	Years ended December 31,					
	2024	2023	2022	2024	2023	2022
SoCalGas:						
NET PERIODIC BENEFIT COST						
Service cost	\$ 79	\$ 65	\$ 96	\$ 11	\$ 9	\$ 17
Interest cost	105	101	81	27	28	21
Expected return on plan assets	(121)	(119)	(126)	(59)	(59)	(53)
Amortization of:						
Prior service cost (credit)	4	4	8	(3)	(2)	(2)
Actuarial loss (gain)	1	1	18	(14)	(19)	(12)
Settlement charges	—	—	14	—	—	—
Net periodic benefit cost (credit)	68	52	91	(38)	(43)	(29)
Regulatory adjustment	108	102	64	38	43	29
Total expense recognized	176	154	155	\$ —	\$ —	\$ —
CHANGES IN PLAN ASSETS AND BENEFIT OBLIGATIONS RECOGNIZED IN OCI						
Net loss (gain)	4	2	(5)			
Prior service cost	2	—	—			
Amortization of actuarial loss	(1)	(1)	(2)			
Amortization of prior service cost	(1)	(1)	(1)			
Total recognized in OCI	4	—	(8)			
Total recognized in net periodic benefit cost and OCI	\$ 180	\$ 154	\$ 147			

Assumptions for Pension and PBOP Plans
Benefit Obligation and Net Periodic Benefit Cost

Except for the IEnova plans, we develop the discount rate assumptions using a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high-quality corporate bonds that generate sufficient cash flows to provide for projected benefit payments of the plan. The selected bond portfolio is derived from a universe of corporate bonds with a Bloomberg Composite of AA or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plans' projected benefit payments discounted at this rate with the market value of the bonds selected.

We develop the discount rate assumptions for the plans at IEnova by constructing a synthetic government zero coupon bond yield curve from the available market data, based on duration matching, and we add a risk spread to allow for the yields of high-quality corporate bonds. Such method is required when there is no deep market for high quality corporate bonds.

Expected return on plan assets is based on the weighted average of the plans' target investment allocation as of the measurement date and the expected returns for those asset types.

Interest crediting rate is based on an average 30-year Treasury bond from the month of November of the preceding year.

We amortize prior service cost using straight line amortization over average future service (or average expected lifetime for plans where participants are substantially inactive employees), which is an alternative method allowed under U.S. GAAP.

The significant assumptions affecting projected benefit obligation and net periodic benefit cost are as follows:

WEIGHTED-AVERAGE ASSUMPTIONS USED TO DETERMINE PROJECTED BENEFIT OBLIGATION				
	Pension		PBOP	
	December 31,			
	2024	2023	2024	2023
Sempra:				
Discount rate	5.74 %	5.31 %	5.75 %	5.34 %
Interest crediting rate ⁽¹⁾⁽²⁾	4.54	4.66	4.54	4.66
Rate of compensation increase	2.70-10.00	2.70-10.00	2.70-10.00	2.70-10.00
SDG&E:				
Discount rate	5.75 %	5.30 %	5.75 %	5.30 %
Interest crediting rate ⁽¹⁾⁽²⁾	4.54	4.66	4.54	4.66
Rate of compensation increase	3.50-10.00	3.50-10.00	3.50-10.00	3.50-10.00
SoCalGas:				
Discount rate	5.70 %	5.25 %	5.75 %	5.35 %
Interest crediting rate ⁽¹⁾⁽²⁾	4.54	4.66	4.54	4.66
Rate of compensation increase	2.70-10.00	2.70-10.00	2.70-10.00	2.70-10.00

⁽¹⁾ Interest crediting rate for pension benefits applies only to funded cash balance plans.

⁽²⁾ Interest crediting rate for PBOP applies only to interest bearing health retirement accounts at SDG&E and SoCalGas.

WEIGHTED-AVERAGE ASSUMPTIONS USED TO DETERMINE NET PERIODIC BENEFIT COST						
	Pension			PBOP		
	Years ended December 31,					
	2024	2023	2022	2024	2023	2022
Sempra:						
Discount rate	5.31 %	5.63 %	3.04 %	5.34 %	5.65 %	3.04 %
Expected return on plan assets	6.56	6.48	6.27	5.90	5.51	4.77
Interest crediting rate ⁽¹⁾⁽²⁾	4.66	3.99	1.94	4.66	3.99	1.94
Rate of compensation increase	2.70-10.00	2.70-10.00	2.70-10.00	2.70-10.00	2.70-10.00	2.70-10.00
SDG&E:						
Discount rate	5.30 %	5.60 %	2.99 %	5.30 %	5.65 %	3.05 %
Expected return on plan assets	6.25	6.00	5.50	5.88	5.52	4.80
Interest crediting rate ⁽¹⁾⁽²⁾	4.66	3.99	1.94	4.66	3.99	1.94
Rate of compensation increase	3.50-10.00	3.50-10.00	3.50-10.00	3.50-10.00	3.50-10.00	3.50-10.00
SoCalGas:						
Discount rate	5.25 %	5.60 %	3.04 %	5.35 %	5.65 %	3.05 %
Expected return on plan assets	6.75	6.75	6.75	5.86	5.47	4.71
Interest crediting rate ⁽¹⁾⁽²⁾	4.66	3.99	1.94	4.66	3.99	1.94
Rate of compensation increase	2.70-10.00	2.70-10.00	2.70-10.00	2.70-10.00	2.70-10.00	2.70-10.00

⁽¹⁾ Interest crediting rate for pension benefits applies only to funded cash balance plans.

⁽²⁾ Interest crediting rate for PBOP applies only to interest bearing health retirement accounts at SDG&E and SoCalGas.

Health Care Cost Trend Rates

Assumed health care cost trend rates have a significant effect on the amounts that Sempra, SDG&E and SoCalGas report for the health care plan costs. Following are the health care cost trend rates applicable to our PBOP plans:

ASSUMED HEALTH CARE COST TREND RATES

	PBOP					
	Pre-65 retirees			Retirees aged 65 years and older		
	Years ended December 31,					
	2024	2023	2022	2024	2023	2022
Health care cost trend rate assumed for next year	6.50 %	6.00 %	6.00 %	4.50 %	4.50 %	4.50 %
Rate to which the cost trend rate is assumed to decline (the ultimate trend)	4.75 %	4.75 %	4.75 %	4.50 %	4.50 %	4.50 %
Year the rate reaches the ultimate trend	2030	2028	2028	2022	2022	2022

Plan Assets

Investment Strategy for Sempra's Pension Master Trust

Sempra's pension master trust holds the investments for our pension plans and a portion of the investments for our PBOP plans. We maintain additional trusts, as we discuss below, for certain of SDG&E's and SoCalGas' PBOP plans. Other than through indexing and certain collective investment strategies, the trusts do not invest in securities of Sempra.

The current asset allocation objective for the pension master trust is to protect the funded status of the plans while generating sufficient returns to cover future benefit payments and accruals. A portion of the pension master trust is invested in accordance with plan specific de-risking glidepaths designed to reduce the assets' exposure to risk as the plans become better funded. We assess the portfolio performance by comparing actual returns with relevant benchmarks. The target asset allocations for Sempra's pension plans are between return-seeking assets (i.e., generally, equity securities, diversified real assets, high-yield fixed income securities and other instruments with a similar risk profile) and risk-mitigating assets (i.e., generally, government and corporate fixed income securities) as follows:

TARGET ASSET ALLOCATIONS FOR PENSION PLANS

(dollars in millions)

	Sempra	SDG&E	SoCalGas
Return-seeking assets	34%	42%	49%
Risk-mitigating assets	66%	58%	51%

We maintain asset allocations at strategic levels within reasonable bands of variance. The asset allocations are reviewed by our Plan Funding Committee and our Pension and Benefits Investment Committee (the Committees) on a regular basis to help ensure that plan assets are positioned to meet plan obligations. When evaluating strategic asset allocations, the Committees consider many variables, including:

- long-term cost
- variability and level of contributions
- funded status
- a range of expected outcomes over varying confidence levels

In accordance with the Sempra pension investment guidelines, derivative financial instruments may be used by the pension master trust's equity and fixed income portfolio investment managers to equitize cash, hedge certain exposures, and as substitutes for certain types of fixed income securities.

Rate of Return Assumption

The expected return on plan assets in our pension and PBOP plans is based on the weighted average of the plans' target investment allocations to specific asset classes as of the measurement date. We expect a return of between 4% and 12% on return-seeking assets and between 2% and 6% for risk-mitigating assets. Certain trusts that hold assets for SDG&E's and SoCalGas' PBOP plans are subject to taxation, which impacts the expected after-tax return on plan assets.

Concentration of Risk

Plan assets are diversified across global equity and bond markets, and concentration of risk in any one economic, industry, maturity or geographic sector is limited.

Investment Strategy for Sempra's, SDG&E's and SoCalGas' PBOP Plans

Sempra's PBOP plan is funded by cash contributions from Sempra. SDG&E's and SoCalGas' PBOP plans are funded by cash contributions from SDG&E and SoCalGas and their current retirees. The assets of these plans are placed into the pension master trust and other Voluntary Employee Beneficiary Association trusts. Specific target asset allocations are periodically reviewed to help ensure that plan assets are positioned to meet plan obligations. The target asset allocations for the PBOP plans are between return-seeking assets and risk-mitigating assets as follows:

TARGET ASSET ALLOCATIONS FOR PBOP PLANS

(Dollars in millions)

	Sempra	SDG&E and SoCalGas	
	Assets held in pension master trust	Assets held in pension master trust	Assets held in Voluntary Employee Beneficiary Association trusts
Return-seeking assets	74 %	38 %	30 %
Risk-mitigating assets	26 %	62 %	70 %

Fair Value of Pension and PBOP Plan Assets

We classify the investments in Sempra's pension master trust and the trusts for SDG&E's and SoCalGas' PBOP plans based on the fair value hierarchy, except for certain investments measured using NAV as a practical expedient for fair value.

The following are descriptions of the valuation methods and assumptions we use to estimate the fair values of investments held by pension and PBOP plan trusts.

Equity Securities – Equity securities are valued using quoted prices listed on nationally recognized securities exchanges.

Registered Investment Companies – Investments in mutual funds sponsored by a registered investment company are valued based on exchange listed prices. Where the value is a quoted price in an active market, the investment is classified within Level 1 of the fair value hierarchy. Other investments are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Fixed Income Securities – Certain fixed income securities are valued at the closing price reported in the active market in which the security is traded. Other fixed income securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar securities, the security is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks. Certain high yield fixed-income securities are valued by applying a price adjustment to the bid side to calculate a mean and ask value. Adjustments can vary based on maturity, credit standing, and reported trade frequencies. The bid to ask spread is determined by the investment manager based on the review of the available market information.

Common/Collective Trusts – Investments in common/collective trust funds are valued based on the NAV of units owned, which is based on the current fair value of the funds' underlying assets.

Derivative Financial Instruments – Futures contracts that are publicly traded in active markets are valued at closing prices as of the last business day of the year. Forward currency contracts are valued at the prevailing forward exchange rate of the underlying currencies, and unrealized gain (loss) is recorded daily. Fixed income futures and options are marked to market daily. Equity index futures contracts are valued at the last sales price quoted on the exchange on which they primarily trade.

While management believes the valuation methods described above are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

We provide more discussion of fair value measurements in Notes 1 and 10. The following tables set forth by level within the fair value hierarchy a summary of the investments in our pension and PBOP plan trusts measured at fair value on a recurring basis.

The fair values by asset category are as follows:

FAIR VALUE MEASUREMENTS – INVESTMENT ASSETS OF PENSION PLANS			
(Dollars in millions)			
	Fair value at December 31, 2024		
	Level 1	Level 2	Total
SDG&E:			
Cash and cash equivalents	\$ 2	\$ —	\$ 2
Equity securities:			
Domestic	9	—	9
International	5	—	5
Registered investment companies – Domestic	48	—	48
Fixed income securities:			
Domestic government and government agencies	227	5	232
International government bonds	—	3	3
Domestic corporate bonds	—	65	65
International corporate bonds	—	8	8
Derivative financial instruments	6	—	6
Total investment assets in the fair value hierarchy	297	81	378
Accounts receivable/payable, net			3
Investments measured at NAV – Common/collective trusts			406
Total SDG&E investment assets			787
SoCalGas:			
Cash and cash equivalents	8	—	8
Equity securities:			
Domestic	27	—	27
International	14	—	14
Registered investment companies – Domestic	149	—	149
Fixed income securities:			
Domestic government and government agencies	270	17	287
International government bonds	—	9	9
Domestic corporate bonds	—	201	201
International corporate bonds	—	26	26
Derivative financial instruments	(4)	1	(3)
Total investment assets in the fair value hierarchy	464	254	718
Accounts receivable/payable, net			22
Investments measured at NAV – Common/collective trusts			1,197
Total SoCalGas investment assets			1,937

FAIR VALUE MEASUREMENTS – INVESTMENT ASSETS OF PENSION PLANS (CONTINUED)
(Dollars in millions)

	Fair value at December 31, 2024		
	Level 1	Level 2	Total
Other Sempra:			
Equity securities:			
Domestic	\$ 2	\$ —	\$ 2
International	1	—	1
Registered investment companies – Domestic	10	—	10
Fixed income securities:			
Domestic government and government agencies	77	3	80
International government bonds	—	1	1
Domestic corporate bonds	—	14	14
International corporate bonds	—	2	2
Derivative financial instruments	1	—	1
Total investment assets in the fair value hierarchy	91	20	111
Accounts receivable/payable, net			1
Investments measured at NAV – Common/collective trusts			99
Total Other Sempra investment assets			211
Total Sempra investment assets in the fair value hierarchy	\$ 852	\$ 355	
Total Sempra investment assets			\$ 2,935

FAIR VALUE MEASUREMENTS – INVESTMENT ASSETS OF PENSION PLANS
(Dollars in millions)

	Fair value at December 31, 2023		
	Level 1	Level 2	Total
SDG&E:			
Cash and cash equivalents	\$ 17	\$ —	\$ 17
Equity securities:			
Domestic	103	—	103
International	40	—	40
Registered investment companies – Domestic	41	—	41
Fixed income securities:			
Domestic government and government agencies	240	5	245
International government bonds	—	2	2
Domestic corporate bonds	—	62	62
International corporate bonds	—	8	8
Derivative financial instruments	(15)	—	(15)
Total investment assets in the fair value hierarchy	426	77	503
Accounts receivable/payable, net			1
Investments measured at NAV:			
Common/collective trusts			214
Other			8
Total SDG&E investment assets			726
SoCalGas:			
Cash and cash equivalents	3	—	3
Equity securities:			
Domestic	353	1	354
International	137	—	137
Registered investment companies – Domestic	141	1	142
Fixed income securities:			
Domestic government and government agencies	310	16	326
International government bonds	—	5	5
Domestic corporate bonds	—	212	212
International corporate bonds	—	27	27
Derivative financial instruments	11	—	11
Total investment assets in the fair value hierarchy	955	262	1,217
Accounts receivable/payable, net			(12)
Investments measured at NAV:			
Common/collective trusts			513
Other			26
Total SoCalGas investment assets			1,744

FAIR VALUE MEASUREMENTS – INVESTMENT ASSETS OF PENSION PLANS (CONTINUED)
(Dollars in millions)

	Fair value at December 31, 2023		
	Level 1	Level 2	Total
Other Sempra:			
Cash and cash equivalents	\$ 7	\$ —	\$ 7
Equity securities:			
Domestic	22	1	23
International	8	—	8
Registered investment companies – Domestic	8	—	8
Fixed income securities:			
Domestic government and government agencies	78	2	80
Domestic corporate bonds	—	13	13
International corporate bonds	—	2	2
Derivative financial instruments	(5)	—	(5)
Total investment assets in the fair value hierarchy	118	18	136
Investments measured at NAV:			
Common/collective trusts			56
Other			2
Total Other Sempra investment assets			194
Total Sempra investment assets in the fair value hierarchy	\$ 1,499	\$ 357	
Total Sempra investment assets			\$ 2,664

The fair values by asset category of the PBOP plan assets held in the pension master trust and in the additional trusts for SoCalGas' PBOP plans and SDG&E's PBOP plan trusts are as follows:

FAIR VALUE MEASUREMENTS – INVESTMENT ASSETS OF PBOP PLANS
(Dollars in millions)

	Fair value at December 31, 2024		
	Level 1	Level 2	Total
SDG&E:			
Cash and cash equivalents	\$ 1	\$ —	\$ 1
Equity securities – Domestic	1	—	1
Registered investment companies:			
Domestic	74	—	74
International	8	—	8
Fixed income securities:			
Domestic government and government agencies	8	—	8
Domestic corporate bonds	—	5	5
International corporate bonds	—	1	1
Derivative financial instruments	(1)	—	(1)
Total investment assets in the fair value hierarchy	91	6	97
Accounts receivable/payable, net			1
Investments measured at NAV:			
Common/collective trusts			21
Other			26
Total SDG&E investment assets			145

FAIR VALUE MEASUREMENTS – INVESTMENT ASSETS OF PBOP PLANS (CONTINUED)
(Dollars in millions)

	Fair value at December 31, 2024		
	Level 1	Level 2	Total
SoCalGas:			
Cash and cash equivalents	\$ 2	\$ —	\$ 2
Equity securities:			
Domestic	5	—	5
International	2	—	2
Registered investment companies – Domestic	87	103	190
Fixed income securities:			
Domestic government and government agencies	74	14	88
International government bonds	—	10	10
Domestic corporate bonds	—	295	295
International corporate bonds	—	45	45
Derivative financial instruments	1	—	1
Total investment assets in the fair value hierarchy	171	467	638
Accounts receivable/payable, net			9
Investments measured at NAV – Common/collective trusts			361
Total SoCalGas investment assets			1,008
Other Sempra:			
Equity securities – International	1	—	1
Registered investment companies – Domestic	4	—	4
Fixed income securities:			
Domestic government and government agencies	—	1	1
Domestic corporate bonds	—	4	4
Total investment assets in the fair value hierarchy	5	5	10
Investments measured at NAV – Common/collective trusts			22
Total Other Sempra investment assets			32
Total Sempra investment assets in the fair value hierarchy	\$ 267	\$ 478	
Total Sempra investment assets			\$ 1,185

FAIR VALUE MEASUREMENTS – INVESTMENT ASSETS OF PBOP PLANS
(Dollars in millions)

	Fair value at December 31, 2023		
	Level 1	Level 2	Total
SDG&E:			
Equity securities:			
Domestic	\$ 8	\$ —	\$ 8
International	3	—	3
Registered investment companies:			
Domestic	71	—	71
International	7	—	7
Fixed income securities:			
Domestic government and government agencies	12	1	13
Domestic corporate bonds	—	5	5
International corporate bonds	—	1	1
Derivative financial instruments	2	—	2
Total investment assets in the fair value hierarchy	103	7	110
Accounts receivable/payable, net			(2)
Investments measured at NAV:			
Common/collective trusts			10
Other			32
Total SDG&E investment assets			150
SoCalGas:			
Cash and cash equivalents	7	—	7
Equity securities:			
Domestic	57	—	57
International	22	—	22
Registered investment companies – Domestic	78	103	181
Fixed income securities:			
Domestic government and government agencies	128	14	142
International government bonds	—	9	9
Domestic corporate bonds	—	295	295
International corporate bonds	—	42	42
Derivative financial instruments	(6)	—	(6)
Total investment assets in the fair value hierarchy	286	463	749
Accounts receivable/payable, net			4
Investments measured at NAV:			
Common/collective trusts			233
Other			4
Total SoCalGas investment assets			990

FAIR VALUE MEASUREMENTS – INVESTMENT ASSETS OF PBOP PLANS (CONTINUED)
(Dollars in millions)

	Fair value at December 31, 2023		
	Level 1	Level 2	Total
Other Sempra:			
Equity securities:			
Domestic	\$ 7	\$ —	\$ 7
International	3	—	3
Registered investment companies – Domestic	3	—	3
Fixed income securities:			
Domestic government and government agencies	2	1	3
Domestic corporate bonds	—	4	4
International corporate bonds	—	1	1
Total investment assets in the fair value hierarchy	15	6	21
Investments measured at NAV:			
Common/collective trusts			7
Other			1
Total Other Sempra investment assets			29
Total Sempra investment assets in the fair value hierarchy	\$ 404	\$ 476	
Total Sempra investment assets			\$ 1,169

Future Payments

We expect to contribute the following amounts to our pension and PBOP plans in 2025:

EXPECTED CONTRIBUTIONS
(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
Pension plans	\$	280	\$	54	\$	188
PBOP plans		3		1		1

The following table shows the total benefits we expect to pay for the next 10 years to current employees and retirees from the plans or from company assets.

EXPECTED BENEFIT PAYMENTS
(Dollars in millions)

	Sempra				SDG&E				SoCalGas			
	Pension		PBOP		Pension		PBOP		Pension		PBOP	
2025	\$	276	\$	48	\$	68	\$	11	\$	162	\$	35
2026		246		50		63		10		151		34
2027		258		46		62		10		146		34
2028		236		46		67		10		144		34
2029		230		46		61		10		143		34
2030-2034		1,161		229		305		47		721		171

SAVINGS PLANS

Sempra, SDG&E and SoCalGas offer trustee savings plans to all employees. Employee participation, employee contributions and employer matching contributions are subject to the provisions of the respective plans, and for employee contributions, limits imposed by the respective governmental authorities.

Employer contributions to the savings plans were as follows:

EMPLOYER CONTRIBUTIONS TO SAVINGS PLANS					
(Dollars in millions)					
	Years ended December 31,				
	2024		2023		2022
Sempra	\$	65	\$	59	\$ 64
SDG&E		22		20	19
SoCalGas		33		32	30

The market value of Sempra common stock held by the savings plans was \$1.2 billion and \$1.1 billion at December 31, 2024 and 2023, respectively.

NOTE 9. DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative instruments primarily to manage exposures arising in the normal course of business. Our principal exposures are commodity market risk, benchmark interest rate risk and foreign exchange rate exposures. Our use of derivatives for these risks is integrated into the economic management of our anticipated revenues, anticipated expenses, assets and liabilities. Derivatives may be effective in mitigating these risks (1) that could lead to declines in anticipated revenues or increases in anticipated expenses, or (2) that could cause our asset values to fall or our liabilities to increase. Accordingly, our derivative activity summarized below generally represents an impact that is intended to offset associated revenues, expenses, assets or liabilities that are not included in the tables below.

In certain cases, we apply the normal purchase or sale exception to contracts that otherwise would have been accounted for as derivative instruments and have other commodity contracts that are not derivatives. These contracts are not recorded at fair value and are therefore excluded from the disclosures below.

In all other cases, we record derivatives at fair value on the Consolidated Balance Sheets. We may have derivatives that are (1) cash flow hedges, (2) fair value hedges, or (3) undesignated. Depending on the applicability of hedge accounting and, for SDG&E and SoCalGas and other operations subject to regulatory accounting, the requirement to pass impacts through to customers, the impact of derivative instruments may be offset in OCI (cash flow hedges), on the balance sheet (regulatory offsets), or recognized in earnings (fair value hedges and undesignated derivatives not subject to rate recovery). We classify cash flows from the (1) principal settlements of cross-currency swaps that hedge exposure related to Mexican peso-denominated debt and amounts related to terminations or early settlements of interest rate swaps as financing activities, (2) principal settlements of interest rate swaps associated with capitalized interest costs incurred to finance capital projects as investing activities, and (3) settlements of other derivative instruments as operating activities on the Consolidated Statements of Cash Flows.

HEDGE ACCOUNTING

We may designate a derivative as a cash flow hedging instrument if it effectively converts anticipated cash flows associated with revenues or expenses to a fixed dollar amount. We may utilize cash flow hedge accounting for derivative commodity instruments, foreign currency instruments and interest rate instruments. Designating cash flow hedges is dependent on the business context in which the instrument is being used, the effectiveness of the instrument in offsetting the risk of variability of future cash flows of a given revenue or expense item, and other criteria.

ENERGY DERIVATIVES

Our market risk is primarily related to natural gas and electricity price volatility and the specific physical locations where we transact. We use energy derivatives to manage these risks. The use of energy derivatives in our various businesses depends on the particular energy market, and the operating and regulatory environments applicable to the business, as follows:

- SDG&E and SoCalGas use natural gas derivatives and SDG&E uses electricity derivatives, for the benefit of customers, with the objective of managing price risk and basis risk, and stabilizing and lowering natural gas and electricity costs. These derivatives include fixed-price natural gas and electricity positions, options, and basis risk instruments, which are either exchange-traded or over-the-counter financial instruments, or bilateral physical transactions. This activity is governed by risk management and transacting activity plans limited by company policy. SDG&E's risk management and transacting activity plans for electricity derivatives are also required to be filed with, and have been approved by, the CPUC. SoCalGas is also subject to certain regulatory requirements and thresholds related to natural gas procurement under the GCIM. Natural gas and electricity derivative activities are recorded as commodity costs that are offset by regulatory account balances and are recovered in rates. Net commodity cost impacts on the Consolidated Statements of Operations are reflected in Cost of Natural Gas or in Cost of Electric Fuel and Purchased Power.
- SDG&E is allocated and may purchase CRRs, which serve to reduce the regional electricity price volatility risk that may result from local transmission capacity constraints. Unrealized gains and losses do not impact earnings, as they are offset by regulatory account balances. Realized gains and losses associated with CRRs, which are recoverable in rates, are recorded in Cost of Electric Fuel and Purchased Power on the Consolidated Statements of Operations.
- Sempra Infrastructure may use natural gas and electricity derivatives, as appropriate, in an effort to optimize the earnings of its assets which support the following businesses: LNG, natural gas pipelines and storage, and power generation. Gains and losses associated with undesignated derivatives are recognized in Energy-Related Businesses Revenues on the Consolidated Statements of Operations.
- From time to time, our various businesses, including SDG&E and SoCalGas, may use other derivatives to hedge exposures such as GHG allowances.

The following table summarizes net energy derivative volumes.

NET ENERGY DERIVATIVE VOLUMES			
(Quantities in millions)			
Commodity	Unit of measure	December 31,	
		2024	2023
Sempra:			
Natural gas	MMBtu	637	361
Electricity	MWh	—	1
Congestion revenue rights	MWh	27	36
SDG&E:			
Natural gas	MMBtu	16	17
Congestion revenue rights	MWh	27	36
SoCalGas:			
Natural gas	MMBtu	347	268

INTEREST RATE DERIVATIVES

We are exposed to interest rates primarily as a result of our current and expected use of financing. SDG&E and SoCalGas, as well as Sempra and its other subsidiaries and JVs, periodically enter into interest rate derivative agreements intended to moderate our exposure to interest rates and to lower our overall costs of borrowing. In addition, we may utilize interest rate swaps, typically designated as cash flow hedges, to lock in interest rates on outstanding debt or in anticipation of future financings.

In March 2023, Port Arthur LNG entered into floating-to-fixed interest rate swaps maturing in 2048, which were designated as cash flow hedges. On September 30, 2024, Port Arthur LNG voluntarily de-designated those interest rate swaps that begin hedging interest payments in March 2026 to provide for future financing flexibility. At the time of de-designation, \$40 million of deferred gains related to the de-designated notional amount were included in AOCI, which will remain in AOCI until the hedged interest payments impact net income or such hedged interest payments become probable of not occurring. In October 2024, Port Arthur LNG received a cash settlement of \$46 million, net of transaction costs, for the termination of \$1.0 billion of the notional amount of both the designated and de-designated interest rate swaps, with the associated deferred gains remaining in AOCI. On December 31, 2024, Port Arthur LNG voluntarily de-designated the remaining interest rate swaps, which are currently hedging interest payments until March 2026. At the time of de-designation, \$37 million of deferred gains related to the de-designated notional amount were included in AOCI, which will remain in AOCI until either the hedged interest payments impact net income or such hedged interest payments become probable of not occurring.

The following table presents the notional amounts of our interest rate derivatives, excluding those in our equity method investments.

INTEREST RATE DERIVATIVES					
(Dollars in millions)					
	December 31, 2024			December 31, 2023	
	Notional amount	Maturities		Notional amount	Maturities
Sempra:					
Cash flow hedges ⁽¹⁾	\$ 271	2025-2034	\$ 4,451	2024-2048	
Undesignated derivatives	3,189	2025-2048	—	—	

⁽¹⁾ At December 31, 2024 and 2023, cash flow hedges accrued interest based on a notional amount of \$271 and \$488, respectively.

FOREIGN CURRENCY DERIVATIVES

We may utilize cross-currency swaps to hedge exposure related to Mexican peso-denominated debt at our Mexican subsidiaries and JVs. These cash flow hedges exchange our Mexican peso-denominated principal and interest payments into the U.S. dollar and swap Mexican fixed interest rates for U.S. fixed interest rates. From time to time, Sempra Infrastructure and its JVs may use other foreign currency derivatives to hedge exposures related to cash flows associated with revenues from contracts denominated in Mexican pesos that are indexed to the U.S. dollar.

In May 2024, Oncor entered into cross-currency swaps designated as fair value hedges intended to offset foreign currency exchange rate risk related to its Euro-denominated debt.

We are also exposed to exchange rate movements at our Mexican subsidiaries and JVs, which have U.S. dollar-denominated cash balances, receivables, payables and debt (monetary assets and liabilities) that give rise to Mexican currency exchange rate movements for Mexican income tax purposes. They also have deferred income tax assets and liabilities denominated in the Mexican peso, which must be translated to U.S. dollars for financial reporting purposes. In addition, monetary assets and liabilities and certain nonmonetary assets and liabilities are adjusted for Mexican inflation for Mexican income tax purposes. We may utilize foreign currency derivatives as a means to manage the risk of exposure to significant fluctuations in our income tax expense and equity earnings from these impacts; however, we generally do not hedge our deferred income tax assets and liabilities or for inflation.

The following table presents the notional amounts of our foreign currency derivatives, excluding those in our equity method investments.

FOREIGN CURRENCY DERIVATIVES					
(Dollars in millions)					
	December 31, 2024			December 31, 2023	
	Notional amount	Maturities		Notional amount	Maturities
Sempra:					
Foreign currency derivatives	\$ 162	2025-2026	\$ 176	2024-2025	

FINANCIAL STATEMENT PRESENTATION

The Consolidated Balance Sheets reflect the offsetting of net derivative positions and cash collateral with the same counterparty when a legal right of offset exists. The following tables provide the fair values of derivative instruments on the Consolidated Balance Sheets, including the amount of cash collateral receivables that were not offset because the cash collateral was in excess of liability positions. We discuss the fair value of derivative assets and liabilities in Note 10.

DERIVATIVE INSTRUMENTS ON THE CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	December 31, 2024			
	Current assets: Fixed-price contracts and other derivatives ⁽¹⁾	Other long-term assets	Other current liabilities	Deferred credits and other
Sempra:				
Derivatives designated as hedging instruments:				
Interest rate instruments	\$ 7	\$ 28	\$ —	\$ —
Foreign exchange instruments	4	1	—	—
Derivatives not designated as hedging instruments:				
Interest rate instruments	12	246	—	—
Commodity contracts not subject to rate recovery	16	23	(21)	(43)
Associated offsetting commodity contracts	(15)	(23)	15	23
Commodity contracts subject to rate recovery	7	4	(55)	(10)
Associated offsetting commodity contracts	(5)	(2)	5	2
Associated offsetting cash collateral	—	—	10	4
Net amounts presented on the balance sheet	26	277	(46)	(24)
Additional cash collateral for commodity contracts not subject to rate recovery	40	—	—	—
Additional cash collateral for commodity contracts subject to rate recovery	25	—	—	—
Total ⁽²⁾	\$ 91	\$ 277	\$ (46)	\$ (24)
SDG&E:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 4	\$ 4	\$ (13)	\$ (6)
Associated offsetting commodity contracts	(2)	(2)	2	2
Associated offsetting cash collateral	—	—	10	4
Net amounts presented on the balance sheet	2	2	(1)	—
Additional cash collateral for commodity contracts subject to rate recovery	21	—	—	—
Total ⁽²⁾	\$ 23	\$ 2	\$ (1)	\$ —
SoCalGas:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 3	\$ —	\$ (42)	\$ (4)
Associated offsetting commodity contracts	(3)	—	3	—
Net amounts presented on the balance sheet	—	—	(39)	(4)
Additional cash collateral for commodity contracts subject to rate recovery	4	—	—	—
Total	\$ 4	\$ —	\$ (39)	\$ (4)

⁽¹⁾ Included in Other Current Assets for SDG&E and SoCalGas.

⁽²⁾ Normal purchase contracts previously measured at fair value are excluded.

DERIVATIVE INSTRUMENTS ON THE CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	December 31, 2023			
	Current assets: Fixed-price contracts and other derivatives ⁽¹⁾	Other long-term assets	Other current liabilities	Deferred credits and other
Sempra:				
Derivatives designated as hedging instruments:				
Interest rate instruments	\$ 17	\$ 70	\$ —	\$ —
Foreign exchange instruments	—	—	(9)	—
Derivatives not designated as hedging instruments:				
Commodity contracts not subject to rate recovery	173	52	(170)	(56)
Associated offsetting commodity contracts	(169)	(51)	169	51
Commodity contracts subject to rate recovery	10	8	(228)	(9)
Associated offsetting commodity contracts	(5)	(2)	5	2
Associated offsetting cash collateral	—	—	12	7
Net amounts presented on the balance sheet	26	77	(221)	(5)
Additional cash collateral for commodity contracts not subject to rate recovery	74	—	—	—
Additional cash collateral for commodity contracts subject to rate recovery	22	—	—	—
Total ⁽²⁾	\$ 122	\$ 77	\$ (221)	\$ (5)
SDG&E:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 9	\$ 8	\$ (18)	\$ (9)
Associated offsetting commodity contracts	(5)	(2)	5	2
Associated offsetting cash collateral	—	—	12	7
Net amounts presented on the balance sheet	4	6	(1)	—
Additional cash collateral for commodity contracts subject to rate recovery	21	—	—	—
Total ⁽²⁾	\$ 25	\$ 6	\$ (1)	\$ —
SoCalGas:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 1	\$ —	\$ (210)	\$ —
Net amounts presented on the balance sheet	1	—	(210)	—
Additional cash collateral for commodity contracts subject to rate recovery	1	—	—	—
Total	\$ 2	\$ —	\$ (210)	\$ —

⁽¹⁾ Included in Other Current Assets for SDG&E and SoCalGas.

⁽²⁾ Normal purchase contracts previously measured at fair value are excluded.

The following table includes the effects of derivative instruments designated as hedges on the Consolidated Statements of Operations and in OCI and AOCI.

HEDGE IMPACTS													
(Dollars in millions)													
	Pretax gain (loss) recognized in OCI				Location	Pretax gain (loss) reclassified from AOCI into earnings							
	Years ended December 31,			Years ended December 31,									
	2024	2023	2022	2024		2023	2022						
Sempra:													
Cash flow hedges:													
Interest rate instruments	\$	36	\$	45	\$	40	Interest expense	\$	11	\$	(1)	\$	(1)
Interest rate instruments		21		20		205	Equity earnings ⁽¹⁾		23		48		(29)
Foreign exchange instruments		14		(2)		(8)	Revenues: Energy-related businesses		5		(1)		1
							Other income, net		2		(2)		(1)
Foreign exchange instruments		12		(3)		(5)	Equity earnings ⁽¹⁾		6		(2)		—
Interest rate and foreign exchange instruments		—		7		25	Interest expense		—		1		2
							Other income, net		—		6		12
Fair value hedges:													
Foreign exchange instruments		2		—		—	Equity earnings ⁽¹⁾		—		—		—
Total	\$	85	\$	67	\$	257		\$	47	\$	49	\$	(16)
SoCalGas:													
Cash flow hedges:													
Interest rate instruments	\$	—	\$	—	\$	—	Interest expense	\$	(1)	\$	(1)	\$	(1)

⁽¹⁾ Equity earnings at Oncor Holdings and our foreign equity method investees are recognized after tax.

For Sempra, we expect that net gains before NCI of \$29 million, which are net of income tax expense, that are currently recorded in AOCI (with net gains of \$10 million attributable to NCI) related to cash flow hedges will be reclassified into earnings during the next 12 months as the hedged items affect earnings. SoCalGas expects that \$1 million of losses, net of income tax benefit, that are currently recorded in AOCI related to cash flow hedges will be reclassified into earnings during the next 12 months as the hedged items affect earnings. Actual amounts ultimately reclassified into earnings depend on the interest rates in effect when derivative contracts mature.

At December 31, 2024, the maximum length of time over which Sempra is hedging its exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, is approximately one year.

The following table summarizes the effects of derivative instruments not designated as hedging instruments on the Consolidated Statements of Operations.

UNDESIGNATED DERIVATIVE IMPACTS					
(Dollars in millions)					
		Pretax gain (loss) on derivatives recognized in earnings			
		Years ended December 31,			
		2024	2023	2022	
Location					
Sempra:					
Commodity contracts not subject to rate recovery	Revenues: Energy-related businesses	\$ 223	\$ 919	\$ (1,116)	
Commodity contracts subject to rate recovery	Cost of natural gas	(56)	(288)	(56)	
Commodity contracts subject to rate recovery	Cost of electric fuel and purchased power	(41)	15	202	
Interest rate instruments	Interest expense	243	(47)	33	
Total		\$ 369	\$ 599	\$ (937)	
SDG&E:					
Commodity contracts subject to rate recovery	Cost of electric fuel and purchased power	\$ (41)	\$ 15	\$ 202	
SoCalGas:					
Commodity contracts subject to rate recovery	Cost of natural gas	\$ (56)	\$ (288)	\$ (56)	

CREDIT RISK RELATED CONTINGENT FEATURES

For Sempra, SDG&E and SoCalGas, certain of our derivative instruments contain credit limits which vary depending on our credit ratings. Generally, these provisions, if applicable, may reduce our credit limit if a specified credit rating agency reduces our ratings. In certain cases, if our credit ratings were to fall below investment grade, the counterparty to these derivative liability instruments could request immediate payment or demand immediate and ongoing full collateralization.

For Sempra, the total fair value of this group of derivative instruments in a liability position at December 31, 2024 and 2023 was \$122 million and \$215 million, respectively. For SoCalGas, the total fair value of this group of derivative instruments in a liability position at December 31, 2024 and 2023 was \$42 million and \$210 million, respectively. SDG&E had a negligible amount of derivative instruments in a liability position at December 31, 2024 and no such instruments at December 31, 2023. At December 31, 2024, if the credit ratings of Sempra or SoCalGas were reduced below investment grade, \$120 million and \$42 million, respectively, of additional assets could be required to be posted as collateral for these derivative contracts.

For Sempra, SDG&E and SoCalGas, some of our derivative contracts contain a provision that would permit the counterparty, in certain circumstances, to request adequate assurance of our performance under the contracts. Such additional assurance, if needed, is not material and is not included in the amounts above.

NOTE 10. FAIR VALUE MEASUREMENTS

RECURRING FAIR VALUE MEASURES

The tables below set forth our financial assets and liabilities, by level within the fair value hierarchy, that were accounted for at fair value on a recurring basis at December 31, 2024 and 2023. We classify financial assets and liabilities in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair-valued assets and liabilities and their placement within the fair value hierarchy.

The determination of fair values, shown in the tables below, incorporates various factors, including but not limited to, the credit standing of the counterparties involved and the impact of credit enhancements (such as cash deposits, letters of credit and priority interests).

Our financial assets and liabilities that were accounted for at fair value on a recurring basis in the tables below include the following:

- Nuclear decommissioning trusts reflect the assets of SDG&E's NDT, excluding accounts receivable and accounts payable. A third-party trustee values the trust assets using prices from a pricing service based on a market approach. We validate these prices by comparison to prices from other independent data sources. Securities are valued using quoted prices listed on nationally recognized securities exchanges or based on closing prices reported in the active market in which the identical security is traded (Level 1). Other securities are valued based on yields that are currently available for comparable securities of issuers with similar credit ratings (Level 2).
- For commodity contracts, interest rate instruments and foreign exchange instruments, we primarily use a market or income approach with market participant assumptions to value these derivatives. Market participant assumptions include those about risk, and the risk inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated, or generally unobservable. We have exchange-traded derivatives that are valued based on quoted prices in active markets for the identical instruments (Level 1). We also may have other commodity derivatives that are valued using industry standard models that consider quoted forward prices for commodities, time value, current market and contractual prices for the underlying instruments, volatility factors, and other relevant economic measures (Level 2). Level 3 recurring items relate to CRRs and, until December 31, 2022, fixed-price electricity positions, at SDG&E, as we discuss below in "Level 3 Information – SDG&E." We further discuss derivative assets and liabilities in Note 9.
- Rabbi Trust investments include short-term investments that consist of money market and mutual funds that we value using a market approach based on closing prices reported in the active market in which the identical security is traded (Level 1).
- As we discuss in Note 5, in July 2020, Sempra entered into a Support Agreement for the benefit of CFIN. We measure the Support Agreement, which includes a guarantee obligation, a put option and a call option, net of related guarantee fees, at fair value on a recurring basis. We use a discounted cash flow model to value the Support Agreement, net of related guarantee fees. Because some of the inputs that are significant to the valuation are less observable, the Support Agreement is classified as Level 3, as we describe below in "Level 3 Information – Other Sempra."

RECURRING FAIR VALUE MEASURES
(Dollars in millions)

		Fair value at December 31, 2024				
		Level 1	Level 2	Level 3	Netting ⁽¹⁾	Total
Sempra:						
Assets:						
Nuclear decommissioning trusts:						
Short-term investments, primarily cash equivalents	\$	8	\$	2	\$	—
Equity securities		295		3		—
Debt securities:						
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies		41		26		—
Municipal bonds		—		287		—
Other securities		—		228		—
Total debt securities		41		541		—
Total nuclear decommissioning trusts ⁽²⁾		344		546		—
Short-term investments held in Rabbi Trust		64		—		—
Support Agreement, net of related guarantee fees		—		—		25
Interest rate instruments		—		293		—
Foreign exchange instruments		—		5		—
Commodity contracts not subject to rate recovery		—		39		—
Commodity contracts subject to rate recovery		6		1		4
Total	\$	414	\$	884	\$	29
Liabilities:						
Commodity contracts not subject to rate recovery	\$	1	\$	63	\$	—
Commodity contracts subject to rate recovery		20		45		—
Total	\$	21	\$	108	\$	—

Fair value at December 31, 2023

Sempra:						
Assets:						
Nuclear decommissioning trusts:						
Short-term investments, primarily cash equivalents	\$	19	\$	2	\$	—
Equity securities		308		4		—
Debt securities:						
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies		34		17		—
Municipal bonds		—		275		—
Other securities		—		220		—
Total debt securities		34		512		—
Total nuclear decommissioning trusts ⁽²⁾		361		518		—
Short-term investments held in Rabbi Trust		67		—		—
Support Agreement, net of related guarantee fees		—		—		23
Interest rate instruments		—		87		—
Commodity contracts not subject to rate recovery		—		5		—
Commodity contracts subject to rate recovery		—		1		10
Total	\$	428	\$	611	\$	33
Liabilities:						
Foreign exchange instruments	\$	—	\$	9	\$	—
Commodity contracts not subject to rate recovery		—		6		—
Commodity contracts subject to rate recovery		20		210		—
Total	\$	20	\$	225	\$	—

⁽¹⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

⁽²⁾ Excludes receivables (payables), net.

RECURRING FAIR VALUE MEASURES
(Dollars in millions)

	Level 1	Level 2	Level 3	Netting ⁽¹⁾	Total
Fair value at December 31, 2024					
SDG&E:					
Assets:					
Nuclear decommissioning trusts:					
Short-term investments, primarily cash equivalents	\$ 8	\$ 2	\$ —		\$ 10
Equity securities	295	3	—		298
Debt securities:					
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	41	26	—		67
Municipal bonds	—	287	—		287
Other securities	—	228	—		228
Total debt securities	41	541	—		582
Total nuclear decommissioning trusts ⁽²⁾	344	546	—		890
Commodity contracts subject to rate recovery	4	—	4	\$ 17	25
Total	\$ 348	\$ 546	\$ 4	\$ 17	\$ 915
Liabilities:					
Commodity contracts subject to rate recovery	\$ 18	\$ 1	\$ —	\$ (18)	\$ 1

Fair value at December 31, 2023

SDG&E:					
Assets:					
Nuclear decommissioning trusts:					
Short-term investments, primarily cash equivalents	\$ 19	\$ 2	\$ —		\$ 21
Equity securities	308	4	—		312
Debt securities:					
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	34	17	—		51
Municipal bonds	—	275	—		275
Other securities	—	220	—		220
Total debt securities	34	512	—		546
Total nuclear decommissioning trusts ⁽²⁾	361	518	—		879
Commodity contracts subject to rate recovery	—	—	10	\$ 21	31
Total	\$ 361	\$ 518	\$ 10	\$ 21	\$ 910
Liabilities:					
Commodity contracts subject to rate recovery	\$ 20	\$ —	\$ —	\$ (19)	\$ 1

⁽¹⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

⁽²⁾ Excludes receivables (payables), net.

RECURRING FAIR VALUE MEASURES
(Dollars in millions)

	Level 1	Level 2	Level 3	Netting ⁽¹⁾	Total
Fair value at December 31, 2024					
SoCalGas:					
Assets:					
Commodity contracts subject to rate recovery	\$ 2	\$ 1	\$ —	\$ 1	\$ 4
Liabilities:					
Commodity contracts subject to rate recovery	\$ 2	\$ 44	\$ —	\$ (3)	\$ 43

Fair value at December 31, 2023

SoCalGas:					
Assets:					
Commodity contracts subject to rate recovery	\$ —	\$ 1	\$ —	\$ 1	\$ 2
Liabilities:					
Commodity contracts subject to rate recovery	\$ —	\$ 210	\$ —	\$ —	\$ 210

⁽¹⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

Level 3 Information
SDG&E

The table below sets forth reconciliations of changes in the fair value of CRRs and, until December 31, 2022, fixed-price electricity positions, classified as Level 3 in the fair value hierarchy for Semptra and SDG&E.

LEVEL 3 RECONCILIATIONS⁽¹⁾
(Dollars in millions)

	2024	2023	2022
Balance at January 1	\$ 10	\$ 35	\$ 54
Realized and unrealized gains (losses), net	(10)	(17)	(56)
Allocated transmission instruments	3	(1)	(4)
Settlements	1	(7)	41
Balance at December 31	\$ 4	\$ 10	\$ 35
Change in unrealized losses relating to instruments still held at December 31	\$ (4)	\$ (13)	\$ (10)

⁽¹⁾ Excludes the effect of the contractual ability to settle contracts under master netting agreements and cash collateral.

Inputs used to determine the fair value of CRRs and fixed-price electricity positions are reviewed and compared with market conditions to determine reasonableness.

CRRs are recorded at fair value based almost entirely on the most current auction prices published by the California ISO, an objective source. Annual auction prices are published once a year, typically in the middle of November, and are the basis for valuing CRRs settling in the following year. For the CRRs settling from January 1 to December 31, the auction price inputs, at a given location, were in the following ranges for the years indicated below:

CONGESTION REVENUE RIGHTS AUCTION PRICE INPUTS

Settlement year	Price per MWh		Median price per MWh	
2025	\$ (7.38)	to \$ 15.54	\$ 0.01	
2024	(3.69)	to 9.55	(0.44)	
2023	(3.09)	to 10.71	(0.56)	

The impact associated with discounting is not significant. Because these auction prices are a less observable input, these instruments are classified as Level 3. The fair value of these instruments is derived from auction price differences between two locations. Positive values between two locations represent expected future reductions in congestion costs, whereas negative values between two locations represent expected future charges. Valuation of our CRRs is sensitive to a change in auction price. If auction prices at one location increase (decrease) relative to another location, this could result in a significantly higher (lower) fair value measurement. We summarize CRR volumes in Note 9.

Long-term, fixed-price electricity positions in 2022 that were valued using significant unobservable data were classified as Level 3 because the contract terms related to a delivery location or tenor for which observable market rate information was not available. The fair value of the net electricity positions classified as Level 3 was derived from a discounted cash flow model using market electricity forward price inputs. The range and weighted-average price of these inputs at December 31, 2022 were \$33.45 to \$274.70 and \$85.64, respectively.

Realized gains and losses associated with CRRs and long-term, fixed-price electricity positions, which are recoverable in rates, are recorded in Cost of Electric Fuel and Purchased Power on the Consolidated Statements of Operations. Because unrealized gains and losses are recorded as regulatory assets and liabilities, they do not affect earnings.

Other Sempra

The table below sets forth reconciliations of changes in the fair value of Sempra’s Support Agreement for the benefit of CFIN classified as Level 3 in the fair value hierarchy.

LEVEL 3 RECONCILIATIONS				
(Dollars in millions)				
	2024	2023	2022	
Balance at January 1	\$ 23	\$ 17	\$ 7	
Realized and unrealized gains (losses), net ⁽¹⁾	11	15	19	
Settlements	(9)	(9)	(9)	
Balance at December 31 ⁽²⁾	\$ 25	\$ 23	\$ 17	
Change in unrealized gains relating to instruments still held at December 31	\$ 8	\$ 13	\$ 18	

⁽¹⁾ Net gains are included in Interest Income and net losses are included in Interest Expense on Sempra’s Consolidated Statements of Operations.

⁽²⁾ Balance at December 31, 2024 and 2023 includes \$7 in Other Current Assets, and \$18 and \$16, respectively, in Other Long-Term Assets on Sempra’s Consolidated Balance Sheet.

The fair value of the Support Agreement, net of related guarantee fees, is based on a discounted cash flow model using a probability of default and survival methodology. Our estimate of fair value considers inputs such as third-party default rates, credit ratings, recovery rates, and risk-adjusted discount rates, which may be readily observable, market corroborated or generally unobservable inputs. Because CFIN’s credit rating and related default and survival rates are unobservable inputs that are significant to the valuation, the Support Agreement, net of related guarantee fees, is classified as Level 3. We assigned CFIN an internally developed credit rating of A3 and relied on default rate data published by Moody’s to assign a probability of default. A hypothetical change in the credit rating up or down one notch could result in a significant change in the fair value of the Support Agreement.

Fair Value of Financial Instruments

The fair values of certain of our financial instruments (cash, current and noncurrent accounts receivable, amounts due to/from unconsolidated affiliates with original maturities of less than 90 days, dividends and accounts payable due in one year or less, short-term debt and customer deposits) approximate their carrying amounts because of the short-term nature of these instruments. Investments in life insurance contracts that we hold in support of our Supplemental Executive Retirement, Cash Balance Restoration and Deferred Compensation Plans are carried at cash surrender values, which represent the amount of cash that could be realized under the contracts. The following table provides the carrying amounts and fair values of certain other financial instruments that are not recorded at fair value on the Consolidated Balance Sheets.

FAIR VALUE OF FINANCIAL INSTRUMENTS

(Dollars in millions)

	Carrying amount	Fair value				
		Level 1	Level 2	Level 3	Total	
		December 31, 2024				
Sempra:						
Long-term note receivable ⁽¹⁾	\$ 351	\$ —	\$ —	\$ 334	\$	334
Long-term amounts due to unconsolidated affiliates	352	—	324	—		324
Total long-term debt ⁽²⁾	32,899	—	30,193	—		30,193
SDG&E:						
Total long-term debt ⁽³⁾	\$ 8,950	\$ —	\$ 7,760	\$ —	\$	7,760
SoCalGas:						
Total long-term debt ⁽⁴⁾	\$ 7,359	\$ —	\$ 6,880	\$ —	\$	6,880
December 31, 2023						
Sempra:						
Long-term note receivable ⁽¹⁾	\$ 334	\$ —	\$ —	\$ 318	\$	318
Long-term amounts due to unconsolidated affiliates	312	—	283	—		283
Total long-term debt ⁽²⁾	27,716	—	25,617	—		25,617
SDG&E:						
Total long-term debt ⁽³⁾	\$ 8,750	\$ —	\$ 7,856	\$ —	\$	7,856
SoCalGas:						
Total long-term debt ⁽⁴⁾	\$ 6,759	\$ —	\$ 6,442	\$ —	\$	6,442

⁽¹⁾ Before allowances for credit losses of \$5 and \$6 at December 31, 2024 and 2023, respectively. Excludes unamortized transaction costs of \$3 and \$4 at December 31, 2024 and 2023, respectively.

⁽²⁾ After the effects of interest rate swaps. Before reductions of unamortized discount and debt issuance costs of \$382 and \$322 at December 31, 2024 and 2023, respectively, and excluding finance lease obligations of \$1,315 and \$1,340 at December 31, 2024 and 2023, respectively.

⁽³⁾ Before reductions of unamortized discount and debt issuance costs of \$95 and \$89 at December 31, 2024 and 2023, respectively, and excluding finance lease obligations of \$1,205 and \$1,233 at December 31, 2024 and 2023, respectively.

⁽⁴⁾ Before reductions of unamortized discount and debt issuance costs of \$65 and \$55 at December 31, 2024 and 2023, respectively, and excluding finance lease obligations of \$110 and \$107 at December 31, 2024 and 2023, respectively.

We provide the fair values for the securities held in the NDT related to SONGS in Note 14.

NOTE 11. PREFERRED STOCK

Sempra and SDG&E are authorized to issue up to 50,000,000 and 45,000,000 shares of preferred stock, respectively. At December 31, 2024 and 2023, SDG&E had no preferred stock outstanding. The rights, preferences, privileges and restrictions for any new series of preferred stock would be established by each company's board of directors at the time of issuance. We discuss SoCalGas preferred stock below.

On May 2, 2024, Sempra filed an amendment to its amended and restated articles of incorporation to implement the revocation of the series A preferred stock and series B preferred stock, all of which had previously been converted to Sempra common stock, thereby decreasing the number of authorized shares of series A preferred stock from 17,250,000 to zero and series B preferred stock from 5,750,000 to zero. Effective as of May 2, 2024, each such series of stock is no longer an authorized series of Sempra's capital stock.

SEMPRA SERIES C PREFERRED STOCK

At December 31, 2024 and 2023, Sempra had 900,000 shares of 4.875% fixed-rate reset cumulative redeemable perpetual preferred stock, series C (series C preferred stock) outstanding.

Liquidation Preference

Each share of series C preferred stock has a liquidation preference of \$1,000 plus any accumulated and unpaid dividends (whether or not declared) on such share.

Redemption at the Option of Sempra

The shares of series C preferred stock are perpetual and have no maturity date. However, we may, at our option, redeem the series C preferred stock in whole or in part, from time to time, on any day during the period from and including the July 15 immediately preceding October 15, 2025 and October 15 of every fifth year after 2025 through and including such October 15 at a redemption price in cash equal to \$1,000 per share. Additionally, in the event that a credit rating agency then publishing a rating for us makes certain amendments, clarifications or changes to the criteria it uses to assign equity credit to securities such as the series C preferred stock (Ratings Event), we may redeem the series C preferred stock, in whole but not in part, at any time within 120 days after the conclusion of any review or appeal process instituted by us following the occurrence of the Ratings Event or, if no such review or appeal process is available or sought, the occurrence of such Ratings Event, at a redemption price in cash equal to \$1,020 per share (102% of the liquidation preference per share).

Dividends

Dividends on the series C preferred stock, when, as and if declared by our board of directors or an authorized committee thereof, are payable in cash, on a cumulative basis, semi-annually in arrears. Dividends on the series C preferred stock will be cumulative whether or not:

- we have earnings;
- the payment of such dividends is then permitted under California law;
- such dividends are authorized or declared; and
- any agreements to which we are a party prohibit the current payment of dividends, including any agreement relating to our indebtedness.

We accrue dividends on the series C preferred stock on a monthly basis. The dividend rate from and including June 19, 2020 to, but excluding, October 15, 2025 is 4.875% per annum of the \$1,000 liquidation preference per share. The dividend rate will reset on October 15, 2025 and on October 15 of every fifth year after 2025 and, for each five-year period following such reset dates, will be a per annum rate equal to the Five-year U.S. Treasury Rate (as defined in the certificate of determination of preferences of the series C preferred stock) as of the second business day prior to such reset date, plus a spread of 4.550%, of the \$1,000 liquidation preference per share.

Voting Rights

The holders of series C preferred stock do not have any voting rights, except with respect to any authorization, creation or increase in the authorized amount of any class or series of capital stock ranking senior to the series C preferred stock, certain amendments to the terms of the series C preferred stock, in certain other limited circumstances and as otherwise specifically required by California law. In addition, whenever dividends on any shares of series C preferred stock have not been declared and paid or have been declared but not paid for three or more dividend periods, whether or not consecutive, the authorized number of directors on our board of directors will automatically be increased by two and the holders of the series C preferred stock, voting together as a single class with holders of any and all other outstanding series of preferred stock of equal rank having similar voting rights, will be entitled to elect two directors who satisfy certain requirements to fill such two newly created directorships. This voting right will terminate when all accumulated and unpaid dividends on the series C preferred stock have been paid in full and, upon such termination and the termination of the same voting rights of all other holders of outstanding series of preferred stock that have such voting rights, the term of office of each director elected pursuant to such rights will terminate and the authorized number of directors will automatically decrease by two, subject to the revesting of such rights in the event of each subsequent nonpayment.

Ranking

The series C preferred stock ranks, with respect to dividend rights and distribution rights upon our liquidation, winding-up or dissolution:

- senior to our common stock and each other class or series of our capital stock established in the future, unless the terms of such capital stock expressly provide otherwise;
- on parity with each class or series of our capital stock established in the future, if the terms of such capital stock provide that it ranks on parity with the series C preferred stock;
- junior to each class or series of our capital stock established in the future, if the terms of such capital stock provide that it ranks senior to the series C preferred stock;
- junior to our existing and future indebtedness and other liabilities; and
- structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries and capital stock of our subsidiaries held by third parties.

SOCALGAS PREFERRED STOCK

SoCalGas is authorized to issue up to an aggregate of 11,000,000 shares of preferred stock, series preferred stock and preference stock. The table below presents preferred stock outstanding at SoCalGas:

PREFERRED STOCK OUTSTANDING			
(Dollars in millions, except per share amounts)			
	December 31,		
	2024	2023	
\$25 par value, authorized 1,000,000 shares:			
6% Series, 79,011 shares outstanding	\$ 3	\$ 3	
6% Series A, 783,032 shares outstanding	19	19	
SoCalGas - Total preferred stock	22	22	
Less: 50,970 shares of the 6% Series outstanding owned by Pacific Enterprises	(2)	(2)	
Sempra - Total preferred stock of subsidiary	\$ 20	\$ 20	

None of SoCalGas’ outstanding preferred stock is callable, and no shares are subject to mandatory redemption.

All outstanding shares have one vote per share, cumulative preferences as to dividends and liquidation preferences of \$25 per share plus any unpaid dividends.

In addition to the outstanding preferred stock above, SoCalGas’ articles of incorporation authorize 5,000,000 shares of series preferred stock and 5,000,000 shares of preference stock, both without par value and with cumulative preferences as to dividends and liquidation value. The preference stock would rank junior to all series of preferred stock and series preferred stock. Other rights and privileges of any new series of such stock would be established by the SoCalGas board of directors at the time of issuance.

The preferred stock at SoCalGas is presented at Sempra as NCI. Sempra records charges against income related to NCI for preferred dividends declared by SoCalGas.

NOTE 12. SEMPRA – EQUITY AND EARNINGS PER COMMON SHARE

COMMON STOCK

We are authorized to issue 1,125,000,000 shares of Sempra's no par value common stock. The following table provides common stock activity for the last three years.

COMMON STOCK ACTIVITY			
	2024	2023	2022
Sempra:			
Common shares outstanding, January 1	631,431,732	628,669,356	633,839,564
Shares issued under forward sale agreements	17,142,858	—	—
Shares issued to underwriters to cover overallotments	—	2,099,152	—
RSUs vesting ⁽¹⁾	1,320,561	941,910	914,444
Stock options exercised	143,944	—	81,260
Common stock investment plan ⁽²⁾	1,151,877	1,730	—
Issuance of RSUs held in our Deferred Compensation Plan	128,207	132,178	130,026
Shares repurchased ⁽³⁾	(689,303)	(412,594)	(6,295,938)
Common shares outstanding, December 31	650,629,876	631,431,732	628,669,356

⁽¹⁾ Includes dividend equivalents.

⁽²⁾ Participants in the Direct Stock Purchase Plan may reinvest dividends to purchase newly issued shares.

⁽³⁾ Includes shares repurchased under repurchase programs and shares withheld from LTIP participants and individuals exercising stock options in 2024 to satisfy minimum statutory tax withholding requirements.

COMMON STOCK OFFERINGS

ATM Program

In November 2024, we established an ATM program providing for the offer and sale of shares of Sempra common stock having an aggregate gross sales price of up to \$3.0 billion through agents acting as our sales agents or as forward sellers or directly to the agents as principals. The shares may be offered and sold in amounts and at times to be determined by us from time to time. The agents will be entitled to a commission that will not exceed 1.0% of the gross sales price of all shares sold through it as agent pursuant to the Sales Agreement.

Under the ATM program, we may enter into separate forward sale agreements with affiliates of the agents as forward purchasers. We expect to fully physically settle each forward sale agreement, if any. However, we will generally have the right, subject to certain exceptions, to elect to cash settle or net share settle all or any portion of our obligations under any such forward sale agreement. If we enter into a forward sale agreement with any forward purchaser, we expect that such forward purchaser (or its affiliate) will attempt to borrow from third parties and sell, through the relevant agent acting as sales agent for such forward purchaser, shares of our common stock to hedge such forward purchaser's exposure under such forward sale agreement. We will not receive any proceeds from any sale of shares borrowed by a forward purchaser (or its affiliate) and sold through a forward seller. The forward seller will receive a commission, in the form of a reduction to the initial forward price under the related forward sale agreement, at a mutually agreed rate that will not exceed (subject to certain exceptions) 1.0% of the volume-weighted average of the gross sales price per share of all of the borrowed shares of Sempra common stock sold through such forward seller.

We intend to use a substantial portion of the net proceeds we receive from the issuance and sale by us of any shares of our common stock to or through the agents and any net proceeds we receive through the settlement of any forward sale agreements with the forward purchasers for working capital and other general corporate purposes, including to partly finance anticipated increases to our long-term capital plan and to repay outstanding commercial paper and potentially other indebtedness. At December 31, 2024, approximately \$2.7 billion of common stock remained available for sale under the ATM program, which reflects the forward sale agreement that we describe below.

November 2024 Forward Sale Agreement

In November 2024, we entered into a forward sale agreement under the ATM program with Bank of America, N.A. as forward purchaser for the sale of 2,909,274 shares of Sempra common stock. The shares offered pursuant to the forward sale agreement were borrowed by the forward purchaser and therefore are not newly issued shares. We did not initially receive any proceeds from the sale of shares pursuant to the forward sale agreement.

At December 31, 2024, a total of 2,909,274 shares of Sempra common stock remain subject to future settlement under this forward sale agreement, which may be settled on one or more dates specified by us occurring no later than June 30, 2026, which is the final settlement date under the agreement. At the initial forward price of \$92.1546 per share, we expect that the net proceeds from the full physical settlement of the forward sale agreement would be approximately \$268 million (net of sales commissions of approximately \$2 million, but before deducting equity issuance costs, and subject to certain adjustments pursuant to the forward sale agreements). Although we expect to settle the forward sale agreement entirely by the physical delivery of shares of our common stock in exchange for cash proceeds, we may, subject to certain conditions, elect cash settlement or net share settlement for all or a portion of our obligations under the forward sale agreement. The forward sale agreement is also subject to acceleration by the forward purchaser upon the occurrence of certain events.

November 2023 Common Stock Offering and Forward Sale Agreements

In November 2023, we completed the offering of 19,242,010 shares of our common stock, no par value, in a registered public offering at \$70.00 per share (\$68.845 per share after deducting underwriting discounts), 17,142,858 shares of which were pursuant to forward sale agreements with an affiliate of Morgan Stanley & Co. LLC and an affiliate of Citigroup Global Markets Inc. (the November 2023 forward purchasers). The shares offered pursuant to the forward sale agreements were borrowed by the underwriters and therefore are not newly issued shares. The underwriters of the offering partially exercised the option we granted them and purchased 2,099,152 shares of common stock directly from us solely to cover overallocments. We received net proceeds of \$144 million (net of underwriting discounts and equity issuance costs of \$3 million) from the sale of shares to cover overallocments. We did not initially receive any proceeds from the sale of shares pursuant to the forward sale agreements. We used the net proceeds from the sale of the overallocation shares to fund working capital and for other general corporate purposes, including to partly finance our long-term capital plan and to repay commercial paper and other indebtedness.

In December 2024, upon full physical settlement of the forward sale agreements from our November 2023 offering, we received net proceeds of \$1.2 billion (net of underwriting discounts and equity issuance costs of \$20 million) from the issuance of 17,142,858 shares of Sempra common stock at a forward price of \$69.2195 per share. We expect to use the net proceeds from our common stock issued pursuant to the forward sale agreements to fund working capital and for other general corporate purposes, including to partly finance our long-term capital plan and to repay commercial paper and other indebtedness.

COMMON STOCK REPURCHASES

On July 6, 2020, our board of directors authorized the repurchase of shares of our common stock at any time and from time to time in an aggregate amount not to exceed the lesser of \$2.0 billion or amounts spent to purchase no more than 25,000,000 shares.

On January 11, 2022, we entered into an ASR program under which we prepaid \$200 million to repurchase shares of our common stock in a share forward transaction. A total of 2,945,512 shares were purchased under this program at an average price of \$67.90 per share. The total number of shares purchased was determined by dividing the \$200 million purchase price by the arithmetic average of the volume-weighted average trading prices of shares of our common stock during the valuation period of January 12, 2022 through February 11, 2022, minus a fixed discount. The ASR program was completed on February 11, 2022.

On April 6, 2022, we entered into an ASR program under which we prepaid \$250 million to repurchase shares of our common stock in a share forward transaction. A total of 2,943,914 shares were purchased under this program at an average price of \$84.92 per share. The total number of shares purchased was determined by dividing the \$250 million purchase price by the arithmetic average of the volume-weighted average trading prices of shares of our common stock during the valuation period of April 7, 2022 through April 25, 2022, minus a fixed discount. The ASR program was completed on April 25, 2022.

As of February 25, 2025, a maximum of \$1.25 billion and no more than 19,632,529 shares may yet be purchased under the July 6, 2020 repurchase authorization.

In 2024, 2023 and 2022, we withheld 689,303 shares for \$43 million, 412,594 shares for \$32 million and 406,512 shares for \$28 million, respectively, of our common stock that would otherwise be issued to LTIP participants and individuals exercising stock options in 2024 who do not elect otherwise upon the vesting of RSUs and exercise of stock options in an amount sufficient to satisfy minimum statutory tax withholding requirements. Such share withholding is considered a share repurchase for accounting purposes. The repurchases do not fall under the July 6, 2020 repurchase authorization.

NONCONTROLLING INTERESTS

Ownership interests in a consolidated entity that are held by unconsolidated owners are accounted for and reported as NCI.

The following table summarizes net income attributable to Sempra and transfers (to) from NCI, which shows the effects of changes in Sempra's ownership interest in its subsidiaries on Sempra's shareholders' equity.

NET INCOME ATTRIBUTABLE TO SEMPRA AND TRANSFERS (TO) FROM NCI			
(Dollars in millions)			
	Years ended December 31,		
	2023	2022	
Sempra:			
Net income attributable to Sempra	\$ 3,075	\$ 2,139	
Transfers (to) from NCI:			
(Decrease) increase in shareholders' equity for sales of NCI	(49)	710	
Net transfers (to) from NCI	(49)	710	
Change from net income attributable to Sempra and transfers (to) from NCI	\$ 3,026	\$ 2,849	

SI Partners

Sale of NCI to ADIA

In June 2022, Sempra and ADIA consummated the transaction contemplated under a purchase and sale agreement dated December 21, 2021 (the ADIA Purchase Agreement). Pursuant to the ADIA Purchase Agreement, ADIA acquired Class A Units representing a 10% NCI in SI Partners for a purchase price of \$1.7 billion, including post-closing adjustments. As a result of this sale to ADIA, we recorded a \$709 million increase in equity held by NCI and an increase in Sempra's shareholders' equity of \$710 million, net of \$12 million in transaction costs and \$300 million income tax expense. Transaction costs include \$10 million paid to ADIA for reimbursement of certain expenses that ADIA incurred in connection with closing the transaction.

Sale of NCI to KKR Pinnacle

In connection with the October 2021 sale of NCI to KKR Pinnacle, KKR Pinnacle was entitled to a \$200 million credit from Sempra to be applied to capital calls once an LNG project reached a positive final investment decision and met certain projected internal rates of return. In 2023, KKR Pinnacle used \$200 million of this credit to fund its share of contributions to SI Partners. As a result, we recorded a \$200 million increase in equity held by NCI and a decrease in Sempra's shareholders' equity of \$145 million, net of a tax benefit.

SI Partners Subsidiaries

Sale of NCI to KKR Denali

In September 2023, a subsidiary of SI Partners completed the sale of a 60% interest in an SI Partners subsidiary (resulting in a 42% NCI in the PA LNG Phase 1 project) to KKR Denali for aggregate cash consideration of \$976 million, including post-closing adjustments. As a result of this sale, we recorded a \$1.0 billion increase in equity held by NCI and a decrease in Sempra's shareholders' equity of \$61 million, including \$11 million in transaction costs and net of a \$23 million tax benefit.

SI Partners' and KKR Denali's subsidiaries have made capital contribution commitments to fund their respective equity share of the equity funding amount of anticipated development costs of the PA LNG Phase 1 project, except in certain budget overrun scenarios.

Sale of NCI to ConocoPhillips Affiliate

In March 2023, a subsidiary of SI Partners completed the sale of a 30% interest in an SI Partners subsidiary (resulting in a 30% NCI in the PA LNG Phase 1 project) to an affiliate of ConocoPhillips for aggregate cash consideration of \$254 million, including post-closing adjustments. As a result of this sale, we recorded a \$234 million increase in equity held by NCI and an increase in Sempra's shareholders' equity of \$12 million, net of \$3 million in transaction costs and \$5 million in tax expense.

SI Partners' subsidiary and the ConocoPhillips affiliate have made certain customary capital contribution commitments to fund their respective pro rata equity share of the total anticipated capital calls for the equity portion of the anticipated development costs of the PA LNG Phase 1 project. In addition, both SI Partners and ConocoPhillips provided guarantees relating to their respective affiliate's commitment to make its pro rata equity share of capital contributions to fund 110% of the development budget of the PA LNG Phase 1 project, in an aggregate amount of up to \$9.0 billion. SI Partners' guarantee covers 70% of this amount plus enforcement costs of its guarantee. As of December 31, 2024, an aggregate amount of \$2.7 billion has been paid by SI Partners' subsidiary in satisfaction of its commitment to fund its portion of the development budget of the PA LNG Phase 1 project.

EARNINGS PER COMMON SHARE

Basic EPS is calculated by dividing earnings attributable to common shares by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution of common stock equivalent shares that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

EARNINGS PER COMMON SHARE COMPUTATIONS

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

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Numerator:			
Earnings attributable to common shares	\$ 2,817	\$ 3,030	\$ 2,094
Denominator:			
Weighted-average common shares outstanding for basic EPS ⁽¹⁾	633,795	630,296	630,318
Dilutive effect of stock options and RSUs ⁽²⁾	2,112	2,341	2,439
Dilutive effect of common shares sold forward	2,036	96	—
Weighted-average common shares outstanding for diluted EPS	637,943	632,733	632,757
EPS:			
Basic	\$ 4.44	\$ 4.81	\$ 3.32
Diluted	\$ 4.42	\$ 4.79	\$ 3.31

⁽¹⁾ Includes fully vested RSUs held in our Deferred Compensation Plan of 617 in 2024, 717 in 2023 and 805 in 2022. These fully vested RSUs are included in weighted-average common shares outstanding for basic EPS because there are no conditions under which the corresponding shares will not be issued.

⁽²⁾ Due to market fluctuations of both Sempra common stock and the comparative indices used to determine the vesting percentage of our total shareholder return performance-based RSUs, which we discuss in Note 13, dilutive RSUs may vary widely from period-to-period.

The potentially dilutive impact from stock options and RSUs is calculated under the treasury stock method. Under this method, proceeds based on the exercise price and unearned compensation are assumed to be used to repurchase shares on the open market at the average market price for the period, reducing the number of potential new shares to be issued and sometimes causing an antidilutive effect. The computation of diluted EPS for 2024, 2023 and 2022 excludes potentially dilutive shares related to stock options and RSUs of 747,724, 502,942 and 173,064, respectively, because to include them would be antidilutive for the period. However, these shares could potentially dilute basic EPS in the future.

The potentially dilutive impact from the forward sale of our common stock pursuant to the forward sale agreements that we discuss above is reflected in our diluted EPS calculation using the treasury stock method. We anticipate there will be a dilutive effect on our EPS when the average market price of our common stock shares is above the applicable adjusted forward price, subject to increase or decrease based on the overnight bank funding rate, less a spread, and subject to decrease by amounts related to expected dividends on shares of our common stock during the term of the forward sale agreements. Additionally, if we decide to physically settle or net share settle the forward sale agreements, delivery of our shares to the forward purchasers on any such physical settlement or net share settlement of the forward sale agreements would result in dilution to our EPS.

NOTE 13. SHARE-BASED COMPENSATION

SEMPRA EQUITY COMPENSATION PLANS

Sempra has share-based compensation plans intended to align employee and shareholder objectives related to the long-term growth of Sempra. The plans permit a wide variety of share-based awards, including:

- nonqualified stock options
- incentive stock options
- restricted stock awards
- restricted stock units
- stock appreciation rights
- performance awards
- stock payments
- dividend equivalents

Eligible employees, including those from SDG&E and SoCalGas, participate in Sempra's share-based compensation plans as a component of their compensation package.

In the three years ended December 31, 2024, Sempra had the following types of equity awards outstanding:

- *Nonqualified Stock Options*: Options to purchase common stock have an exercise price equal to the market price of the common stock at the date of grant, are service-based, become exercisable over a three-year period and expire 10 years from the date of grant. Unvested option awards are subject to forfeiture following a termination of employment, except where the retirement criteria under such awards have been met and subject to certain other exceptions described below.
- *Performance-Based Restricted Stock Units*: These RSU awards generally vest in Sempra common stock at the end of three-year performance periods based on Sempra's total return to shareholders relative to that of specified market indices or based on the compound annual growth rate of Sempra's EPS. The comparative market indices for the awards that vest based on total return to shareholders are the S&P 500 Utilities Index (excluding water companies) and the S&P 500 Index. Awards issued in 2024 are based on the percentile ranking of the compound annual growth rate of Sempra's adjusted EPS relative to the compound annual growth rate of S&P 500 Utilities Index (excluding water companies) peer companies. For awards issued in 2022 and 2023, we use long-term analyst consensus growth estimates for S&P 500 Utilities Index peer companies (excluding water companies) to develop our targets for awards that vest based on EPS growth. If Sempra's total return to shareholders or EPS growth is below the target levels but above threshold performance levels, shares are subject to partial vesting on a pro rata basis. If Sempra's total return to shareholders or EPS growth exceeds target levels, up to an additional 100% of the granted RSUs may be issued. These RSU awards are subject to forfeiture prior to vesting following a termination of employment, except where the retirement criteria under such awards have been met and subject to certain other exceptions described below.
- *Service-Based Restricted Stock Units*: RSUs may also be service-based; these generally vest ratably over three-year service periods. These awards are subject to earlier forfeiture upon termination of employment, subject to certain exceptions described below.

For awards that would otherwise be forfeited upon termination of employment, the Compensation and Talent Development Committee of Sempra's board of directors may waive the forfeiture requirement and, with respect to options and service-based RSUs, may accelerate vesting. Awards are also subject to accelerated vesting under certain circumstances upon a change in control under the applicable LTIP, in accordance with severance pay agreements or to the extent otherwise required by the terms of the applicable award. Dividend equivalents on shares subject to RSUs are reinvested to purchase additional common shares that become subject to the same vesting conditions as the RSUs to which the dividends relate.

SHARE-BASED AWARDS AND COMPENSATION EXPENSE

At December 31, 2024, 15,400,000 common shares were authorized, and 7,628,467 common shares were available for future grants of share-based awards. Our practice is to satisfy share-based awards by issuing new shares rather than by open-market purchases.

We measure and recognize compensation expense for all share-based payment awards made to our employees and directors based on estimated fair values on the date of grant. We recognize compensation costs net of an estimated forfeiture rate (based on historical experience) and recognize the compensation costs for nonqualified stock options and RSUs on a straight-line basis over the requisite service period of the award, which is generally three years. However, for awards granted to retirement-eligible participants, the expense is recognized over the initial year in which the award was granted as the award requires service through the end of the year in which it was granted. For awards granted to participants who become eligible for retirement during the requisite service period, the expense is recognized over the period between the date of grant and the later of the end of the year in which the award was granted or the date the participant first becomes eligible for retirement. Substantially all awards outstanding are classified as equity instruments; therefore, we recognize additional paid in capital as we recognize the compensation expense associated with the awards. We recognize in earnings the tax benefits (or deficiencies) resulting from tax deductions that are in excess of (or less than) tax benefits related to compensation cost recognized for share-based payments.

Sempra subsidiaries record an expense for the plans to the extent that subsidiary employees participate in the plans and/or the subsidiaries are allocated a portion of the Sempra plans' corporate staff costs. Total share-based compensation expense for all of Sempra's share-based awards was comprised as follows:

SHARE-BASED COMPENSATION EXPENSE				
(Dollars in millions)				
	Years ended December 31,			
	2024	2023	2022	
Sempra:				
Share-based compensation expense, before income taxes ⁽¹⁾	\$ 77	\$ 71	\$ 61	
Income tax benefit ⁽¹⁾	(9)	(9)	(17)	
	\$ 68	\$ 62	\$ 44	
Capitalized share-based compensation cost	\$ 13	\$ 12	\$ 11	
Excess income tax (benefit) deficiency	(9)	(6)	(3)	
SDG&E:				
Share-based compensation expense, before income taxes	\$ 12	\$ 13	\$ 11	
Income tax benefit	(2)	(2)	(3)	
	\$ 10	\$ 11	\$ 8	
Capitalized share-based compensation cost	\$ 7	\$ 7	\$ 6	
Excess income tax (benefit) deficiency	(1)	(1)	—	
SoCalGas:				
Share-based compensation expense, before income taxes	\$ 20	\$ 18	\$ 17	
Income tax benefit	(4)	(3)	(5)	
	\$ 16	\$ 15	\$ 12	
Capitalized share-based compensation cost	\$ 6	\$ 5	\$ 5	
Excess income tax (benefit) deficiency	(2)	(1)	—	

⁽¹⁾ Includes activity of awards issued from the IEnova 2013 LTIP, which settled in cash upon vesting based on the price of IEnova's common stock.

SEMPRA NONQUALIFIED STOCK OPTIONS

We use a Black-Scholes option-pricing model to estimate the fair value of each nonqualified stock option grant. The use of a valuation model requires us to make certain assumptions about selected model inputs. Expected volatility is calculated based on a blend of the historical and implied volatility of Sempra's common stock price. The average expected term for options is based on the vesting schedule, contractual term of the option, expected employee exercise and post-termination behavior. The risk-free interest rate is based on U.S. Treasury zero-coupon issues with a remaining term equal to the expected term estimated at the date of the grant. In 2024, 2023 and 2022, Sempra's board of directors granted 414,812, 326,574 and 439,796 nonqualified stock options, respectively, that become exercisable over a three-year period. The weighted-average per-share fair value for options granted was \$16.43, \$17.50 and \$10.99 in 2024, 2023 and 2022, respectively. To calculate this fair value, we used the Black-Scholes model with the following weighted-average assumptions:

KEY ASSUMPTIONS FOR STOCK OPTIONS GRANTED

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Stock price volatility	26.49 %	27.35 %	26.08 %
Expected term	5.36 years	5.36 years	5.36 years
Risk-free rate of return	3.90 %	3.89 %	1.40 %
Annual dividend yield	3.14 %	2.98 %	3.33 %

The following table shows a summary of nonqualified stock options at December 31, 2024 and activity for the year then ended:

NONQUALIFIED STOCK OPTIONS

	Common shares under options	Weighted- average exercise price	Weighted- average remaining contractual term (in years)	Aggregate intrinsic value (in millions)
Sempra:				
Outstanding at January 1, 2024	1,759,798	\$ 65.99		
Granted	414,812	\$ 75.82		
Exercised	(23,713)	\$ 62.87		
Withheld related to net settlement	(120,231)	\$ 62.87		
Outstanding at December 31, 2024	2,030,666	\$ 68.22	6.78	\$ 40
Vested or expected to vest at December 31, 2024	2,030,666	\$ 68.22	6.78	\$ 40
Exercisable at December 31, 2024	1,251,544	\$ 64.45	5.81	\$ 29

The aggregate intrinsic value at December 31, 2024 is the total of the difference between Sempra's closing common stock price and the exercise price for all in-the-money options. The aggregate intrinsic value for nonqualified stock options exercised was:

- \$4.4 million in 2024
- zero in 2023
- \$1.7 million in 2022

We expect a negligible amount of total compensation cost related to nonvested stock options not yet recognized as of December 31, 2024 to be recognized over a weighted-average period of 0.6 years. The weighted-average exercise price for nonqualified stock options granted in 2023 and 2022 was \$76.86 and \$66.00, respectively.

We received cash of \$4 million from stock option exercises in 2022.

SEMPRA RESTRICTED STOCK UNITS

We use Sempra's common stock price at the grant date to estimate the fair value of our service-based RSUs and our RSUs that vest based on the compound annual growth rate of Sempra's EPS.

We use a Monte-Carlo simulation model to estimate the fair value of our RSUs that vest based on Sempra's total return to shareholders. Our determination of fair value is affected by the historical volatility of the common stock price for Sempra and its peer group companies. The valuation also is affected by the risk-free rates of return and a number of other variables. Below are key assumptions for RSUs granted in the last three years:

KEY ASSUMPTIONS FOR RSUs GRANTED

	Years ended December 31,		
	2024	2023	2022
Sempra:			
Stock price volatility	21.27 %	35.31 %	32.82 %
Risk-free rate of return	4.06 %	4.13 %	1.05 %

The following table shows a summary of RSUs at December 31, 2024 and activity for the year then ended:

RESTRICTED STOCK UNITS

	Performance-based restricted stock units		Service-based restricted stock units	
	Units	Weighted- average grant-date fair value	Units	Weighted- average grant-date fair value
Sempra:				
Nonvested at January 1, 2024	1,829,984	\$ 74.46	524,969	\$ 70.63
Granted	721,049	\$ 75.70	321,576	\$ 75.86
Vested	(571,322)	\$ 66.52	(281,494)	\$ 68.68
Forfeited	(73,987)	\$ 76.78	(21,963)	\$ 88.74
Nonvested at December 31, 2024 ⁽¹⁾	1,905,724	\$ 77.22	543,088	\$ 74.55
Expected to vest at December 31, 2024	1,865,938	\$ 77.19	525,029	\$ 74.49

⁽¹⁾ Each RSU represents the right to receive one share of our common stock if applicable performance conditions are satisfied. For all performance-based RSUs, up to an additional 100% of the shares represented by the RSUs may be issued if Sempra exceeds target performance conditions.

In 2024, 2023 and 2022, the total fair value of RSU shares vested during the year was \$57 million, \$52 million and \$54 million, respectively.

We expect \$43 million of total compensation cost related to nonvested RSUs not yet recognized as of December 31, 2024 to be recognized over a weighted-average period of 1.80 years. The weighted-average per-share fair values for performance-based RSUs granted were \$82.64 and \$73.47 in 2023 and 2022, respectively. The weighted-average per-share fair values for service-based RSUs granted were \$76.76 and \$66.32 in 2023 and 2022, respectively.

NOTE 14. SAN ONOFRE NUCLEAR GENERATING STATION

SDG&E has a 20% ownership interest in SONGS, a nuclear generating facility near San Clemente, California, which permanently ceased operations in June 2013 after an extended outage as a result of issues with the steam generators used in the facility. Edison, the majority owner and operator of SONGS, notified SDG&E that it had reached a decision to permanently retire SONGS and seek approval from the NRC to start the decommissioning activities for the entire facility. SONGS is subject to the jurisdiction of the NRC and the CPUC.

SDG&E, and each of the other owners, holds its undivided interest as a tenant in common in the property. Each owner is responsible for financing its share of costs. SDG&E's share of operating expenses is included in Semptra's and SDG&E's Consolidated Statements of Operations.

NUCLEAR DECOMMISSIONING AND FUNDING

As a result of Edison's decision to permanently retire SONGS Units 2 and 3, Edison began the decommissioning phase of the plant. Major decommissioning work began in 2020. We expect the majority of the decommissioning work to be completed around 2030. Decommissioning of Unit 1, removed from service in 1992, is largely complete. The remaining work for Unit 1 will be completed once Units 2 and 3 are dismantled and the spent fuel is removed from the site. The spent fuel is currently being stored on-site, until the DOE identifies an ISFSI and puts in place a program for the fuel's disposal, as we discuss below. SDG&E is responsible for approximately 20% of the total decommissioning cost.

In accordance with state and federal requirements and regulations, SDG&E has assets held in the NDT to fund its share of decommissioning costs for SONGS Units 1, 2 and 3. Amounts that were collected in rates for SONGS' decommissioning are invested in the NDT, which is comprised of externally managed trust funds. Amounts held by the NDT are invested in accordance with CPUC regulations. SDG&E classifies debt and equity securities held in the NDT as available-for-sale. The NDT assets are presented on the Semptra and SDG&E Consolidated Balance Sheets at fair value with the offsetting credits recorded in noncurrent Regulatory Liabilities.

Except for the use of funds for the planning of decommissioning activities or NDT administrative costs, CPUC approval is required for SDG&E to access the NDT assets to fund SONGS decommissioning costs for Units 2 and 3. In January 2025, the CPUC granted SDG&E authorization to access NDT funds of up to \$66 million for forecasted 2025 costs.

In September 2020, the IRS and the U.S. Department of the Treasury published final regulations that clarify the definition of "nuclear decommissioning costs," which are costs that may be paid for or reimbursed from a qualified trust fund. The final regulations adopted most of the provisions of the proposed regulations issued in December 2016. The final regulations apply to taxable years ending on or after September 4, 2020 and confirm that the definition of "nuclear decommissioning costs" includes amounts related to the storage of spent nuclear fuel at both on-site and off-site ISFSIs.

The final regulations also clarify that costs incurred for ISFSIs that may be or are expected to be reimbursed by the DOE may be paid or reimbursed from a qualified trust fund. Accordingly, the final regulations allow SDG&E the option to access qualified trust funds to recover spent fuel storage costs before Edison reaches final settlement with the DOE regarding the DOE's reimbursement of these costs. Historically, the DOE's reimbursements of spent fuel storage costs have not resulted in timely or complete recovery of these costs. We discuss the DOE's responsibility for spent nuclear fuel below.

Nuclear Decommissioning Trusts

The following table shows the fair values and gross unrealized gains and losses for the securities held in the NDT on the Sempra and SDG&E Consolidated Balance Sheets. We provide additional fair value disclosures for the NDT in Note 10.

NUCLEAR DECOMMISSIONING TRUSTS

(Dollars in millions)

	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
December 31, 2024				
Short-term investments, primarily cash equivalents	\$ 10	\$ —	\$ —	\$ 10
Equity securities	78	223	(3)	298
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies ⁽¹⁾	67	1	(1)	67
Municipal bonds ⁽²⁾	295	1	(9)	287
Other securities ⁽³⁾	234	2	(8)	228
Total debt securities	596	4	(18)	582
Receivables (payables), net	(15)	—	—	(15)
Total	\$ 669	\$ 227	\$ (21)	\$ 875
December 31, 2023				
Short-term investments, primarily cash equivalents	\$ 21	\$ —	\$ —	\$ 21
Equity securities	89	225	(2)	312
Debt securities:				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	50	2	(1)	51
Municipal bonds	280	3	(8)	275
Other securities	228	3	(11)	220
Total debt securities	558	8	(20)	546
Receivables (payables), net	(7)	—	—	(7)
Total	\$ 661	\$ 233	\$ (22)	\$ 872

⁽¹⁾ Maturity dates are 2025-2055.

⁽²⁾ Maturity dates are 2025-2062.

⁽³⁾ Maturity dates are 2025-2072.

The following table shows the proceeds from sales of securities in the NDT and gross realized gains and losses on those sales.

SALES OF SECURITIES IN THE NUCLEAR DECOMMISSIONING TRUSTS

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Proceeds from sales	\$ 874	\$ 592	\$ 639
Gross realized gains	57	27	18
Gross realized losses	10	14	20

Net unrealized gains and losses, as well as realized gains and losses that are reinvested in the NDT, are included in noncurrent Regulatory Liabilities on Sempra's and SDG&E's Consolidated Balance Sheets. We determine the cost of securities in the trusts on the basis of specific identification.

ASSET RETIREMENT OBLIGATION

The present value of SDG&E's ARO related to decommissioning costs for all three SONGS units was \$471 million at December 31, 2024 and is based on a cost study prepared in 2024, which is pending CPUC approval. The ARO for Units 2 and 3 reflects the acceleration of the start of decommissioning of these units as a result of the early closure of the plant. We expect SDG&E's undiscounted SONGS decommissioning payments to be \$89 million in 2025, \$57 million in 2026, \$37 million in 2027, \$25 million in 2028, \$11 million in 2029, and \$870 million thereafter.

U.S. DEPARTMENT OF ENERGY NUCLEAR FUEL DISPOSAL

Spent nuclear fuel from SONGS is currently stored on-site in an ISFSI licensed by the NRC. The ISFSI will operate until 2054, when it is assumed that the DOE will have taken custody of all the SONGS spent fuel. The ISFSI would then be decommissioned, and the site restored to its original environmental state. Until then, SONGS owners are responsible for interim storage of spent nuclear fuel at SONGS.

The Nuclear Waste Policy Act of 1982 made the DOE responsible for accepting, transporting, and disposing of spent nuclear fuel. However, it is uncertain when the DOE will begin accepting spent nuclear fuel from SONGS. This delay will lead to increased costs for spent fuel storage. In November 2019, Edison filed a claim for spent fuel management costs in the U.S. Court of Federal Claims for the time period from January 2017 through July 2018, which is pending approval. Additionally, in July 2024, Edison filed a claim for spent fuel management costs in the U.S. Court of Federal Claims for the time period from August 2018 through December 2021, which is pending approval. SDG&E will continue to support Edison in its pursuit of claims on behalf of the SONGS co-owners against the DOE for its failure to timely accept the spent nuclear fuel.

NUCLEAR INSURANCE

SDG&E and the other owners of SONGS have insurance to cover claims from nuclear liability incidents arising at SONGS. Currently, this insurance provides \$500 million in coverage limits, the maximum amount available, including coverage for acts of terrorism. In addition, the Price-Anderson Act provides an additional \$60 million of coverage. If a nuclear liability loss occurs at SONGS and exceeds the \$500 million insurance limit, this additional coverage would be available to provide a total of \$560 million in coverage limits per incident.

The SONGS owners have nuclear property damage insurance of \$130 million, which exceeds the minimum federal requirement of \$50 million. This insurance coverage is provided through NEIL. The NEIL policies have specific exclusions and limitations that can result in reduced coverage. Insured members as a group are subject to retrospective premium assessments to cover losses sustained by NEIL under all issued policies. SDG&E could be assessed a negligible amount for retrospective premiums based on overall member claims.

The nuclear property insurance program includes an industry aggregate loss limit for non-certified acts of terrorism (as defined by the Terrorism Risk Insurance Act) of \$3.24 billion. This is the maximum amount that will be paid to insured members who suffer losses or damages from these non-certified terrorist acts.

NOTE 15. COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

We accrue losses for a legal proceeding when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the uncertainties inherent in legal proceedings make it difficult to reasonably estimate the costs and effects of resolving these matters. Accordingly, actual costs incurred may differ materially from amounts accrued, may exceed, and in some cases have exceeded, applicable insurance coverage and could materially adversely affect our business, results of operations, financial condition, cash flows and/or prospects. Unless otherwise indicated, we are unable to reasonably estimate possible losses or a range of losses in excess of any amounts accrued.

At December 31, 2024, loss contingency accruals for legal matters that are probable and estimable were \$41 million for Sempra, including \$26 million for SoCalGas. We discuss our policy regarding accrual of legal fees in Note 1.

SDG&E

City of San Diego Franchise Agreement

In 2021, two lawsuits were filed in the California Superior Court challenging various aspects of the natural gas and electric franchise agreements granted by the City of San Diego to SDG&E. Both lawsuits ultimately sought to void the franchise agreements. In one of the cases, judgment was granted in favor of SDG&E and the City of San Diego. In November 2024, the Court of Appeal affirmed the trial court judgment in favor of SDG&E and the City of San Diego. The plaintiff in that case has further appealed. In the second case, the court ruled in favor of SDG&E and the City of San Diego, upholding all terms of the franchise agreements, except for the two-thirds City Council vote requirement for termination if the City decides to terminate under certain circumstances. Under the court's ruling, the City can instead terminate on a majority vote, so long as it satisfies repayment provisions under the franchise agreements. Both sides have appealed the ruling.

SoCalGas

Aliso Canyon Natural Gas Storage Facility Gas Leak

From October 23, 2015 through February 11, 2016, SoCalGas experienced a natural gas leak from one of the injection-and-withdrawal wells, SS25, at its Aliso Canyon natural gas storage facility in Los Angeles County.

In September 2021, SoCalGas and Sempra entered into an agreement with counsel to resolve approximately 390 lawsuits including approximately 36,000 plaintiffs (the Individual Plaintiffs) then pending against SoCalGas and Sempra related to the Leak for a payment of up to \$1.8 billion. Over 99% of the Individual Plaintiffs participated and submitted valid releases, and SoCalGas paid \$1.79 billion in 2022 under the agreement. The Individual Plaintiffs who did not participate in the settlement (the Non-Settling Individual Plaintiffs) are able to continue to pursue their claims. As of February 19, 2025, there are approximately 520 plaintiffs who are either new plaintiffs or Non-Settling Individual Plaintiffs.

The new plaintiffs' cases and Non-Settling Individual Plaintiffs' cases are coordinated before a single court in the Los Angeles County Superior Court for pretrial management under a consolidated master complaint filed in November 2017, with one plaintiff's case proceeding under a separate complaint. Both the consolidated master complaint and the separate complaint assert negligence, negligence per se, strict liability, negligent and intentional infliction of emotional distress and fraudulent concealment. The consolidated master complaint asserts additional causes of action for private and public nuisance (continuing and permanent), trespass, inverse condemnation, loss of consortium and wrongful death against SoCalGas and Sempra. The separate complaint asserts an additional cause of action for assault and battery. Both complaints seek compensatory and punitive damages for personal injuries, lost wages and/or lost profits, costs of future medical monitoring, and attorneys' fees. The consolidated master complaint also seeks property damage and diminution in property value, injunctive relief and civil penalties.

SoCalGas recorded total charges of \$259 million (\$199 million after tax) in the year ended December 31, 2022 in Aliso Canyon Litigation and Regulatory Matters on the SoCalGas and Sempra Consolidated Statements of Operations related to the litigation and regulatory proceedings associated with the Leak.

Aliso Canyon Natural Gas Storage Facility Regulatory Proceeding – Resolved

In February 2017, the CPUC opened proceeding SB 380 OII to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region, but excluding issues with respect to air quality, public health, causation, culpability or cost responsibility regarding the Leak. The first phase of the proceeding established a framework for the hydraulic, production cost and economic modeling assumptions for the potential reduction in usage or elimination of the Aliso Canyon natural gas storage facility, as well as evaluating the impacts of reducing or eliminating the Aliso Canyon natural gas storage facility using the established framework and models. The next phase of the proceeding included engaging a consultant to analyze alternative means for meeting or avoiding the demand for the facility's services if it were eliminated in either the 2027 or 2035 timeframe, and to address potential implementation of alternatives to the Aliso Canyon natural gas storage facility if the CPUC determines that the Aliso Canyon natural gas storage facility should be permanently closed. The CPUC also added all California IOUs as parties to the proceeding and encouraged all load-serving entities in the Los Angeles Basin to join the proceeding.

In December 2024, the CPUC approved an FD in the SB 380 OII finding that the Aliso Canyon natural gas storage facility is currently necessary for natural gas and electric reliability and affordable rates and closed the OII. Among other things, and subject to future CPUC biennial reviews and potential additional proceedings, the FD authorizes the Aliso Canyon natural gas storage facility to continue operating and sets the maximum working natural gas storage level at 68.6 bcf.

Other Semptra

Energía Costa Azul

We describe below certain land disputes and permit challenges affecting our ECA Regas Facility. Certain of these land disputes involve land on which portions of the ECA LNG liquefaction facilities under construction and in development are expected to be situated or on which portions of the ECA Regas Facility that would be necessary for the operation of such ECA LNG liquefaction facilities are situated. One or more unfavorable final decisions on these disputes or challenges could materially adversely affect our existing natural gas regasification operations and proposed natural gas liquefaction projects at the site of the ECA Regas Facility and have a material adverse effect on Semptra's business, results of operations, financial condition, cash flows and/or prospects.

Land Disputes. Semptra Infrastructure has been engaged in a long-running land dispute with a claimant relating to property adjacent to its ECA Regas Facility that allegedly overlaps with land owned by the ECA Regas Facility (the facility, however, is not situated on the land that is the subject of this dispute), as follows:

- The claimant to the adjacent property filed complaints in the federal Agrarian Court challenging the refusal of SEDATU in 2006 to issue title to him for the disputed property. In November 2013, the federal Agrarian Court ordered that SEDATU issue the requested title to the claimant and cause it to be registered. Both SEDATU and Semptra Infrastructure challenged the ruling due to lack of notification of the underlying process. In May 2019, a federal court in Mexico reversed the ruling and ordered a retrial. In November 2024, the plaintiff withdrew the lawsuit and the case was dismissed, definitively resolving this matter.
- In a separate proceeding, the claimant filed suit to reinstate an administrative procedure at SEDATU to obtain the property title that, as described above, had previously been issued in a ruling by the federal Agrarian Court and subsequently reversed by a federal court in Mexico. In April 2021, the proceeding in the Agrarian Court concluded with the court ordering that the administrative procedure be restarted. The administrative procedure at SEDATU may continue if SEDATU decides to reopen the matter.

In addition, a plaintiff filed a claim in the federal Agrarian Court that seeks to annul the property title for a portion of the land on which the ECA Regas Facility is situated and to obtain possession of a different parcel that allegedly overlaps with the site of the ECA Regas Facility. The proceeding, which seeks an order that SEDATU annul the ECA Regas Facility's competing property title, was initiated in 2006 and, in July 2021, a decision was issued in favor of the ECA Regas Facility. The plaintiff appealed and, in February 2022, the appellate court confirmed the ruling in favor of the ECA Regas Facility and dismissed the appeal. The plaintiff filed a federal appeal against the appellate court ruling. In August 2024, the Federal Collegiate Circuit Court ruled in favor of the ECA Regas Facility. In November 2024, the plaintiff filed an appeal with the Mexican Supreme Court.

Environmental and Social Impact Permits. Several administrative challenges are pending before Mexico's Secretariat of Environment and Natural Resources (the Mexican environmental protection agency) and Federal Tax and Administrative Courts, seeking revocation of the environmental impact authorization issued to the ECA Regas Facility in 2003. These cases generally allege that the conditions and mitigation measures in the environmental impact authorization are inadequate and challenge findings that the activities of the terminal are consistent with regional development guidelines.

In 2018 and 2021, three related claimants filed separate challenges in the federal district court in Ensenada, Baja California seeking revocation of the environmental and social impact permits issued by each of ASEA and SENER to ECA LNG authorizing natural gas liquefaction activities at the ECA Regas Facility, as follows:

- In the first case, the court issued a provisional injunction against the permits in September 2018. In December 2018, ASEA approved modifications to the environmental permit that facilitate the development of the proposed natural gas liquefaction facility in two phases. In May 2019, the court canceled the provisional injunction. The claimant appealed the court's decision to cancel the injunction but was not successful. The lower court's ruling was favorable to the ECA Regas Facility, as the court determined that no harm has been caused to the plaintiff and dismissed the lawsuit. The claimant appealed and the appellate court's ruling is pending.
- In the second case, the initial request for a provisional injunction against the permits was denied. That decision was reversed on appeal in January 2020, resulting in the issuance of a new injunction against the permits that were issued by ASEA and SENER. This injunction has uncertain application absent clarification by the court. The claimants petitioned the court to rule that construction of natural gas liquefaction facilities violated the injunction and, in February 2022, the court ruled in favor of the ECA Regas Facility, holding that the natural gas liquefaction construction activities did not violate the injunction. The claimants appealed this ruling but were not successful. The lower court's ruling was favorable to the ECA Regas Facility, as the court determined that no harm has been caused to the plaintiffs and dismissed the lawsuit. The claimants appealed and the appellate court's ruling is pending.

- In the third case, a group of residents filed a complaint in June 2021 against various federal and state authorities alleging deficiencies in the public consultation process for the issuance of the permits. The request for an initial injunction was denied. The claimants appealed this ruling but were not successful. The lower court's ruling was favorable to the ECA Regas Facility, as the court determined that no harm has been caused to the plaintiffs and dismissed the lawsuit. The claimants appealed and the appellate court's ruling is pending.

Port Arthur LNG

The PA LNG Phase 1 project holds two Clean Air Act Prevention of Significant Deterioration permits issued by the TCEQ, which we refer to as the "2016 Permit" and the "2022 Permit." The 2022 Permit also governs emissions for the proposed PA LNG Phase 2 project. In November 2023, a panel of the U.S. Court of Appeals for the Fifth Circuit issued a decision to vacate and remand the 2022 Permit to the TCEQ for additional explanation of the agency's permit decision. In February 2024, the court withdrew its opinion and referred the case to the Supreme Court of Texas to resolve the question of the appropriate standard to be applied by the TCEQ. In February 2025, the Supreme Court of Texas adopted Port Arthur LNG's interpretation of the standard. Port Arthur LNG continues to litigate this matter before the U.S. Court of Appeals for the Fifth Circuit, which will apply the standard adopted by the Supreme Court of Texas. The 2022 Permit is effective during the pending litigation. The 2016 Permit was not the subject of, and is unaffected by, the pending litigation of the 2022 Permit. Construction of the PA LNG Phase 1 project is proceeding uninterrupted under existing permits, and we do not currently anticipate the pending litigation to materially impact the PA LNG Phase 1 project cost, schedule or expected commercial operations at this stage.

Litigation Related to Regulatory and Other Actions by the Mexican Government

Amendments to Mexico's Electricity Industry Law. In March 2021, the Mexican government published a decree with amendments to Mexico's Electricity Industry Law that include some public policy changes, including establishing priority of dispatch for CFE plants over privately owned plants. The decree further purports to permit the CRE to revoke self-supply permits granted under the former electricity law, which were grandfathered when the new Electricity Industry Law was enacted, if it considers them to have been obtained improperly. According to the decree, these amendments were to become effective in March 2021, and SENER, the CRE and Centro Nacional de Control de Energía (Mexico's National Center for Energy Control) were to have 180 calendar days to modify, as necessary, all resolutions, policies, criteria, manuals and other regulations applicable to the power industry to conform with this decree. Numerous legal actions were taken against the decree, which resulted in Mexican courts issuing a suspension of the decree later in March 2021.

In April 2022, the Mexican Supreme Court resolved an action of unconstitutionality filed by a group of senators against the amended Electricity Industry Law. The super majority needed to find the amendment unconstitutional was not reached and the proceeding was therefore dismissed, leaving the amended Electricity Industry Law in place. However, the Court nevertheless found certain of the amendments, including the priority of dispatch for the CFE and other provisions that granted preference to the CFE over private companies, were invalid.

In January 2024, the Second Chamber of the Mexican Supreme Court definitively resolved an amparo in a separate case brought by a third party and ruled that certain provisions of the amendments of the Electricity Industry Law are unconstitutional, including the priority of dispatch for the CFE and other provisions that granted preference to the CFE over private companies. The Court also dismissed an amparo relating to the provision of the decree applicable to self-supply permits granted under the former electricity law, and established that its decision applies generally over all participants.

Sempra Infrastructure filed three lawsuits challenging the amendments to the Electricity Industry Law, including one concerning the provision permitting revocation of self-supply permits deemed improperly obtained. In each of them, Sempra Infrastructure obtained a favorable judgment in the lower court, all of which were challenged by the CRE. Following the criteria established by the Mexican Supreme Court, in July 2024, the Second Collegiate Court reversed the lower court's decision and definitively dismissed one of the lawsuits filed by Sempra Infrastructure regarding the provision permitting revocation of self-supply permits. Consequently, the CRE may be required to seek to revoke such self-supply permits, under a legal standard that is ambiguous and not well defined under the law. Sempra Infrastructure supplies power pursuant to self-supply permits, and would be permitted to file amparos challenging the constitutionality of any such action. If such self-supply permits are revoked, it may result in increased costs for Sempra Infrastructure and for its power consumers, adversely affect our ability to develop new projects, result in decreased revenues and cash flows, and negatively impact our ability to recover the carrying values of our investments in Mexico, any of which could have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects. Final resolution regarding the two remaining lawsuits is still pending.

RBS Semptra Commodities LLP – Resolved

As we discuss in Note 5, Semptra held an equity method investment in RBS Semptra Commodities LLP, a limited liability partnership that was substantially liquidated in 2024. In 2015, liquidators filed a claim in the High Court of Justice against The Royal Bank of Scotland plc (now NatWest Markets plc, our partner in the JV) and Mercuria Energy Europe Trading Limited (the Defendants) on behalf of 10 companies (the Liquidating Companies) that engaged in carbon credit trading via chains that included a company that traded directly with RBS Semptra Energy Europe, a subsidiary of RBS Semptra Commodities LLP. The claim alleged that the Defendants' participation in the purchase and sale of carbon credits resulted in the Liquidating Companies' carbon credit trading transactions creating a VAT liability they were unable to pay, and that the Defendants were liable to provide for equitable compensation due to dishonest assistance and compensation under the U.K. Insolvency Act of 1986. Trial on the matter was held in 2018. In March 2020, the High Court of Justice rendered its judgment mostly in favor of the Liquidating Companies. The Defendants appealed and, in May 2021, the Court of Appeal set aside the High Court of Justice's decision and ordered a retrial. In July 2022, the Supreme Court of the U.K. denied the Liquidating Companies application for permission to appeal the Court of Appeal's decision. In January 2024, the parties settled the Liquidating Companies' claim against the Defendants, which fully resolved these matters.

Ordinary Course Litigation

We are also defendants in ordinary routine litigation incidental to our businesses, including personal injury, employment litigation, product liability, property damage and other claims. Juries have demonstrated an increasing willingness to grant large awards, including punitive damages, in these types of cases.

LEASES

A lease exists when a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. We determine if an arrangement is or contains a lease at inception of the contract.

Some of our lease agreements contain nonlease components, which represent activities that transfer a separate good or service to the lessee. As the lessee for both operating and finance leases, we have elected to combine lease and nonlease components as a single lease component for real estate, fleet vehicles, aircraft, power generating facilities and pipelines, whereby fixed or in-substance fixed payments allocable to the nonlease component are accounted for as part of the related lease liability and ROU asset. As the lessor, we have elected to combine lease and nonlease components as a single lease component for refined products terminals if the timing and pattern of transfer of the lease and nonlease components are the same and the lease component would be classified as an operating lease if accounted for separately.

Lessee Accounting

We have operating and finance leases for real and personal property (including office space, land, fleet vehicles, aircraft, tugboats, machinery and equipment, warehouses and other operational facilities) and PPAs with renewable energy, energy storage and peaker plant facilities.

Some of our leases include options to extend the lease terms for up to 25 years, or to terminate the lease within one year. Our lease liabilities and ROU assets are based on lease terms that may include such options when it is reasonably certain that we will exercise the option.

Certain of our contracts are short-term leases, which have a lease term of 12 months or less at lease commencement. We do not recognize a lease liability or ROU asset arising from short-term leases for all existing classes of underlying assets. In such cases, we recognize short-term lease costs on a straight-line basis over the lease term. Our short-term lease costs for the period reasonably reflect our short-term lease commitments.

Certain of our leases contain escalation clauses requiring annual increases in rent ranging from 2% to 5% or based on the Consumer Price Index. The rentals payable under these leases may increase by a fixed amount each year or by a percentage of a base year. Variable lease payments that are based on an index or rate are included in the initial measurement of our lease liability and ROU asset based on the index or rate at lease commencement and are not remeasured because of changes to the index or rate. Rather, changes to the index or rate are treated as variable lease payments and recognized in the period in which the obligation for those payments is incurred.

Similarly, PPAs for the purchase of renewable energy at SDG&E require lease payments based on a stated rate per MWh produced by the facilities, and we are required to purchase substantially all the output from the facilities. SDG&E is required to pay additional amounts for capacity charges and actual purchases of energy that exceed the minimum energy commitments. Under these contracts, we do not recognize a lease liability or ROU asset for leases for which there are no fixed lease payments.

Rather, these variable lease payments are recognized separately as variable lease costs. SDG&E estimates these variable lease payments to be \$296 million in 2025, \$290 million in 2026, \$289 million in 2027, \$290 million in 2028, \$289 million in 2029 and \$1.9 billion thereafter.

As of the lease commencement date, we recognize a lease liability for our obligation to make future lease payments, which we initially measure at present value using our incremental borrowing rate at the date of lease commencement, unless the rate implicit in the lease is readily determinable. We determine our incremental borrowing rate based on the rate of interest that we would have to pay to borrow, on a collateralized basis over a similar term, an amount equal to the lease payments in a similar economic environment. We also record a corresponding ROU asset, initially equal to the lease liability and adjusted for lease payments made at or before lease commencement, lease incentives, and any initial direct costs. We test ROU assets for recoverability whenever events or changes in circumstances have occurred that may affect the recoverability or the estimated useful lives of the ROU assets.

For our operating leases, our non-regulated entities recognize a single lease cost on a straight-line basis over the lease term in operating expenses. SDG&E and SoCalGas recognize this single lease cost on a basis that is consistent with the recovery of such costs in accordance with U.S. GAAP governing rate-regulated operations.

For our finance leases, the interest expense on the lease liability and amortization of the ROU asset are accounted for separately. Our non-regulated entities use the effective interest rate method to account for the imputed interest on the lease liability and amortize the ROU asset on a straight-line basis over the lease term. SDG&E and SoCalGas recognize amortization of the ROU asset on a basis that is consistent with the recovery of such costs in accordance with U.S. GAAP governing rate-regulated operations.

Our leases do not contain any material residual value guarantees, restrictions or covenants.

Classification of ROU assets and lease liabilities and the weighted-average remaining lease term and discount rate associated with operating and finance leases are summarized in the table below.

LESSEE INFORMATION ON THE CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
			December 31,			
	2024	2023	2024	2023	2024	2023
ROU assets:						
Operating leases:						
ROU assets	\$ 1,177	\$ 723	\$ 795	\$ 368	\$ 18	\$ 29
Finance leases:						
PP&E	1,626	1,585	1,426	1,412	200	173
Accumulated depreciation	(311)	(246)	(221)	(179)	(90)	(66)
PP&E, net	1,315	1,339	1,205	1,233	110	107
Total ROU assets	\$ 2,492	\$ 2,062	\$ 2,000	\$ 1,601	\$ 128	\$ 136
Lease liabilities:						
Operating leases:						
Other current liabilities ⁽¹⁾	\$ 91	\$ 70	\$ 68	\$ 50	\$ 8	\$ 10
Deferred credits and other ⁽²⁾	1,019	599	734	325	9	18
	1,110	669	802	375	17	28
Finance leases:						
Current portion of long-term debt and finance leases	65	64	42	41	23	23
Long-term debt and finance leases	1,250	1,276	1,163	1,192	87	84
	1,315	1,340	1,205	1,233	110	107
Total lease liabilities	\$ 2,425	\$ 2,009	\$ 2,007	\$ 1,608	\$ 127	\$ 135
Weighted-average remaining lease term (in years):						
Operating leases	13	13	12	10	2	3
Finance leases	14	15	15	16	6	6
Weighted-average discount rate:						
Operating leases ⁽³⁾	6.10 %	6.64 %	5.06 %	4.52 %	4.70 %	4.54 %
Finance leases	13.71 %	13.80 %	14.11 %	14.18 %	5.35 %	4.94 %

⁽¹⁾ Includes \$43 and \$18 related to PPAs at December 31, 2024 and 2023, respectively, at both Sempra and SDG&E.

⁽²⁾ Includes \$627 and \$208 related to PPAs at December 31, 2024 and 2023, respectively, at both Sempra and SDG&E.

⁽³⁾ Weighted-average discount rate related to PPAs at December 31, 2024 and 2023 is 5.04% and 4.19%, respectively, at both Sempra and SDG&E. Weighted-average discount rate related to all other operating leases at December 31, 2024 and 2023 is 7.41% and 7.57%, respectively, at Sempra and 5.23% and 5.06%, respectively, at SDG&E.

The components of lease costs were as follows:

LESSEE INFORMATION ON THE CONSOLIDATED STATEMENTS OF OPERATIONS⁽¹⁾

(Dollars in millions)

	Sempra			SDG&E			SoCalGas		
	Years ended December 31,								
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Operating lease costs ⁽²⁾	\$ 118	\$ 99	\$ 83	\$ 71	\$ 53	\$ 45	\$ 12	\$ 13	\$ 18
Finance lease costs:									
Amortization of ROU assets ⁽³⁾	65	60	48	42	40	33	23	20	15
Interest on lease liabilities	178	182	184	173	177	181	6	5	2
Total finance lease costs	243	242	232	215	217	214	29	25	17
Short-term lease costs ⁽⁴⁾	9	9	3	8	8	2	—	—	—
Variable lease costs ⁽⁴⁾	472	458	411	460	447	399	10	10	11
Total lease costs	\$ 842	\$ 808	\$ 729	\$ 754	\$ 725	\$ 660	\$ 51	\$ 48	\$ 46

⁽¹⁾ Includes costs capitalized in PP&E.

⁽²⁾ Includes \$37, \$21, and \$10 related to PPAs in 2024, 2023 and 2022, respectively, at both Sempra and SDG&E.

⁽³⁾ Included in O&M, except for \$30, \$29 and \$25 at Sempra and \$29, \$28 and \$24 at SDG&E in 2024, 2023 and 2022, respectively, and \$1 at SoCalGas in each of 2024, 2023 and 2022, which is included in Depreciation and Amortization Expense.

⁽⁴⁾ Short-term leases with variable lease costs are recorded and presented as variable lease costs.

Cash paid for amounts included in the measurement of lease liabilities and supplemental noncash information were as follows:

LESSEE INFORMATION ON THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)

	Sempra			SDG&E			SoCalGas		
	Years ended December 31,								
	2024	2023	2022	2024	2023	2022	2024	2023	2022
Operating activities:									
Cash paid for operating leases	\$ 112	\$ 85	\$ 88	\$ 70	\$ 46	\$ 45	\$ 12	\$ 13	\$ 18
Cash paid for finance leases	163	167	169	158	162	166	6	5	2
Financing activities:									
Cash paid for finance leases	66	60	48	42	40	33	24	20	15
Increase in operating lease obligations for ROU assets	520	143	142	474	134	134	—	—	1
Increase in finance lease obligations for investment in PP&E	41	57	57	14	17	16	27	40	41

The table below presents the maturity analysis of our lease liabilities and reconciliation to the present value of lease liabilities at December 31, 2024:

LESSEE MATURITY ANALYSIS OF LIABILITIES

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
	Operating leases ⁽¹⁾	Finance leases	Operating leases ⁽¹⁾	Finance leases ⁽²⁾	Operating leases	Finance leases
2025	\$ 142	\$ 224	\$ 97	\$ 196	\$ 10	\$ 28
2026	142	220	98	195	7	25
2027	134	218	97	194	—	24
2028	128	212	92	193	—	19
2029	124	204	89	190	—	14
Thereafter	966	1,745	571	1,727	—	18
Total undiscounted lease payments	1,636	2,823	1,044	2,695	17	128
Less: imputed interest	(526)	(1,508)	(242)	(1,490)	—	(18)
Total lease liabilities	1,110	1,315	802	1,205	17	110
Less: current lease liabilities	(91)	(65)	(68)	(42)	(8)	(23)
Long-term lease liabilities	\$ 1,019	\$ 1,250	\$ 734	\$ 1,163	\$ 9	\$ 87

⁽¹⁾ Includes \$76 in 2025, \$75 in 2026, \$76 in 2027, \$75 in each of 2028 and 2029, and \$525 thereafter related to PPAs.

⁽²⁾ Substantially all amounts are related to PPAs.

Leases That Have Not Yet Commenced

SDG&E has entered into four PPAs, of which SDG&E expects two will commence in 2025 and two will commence in 2026. SDG&E expects the future minimum lease payments to be \$16 million in 2025, \$41 million in 2026, \$43 million each of 2027 through 2029 and \$459 million thereafter (through expiration in 2041).

SoCalGas has entered into a lease agreement for a new headquarters office space in Los Angeles that it expects will commence in 2026. In 2024, SoCalGas prepaid \$1 million and expects the future minimum lease payments to be \$8 million in 2028, \$9 million in 2029 and \$134 million thereafter (through expiration in 2041).

Sempra Infrastructure has entered into a lease agreement for tugboat services for the PA LNG Phase 1 project that it expects will commence in 2027. Sempra Infrastructure expects the future minimum lease payments to be \$10 million in 2027, \$12 million, in each of 2028 and 2029 and \$198 million thereafter (through expiration in 2047, exclusive of certain renewal options) and total future minimum fixed payments for operation and maintenance services to be \$184 million.

Lessor Accounting

Sempra Infrastructure is a lessor for certain of its natural gas and ethane pipelines, compressor stations, LPG storage facilities, a rail facility and refined products terminals, which we account for as operating or sales-type leases. These leases expire at various dates from 2025 through 2042.

Over the lease term, we monitor the underlying assets in operating leases for impairment, and we evaluate the net investment in sales-type leases for expected credit losses. Sempra Infrastructure expects to continue to derive value from the underlying assets associated with its pipelines following the end of their respective lease terms based on the expected remaining useful life, expected market conditions and plans to re-market and re-contract the underlying assets.

Generally, we recognize operating lease income on a straight-line basis over the lease term, and sales-type lease income based on the effective interest method over the lease term. Certain of our leases contain rate adjustments or are based on foreign currency exchange rates that may result in lease payments received that vary in amount from one period to the next. In addition to minimum fixed payments, our refined products terminals receive variable lease payments for barrels delivered that exceed minimum delivery requirements.

LESSOR INFORMATION

(Dollars in millions)

	December 31,	
	2024	2023
Semptra – Assets subject to operating leases:		
Property, plant and equipment:		
Pipelines and storage	\$ 1,313	\$ 1,304
Refined products terminals	623	621
Other	77	77
Total	2,013	2,002
Accumulated depreciation	(605)	(539)
Property, plant and equipment, net	\$ 1,408	\$ 1,463
	December 31, 2024	
Semptra – Maturity analysis of lease payments:	Operating leases	Sales-type leases
2025	\$ 318	\$ 17
2026	272	9
2027	269	—
2028	268	—
2029	246	—
Thereafter	2,324	—
Total undiscounted cash flows	\$ 3,697	26
Less: present value of lease payments (recognized as lease receivable) ⁽¹⁾		(23)
Difference between undiscounted cash flows and discounted cash flows		\$ 3

(1) Includes \$15 in Other Current Assets and \$8 in Other Long-Term Assets on the Consolidated Balance Sheet.

LESSOR INFORMATION ON THE CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions)

	Years ended December 31,					
	2024		2023		2022	
Sempre – Sales-type leases:						
Interest income	\$	5	\$	6	\$	8
Total revenues from sales-type leases ⁽¹⁾	\$	5	\$	6	\$	8
Sempre – Operating leases:						
Fixed lease payments	\$	340	\$	321	\$	290
Variable lease payments		38		34		10
Total revenues from operating leases ⁽¹⁾	\$	378	\$	355	\$	300
Depreciation expense	\$	73	\$	62	\$	54

(1) Included in Revenues: Energy-Related Businesses on the Consolidated Statements of Operations.

CONTRACTUAL COMMITMENTS

Natural Gas Contracts

SoCalGas procures natural gas for both SDG&E's and SoCalGas' core customers in a combined portfolio. SoCalGas buys natural gas under short-term and long-term contracts for this portfolio from various producing regions in the southwestern U.S., U.S. Rockies and Canada.

SoCalGas transports natural gas primarily under long-term firm interstate pipeline capacity agreements that provide for annual reservation charges, which are recovered in rates. SoCalGas has commitments with interstate pipeline companies for firm pipeline capacity under contracts that expire at various dates through 2032.

Sempra has various capacity agreements for natural gas storage and transportation that expire at various dates through 2059. Transportation costs on these agreements vary based on pipeline capacity.

Payments on our natural gas contracts could exceed the minimum commitment based on portfolio needs. At December 31, 2024, the future minimum payments under existing natural gas contracts and natural gas storage and transportation contracts are as follows:

FUTURE MINIMUM PAYMENTS							
(Dollars in millions)							
	Semptra			SoCalGas			
	Storage and transportation	Natural gas ⁽¹⁾	Total ⁽¹⁾	Transportation	Natural gas	Total	
2025	\$ 229	\$ 65	\$ 294	\$ 130	\$ 61	\$ 191	
2026	225	175	400	125	108	233	
2027	203	271	474	104	124	228	
2028	155	242	397	71	83	154	
2029	140	152	292	59	—	59	
Thereafter	1,283	212	1,495	118	—	118	
Total minimum payments	\$ 2,235	\$ 1,117	\$ 3,352	\$ 607	\$ 376	\$ 983	

⁽¹⁾ Excludes amounts related to the LNG purchase agreement that we discuss below.

Total payments under natural gas contracts and natural gas storage and transportation contracts as well as payments to meet additional portfolio needs at Semptra and SoCalGas were as follows:

PAYMENTS UNDER NATURAL GAS CONTRACTS				
(Dollars in millions)				
	Years ended December 31,			
	2024	2023	2022	
Semptra	\$ 1,185	\$ 4,030	\$ 2,536	
SoCalGas	1,088	3,857	2,492	

LNG Purchase Agreement

Semptra Infrastructure has an SPA for the supply of LNG to the ECA Regas Facility. The commitment amount is calculated using a predetermined formula based on estimated forward prices of the index applicable from 2025 to 2029. Although this agreement specifies a number of cargoes to be delivered, under its terms, the supplier may divert certain cargoes, which would reduce amounts paid under the agreement by Semptra Infrastructure.

At December 31, 2024, the following LNG commitment amounts are based on the assumption that all LNG cargoes under the agreement are delivered, less those already confirmed to be diverted as of December 31, 2024.

LNG COMMITMENT AMOUNTS	
(Dollars in millions)	
Semptra:	
2025	\$ 355
2026	640
2027	657
2028	646
2029	402
Total	\$ 2,700

Actual LNG purchases were approximately \$23 million in 2024, \$30 million in 2023 and \$108 million in 2022 due to the supplier electing to divert cargoes as allowed by the agreement.

PPAs Not Accounted for as Leases

Payments on SDG&E's PPAs could exceed the minimum commitments based on energy needs. These PPAs expire on various dates through 2041. At December 31, 2024, the future minimum payments under long-term PPAs for Sempra and SDG&E are as follows:

FUTURE MINIMUM PAYMENTS ⁽¹⁾		
(Dollars in millions)		
2025	\$	97
2026		116
2027		114
2028		114
2029		114
Thereafter		746
Total minimum payments	\$	1,301

⁽¹⁾ Excludes PPAs accounted for as operating leases and finance leases.

Payments on these contracts represent capacity charges and minimum energy and transmission purchases that exceed the minimum commitment. SDG&E is required to pay additional amounts for actual purchases of energy that exceed the minimum energy commitments. SDG&E estimates these variable payments to be \$79 million in each of 2025 and 2026, \$80 million in each of 2027 through 2029 and \$440 million thereafter. Total fixed and variable payments under PPAs not accounted for as leases for Sempra and SDG&E were \$326 million in 2024, \$325 million in 2023 and \$297 million in 2022.

Construction and Development Projects**SDG&E**

At December 31, 2024, SDG&E has commitments to make future payments of \$133 million for construction projects that include:

- \$100 million related to construction supply agreements;
- \$19 million related to spent fuel management at SONGS; and
- \$14 million for infrastructure improvements for electric transmission and distribution systems.

SDG&E expects future payments under these contractual commitments to be \$115 million in 2025, \$1 million in each of 2026 through 2028, \$2 million in 2029 and \$13 million thereafter.

OTHER COMMITMENTS**SDG&E**

We discuss nuclear insurance and nuclear fuel disposal related to SONGS in Note 14.

Fire Mitigation Fund

In connection with the completion of the Sunrise Powerlink project in 2012, the CPUC required that SDG&E establish a fire mitigation fund to minimize the risk of fire as well as reduce the potential wildfire impact on residences and structures near the Sunrise Powerlink. The future payments for these contractual commitments, for which a liability has been recorded, are expected to be \$4 million per year in 2025 through 2029 and \$264 million thereafter, subject to escalation of 2% per year, ending in 2069. At December 31, 2024, the present value of these future payments of \$124 million has been recorded as a regulatory asset as the amounts represent a cost that we expect will be recovered from customers in the future.

Franchise Agreements

In July 2021, SDG&E's natural gas and electric franchise agreements for the City of San Diego went into effect. These franchise agreements provide SDG&E the opportunity to serve the City of San Diego for a period of 20 years, consisting of 10-year agreements that will automatically renew for an additional 10 years unless the City Council voids the automatic renewals. At December 31, 2024, SDG&E has commitments to make future principal and interest payments as consideration for the franchise agreements of \$14 million in 2025, \$4 million in 2026, \$2 million in each of 2027 through 2029 and \$45 million thereafter. The consideration paid will not be recovered from customers and will be amortized over 20 years.

Other Sempra

Additional consideration for a 2006 comprehensive legal settlement with California to resolve the Continental Forge litigation included an agreement that, for a period of 18 years beginning in 2011, Sempra Infrastructure would sell to SDG&E and SoCalGas, subject to annual CPUC approval, up to 500 MMcf per day of regasified LNG from Sempra Infrastructure’s ECA Regas Facility that is not delivered or sold in Mexico at the price indexed to the California border minus \$0.02 per MMBtu. There are no specified minimums required, and to date, Sempra Infrastructure has not been required to deliver any natural gas pursuant to this agreement.

ENVIRONMENTAL ISSUES

Our operations are subject to federal, state and local environmental laws. We also are subject to regulations related to hazardous wastes, air and water quality, land use, solid waste disposal and the protection of wildlife. These laws and regulations require that we investigate and correct the effects of the release or disposal of materials at sites associated with our past and our present operations. These sites include those at which we have been identified as a PRP under the federal Superfund laws and similar state laws.

In addition, we are required to obtain numerous governmental permits, licenses and other approvals to construct facilities and operate our businesses. The related costs of environmental monitoring, pollution control equipment, cleanup costs, and emissions fees are significant. Increasing national and international concerns regarding global warming and mercury, carbon dioxide, nitrogen oxide and sulfur dioxide emissions could result in requirements for additional pollution control equipment or significant emissions fees or taxes that could adversely affect Sempra Infrastructure. SDG&E’s and SoCalGas’ costs to operate their facilities in compliance with these laws and regulations generally have been recovered in customer rates.

We disclose any proceeding under environmental laws to which a government authority is a party when the potential monetary sanctions, exclusive of interest and costs, exceed the lesser of \$1 million or 1% of current assets, which was \$53 million for Sempra, \$13 million for SDG&E and \$16 million for SoCalGas at December 31, 2024.

Other Environmental Issues

We generally capitalize the significant costs we incur to mitigate or prevent future environmental contamination or extend the life, increase the capacity, or improve the safety or efficiency of property used in current operations. The following table shows our capital expenditures (including construction work in progress) in order to comply with environmental laws and regulations:

CAPITAL EXPENDITURES FOR ENVIRONMENTAL ISSUES				
(Dollars in millions)				
	Years ended December 31,			
	2024	2023	2022	
Sempra	\$ 65	\$ 107	\$ 87	
SDG&E	23	29	31	
SoCalGas	42	78	56	

We have not identified any significant environmental issues outside the U.S.

At SDG&E and SoCalGas, costs that relate to current operations or an existing condition caused by past operations are generally recorded as a regulatory asset due to the probability that these costs will be recovered in rates.

The environmental issues currently facing us, except for those resolved during the last three years, include (1) investigation and remediation of SDG&E’s and SoCalGas’ manufactured-gas sites, (2) cleanup of third-party waste-disposal sites used by SDG&E and SoCalGas at which we have been identified as a PRP and (3) mitigation of damage to the marine environment caused by the cooling-water discharge from SONGS.

The table below shows the status at December 31, 2024 of SDG&E's and SoCalGas' manufactured-gas sites and the third-party waste-disposal sites for which we have been identified as a PRP:

STATUS OF ENVIRONMENTAL SITES		
	# Sites complete ⁽¹⁾	# Sites in process
SDG&E:		
Manufactured-gas sites	3	—
Third-party waste-disposal sites	2	1
SoCalGas:		
Manufactured-gas sites	39	3
Third-party waste-disposal sites	5	2

⁽¹⁾ There may be ongoing compliance obligations for completed sites, such as regular inspections, adherence to land use covenants and water quality monitoring.

We record environmental liabilities when our liability is probable and the costs can be reasonably estimated. In many cases, however, investigations are not yet at a stage where we can determine whether we are liable or, if the liability is probable, to reasonably estimate the amount or range of amounts of the costs. Estimates of our liability are further subject to uncertainties such as the nature and extent of site contamination, evolving cleanup standards and imprecise engineering evaluations. We review our accruals periodically and, as investigations and cleanups proceed, we make adjustments as necessary.

The following table shows our accrued liabilities for environmental matters at December 31, 2024. Of the total liability, \$14 million at SoCalGas is recorded on a discounted basis, with a weighted-average discount rate of 2.45%.

ACCRUED LIABILITIES FOR ENVIRONMENTAL MATTERS					
(Dollars in millions)					
	Sempra ⁽¹⁾		SDG&E ⁽¹⁾		SoCalGas
Manufactured-gas sites	\$	34	\$	—	\$ 34
Waste disposal sites (PRP) ⁽²⁾		8		5	3
Other hazardous waste sites		12		11	1
Total ⁽³⁾	\$	54	\$	16	\$ 38

⁽¹⁾ Does not include SDG&E's liability for SONGS marine environment mitigation.

⁽²⁾ Sites for which we have been identified as a PRP.

⁽³⁾ Includes \$6, \$1, \$5 classified as current liabilities and \$48, \$15 and \$33 classified as noncurrent liabilities on Sempra's, SDG&E's and SoCalGas' Consolidated Balance Sheets, respectively.

We expect future payments related to our environmental liabilities on an undiscounted basis to be \$6 million in 2025, \$4 million in 2026, \$8 million in 2027, \$24 million in 2028, \$1 million in 2029 and \$14 million thereafter.

In connection with the issuance of operating permits, SDG&E and the other owners of SONGS previously reached an agreement with the California Coastal Commission to mitigate the damage to the marine environment caused by the cooling-water discharge from SONGS during its operation. SONGS' early retirement, described in Note 14, does not reduce SDG&E's mitigation obligation. SDG&E's share of the estimated mitigation costs is \$154 million, of which \$56 million has been incurred through December 31, 2024 and \$98 million is accrued for remaining costs through 2059, which is recoverable in rates and included in noncurrent Regulatory Assets on Sempra's and SDG&E's Consolidated Balance Sheets.

NOTE 16. SEGMENT INFORMATION

SEMPRA

Sempra is a California-based holding company whose businesses invest in, develop and operate energy infrastructure in North America and provide electric and gas services to customers. Sempra has the following three operating and reportable segments, which are managed separately based on services provided, geographic location and regulatory framework:

- *Sempra California* provides natural gas and electric service to Southern California and part of central California through Sempra's wholly owned subsidiaries, SDG&E and SoCalGas, which are regulated public utilities.
- *Sempra Texas Utilities* holds our equity method investment in Oncor Holdings, which owns an 80.25% interest in Oncor, a regulated electric transmission and distribution utility serving customers in the north-central, eastern, western and panhandle regions of Texas; and our equity method investment in Sharyland Holdings, which owns Sharyland Utilities, a regulated electric transmission utility serving customers near the Texas-Mexico border.
- *Sempra Infrastructure* includes the operating companies of SI Partners, in which Sempra Infrastructure owns a 70% interest, as well as a holding company and certain services companies. Sempra Infrastructure develops, builds, operates and invests in energy infrastructure to help provide safe, sustainable and reliable access to cleaner energy in markets in the U.S., Mexico and globally.

Sempra's CODM, who is its chief executive officer, uses segment earnings attributable to common shares predominantly in the annual financial planning process to assess financial performance. Sempra's CODM prioritizes resource allocation to each segment in a manner that aligns with Sempra's capital expenditures plan, which is focused on safety, reliability and modernization of its segments' infrastructure while supporting customer affordability; investing in incremental infrastructure growth projects with attractive risk-adjusted returns; maintaining a strong balance sheet; and returning cash to shareholders.

The accounting policies of the segments are consistent with those described in the summary of significant accounting policies in Note 1. Sempra accounts for intersegment sales as if the sales were to third parties, that is, at current market prices. The cost of common services shared by the reportable segments is assigned directly or allocated based on various cost factors, depending on the nature of the service provided. Parent and other allocates depreciation expense to the reportable segments without allocating the related depreciable assets to those reportable segments. Interest income and interest expense are recorded on intersegment loans. We have eliminated intersegment accounts and transactions within Sempra's consolidated financial statements. Amounts labeled as "Parent and other," which does not meet the definition of an operating or reportable segment, consist primarily of activities of parent organizations.

The following tables present selected information by segment and reconciliations of assets, capital expenditures for PP&E, and earnings attributable to common shares to Semptra's consolidated totals.

SEGMENT INFORMATION				
(Dollars in millions)				
	December 31,			
	2024		2023	
ASSETS				
Semptra California	\$	56,116	\$	53,430
Semptra Texas Utilities		15,534		14,392
Semptra Infrastructure		22,954		19,430
Segment totals		94,604		87,252
Parent and other		2,622		967
Intersegment eliminations ⁽¹⁾		(1,071)		(1,038)
Total Semptra	\$	96,155	\$	87,181
EQUITY METHOD INVESTMENTS				
Semptra Texas Utilities	\$	15,522	\$	14,380
Semptra Infrastructure		2,411		2,129
Segment totals/Total Semptra	\$	17,933	\$	16,509
GEOGRAPHIC LOCATION OF PROPERTY, PLANT AND EQUIPMENT, NET				
United States	\$	52,952	\$	46,935
Mexico		8,485		8,024
Rest of the world		—		1
Total Semptra	\$	61,437	\$	54,960
	Years ended December 31,			
	2024		2023	2022
CAPITAL EXPENDITURES FOR PROPERTY, PLANT AND EQUIPMENT				
Semptra California	\$	4,753	\$	4,560
Semptra Infrastructure		3,459		3,832
Segment totals		8,212		8,392
Parent and other		3		5
Total Semptra	\$	8,215	\$	8,397
GEOGRAPHIC LOCATION OF REVENUES⁽²⁾				
United States	\$	11,623	\$	14,973
Mexico		1,562		1,747
Total Semptra	\$	13,185	\$	16,720

⁽¹⁾ Primarily includes an intersegment loan from Semptra Infrastructure to Parent and other related to deferred income taxes.

⁽²⁾ Amounts are based on where the revenue originated, after intersegment eliminations.

SEGMENT INFORMATION (CONTINUED)
(Dollars in millions)

	Sempra California	Sempra Texas Utilities ⁽¹⁾	Sempra Infrastructure	Sempra
	Year ended December 31, 2024			
Revenues	\$ 11,382		\$ 1,882	
Depreciation and amortization	(2,133)		(297)	
Interest income	14		25	
Interest expense ⁽²⁾	(848)		243	
Income tax (expense) benefit	(184)		164	
Equity earnings	—	\$ 788	802	
Earnings attributable to noncontrolling interests	—	—	(638)	
Other segment items ⁽³⁾	(6,385)	(7)	(1,270)	
Segment earnings attributable to common shares	\$ 1,846	\$ 781	\$ 911	\$ 3,538
Parent and other				(721)
Earnings attributable to common shares				\$ 2,817
	Year ended December 31, 2023			
Revenues	\$ 13,761		\$ 3,071	
Depreciation and amortization	(1,937)		(281)	
Interest income	24		43	
Interest expense ⁽²⁾	(782)		(129)	
Income tax benefit (expense)	31		(673)	
Equity earnings	—	\$ 701	740	
Earnings attributable to noncontrolling interests	—	—	(543)	
Other segment items ⁽³⁾	(9,350)	(7)	(1,351)	
Segment earnings attributable to common shares	\$ 1,747	\$ 694	\$ 877	\$ 3,318
Parent and other				(288)
Earnings attributable to common shares				\$ 3,030
	Year ended December 31, 2022			
Revenues	\$ 12,577		\$ 1,919	
Depreciation and amortization	(1,743)		(268)	
Interest income	11		44	
Interest expense	(647)		(104)	
Income tax expense	(320)		(249)	
Equity earnings	—	\$ 742	756	
Earnings attributable to noncontrolling interests	—	—	(146)	
Other segment items ⁽³⁾	(8,364)	(6)	(1,642)	
Segment earnings attributable to common shares	\$ 1,514	\$ 736	\$ 310	\$ 2,560
Parent and other				(466)
Earnings attributable to common shares				\$ 2,094

⁽¹⁾ Substantially all earnings attributable to common shares are from equity earnings.

⁽²⁾ Sempra Infrastructure includes net unrealized gains (losses) from undesignated interest rate swaps related to the PA LNG Phase 1 project.

⁽³⁾ Includes cost of natural gas, cost of electric fuel and purchased power, O&M, Aliso Canyon litigation and regulatory matters, franchise fees and other taxes, other income (expense), net, and preferred dividends for Sempra California; O&M, interest expense, and income tax expense (benefit) for Sempra Texas Utilities related to activities at the holding company; and cost of natural gas, energy-related businesses cost of sales, O&M, franchise fees and other taxes, and other income (expense), net, for Sempra Infrastructure.

The following table presents revenues by services by segment, reconciled to Sempra's consolidated revenues.

REVENUES BY SERVICES			
(Amounts in millions)			
	Sempra California	Sempra Infrastructure	Sempra
	Year ended December 31, 2024		
Revenues from external customers:			
Utilities	\$ 10,985	\$ 78	
Energy-related businesses	—	755	
Total revenues from external customers ⁽¹⁾	10,985	833	11,818
Intersegment revenues ⁽²⁾ :			
Utilities	374	—	
Energy-related businesses	—	993	
Total other revenues	374	993	1,367
Intersegment revenues ⁽³⁾ :			
Utilities	23	—	
Energy-related businesses	—	56	
Total intersegment revenues	23	56	79
Segment revenues	\$ 11,382	1,882	13,264
Intersegment eliminations			(79)
Consolidated revenues		\$	13,185
	Year ended December 31, 2023		
Revenues from external customers:			
Utilities	\$ 13,668	\$ 87	
Energy-related businesses	—	1,094	
Total revenues from external customers ⁽¹⁾	13,668	1,181	14,849
Intersegment revenues ⁽²⁾ :			
Utilities	75	—	
Energy-related businesses	—	1,796	
Total other revenues	75	1,796	1,871
Intersegment revenues ⁽³⁾ :			
Utilities	18	—	
Energy-related businesses	—	94	
Total intersegment revenues	18	94	112
Segment revenues	\$ 13,763	3,071	16,832
Intersegment eliminations			(112)
Consolidated revenues		\$	16,720
	Year ended December 31, 2022		
Revenues from external customers:			
Utilities	\$ 11,930	\$ 89	
Energy-related businesses	—	1,704	
Total revenues from external customers ⁽¹⁾	11,930	1,793	13,723
Intersegment revenues ⁽²⁾ :			
Utilities	633	—	
Energy-related businesses	—	83	
Total other revenues	633	83	716
Intersegment revenues ⁽³⁾ :			
Utilities	14	—	
Energy-related businesses	—	43	
Total intersegment revenues	14	43	57
Segment revenues	\$ 12,577	1,919	14,496
Intersegment eliminations			(57)
Consolidated revenues		\$	14,439

⁽¹⁾ We did not have revenues from transactions with a single external customer that amounted to 10% or more of Sempra's total revenues.

⁽²⁾ See "Revenues from Sources Other Than Contracts with Customers" in Note 3 for a description of this revenue source, which may be additive or subtractive from period to period.

⁽³⁾ See "Transactions with Affiliates" in Note 1 for a description of services provided by one operating segment to another operating segment within Sempra.

SDG&E

SDG&E is a regulated public utility that provides electric service to San Diego and southern Orange counties and natural gas service to San Diego County. SDG&E has one operating and reportable segment.

SDG&E's CODM, who is its chief executive officer, utilizes earnings attributable to common shares to manage the business, assess performance and allocate resources. SDG&E's CODM allocates resources to support the delivery of safe, reliable and affordable energy to customers.

Total assets at SDG&E were \$30.8 billion and \$29.2 billion at December 31, 2024 and 2023, respectively. The following table presents selected information for SDG&E's single segment and reconciliation of earnings attributable to common shares.

SEGMENT INFORMATION (Dollars in millions)	Years ended December 31,		
	2024	2023	2022
SDG&E:			
Revenues from external customers:			
Electric	\$ 4,164	\$ 4,750	\$ 4,687
Natural gas	878	1,204	899
Total revenues from external customers ⁽¹⁾	5,042	5,954	5,586
Other revenues ⁽²⁾ :			
Electric	149	(401)	109
Natural gas	150	44	143
Total other revenues	299	(357)	252
Total revenues	5,341	5,597	5,838
Depreciation and amortization	(1,223)	(1,098)	(982)
Interest income	5	15	5
Interest expense	(525)	(497)	(449)
Income tax (expense) benefit	(153)	26	(182)
Other segment items ⁽³⁾	(2,554)	(3,107)	(3,315)
Earnings attributable to common shares	\$ 891	\$ 936	\$ 915
Capital expenditures for property, plant and equipment	\$ 2,522	\$ 2,540	\$ 2,473

⁽¹⁾ We did not have revenues from transactions with a single external customer that amounted to 10% or more of SDG&E's total revenues.

⁽²⁾ See "Revenues from Sources Other Than Contracts with Customers" in Note 3 for a description of this revenue source, which may be additive or subtractive from period to period.

⁽³⁾ Includes cost of electric fuel and purchased power, cost of natural gas, O&M, franchise fees and other taxes, and other income (expense), net.

SOCALGAS

SoCalGas is a regulated public natural gas distribution utility, serving customers throughout most of Southern California and part of central California. SoCalGas has one operating and reportable segment.

SoCalGas' CODM, who is its chief executive officer, utilizes earnings attributable to common shares to manage the business, assess performance and allocate resources. SoCalGas' CODM allocates resources to support the delivery of safe, reliable and affordable energy to customers.

Total assets at SoCalGas were \$25.4 billion and \$24.3 billion at December 31, 2024 and 2023, respectively. The following table presents selected information for SoCalGas' single segment and reconciliation of earnings attributable to common shares.

SEGMENT INFORMATION

(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
SoCalGas:			
Natural gas:			
Revenues from external customers ⁽¹⁾	\$ 6,134	\$ 7,857	\$ 6,459
Other revenues ⁽²⁾	75	432	381
Total revenues	6,209	8,289	6,840
Aliso Canyon litigation and regulatory matters	—	—	(259)
Depreciation and amortization	(910)	(839)	(761)
Interest income	9	9	6
Interest expense	(323)	(285)	(198)
Income tax (expense) benefit	(31)	5	(138)
Other segment items ⁽³⁾	(3,999)	(6,368)	(4,891)
Earnings attributable to common shares	\$ 955	\$ 811	\$ 599
Capital expenditures for property, plant and equipment	\$ 2,231	\$ 2,020	\$ 1,993

⁽¹⁾ We did not have revenues from transactions with a single external customer that amounted to 10% or more of SoCalGas' total revenues.

⁽²⁾ See "Revenues from Sources Other Than Contracts with Customers" in Note 3 for a description of this revenue source, which may be additive or subtractive from period to period.

⁽³⁾ Includes cost of natural gas, O&M, franchise fees and other taxes, and other income (expense), net, and preferred dividends.

SCHEDULE I – SEMPRA

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SEMPRA
CONDENSED STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts; shares in thousands)

	Years ended December 31,		
	2024	2023	2022
Interest income	\$ 29	\$ 31	\$ 35
Interest expense	(490)	(444)	(326)
Operating expenses	(105)	(101)	(92)
Other income (expense), net	25	31	(58)
Income tax benefit	165	134	111
Loss before equity in earnings of subsidiaries	(376)	(349)	(330)
Equity in earnings of subsidiaries, net of income taxes	3,237	3,423	2,468
Net income	2,861	3,074	2,138
Preferred dividends	(44)	(44)	(44)
Earnings	\$ 2,817	\$ 3,030	\$ 2,094
Basic EPS:			
Earnings	\$ 4.44	\$ 4.81	\$ 3.32
Weighted-average common shares outstanding	633,795	630,296	630,318
Diluted EPS:			
Earnings	\$ 4.42	\$ 4.79	\$ 3.31
Weighted-average common shares outstanding	637,943	632,733	632,757

See Notes to Condensed Financial Information of Parent.

SEMPRA
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

	Years ended December 31, 2024, 2023 and 2022		
	Pretax amount	Income tax benefit (expense)	Net-of-tax amount
2024:			
Net income	\$ 2,696	\$ 165	\$ 2,861
Other comprehensive income (loss):			
Foreign currency translation adjustments	(30)	—	(30)
Financial instruments	14	(2)	12
Pension and other postretirement benefits	18	(16)	2
Total other comprehensive income (loss)	2	(18)	(16)
Comprehensive income	\$ 2,698	\$ 147	\$ 2,845
2023:			
Net income	\$ 2,940	\$ 134	\$ 3,074
Other comprehensive income (loss):			
Foreign currency translation adjustments	23	—	23
Financial instruments	57	(18)	39
Pension and other postretirement benefits	(39)	8	(31)
Total other comprehensive income	41	(10)	31
Comprehensive income	\$ 2,981	\$ 124	\$ 3,105
2022:			
Net income	\$ 2,027	\$ 111	\$ 2,138
Other comprehensive income (loss):			
Foreign currency translation adjustments	11	—	11
Financial instruments	221	(55)	166
Pension and other postretirement benefits	3	(6)	(3)
Total other comprehensive income	235	(61)	174
Comprehensive income	\$ 2,262	\$ 50	\$ 2,312

See Notes to Condensed Financial Information of Parent.

SEMPRA
CONDENSED BALANCE SHEETS
(Dollars in millions)

	December 31,	
	2024	2023
Assets:		
Cash and cash equivalents	\$ 1,416	\$ 3
Restricted cash	2	2
Due from affiliates	88	105
Income taxes receivable, net	71	—
Other current assets	10	11
Total current assets	1,587	121
Investments in subsidiaries	42,305	38,499
Due from affiliates	25	18
Deferred income taxes	209	429
Other long-term assets	1,152	1,095
Total assets	\$ 45,278	\$ 40,162
Liabilities and shareholders' equity:		
Short-term debt	\$ —	\$ 365
Due to affiliates	241	235
Other current liabilities	1,410	819
Total current liabilities	1,651	1,419
Long-term debt	11,028	8,461
Due to affiliates	739	988
Other long-term liabilities	638	619
Commitments and contingencies (Note 4)		
Shareholders' equity	31,222	28,675
Total liabilities and shareholders' equity	\$ 45,278	\$ 40,162

See Notes to Condensed Financial Information of Parent.

SEMPRA
CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Years ended December 31,		
	2024	2023	2022
Net cash provided by operating activities	\$ 120	\$ 1,576	\$ 775
Expenditures for property, plant and equipment	(3)	(5)	(7)
Proceeds from sale of assets	—	2	—
Capital contributions to investees	(933)	(1,749)	(661)
Distributions from investments	9	108	—
Purchases of trust assets	(63)	(78)	(114)
Proceeds from sales of trust assets	68	69	123
Increase in loans to affiliates, net	(117)	(90)	(92)
Premiums on corporate-owned life insurance policies	(1)	(1)	(3)
Net cash used in investing activities	(1,040)	(1,744)	(754)
Common dividends paid	(1,499)	(1,483)	(1,430)
Preferred dividends paid	(44)	(44)	(44)
Issuances of common stock, net	1,219	145	4
Repurchases of common stock	(43)	(32)	(478)
Issuances of debt (maturities greater than 90 days)	3,695	1,918	1,569
Payments on debt (maturities greater than 90 days)	(350)	(672)	(322)
Decrease in short-term debt, net	(365)	(89)	(785)
(Decrease) increase in loans from affiliates, net	(241)	220	(226)
Proceeds from sales of noncontrolling interests, net	—	—	1,732
Other	(38)	(10)	(8)
Net cash provided by (used in) financing activities	2,334	(47)	12
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(1)	—	(1)
Increase (decrease) in cash, cash equivalents and restricted cash	1,413	(215)	32
Cash, cash equivalents and restricted cash, January 1	5	220	188
Cash, cash equivalents and restricted cash, December 31	\$ 1,418	\$ 5	\$ 220
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued interest receivable capitalized to note receivable	\$ 17	\$ 16	\$ 18
Preferred dividends declared but not paid	11	11	11
Common dividends declared but not paid	393	376	360
Common dividends issued in stock	54	—	—
Net exercise of stock options	9	—	—
Equitization of amounts due from affiliates	110	92	93

See Notes to Condensed Financial Information of Parent.

NOTES TO CONDENSED FINANCIAL INFORMATION OF PARENT

NOTE 1. BASIS OF PRESENTATION

The condensed financial information of Sempra has been prepared in accordance with SEC Regulation S-X Rule 5-04 and Rule 12-04. We apply the same accounting policies as in the consolidated financial statements of Sempra, except that Sempra accounts for the earnings of its subsidiaries under the equity method in this unconsolidated financial information. This financial information should be read in conjunction with Sempra's consolidated financial statements and the accompanying notes thereto included in this Form 10-K.

Sempra received cash dividends from its subsidiaries totaling \$908 million, \$1.9 billion and \$832 million in 2024, 2023 and 2022, respectively.

NOTE 2. NEW ACCOUNTING STANDARDS

We describe in Note 2 of the Notes to Consolidated Financial Statements recent pronouncements that have had or may have a significant effect on Sempra's results of operations, financial condition, cash flows or disclosures.

NOTE 3. DEBT AND CREDIT FACILITY

SHORT-TERM DEBT

Committed Line of Credit

At December 31, 2024, Sempra had capacity of \$4.0 billion under a committed line of credit, which provides liquidity and supports its commercial paper program, with available unused credit of \$4.0 billion before reductions of any unamortized discounts.

The principal terms of Sempra's committed line of credit include the following:

- The facility has a syndicate of 23 lenders. No single lender has greater than a 6% share in the facility.
- The facility provides for the issuance of \$200 million of letters of credit. Subject to obtaining commitments from existing or new lenders and satisfaction of other specified conditions, Sempra has the right to increase its letter of credit commitment to up to \$500 million. No letters of credit were outstanding at December 31, 2024.
- Borrowings bear interest at a benchmark rate plus a margin that varies with Sempra's credit rating.
- Sempra must maintain a ratio of indebtedness to total capitalization (as defined in its credit facility) of no more than 65% at the end of each quarter. At December 31, 2024, Sempra was in compliance with this ratio under its credit facility.

LONG-TERM DEBT

The following table shows the detail and maturities of uncollateralized long-term debt outstanding.

LONG-TERM DEBT (Dollars in millions)	December 31,	
	2024	2023
3.30% Notes April 1, 2025	\$ 750	\$ 750
5.40% Notes August 1, 2026	550	550
3.25% Notes June 15, 2027	750	750
3.40% Notes February 1, 2028	1,000	1,000
3.70% Notes April 1, 2029	500	500
5.50% Notes August 1, 2033	700	700
3.80% Notes February 1, 2038	1,000	1,000
6.00% Notes October 15, 2039	750	750
4.00% Notes February 1, 2048	800	800
4.125% (next rate reset on April 1, 2027) Junior Subordinated Notes April 1, 2052 ⁽¹⁾	1,000	1,000
6.40% (next rate reset on October 1, 2034) Junior Subordinated Notes October 1, 2054 ⁽¹⁾	1,250	—
6.875% (next rate reset on October 1, 2029) Junior Subordinated Notes October 1, 2054 ⁽¹⁾	600	—
6.875% (next rate reset on October 1, 2029) Junior Subordinated Notes October 1, 2054 ⁽¹⁾	500	—
6.55% (next rate reset on April 1, 2035) Junior Subordinated Notes April 1, 2055 ⁽¹⁾	600	—
6.625% (next rate reset on April 1, 2030) Junior Subordinated Notes April 1, 2055 ⁽¹⁾	400	—
5.75% Junior Subordinated Notes July 1, 2079 ⁽¹⁾	758	758
	11,908	8,558
Current portion of long-term debt	(750)	—
Unamortized discount on long-term debt	(30)	(29)
Unamortized debt issuance costs	(100)	(68)
Total long-term debt	\$ 11,028	\$ 8,461

⁽¹⁾ Callable long-term debt not subject to make-whole provisions.

Semptra issued the following fixed-to-fixed reset rate junior subordinated notes in 2024:

- In March 2024, Semptra issued \$600 million aggregate principal amount of 6.875% junior subordinated notes maturing on October 1, 2054, and received proceeds of \$593 million (net of debt discount, underwriting discounts and debt issuance costs of \$7 million). In May 2024, Semptra issued an additional \$500 million aggregate principal amount of these junior subordinated notes and received proceeds of \$489 million (net of debt discount, underwriting discounts and debt issuance costs of \$11 million, but excluding \$7 million paid to us in respect of accrued interest from and including March 14, 2024 to, but excluding, May 31, 2024. Interest accrues from and including March 14, 2024 to, but excluding, October 1, 2029 at the rate of 6.875% per annum.
- In September 2024, Semptra issued \$1.25 billion aggregate principal amount of 6.40% junior subordinated notes maturing on October 1, 2054, and received proceeds of \$1.235 billion (net of underwriting discounts and debt issuance costs of \$15 million). Interest accrues from and including September 9, 2024 to, but excluding, October 1, 2034 at the rate of 6.40% per annum.
- In November 2024, Semptra issued \$400 million aggregate principal amount of 6.625% junior subordinated notes maturing on April 1, 2055, and received proceeds of \$395 million (net of underwriting discounts and debt issuance costs of \$5 million). Interest accrues from and including November 21, 2024 to, but excluding, April 1, 2030 at the rate of 6.625% per annum.
- In November 2024, Semptra issued \$600 million aggregate principal amount of 6.55% junior subordinated notes maturing on April 1, 2055, and received proceeds of \$593 million (net of underwriting discounts and debt issuance costs of \$7 million). Interest accrues from and including November 21, 2024 to, but excluding, April 1, 2035 at the rate of 6.55% per annum.

The interest rates on the notes will be reset on:

- October 1, 2029 (for the March 2024 and May 2024 issuances),
- October 1, 2034 (for the September 2024 issuance),
- April 1, 2030 (for the \$400 million November 2024 issuance), and
- April 1, 2035 (for the \$600 million November 2024 issuance),

and on each subsequent five-year period beginning on October 1 or April 1, as applicable, of every fifth year thereafter, at a rate per annum equal to the Five-year U.S. Treasury Rate (as defined in the notes) as of the day falling two business days before the first day of such five-year period plus a spread of:

- 2.789% (for the March 2024 and May 2024 issuances),
- 2.632% (for the September 2024 issuance),
- 2.354% (for the \$400 million November 2024 issuance), and
- 2.138% (for the \$600 million November 2024 issuance).

Interest is payable on the notes semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2024 (for the March 2024 and May 2024 issuances) or April 1, 2025 (for the September 2024 and November 2024 issuances).

We may redeem some or all of the notes before their maturity, as follows:

- in whole or in part, (i) on any day in the period commencing on the date falling 90 days prior to, and ending on and including October 1, 2029 (for the March 2024 and May 2024 issuances), October 1, 2034 (for the September 2024 issuance), April 1, 2030 (for the \$400 million November 2024 issuance), and April 1, 2035 (for the \$600 million November 2024 issuance), and (ii) after those respective dates, on any interest payment date, at a redemption price in cash equal to 100% of the principal amount of the notes being redeemed, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to be redeemed to, but excluding, the redemption date;
- in whole but not in part, at any time following the occurrence and during the continuance of a tax event (as defined in the notes) at a redemption price in cash equal to 100% of the principal amount of the notes, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to, but excluding, the redemption date; and
- in whole but not in part, at any time following the occurrence and during the continuance of a rating agency event (as defined in the notes) at a redemption price in cash equal to 102% of the principal amount of the notes, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to, but excluding, the redemption date.

The notes described above are unsecured obligations and rank junior and subordinate in right of payment to our existing and future senior indebtedness. The notes rank equally in right of payment with each other and with our existing 4.125% fixed-to-fixed reset rate junior subordinated notes due 2052 and 5.75% junior subordinated notes due 2079 and with any future unsecured indebtedness that we may incur if the terms of such indebtedness provide that it ranks equally with the notes in right of payment. The notes are effectively subordinated in right of payment to any secured indebtedness we have incurred or may incur (to the extent of the value of the collateral securing such secured indebtedness) and to all existing and future indebtedness and other liabilities and any preferred equity of our subsidiaries.

We used, or plan to use, the proceeds from the offerings for general corporate purposes, including repayment of commercial paper and other indebtedness.

At December 31, 2024, scheduled maturities of Sempra's long-term debt are \$750 million in 2025, \$550 million in 2026, \$750 million in 2027, \$1.0 billion in 2028, \$500 million in 2029 and \$8.4 billion thereafter.

Additional information on Sempra's short-term and long-term debt is provided in Note 6 of the Notes to Consolidated Financial Statements.

NOTE 4. COMMITMENTS AND CONTINGENCIES

At December 31, 2024, Sempra has an operating lease liability related to its corporate headquarters building of approximately \$147 million. Sempra expects undiscounted lease payments for its operating lease to be \$12 million in each of 2025 through 2028, \$13 million in 2029 and \$151 million thereafter through 2040 for a total of \$212 million. The operating lease cost was \$14 million at December 31, 2024, 2023 and 2022. The weighted-average discount rate of the lease is 4.7% at December 31, 2024 and 2023.

For other contingencies and guarantees related to Sempra, refer to Notes 5 and 15 of the Notes to Consolidated Financial Statements.

SEMPRA
DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934

At December 31, 2024, Sempra (“we,” “us” or “our”) had the following two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (“Exchange Act”):

Capital Stock:

- Common Stock, no par value (the “common stock”)

Debt Securities:

- 5.75% Junior subordinated notes due 2079 (the “notes”)

At December 31, 2024, Sempra also had outstanding shares of 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C, no par value (the “series C preferred stock”), which are not registered under Section 12 of the Exchange Act. However, because the rights of the series C preferred stock in many cases impact the rights of our common stock, we have included the material terms of the series C preferred stock in this description. In this exhibit, we use the term “preferred stock” to describe our series C preferred stock or the class of preferred stock generally, as the context requires.

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our amended and restated articles of incorporation (as they may be amended from time to time and including any Certificate of Determination of Preferences that has been filed and is then in effect, the “Articles of Incorporation”) and bylaws (as they may be amended from time to time, the “Bylaws”), each of which is an exhibit to the Annual Report on Form 10-K with which this Exhibit 4.2 is filed or incorporated by reference, as well as applicable provisions of California law. We encourage you to read our Articles of Incorporation and Bylaws and applicable provisions of California law for additional information. Our Articles of Incorporation and our Bylaws were most recently amended on May 12, 2023.

The total number of shares of all classes of capital stock that Sempra is authorized to issue is 1,175,000,000, of which 1,125,000,000 are shares of common stock and 50,000,000 are shares of preferred stock. Shares of preferred stock may be issued from time to time in one or more series as determined by the Board of Directors. Of such preferred stock, at December 31, 2024, 900,000 shares were designated as series C preferred stock, all of which were outstanding but were not registered under Section 12 of the Exchange Act. No other classes of capital stock are authorized under our Articles of Incorporation.

Common Stock

Dividend Rights

The holders of our common stock are entitled to receive, ratably, such dividends as the Board of Directors may from time to time declare, subject to any rights of holders of outstanding shares of any series of our preferred stock to receive dividends before dividends may be paid on our common stock.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of Sempra, whether voluntary or involuntary, the holders of shares of our common stock are entitled, subject to any rights of the holders of outstanding shares of any series of our preferred stock to receive distributions in such event before any distributions are made to holders of our common stock, to receive, ratably, any of our remaining assets after the discharge of our liabilities.

Voting Rights

Except as otherwise provided by law, each holder of our common stock is entitled to one vote per share on each matter submitted to a vote of our shareholders, subject to the voting rights, if any, of holders of outstanding shares of any series of our preferred stock, which could include the right to vote separately as a class or series, or the right to vote together with the common stock as a single class.

At each annual meeting of our shareholders, directors will be elected to hold office until the next annual meeting of shareholders and until their successors have been elected and qualified or until their earlier resignation or removal. Pursuant to our Bylaws, directors standing for election in an uncontested election (as defined below) will be elected by the affirmative vote of a majority of the shares entitled to vote for them represented and voting at a duly held meeting at which a quorum is present (and such affirmative votes must also represent more than 25% of the outstanding shares entitled to vote in the election of such directors). In any election of directors that is not an uncontested election, the candidates receiving the highest number of affirmative votes of the shares entitled to vote for them, up to the number of directors to be elected by those shares, will be elected and votes against a director and votes withheld will have no effect. The rights of holders of our common stock to elect directors are subject to the voting rights, if any, of holders of outstanding shares of any series of our preferred stock, which could include: (i) voting as a separate class or series, the right to elect one or more directors, or (ii) voting together with our common stock as a single class, the right to vote in the election of directors generally. Our Bylaws define an “uncontested election” as, in general, an election of directors in which the number of candidates for election does not exceed the number of directors to be elected by our shareholders at that election, determined at the times specified in our Bylaws. None of our shareholders may cumulate votes in the election of directors.

Other Rights

Our common stock does not contain any conversion rights or sinking fund or redemption provisions. Holders of our common stock are not entitled to preemptive rights to subscribe for or purchase any part of any new or additional issue of stock or securities convertible into stock.

Bylaws

The Board of Directors is expressly authorized to make, amend or repeal the Bylaws, without any action on the part of the shareholders, except as otherwise required by applicable California law, solely by the affirmative vote of at least two-thirds of the authorized number of directors. The Bylaws may also be amended or repealed by the shareholders, by the approval of the outstanding shares (as defined in Section 152 of the General Corporation Law of the State of California) of Sempa.

Listing

Our common stock is listed on the New York Stock Exchange under the trading symbol SRE.

Preferred Stock

Ranking

Our series C preferred stock ranks with respect to dividend rights and distribution rights upon our liquidation, winding-up or dissolution:

- senior to our common stock and each other class or series of our capital stock established after the original issue date of shares of the series C preferred stock, unless the terms of such capital stock expressly provide otherwise (collectively, “junior stock”);
- on parity with each class or series of our capital stock established after the original issue date of shares of the series C preferred stock, if the terms of such class or series expressly provide for such parity ranking (collectively, “parity stock”);
- junior to each class or series of our capital stock established after the original issue date of shares of the series C preferred stock, if the terms of such class or series expressly provide for such senior ranking (collectively, “senior stock”);
- junior to our existing and future indebtedness and other liabilities; and

- structurally subordinated to any existing and future indebtedness and other liabilities of our subsidiaries and capital stock of our subsidiaries held by third parties.

Redemption at the Option of Semptra

We may, at our option, redeem the series C preferred stock in whole or in part, from time to time, on any day during the period from and including the July 15 immediately preceding October 15, 2025 and July 15 of every fifth year after 2025 through and including such October 15, at a redemption price in cash equal to \$1,000 per share. Additionally, in the event that a credit rating agency then publishing a rating for us makes certain amendments, clarifications or changes to the criteria it uses to assign equity credit to securities such as the series C preferred stock (a “Ratings Event”), we may redeem the series C preferred stock, in whole but not in part, at any time within 120 days after the conclusion of any review or appeal process instituted by us following the occurrence of the Ratings Event or, if no such review or appeal process is available or sought, the occurrence of such Ratings Event, at a redemption price in cash equal to \$1,020 per share (102% of the Liquidation Preference (as defined below)).

Dividend Rights

Dividends on our series C preferred stock are payable semi-annually in cash on a cumulative basis when, as and if declared by the Board of Directors, or an authorized committee thereof, out of funds legally available for payment, at a resetting fixed-rate equal to 4.875% per annum of the Liquidation Preference from and including June 19, 2020 to, but excluding, October 15, 2025 and, for each five-year period following October 15, 2025 and October 15 of every fifth year after 2025, a per annum rate equal to the Five-year U.S. Treasury Rate (as defined in the Certificate of Determination of Preferences of the series C preferred stock) as of the second U.S. business day prior to such reset date, plus a spread of 4.550% of the Liquidation Preference.

So long as any share of series C preferred stock remains outstanding, no dividend or distribution will be declared or paid on common stock or any other junior stock, and no common stock or any other junior stock will be purchased, redeemed or otherwise acquired for consideration by us or any of our subsidiaries unless, in each case, all accumulated and unpaid dividends for all preceding dividend periods have been declared and paid, or a sufficient sum of cash or number of shares of common stock has been set apart for the payment of such dividends, on all outstanding shares of series C preferred stock. The foregoing limitation will not apply to (i) any dividend or distribution payable in shares of common stock or other junior stock, together with cash in lieu of any fractional share; (ii) purchases, redemptions or other acquisitions of common stock or other junior stock in connection with the administration of any benefit or other incentive plan, including any employment contract, in the ordinary course of business, including, without limitation, (x) purchases to offset the share dilution amount pursuant to a publicly announced repurchase plan; provided that any purchases to offset the share dilution amount will in no event exceed the share dilution amount; (y) the forfeiture of unvested shares of restricted stock or share withholdings or other surrender of shares to which the holder may otherwise be entitled upon exercise, delivery or vesting of equity awards (whether in payment of applicable taxes, the exercise price or otherwise); and (z) the payment of cash in lieu of fractional shares; (iii) purchases of fractional interests in shares of common stock or other junior stock pursuant to the conversion or exchange provisions of such shares of other junior stock or any securities exchangeable for or convertible into shares of common stock or other junior stock, (iv) any dividends or distributions of rights or common stock or junior stock in connection with a shareholders’ rights plan or any redemption or repurchase of rights pursuant to any shareholders’ rights plan; (v) purchases of common stock or other junior stock pursuant to a contractually binding requirement to buy common stock or other junior stock existing prior to the preceding dividend period, including under a contractually binding stock repurchase plan; (vi) the deemed purchase or acquisition of fractional interests in shares of common stock or other junior stock pursuant to the conversion or exchange provisions of such shares or the security being converted or exchanged; (vii) the acquisition by us or any of our subsidiaries of record ownership in common stock or other junior stock or parity stock for the beneficial ownership of any other persons (other than for us or any of our subsidiaries), including as trustees or custodians, and the payment of cash in lieu of fractional shares; and (viii) the exchange or conversion of junior stock for or into other junior stock or of parity stock for or into other parity stock (with the same or lesser aggregate liquidation amount) or junior stock and the payment of cash in lieu of fractional shares. The phrase “share dilution amount” means the increase in the number of diluted shares outstanding (determined in accordance with accounting principles generally accepted in the United States of America and as measured from the initial issue date) resulting

from the grant, vesting or exercise of equity-based compensation to directors, employees and agents and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

When dividends on shares of series C preferred stock (A) have not been declared and paid in full on any dividend payment date; or (B) have been declared but a sum of cash sufficient for payment thereof has not been set aside for the benefit of the holders thereof on the applicable record date, no dividends may be declared or paid on any parity stock unless dividends are declared on the shares of series C preferred stock such that the respective amounts of such dividends declared on the shares of series C preferred stock and such parity stock bear the same ratio to each other as all accumulated dividends and all declared and unpaid dividends per share on the shares of series C preferred stock and such parity stock bear to each other; provided, however, that any unpaid dividends will continue to accumulate.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors, or an authorized committee thereof, may be declared and paid on any securities, including common stock, from time to time out of any funds legally available for such payment, and holders of our series C preferred stock will not be entitled to participate in any such dividends declared on securities other than the series C preferred stock.

Liquidation Rights

In the event of our liquidation, winding up or dissolution, whether voluntary or involuntary, each holder of our series C preferred stock will be entitled to receive \$1,000 per share (the "Liquidation Preference") of such preferred stock, plus an amount (the "Liquidation Dividend Amount") equal to accumulated and unpaid dividends on such shares to (but excluding) the date fixed for liquidation, winding-up or dissolution to be paid out of our assets legally available for distribution to our shareholders, after satisfaction of debt and other liabilities owed to our creditors and holders of shares of any senior stock and before any payment or distribution is made to holders of any junior stock, including, without limitation, common stock.

If, upon our voluntary or involuntary liquidation, winding-up or dissolution, the amounts payable with respect to (i) the Liquidation Preference plus the Liquidation Dividend Amount on the shares of series C preferred stock and (ii) the liquidation preference of, and the amount of accumulated and unpaid dividends (to, but excluding, the date fixed for liquidation, winding-up or dissolution) on, all other parity stock are not paid in full, the holders of our series C preferred stock and all holders of any such other parity stock will share equally and ratably in any distribution of our assets in proportion to the respective liquidation preferences and amounts equal to the accumulated and unpaid dividends to which they are entitled.

After the payment to any holder of our series C preferred stock of the full amount of the Liquidation Preference and the Liquidation Dividend Amount for each of such holder's shares of such preferred stock, such holder as such will have no right or claim to any of our remaining assets.

Neither the sale, lease or exchange of all or substantially all of our assets, nor our merger or consolidation into or with any other person, will be deemed to be our voluntary or involuntary liquidation, winding-up or dissolution.

Voting Rights

The holders of the series C preferred stock do not have voting rights with respect to their preferred stock, except as described below and as specifically required by applicable California law from time to time.

Whenever dividends on the series C preferred stock have not been declared or paid or have been declared but not paid for three or more semi-annual dividend periods, whether or not consecutive, the authorized number of directors on the Board of Directors will automatically be increased by two and the holders of the series C preferred stock, voting together as a single class with holders of any and all other outstanding preferred stock of equal rank having similar voting rights, will be entitled to elect two directors who satisfy certain requirements to fill such newly created directorships. Such directors will stand for reelection annually, and at each subsequent annual meeting of shareholders, so long as the holders of preferred stock continue to have this voting right. This right will terminate with respect to the series C preferred stock when all accumulated and unpaid dividends on such preferred stock have been paid in full, subject to the revesting of the right in the event of each subsequent nonpayment for three or more semi-annual dividend periods. Upon the termination of this voting right for all series of preferred stock, the term

of office of each director elected pursuant to the right will terminate and the authorized number of directors will automatically decrease by two.

So long as any shares of series C preferred stock are outstanding, we must obtain the affirmative vote or consent of the holders of at least two-thirds of the outstanding shares of such preferred stock, voting together as a single class, in order to, subject to certain exceptions and limitations, amend or alter our Articles of Incorporation so as to authorize, create or increase the authorized amount of any class or series of senior stock or adversely affect the special rights, preferences, privileges or voting powers of the series C preferred stock, consummate a binding share exchange or reclassification involving the shares of the series C preferred stock or consummate a merger or consolidation of us with another entity; provided that if any such amendment, alteration, repeal, share exchange, reclassification, merger or consolidation would adversely affect one or more but not all series of preferred stock, then only the series of preferred stock adversely affected and entitled to vote will so vote as a class. We may amend, alter, supplement or repeal any terms of the series C preferred stock without the vote or consent of the holders thereof, so long as such action does not adversely affect the special rights, preferences, privileges, voting powers, limitations or restrictions of such preferred stock, to cure any ambiguity or mistake, to correct or supplement any provision that may be defective or inconsistent with any other provision in the Certificate of Determination of Preferences of the series C preferred stock, to make any provision with respect to matters or questions relating to the series C preferred stock that is not inconsistent with the provisions of our Articles of Incorporation or to waive any of our rights with respect thereto.

Terms of Conversion

The series C preferred stock is not convertible to any other security.

Other Rights

Our series C preferred stock does not contain any sinking fund or redemption provisions. Holders of our series C preferred stock are not entitled to preemptive rights to subscribe for or purchase any part of any new or additional issue of stock or securities convertible into stock.

Listing

Our series C preferred stock is not listed on any securities exchange or trading facility or included in any automated dealer quotation system.

Anti-Takeover Effects of our Articles of Incorporation and Bylaws

Certain provisions of our Articles of Incorporation and Bylaws could have the effect of delaying, deterring or preventing another party from acquiring or seeking to acquire control of us. These provisions are intended to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage anyone seeking to acquire control of us to negotiate first with the Board of Directors. However, these provisions could also delay, deter or prevent a change of control or other takeover of our company that our shareholders might consider to be in their best interests, including transactions that might result in a premium being paid over the market prices of our common stock and any outstanding preferred stock, and may also limit the prices that investors are willing to pay in the future for our common stock and any outstanding preferred stock. These provisions may also have the effect of preventing changes in our management. Our Articles of Incorporation and Bylaws include anti-takeover provisions that:

- authorize the Board of Directors, without a vote or other action by our shareholders, to cause the issuance of preferred stock in one or more series and, with respect to each series, to fix the number of shares constituting that series and to establish the rights, preferences, privileges and restrictions of that series, which may include, among other things, dividend and liquidation rights and preferences, rights to convert such shares into common stock, voting rights and other rights which may dilute or otherwise adversely affect the voting or other rights and the economic interests of holders of our common stock or one or more other series of our preferred stock, if any, then outstanding;
- establish advance notice requirements and procedures for shareholders to submit nominations of candidates for election to the Board of Directors and to propose other business to be brought before a shareholders' meeting;

- provide that vacancies in the Board of Directors, including vacancies created by the removal of any director, may be filled by a majority of the directors then in office or by a sole remaining director;
- provide that no shareholder may cumulate votes in the election of directors, which means that the holders of a majority of our outstanding shares of common stock can elect all directors standing for election by our common shareholders;
- require that any action to be taken by our shareholders must be taken either (i) at a duly called annual or special meeting of shareholders, or (ii) by the unanimous written consent of all of our shareholders, unless the Board of Directors, by resolution adopted by two-thirds of the authorized number of directors, waives the foregoing provision in any particular circumstance; and
- require action by shareholders holding not less than 1/10th of the voting power of our capital stock in order for our shareholders to call a special meeting of shareholders.

DESCRIPTION OF DEBT SECURITIES

The following description of the notes is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to the subordinated indenture, dated as of June 26, 2019 (the “indenture”), between Semptra and the U.S. Bank National Association, as trustee (the “trustee”). The indenture is an exhibit to the Annual Report on Form 10-K with which this Exhibit 4.2 is filed or incorporated by reference. We encourage you to read the indenture, as supplemented, for additional information.

The notes constitute a separate series of our subordinated debt securities under the indenture and were issued in the aggregate principal amount of \$758 million, which remained the aggregate principal amount outstanding as of December 31, 2024.

Maturity

The maturity date of the notes is July 1, 2079. The notes are subject to early redemption at our option as described under “Redemption – Optional Redemption” below.

Interest

The notes bear interest at the rate of 5.75% per year. Subject to our right to defer interest payments as described below, interest on the notes is payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year.

So long as no event of default under the indenture with respect to the notes has occurred and is continuing, we may, at our option, defer interest payments on the notes, from time to time, for one or more deferral periods of up to 40 consecutive quarterly interest payment periods each (each such deferral period, commencing on the interest payment date on which the first such deferred interest payment otherwise would have been made, an “optional deferral period”), except that no such optional deferral period may extend beyond the final maturity date of the notes. In other words, we may declare at our discretion up to a 10-year interest payment moratorium on the notes and we may choose to do that on more than one occasion, except that we cannot begin a new optional deferral period until we have paid all accrued and unpaid interest on the notes from any previous optional deferral period. No interest on the notes will be payable during any optional deferral period unless we elect, at our option, to redeem notes during such optional deferral period, in which case accrued and unpaid interest will be paid on the notes, and only on the notes, being redeemed, or unless the principal of and interest on the notes has been declared due and payable as a result of an event of default under the indenture with respect to the notes, in which case accrued and unpaid interest will be paid on all of the notes. We may elect, at our option, to extend the length of any optional deferral period that is shorter than 40 consecutive quarterly interest payment periods (but not beyond the final maturity date of the notes) and to shorten the length of any optional deferral period.

During any optional deferral period, interest on the notes will continue to accrue at the rate of 5.75% per year and interest on deferred interest will accrue at the rate of 5.75% per year, compounded quarterly, to the extent permitted by applicable law. In addition, during any optional deferral period, we are prohibited from taking certain specified actions as set forth in the indenture, including, subject to certain exceptions and limitations, declaring or paying any dividends or distributions on our capital stock; redeeming, purchasing, acquiring or making a liquidation payment with respect to our capital stock; paying any principal, interest or premium on, or repaying, repurchasing or redeeming, any of our indebtedness that ranks equal with or junior to the notes in right of payment; or making any payments with respect to any guarantees by us of any indebtedness if such guarantees rank equal with or junior to the notes in right of payment.

Redemption

At our option, we may redeem some or all of the notes before their maturity, at any time in whole or from time to time in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed plus, subject to certain interest payment procedures as set forth in the indenture, accrued and unpaid interest on the notes to be redeemed to the redemption date.

Subordination and Security

The notes are our unsecured obligations. The notes rank junior and subordinate in right of payment to our existing and future Senior Indebtedness (as defined below), to the extent and in the manner described below. At December 31, 2024, we had outstanding Senior Indebtedness of approximately \$8 billion. The notes rank equally in right of payment with any existing and future unsecured indebtedness if the terms of such indebtedness provide that it ranks equally with the notes in right of payment. The notes are effectively subordinated in right of payment to any secured indebtedness that we have or may incur and to all indebtedness and other liabilities of our subsidiaries. At December 31, 2024, we had no outstanding secured indebtedness and our subsidiaries had outstanding total indebtedness and liabilities owed to unaffiliated third parties of approximately \$45 billion.

The notes are subordinated in right of payment to the prior payment in full of all our Senior Indebtedness. This means that upon:

- (a) any payment by, or distribution of the assets of, Semptra upon our dissolution, winding-up, liquidation or reorganization, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings; or
- (b) a failure to pay any interest, principal or other monetary amounts due on any of our Senior Indebtedness when due and continuance of that default beyond any applicable grace period; or
- (c) acceleration of the maturity of any Senior Indebtedness as a result of a default;

the holders of all of our Senior Indebtedness will be entitled to receive:

- in the case of clause (a) above, payment of all amounts due or to become due on all Senior Indebtedness; or
- in the case of clauses (b) and (c) above, payment of all amounts due on all Senior Indebtedness,

before the holders of the notes are entitled to receive any payment. So long as any of the events in clauses (a), (b), or (c) above has occurred and is continuing, any amounts payable or assets distributable on the notes will instead be paid or distributed, as the case may be, directly to the holders of Senior Indebtedness to the extent necessary to pay, in the case of clause (a) above, all amounts due or to become due upon all such Senior Indebtedness, or, in the case of clauses (b) and (c) above, all amounts due on all such Senior Indebtedness, and, if any such payment or distribution is received by the trustee under the indenture or the holders of any of the notes before all Senior Indebtedness due and to become due or due, as applicable, is paid, such payment or distribution must be paid over to the holders of the unpaid Senior Indebtedness. Subject to paying the Senior Indebtedness due and to become due in the case of clause (a) or the Senior Indebtedness due in the case of clauses (b) and (c), the holders of the notes will be subrogated to the rights of the holders of the Senior Indebtedness to receive payments applicable to the Senior Indebtedness until the notes are paid in full.

Neither the notes nor the indenture limit our ability to incur Senior Indebtedness or our or any of our subsidiaries' ability to incur other secured and unsecured indebtedness or liabilities.

"Senior Indebtedness" means, with respect to the notes, (i) indebtedness of Semptra, whether outstanding at the date of the indenture or incurred, created or assumed after such date, (a) in respect of money borrowed by Semptra (including any financial derivative, hedging or futures contract or similar instrument, to the extent any such item is primarily a financing transaction) and (b) evidenced by debentures, bonds, notes, credit or loan agreements or other similar instruments or agreements issued or entered into by Semptra; (ii) all finance lease obligations of Semptra; (iii) all obligations of Semptra issued or assumed as the deferred purchase price of property, all conditional sale obligations of Semptra and all obligations of Semptra under any title retention agreement (but excluding, for the avoidance of doubt, trade accounts payable arising in the ordinary course of business and long-term purchase obligations); (iv) all obligations of Semptra for the reimbursement of any letter of credit, banker's acceptance, security purchase facility or similar credit transaction; and (v) all obligations of the type referred to in clauses (i) through (iv) above of other persons for the payment of which Semptra is responsible or liable as obligor, guarantor or otherwise, except for any obligations, instruments or agreements of the type referred to in any of clauses (i) through (v) above that, by the terms of the instruments or agreements creating or evidencing the same or pursuant to which the same is outstanding, are subordinated or equal in right of payment to the notes.

Events of Default

An “event of default” occurs with respect to the notes if:

- we do not pay any interest on any note when it becomes due and payable and such default continues for 30 days (whether or not such payment is prohibited by the subordination provisions applicable to the notes);
- we do not pay any principal of or premium, if any, on any note when it becomes due and payable (whether or not such payment is prohibited by the subordination provisions applicable to the notes);
- we remain in breach of any other covenant or warranty (excluding covenants and warranties solely applicable to one or more other series of subordinated debt securities issued under the indenture) in the indenture or the notes for 60 days after there has been given to us, by registered or certified mail, a written notice of default sent by either the trustee or registered holders of at least 25% of the principal amount of the outstanding notes that specifies the default or breach and requires remedy of the default or breach; or
- we file for bankruptcy or other specified events of bankruptcy, insolvency, receivership or reorganization occur with respect to us.

No event of default with respect to the notes will necessarily constitute an event of default with respect to the subordinated debt securities of any other series issued under the indenture, and no event of default with respect to any such other series of subordinated debt securities issued under the indenture will necessarily constitute an event of default with respect to the notes.

Under the terms of the indenture, we furnish the trustee with an annual statement as to our compliance with the conditions and covenants in the indenture.

Modification

Without Registered Holder Consent. Without the consent of any registered holders of debt securities outstanding under the indenture, Semptra and the trustee may enter into one or more supplemental indentures to such indenture for any of the following purposes:

- to evidence the succession of another entity to Semptra;
- to add one or more covenants for the benefit of the holders of all or any series of debt securities issued under such indenture or to surrender any right or power conferred upon Semptra;
- to add any additional events of default for all or any series of debt securities issued under such indenture;
- to add or change any of the provisions of such indenture to the extent necessary to permit or facilitate the issuance of debt securities in bearer form or to facilitate the issuance of debt securities in uncertificated form;
- to change or eliminate any provision of such indenture so long as the change or elimination does not apply to any debt securities entitled to the benefit of such provision or to add any new provision to such indenture provided that any such addition does not apply to any outstanding debt securities issued under such indenture;
- to provide security for the debt securities of any series issued under such indenture;
- to establish the form or terms of debt securities of any series issued under such indenture, as permitted by such indenture;
- to evidence and provide for the acceptance of appointment of a separate or successor trustee;
- to cure any ambiguity, defect or inconsistency, or to make any other changes that do not adversely affect the interests of the holders of debt securities of any series under such indenture in any material respect; or
- in the case of subordinated debt of any series, to conform the terms of such debt securities, any officers’ certificate or supplemental indenture establishing the form or terms of such debt securities or, insofar as relates to such debt securities, the subordinated indenture to any terms set forth in the description of such debt securities appearing in the offering memorandum, prospectus supplement or other like offering document relating to the initial offering of the debt securities.

With Registered Holder Consent. Subject to the following sentence, Semptra and the trustee may, with some exceptions, amend or modify the applicable indenture with the consent of the registered holders of at least a majority in aggregate principal amount of the debt securities of each series affected by the amendment or modification. However, no amendment or modification may, without the consent of the registered holder of each outstanding debt security affected thereby:

- change the stated maturity of the principal or interest on any debt security or reduce the principal amount, interest or premium payable or change any place of payment where or the currency in which any debt security is payable, or impair the right to bring suit to enforce any payment, or, if Sempra has the right to extend or defer the payment of interest on such debt security, to increase the maximum time period of any such extension or deferral or increase the maximum number of times Sempra may extend or defer any such interest payment;
- reduce the percentages of registered holders whose consent is required for any supplemental indenture or waiver;
- modify certain provisions in the applicable indenture relating to supplemental indentures and waivers of certain covenants and past defaults; or
- in the case of the subordinated indenture, modify, delete or supplement any of the subordination provisions or the definition of Senior Indebtedness applicable to the subordinated debt securities of any series then outstanding in a manner adverse to the holders of such subordinated debt securities.

Consolidation, Merger or Conveyance of Assets

We have agreed not to consolidate or merge with or into any other entity, or to sell, transfer, lease or otherwise convey our properties and assets as an entirety or substantially as an entirety to any entity, unless:

- (i) in the case of a merger, we are the continuing entity, or (ii) the successor entity formed by any such consolidation or into which we are merged or which acquires by sale, transfer, lease or other conveyance our properties and assets as an entirety or substantially as an entirety, is a corporation organized and existing under the laws of the United States of America or any State thereof or the District of Columbia and expressly assumes, by supplemental indenture, the due and punctual payment of the principal, premium and interest on all of the notes outstanding under the indenture and the performance of all of the covenants under the indenture; and
- immediately after giving effect to the transaction, no event of default, and no event which after notice or lapse of time or both would become an event of default under the indenture, has or will have occurred and be continuing.

Defeasance, Satisfaction and Discharge

The indenture provides that we may, upon satisfying several conditions, be discharged from our obligations, with some exceptions, with respect to the notes, which we refer to as “defeasance”. One such condition is the irrevocable deposit with the trustee, in trust, of money and/or government obligations that, through the scheduled payment of principal and interest on those obligations, would provide sufficient moneys to pay the principal of and any premium and interest on the notes on the maturity dates of the payments or upon redemption. In addition, we would be required to deliver an opinion of counsel to the effect that a holder of the notes would not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and would be subject to federal income tax on the same amounts, at the same times and in the same manner as if that defeasance had not occurred. The opinion of counsel must be based upon a ruling of the Internal Revenue Service or a change in law after the date of the indenture.

The indenture will cease to be of further effect with respect to the notes, and we will be deemed to have satisfied and discharged all of our obligations under the indenture with respect to the notes, except as noted below, when all outstanding notes have become due or will become due within one year at their stated maturity or on a redemption date and we deposit with the trustee, in trust, funds that are sufficient to pay and discharge all remaining indebtedness on the notes. We will remain obligated to pay all other amounts due under the indenture and to perform certain ministerial tasks as described in the indenture.

Other Rights

The notes do not contain any conversion rights or sinking fund provisions.

Trustee

U.S. Bank National Association is the trustee under the indenture governing the notes. U.S. Bank National Association is a national banking association that provides trust services and acts as indenture trustee for numerous corporate securities issuances, including for other series of notes of which we or our affiliates are the issuer. In addition, affiliates of U.S. Bank National Association may perform various commercial banking and investment banking services for us and our subsidiaries from time to time in the ordinary course of business.

Listing

The notes are listed on the New York Stock Exchange under the trading symbol “SREA.”

SEMPRA
<YEAR> LONG TERM INCENTIVE PLAN
YEAR <YEAR> RESTRICTED STOCK UNIT AWARD

You have been granted a restricted stock unit award representing the right to receive the number of shares of Sempra Common Stock set forth below, subject to the vesting conditions set forth below. The restricted stock units, and dividend equivalents with respect to the restricted stock units, under your award may not be sold or assigned. They will be subject to forfeiture unless and until they vest in accordance with the terms and conditions of the award. Shares of Common Stock will be distributed to you after the completion of the service periods ending in <MONTH> <YEAR> and <YEAR>, if the restricted stock units vest under the terms and conditions of your award.

The terms and conditions of your award are set forth in the attached Year <YEAR> Restricted Stock Unit Award Agreement (the "Award Agreement") and in the Sempra <YEAR> Long Term Incentive Plan (the "Plan"), which has been provided to you. The summary below highlights selected terms and conditions but it is not complete and you should carefully read the Award Agreement and the Plan to fully understand the terms and conditions of your award.

SUMMARY

Date of Award: <DATE>, <YEAR>
Name of Recipient: NAME
Recipient's Employee Number: EE ID
Number of Restricted Stock Units (prior to any dividend equivalents): # RSU

Restricted Stock Units:

Your restricted stock units represent the right to receive shares of Common Stock in the future, subject to the terms and conditions of your award. Your restricted stock units are not shares of Common Stock.

Vesting/Forfeiture of Restricted Stock Units:

If not previously forfeited, your restricted stock units will vest in equal annual installments of one-half of the original number of units covered by this award (together with related dividend equivalents) on each of the <"first New York Stock Exchange trading days of <YEAR> and <YEAR>" [for awards granted on the first New York Stock Exchange trading day of the year] or "first two anniversaries of the award date" [for awards not granted on the first New York Stock Exchange trading day of the year, unless a different vesting schedule is approved by the Compensation and Talent Development Committee]>, subject to your continued employment by Sempra or its Subsidiaries through the applicable Vesting Date. Subject to certain exceptions set forth in the Award Agreement, if your employment terminates prior to the applicable Vesting Date, your restricted stock units will be forfeited effective immediately following such termination.

Transfer Restrictions:

Your restricted stock units may not be sold or otherwise transferred and will remain subject to forfeiture conditions until they vest.

Termination of Employment:

Subject to certain exceptions set forth in the Award Agreement, your restricted stock units will be forfeited if your employment terminates before such units vest effective immediately following such termination.

Recoupment:

Semptra reserves the right to recoup the compensation received in connection with your award of restricted stock units (i) as required by applicable law or the rules or requirements of the primary national securities exchange on which Semptra's common stock is listed, (ii) as required by the compensation recovery policy implemented or maintained by Semptra ("Compensation Recovery Policy") or (iii) if your fraudulent or intentional misconduct is found, in the sole discretion of the Compensation and Talent Development Committee, to have materially affected the operations or financial results of Semptra or its Subsidiaries.

Dividend Equivalents:

You also have been awarded dividend equivalents with respect to your restricted stock units. Your dividend equivalents represent the right to receive additional shares of Common Stock in the future, subject to the terms and conditions of your award. Your dividend equivalents will be determined based on the dividends that you would have received had you held shares of Common Stock equal to the vested number of your restricted stock units from the date of your award to the date of the distribution of shares of Common Stock following the vesting of your restricted stock units, and assuming that the dividends were reinvested in Common Stock (and any dividends on such shares were reinvested in Common Stock). The dividends will be deemed reinvested in Common Stock in the same manner as dividends reinvested pursuant to the terms of the Semptra Direct Stock Purchase Plan (also known as the Semptra Dividend Reinvestment Plan). Your dividend equivalents will be subject to the same transfer restrictions, forfeiture and recoupment provisions, and vesting conditions as the shares represented by your restricted stock units.

Distribution of Shares:

Shares of Common Stock will be distributed to you to the extent your restricted stock units (and accompanying dividend equivalents) vest. Except as provided otherwise in the Award Agreement, the shares will be distributed to you after the completion of the applicable service period. The shares of Common Stock will include the additional shares to be distributed pursuant to your vested dividend equivalents.

Taxes:

Upon distribution of shares of Common Stock to you, you will be subject to income taxes on the value of the distributed shares at the time of distribution and must pay applicable withholding taxes.

By your acceptance of this award, you agree to all of the terms and conditions set forth in this Cover Page/Summary, the Award Agreement and the Plan. You will be deemed to have accepted this award unless you affirmatively reject the award in accordance with the procedures described herein.

Semptra:

<SIGNATURE>

<NAME>

Title:

<CEO or CHRO (however designated)>

SEMPRA
<YEAR> LONG TERM INCENTIVE PLAN

Year <YEAR> Restricted Stock Unit Award Agreement

Award:

You have been granted a restricted stock unit award under Sempira's <YEAR> Long Term Incentive Plan (the "Plan"). The award consists of the number of restricted stock units set forth on the Cover Page/Summary to this Award Agreement, and dividend equivalents with respect to the restricted stock units (described below). Capitalized terms used in this Award Agreement and not defined shall have the meaning set forth in the Plan.

Your restricted stock units represent the right to receive shares of Common Stock in the future, subject to the terms and conditions of your award. Your restricted stock units are not shares of Common Stock.

Each restricted stock unit represents the right to receive one share of Common Stock upon the vesting of the unit.

Unless and until they vest, your restricted stock units and any dividend equivalents will be subject to transfer restrictions and forfeiture and vesting conditions.

Subject to certain exceptions set forth herein, your restricted stock units (and dividend equivalents) will be forfeited effective immediately following such termination if your employment terminates before they vest; provided, however, that the Compensation and Talent Development Committee of Sempira's Board of Directors (the "Compensation Committee"), in its sole discretion, may determine to vest you in all or a portion of such restricted stock units (subject to Code Section 409A requirements and the terms of the Plan).

See "Vesting/Forfeiture," "Transfer Restrictions," and "Termination of Employment" below.

Vesting/Forfeiture:

Subject to the provisions below relating to the treatment of your restricted stock units in connection with a Change in Control, your restricted stock units (and dividend equivalents) will vest in equal annual installments of one-half of the original number of units covered by this award (together with related dividend equivalents) on each of the <"first New York Stock Exchange trading days of <YEAR> and <YEAR>" [for awards granted on the first New York Stock Exchange trading day of the year] or "first two anniversaries of the award date" [for awards not granted on the first New York Stock Exchange trading day of the year, unless a different vesting schedule is approved by the Compensation Committee]>, subject to your continued employment by Sempira or its Subsidiaries through the applicable vesting date and the terms of this Award Agreement.

Certificates for the shares will be transferred to your brokerage account unless you specifically instruct otherwise. When the shares of Common Stock are issued to you, your restricted stock units (vested and unvested) and your dividend equivalents will terminate.

Transfer Restrictions:

You may not sell or otherwise transfer or assign your restricted stock units (or your dividend equivalents).

Dividend Equivalents & Capitalization Adjustments:

You also have been awarded dividend equivalents with respect to your restricted stock units. Your dividend equivalents represent the right to receive additional shares of Common Stock in the future, subject to the terms and conditions of your award. Your dividend equivalents will be determined based on the dividends that you would have received had you held shares of Common Stock equal to the vested number of your restricted stock units from the date of your award to the date of the distribution of shares of Common Stock following the vesting of your restricted stock units, and assuming that the dividends were reinvested in Common Stock (and any dividends on such shares were reinvested in Common Stock). The dividends will be deemed reinvested in Common Stock in the same manner as dividends reinvested pursuant to the terms of the Semptra Direct Stock Purchase Plan (also known as the Semptra Dividend Reinvestment Plan).

Your dividend equivalents will be subject to the same transfer restrictions, forfeiture and recoupment provisions, and vesting conditions as your restricted stock units. They will vest when and to the extent that your restricted stock units vest.

Also, your restricted stock units (and dividend equivalents), including the terms and conditions thereof, will, in the sole discretion of the Compensation Committee, be substituted or adjusted, as applicable, in accordance with the terms and conditions of the Plan. Any additional restricted stock units (and dividend equivalents) awarded to you as a result of such substitution or adjustment also will be subject to the same transfer restrictions, forfeiture and recoupment provisions, and vesting conditions and other terms and conditions that are applicable to your restricted stock units (and dividend equivalents).

No Shareholder Rights:

Your restricted stock units (and dividend equivalents) are not shares of Common Stock. You will have no rights as a shareholder unless and until shares of Common Stock are issued to you following the vesting of your restricted stock units (and dividend equivalents) as provided in this Award Agreement and the Plan.

Distribution of Shares:

Following the vesting of your restricted stock units, you will receive the number of shares of Common Stock equal to the number of your restricted stock units that have vested. However, in no event will you receive under this award, and other awards granted to you under the Plan in the same fiscal year of Semptra, more than the maximum number of shares of Common Stock permitted under the Plan. Also, you will receive the number of shares of Common Stock equal to your vested dividend equivalents.

You will receive the shares as soon as reasonably practicable following each vesting date (and in no event later than March 15 of the year following the applicable vesting date). Once you receive the shares of Common Stock, your restricted stock units (and dividend equivalents) will terminate.

Termination of Employment:

Termination:

If your employment with Semptra and its Subsidiaries terminates for any reason other than by reason of your death or in connection with a Change in Control prior to the vesting of your restricted stock units (and dividend equivalents), all of your restricted stock units (and dividend equivalents) will be forfeited effective immediately following such termination; provided, however, that the Compensation Committee in its sole discretion may determine to vest you in all or a portion of such restricted stock units (subject to Code Section 409A requirements and the terms of the Plan). If your employment terminates by reason of your death prior to the vesting of your restricted stock units (and dividend equivalents), all of your restricted stock units (and dividend equivalents) will vest upon your death.

Termination for Cause:

If your employment with Semptra and its Subsidiaries terminates for cause, or your employment would have been subject to termination for cause, prior to the vesting of your restricted stock units (and dividend equivalents), all of your restricted stock units (and dividend equivalents) will be forfeited effective immediately following such termination.

Prior to the consummation of a Change in Control, a termination for cause is (i) the willful failure by you to substantially perform your duties with Semptra or your employer (other than any such failure resulting from your incapacity due to physical or mental illness), (ii) the grossly negligent performance of such obligations referenced in clause (i) of this definition, (iii) your gross insubordination; and/or (iv) your commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony) which have or result in an adverse effect on Semptra, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i), no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your act, or failure to act, was in the best interests of Semptra and its Subsidiaries. If your restricted stock units remain outstanding following a Change in Control pursuant to a Replacement Award, a termination for cause following such Change in Control shall be determined in accordance with the provisions of the Plan that define "Cause", including reasonable notice and, if possible, a reasonable opportunity to cure as provided therein.

Taxes:

Withholding Taxes:

When you become subject to withholding taxes upon distribution of the shares of Common Stock or otherwise, Semptra or its Subsidiary is required to withhold taxes. Unless you instruct otherwise and pay or make arrangements satisfactory to Semptra to pay these taxes, upon the distribution of your shares, Semptra will withhold a sufficient number of shares of common stock that you would otherwise be entitled to receive to cover the minimum required withholding taxes and transfer to you only the remaining balance of your shares. In the event that, following a Change in Control, your restricted stock units become eligible for a distribution upon your Retirement by reason of your combined age and service, your restricted stock units may become subject to employment tax withholding prior to the distribution of shares with respect to such units.

Code Section 409A:

Your restricted stock units are subject to provisions of the Plan which set forth terms to comply with Code Section 409A.

Recoupment:

Semptra reserves the right to recoup the compensation received in connection with your award of restricted stock units (i) as required by applicable law or the rules or requirements of the primary national securities exchange on which Semptra's common stock is listed, (ii) as required by the compensation recovery policy implemented or maintained by Semptra ("Compensation Recovery Policy") or (iii) if your fraudulent or intentional misconduct is found, in the sole discretion of the Compensation Committee, to have materially affected the operations or financial results of Semptra or its Subsidiaries.

Retention Rights:

Neither your restricted stock unit award nor this Award Agreement gives you any right to be retained by Semptra or any of its Subsidiaries in any capacity and your employer reserves the right to terminate your employment at any time, with or without cause. The value of your award will not be included as compensation or earnings for purposes of any other benefit plan offered by Semptra or any of its Subsidiaries.

Change in Control:

In the event of a Change in Control, the following terms shall apply:

If (i) you have achieved age 55 and have completed at least five years of continuous service with Semptra and its Subsidiaries as of the date of a Change in Control and your restricted stock units have not been forfeited prior to the Change in Control, (ii) your outstanding restricted stock units as of the date of a Change in Control are not subject to a "substantial risk of forfeiture" within the meaning of Code Section 409A and/or (iii) your outstanding restricted stock units are not assumed or substituted with one or more Replacement Awards (as defined in the Plan), then in each case your outstanding restricted stock units and any associated dividend equivalents will vest immediately prior to the Change in Control. If the foregoing terms apply, immediately prior to the date of the Change in Control you will receive a number of shares of Common Stock equal to the number of your restricted stock units and dividend equivalents that have vested.

If your outstanding restricted stock awards are assumed or substituted with one or more Replacement Awards, then, except as provided otherwise in an individual severance agreement or employment agreement to which you are a party, the terms set forth in the Plan shall apply with respect to such Replacement Award following the Change in Control. If the foregoing terms apply and the Replacement Award vests upon your separation from service or death, on such date, you will receive a number of shares or other property in settlement of the Replacement Awards.

Further Actions:

You agree to take all actions and execute all documents appropriate to carry out the provisions of this Award Agreement.

You shall be deemed to have accepted this award unless you affirmatively reject it in writing addressed to the Corporate Secretary of Semptra no later than 90 days following the Date of Award.

You also appoint as your attorney-in-fact each individual who at the time of so acting is the Secretary or an Assistant Secretary of Semptra with full authority to effect any transfer of any shares of Common Stock distributable to you, including any transfer to pay withholding taxes, that is authorized by this Award Agreement.

Applicable Law:

This Award Agreement will be interpreted and enforced under the laws of the State of California.

Other Agreements:

In the event of any conflict between the terms of this Award Agreement and any written employment, severance or other employment-related agreement between you and Semptra, the terms of this Award Agreement, or the terms of such other agreement, whichever are more favorable to you, shall prevail, provided that in each case a conflict shall be resolved in a manner consistent with the intent that your restricted stock units comply with Code Section 409A. In the event of a conflict between the terms of this Award Agreement and the Plan, the Plan document shall prevail. In the event of a conflict between the terms of this Award Agreement and Semptra's Compensation Recovery Policy, the terms of the Compensation Recovery Policy shall prevail.

By your acceptance of this award, you agree to all of the terms and conditions set forth in the Cover Page/Summary, this Award Agreement and the Plan. You will be deemed to have accepted this award unless you affirmatively reject the award in accordance with the procedures described herein.

**SEMPRA ENERGY
SEVERANCE PAY AGREEMENT**

THIS AGREEMENT (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPRA ENERGY, a California corporation (“Sempra Energy”), and Lisa Larroque Alexander (the “Executive”).

WHEREAS, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

WHEREAS, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

WHEREAS, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years.”); *provided, however,* that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the Executive was employed by the Company; and, *provided, further,* that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, “Average Annual Bonus” means zero (\$0).

“Cause” means:

(a) Prior to a Change in Control, (i) the Executive’s willful failure to substantially perform the Executive’s job duties, (ii) Executive’s grossly negligent performance of the Executive’s duties, (iii) the Executive’s gross insubordination; (iv) the Executive’s commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive’s serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive’s part shall be deemed “willful” if due to the Executive’s incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive’s willful and continued failure to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company’s cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive’s commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive’s employment for Cause.

“Change in Control” shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a “change in the ownership of Sempra Energy” occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of

Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a “change in the effective control of Sempra Energy” occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive’s overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive’s overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive’s aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive’s current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive’s employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive’s title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive’s aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten

percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

“Incentive Compensation Awards” means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

“Incentive Compensation Plans” means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

“Involuntary Termination” means (a) the Executive’s Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive’s Separation from Service by reason of resignation of employment for Good Reason.

“JAMS” has the meaning assigned thereto in Section 13(c) hereof.

“Mandatory Retirement” means termination of employment pursuant to the Company’s mandatory retirement policy.

“Medical Continuation Benefits” has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such

fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

Section 2. Notice and Date of Termination.

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is

given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

Section 3. Termination from the Board. Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

Section 4. Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(f) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60th) day (or if the sixtieth (60th) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the “Payment Date”), *provided* that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) **Accrued Obligations.** The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) **Equity-Based Compensation.** The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, then the Executive (and the Executive's dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA ("Medical Continuation Benefits") on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); provided, however, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); provided, however, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial

planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

Section 5. Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Semptra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Post-Change in Control Severance Payment”) equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive’s Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive’s Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive’s Average Annual Bonus. In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (e). The Company’s obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. Except as provided in Section 5(f), the Post-Change in Control Severance Payment shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Semptra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) **Accrued Obligations.** The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) **Equity-Based Compensation.** Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; provided, however, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and

exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; provided, however, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(c) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); provided, however, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) **Financial Planning Services.** The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); provided, however, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(f) **Involuntary Termination in Connection with a Change in Control.** Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(f) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(f) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

Section 6. Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

Section 7. Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

Section 8. Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

(i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or

(ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

(iii) For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income

taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the “Taxes.”

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes “deferred compensation” (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) “Net After-Tax Reduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) “Net After-Tax Unreduced Payments” shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) “Net After-Tax Basis” shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the “Accounting Firm”); provided, that the Accounting Firm’s determination shall be made based upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account

which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

Section 9. Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

Section 10. Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive’s rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company’s charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive’s employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(10).

Section 11. Clawbacks. Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

Section 12. Full Settlement; Mitigation. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

Section 13. Dispute Resolution and Arbitration.

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through final and binding arbitration as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 ("PAGA"), California Labor

Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association (“AAA”)) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures (“AAA Rules”)), copies of which are available at www.jamsadr.com; tel: 800.352.5267 and www.adr.org; tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys’ fees and pay any costs that are not unique to arbitration (i.e., costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys’ fees to the prevailing party, or if there is a written agreement providing for attorneys’ fees, the arbitrator may award reasonable attorneys’ fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief

warranted by that party's individual claims. Sempra Energy and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

Section 14. Executive's Covenants.

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); provided, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; provided, however, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2nd) anniversary of the Date of Termination (the "Consulting Period"). The

Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; provided, however, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, provided, further, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

Section 15. Legal Fees.

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

Section 16. Successors.

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra

Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the "Asset Purchaser"), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an "Asset Sale"), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

Section 17. Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual's entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

Section 18. Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

Section 19. Miscellaneous.

(a) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) **Notices.** All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human

Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Semptra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the

Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; provided, however, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA

/s/ Karen L. Sedgwick

Karen L. Sedgwick
Chief Administrative Officer and Chief Human
Resources Officer

3/08/2023

Date

EXECUTIVE

/s/ Lisa Larroque Alexander

Lisa Larroque Alexander
SVP – Corporate Affairs

3/3/2023

Date

SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the “Agreement”), is made by and between _____, a California corporation (the “Company”) and _____ (“Employee”) (jointly referred to as the “Parties” or individually referred to as a “Party”) as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated _____, 20__ (the “Severance Pay Agreement”) in connection with Employee’s employment with the Company;

WHEREAS, Employee’s right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee’s execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee’s right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee’s execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee’s adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee’s employment with the Company terminated at the close of business on [_____] (the “Separation Date”). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term “affiliate” as used herein shall include, without limitation, such Person’s parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits

from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of [_____], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee's death.

(b) The Company will pay Employee a lump sum payment of [_____], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee's death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee's behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee's failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys' fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words "Releasee" or "Releasees" and "Claim" or "Claims" shall have the meanings set forth below:

(a) "Company Releasees" shall refer to (i) the Company, (ii) each of the Company's owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words "Claim" or "Claims" shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and

costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee's employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out of or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the

Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification. Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation,

enforceability, or validity of this Agreement (“Arbitrable Dispute”), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial**. Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action (“Class Action Waiver”). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”)), copies of which are available at www.jamsadr.com; tel: 800.352.5267 and www.adr.org; tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys’ fees and pay any costs

that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys' fees and costs, or if there is a written agreement providing for attorneys' fees and/or costs, the Arbitrator may award reasonable attorney's fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be

set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]
Attn: [TO COME]

With a copy to:
Attn: [TO COME]

To Employee: _____

17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act (“ADEA”), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee’s personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee’s decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company’s Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3)

and (4) of the Code and the Treasury Regulations thereunder To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company's property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee's continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee's good-faith disclosure to any governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which

can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: _____

DATED: _____

Employee acknowledges that Employee first received this Agreement on [date].



Justin Bird

[***** ***** **]
 [*** ***, *****_*****]

April 18, 2023

Dear Justin,

Congratulations and thank you for your efforts toward making our Port Arthur LNG project a reality. This is another successful step as Semptra Infrastructure continues our journey of being North America's premier energy infrastructure company.

As a team member whose "above and beyond" efforts contributed to the successful execution of a final investment decision for the Port Arthur LNG project, I am pleased to present you with a cash recognition award as an immediate bonus for this work and a cash retention award in consideration of the value that we anticipate that you will bring over the next few years, as evidenced by your key contributions to the Port Arthur LNG project. These awards reflect Semptra Infrastructure's commitment to Champion People by rewarding employees at all levels whose contributions drive our success and shape our future.

Your recognition award of \$150,000, less taxes and withholding, will be paid to you on your April 21, 2023 paycheck. You will earn your cash retention award, which has a total value of \$450,000, payable in three installments of \$150,000, by remaining employed by Semptra Services Corporation or another Semptra company (collectively, the "Companies"), through the end of each retention period set forth below:

- Retention Period 1: You will earn a retention award installment of \$150,000 by remaining employed by the Companies through April 21, 2024.
- Retention Period 2: You will earn a retention award installment of \$150,000 by remaining employed by the Companies through April 21, 2025.
- Retention Period 3: You will earn a retention award installment of \$150,000 by remaining employed by the Companies through April 21, 2026.

The retention award installments will be paid on your paycheck following the completion of the relevant retention period. You will not earn the retention award installment, or any portion thereof, if your employment ends prior to the completion of the relevant retention period under any of the following circumstances: (a) because you resign or retire; (b) due to your death or

inability to perform your job, with or without reasonable accommodation, due to disability; or, (c) because the company terminates your employment for Cause. "Cause" for purposes of this agreement shall mean: (a) conviction of a crime of moral turpitude; (b) willful neglect of duties; or, (c) misconduct related to your employment.

Your employment will remain at will. However, in the event that the company opts to terminate your employment without Cause prior to payment of a retention award installment, you will be eligible for a pro rata portion of the retention award installment.

The recognition and retention award will not be "benefits attracting" which means they will not be included in the basis for calculating incentive compensation or pension benefits, nor can they be deferred under the company's deferred compensation plans.

Justin, we truly appreciate your work and dedication to achieving such amazing progress on the Port Arthur LNG project and look forward to your future contributions.

Please sign and return this letter agreement and do not hesitate to reach out to Leslie Taylor in Human Resources if you have any questions.

Sincerely,

/s/ Randy Clark

Randy Clark

/s/

Justin Bird

Date

CC: Personnel File

**SEMPRA ENERGY
SEVERANCE PAY AGREEMENT**

THIS AGREEMENT (this “Agreement”), dated as of March 1, 2023 (the “Effective Date”), is made by and between SEMPRA ENERGY, a California corporation (“Sempra Energy”), and Scott B. Crider (the “Executive”).

WHEREAS, the Executive is currently employed by Sempra Energy or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra Energy and such other controlled group members, collectively, the “Company”);

WHEREAS, Sempra Energy and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

WHEREAS, the Board of Directors of Sempra Energy (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, Sempra Energy and the Executive hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra Energy ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, “Average Annual Bonus” means zero (\$0).

“Cause” means:

(a) Prior to a Change in Control, (i) the Executive’s willful failure to substantially perform the Executive’s job duties, (ii) Executive’s grossly negligent performance of the Executive’s duties, (iii) the Executive’s gross insubordination; (iv) the Executive’s commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive’s serious violation of a material policy of Sempra Energy or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive’s part shall be deemed “willful” if due to the Executive’s incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), (i) the Executive’s willful and continued failure to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company’s cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive’s commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive’s employment for Cause.

“Change in Control” shall be deemed to have occurred on the date that a change in the ownership of Sempra Energy, a change in the effective control of Sempra Energy, or a change in the ownership of a substantial portion of assets of Sempra Energy occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a “change in the ownership of Sempra Energy” occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of

Sempra Energy that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra Energy,

(ii) a “change in the effective control of Sempra Energy” occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempra Energy possessing thirty percent (30%) or more of the total voting power of the stock of Sempra Energy, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempra Energy” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempra Energy that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempra Energy immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempra Energy” or “a change in the effective control of Sempra Energy” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempra Energy directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempra Energy outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempra Energy or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempra Energy (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempra Energy (not including the securities beneficially owned by such Person any securities acquired directly from Sempra Energy or its Affiliates other than in connection with the acquisition by Sempra Energy or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempra Energy’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempra Energy” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempra Energy of the assets of Sempra Energy to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempra Energy in substantially the same proportions as their ownership of Sempra Energy immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement without regard to this subsection (d)) and a “change in control event” relating to Sempra Energy under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(c) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra Energy is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive’s overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive’s overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive’s aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive’s current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive’s employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(f)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive’s title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive’s aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten

percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra Energy) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra Energy to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra Energy (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

“Incentive Compensation Awards” means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

“Incentive Compensation Plans” means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

“Involuntary Termination” means (a) the Executive’s Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive’s Separation from Service by reason of resignation of employment for Good Reason.

“JAMS” has the meaning assigned thereto in Section 13(c) hereof.

“Mandatory Retirement” means termination of employment pursuant to the Company’s mandatory retirement policy.

“Medical Continuation Benefits” has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such

fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Energy Control Group” means Sempra Energy and all Persons with whom Sempra Energy would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra Energy.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

Section 2. Notice and Date of Termination.

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is

given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

Section 3. Termination from the Board. Upon the termination of the Executive’s employment for any reason, the Executive’s membership on the Board, the board of directors of any Affiliates of Sempra Energy, any committees of the Board and any committees of the board of directors of any of the Affiliates of Sempra Energy, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Sempra Energy or any of its Affiliates to evidence and effect such termination of membership.

Section 4. Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(f) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Sempra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Pre-Change in Control Severance Payment”) equal to one-half (0.5) times the sum of (X) the Executive’s Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company’s obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60th) day (or if the sixtieth (60th) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the “Payment Date”), *provided* that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The “Release Requirements” will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the “Release”), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) **Accrued Obligations.** The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) **Equity-Based Compensation.** The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, then the Executive (and the Executive's dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA ("Medical Continuation Benefits") on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Sempra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Sempra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Sempra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Sempra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Sempra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial

planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

Section 5. Severance Benefits upon Involuntary Termination in Connection with and after Change in Control. Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Semptra Energy shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Post-Change in Control Severance Payment”) equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive’s Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive’s Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive’s Average Annual Bonus. In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (e). The Company’s obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d) and (e) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. Except as provided in Section 5(f), the Post-Change in Control Severance Payment shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Semptra Energy (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) **Accrued Obligations.** The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) **Equity-Based Compensation.** Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and

exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(c) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(c) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(c) past the maximum COBRA coverage period, Semptra Energy may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Semptra Energy determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Semptra Energy or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Semptra Energy shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Semptra Energy or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(f) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(f) shall be reduced by any amount previously paid under Section 4. The amounts to be paid under this Section 5(f) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

Section 6. Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

Section 7. Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra Energy (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

Section 8. Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

(i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise Tax, or

(ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any

reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the "Taxes."

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes "deferred compensation" (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) "Net After-Tax Reduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) "Net After-Tax Unreduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) "Net After-Tax Basis" shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the "Accounting Firm"); *provided*, that the Accounting Firm's determination shall be made based upon "substantial authority" within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of

Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

Section 9. Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

Section 10. Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive’s continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive’s rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company’s charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive’s employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(10).

Section 11. Clawbacks. Notwithstanding anything herein to the contrary, (a) if Sempra Energy determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity or pursuant to any formal policy of Sempra Energy, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra Energy's common equity, such forfeiture or repayment shall not constitute Good Reason.

Section 12. Full Settlement; Mitigation. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

Section 13. Dispute Resolution and Arbitration.

(a) If any dispute arises between the Executive and Sempra Energy or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra Energy mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law. Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Sempra Energy. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Sempra Energy and the Executive waive any right to a jury trial or a court bench trial.**

(b) Sempra Energy and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Sempra Energy and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Sempra Energy are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Sempra Energy (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 ("PAGA"), California Labor Code §

2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, "Representative PAGA Waiver"). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association ("AAA")) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect ("JAMS Rules") (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures ("AAA Rules")), copies of which are available at www.jamsadr.com; tel: 800.352.5267 and www.adr.org; tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

(d) Sempra Energy will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys' fees and pay any costs that are not unique to arbitration (i.e., costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys' fees to the prevailing party, or if there is a written agreement providing for attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Sempra Energy and the Executive recognize that

this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

Section 14. Executive's Covenants.

(a) **Confidentiality.** The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("**Proprietary Information**") of Sempra Energy and its Affiliates; and the Executive agrees that it would be extremely damaging to Sempra Energy and its Affiliates if such Proprietary Information were disclosed to a competitor of Sempra Energy and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) **Governmental Reporting.** Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Sempra Energy and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Sempra Energy and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Sempra Energy and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Sempra Energy and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Sempra Energy and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Sempra Energy and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Sempra Energy and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2nd) anniversary of the Date of Termination (the "Consulting Period"). The

Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

Section 15. Legal Fees.

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

Section 16. Successors.

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra Energy shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra Energy. This Agreement shall inure to the benefit of and be binding upon Sempra Energy and its successors and assigns. Sempra

Energy may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra Energy shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra Energy to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra Energy shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy that is a member of the Sempra Energy Control Group, (ii) Sempra Energy, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Energy Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Energy Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra Energy shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra Energy would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Energy Control Group, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the "Asset Purchaser"), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an "Asset Sale"), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra Energy and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4), that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra Energy may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra Energy shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra Energy in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

Section 17. Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual's entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

Section 18. Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

Section 19. Miscellaneous.

(a) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Sempra Energy to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) **Notices.** All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Sempra Energy's headquarters attention the most senior officer of Human

Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra Energy, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the

Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Sempra Energy is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra Energy have caused this Agreement to be executed as of the day and year first above written.

SEMPRA

/s/ Karen L. Sedgwick

Karen L. Sedgwick
Chief Administrative Officer and Chief Human Resources
Officer

3/08/2023

Date

EXECUTIVE

/s/ Scott B. Crider

Scott B. Crider
SVP – External and Operations Support
San Diego Gas & Electric

2/28/2023

Date

SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the "Agreement"), is made by and between _____, a California corporation (the "Company") and _____ ("Employee") (jointly referred to as the "Parties" or individually referred to as a "Party") as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated _____, 20__ (the "Severance Pay Agreement") in connection with Employee's employment with the Company;

WHEREAS, Employee's right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee's right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee's execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee's adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee's employment with the Company terminated at the close of business on [_____] (the "Separation Date"). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term "affiliate" as used herein shall include, without limitation, such Person's parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released

under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of [_____], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of [_____], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of

action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee's employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree

that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false

when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification. Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement (“Arbitrable Dispute”), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial**. Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action (“Class Action Waiver”). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”), copies of which are available at www.jamsadr.com; tel: 800.352.5267 and www.adr.org; tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator; provided, however, that if Employee is the party initiating the claim, Employee will contribute an

amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys' fees and pay any costs that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys' fees and costs, or if there is a written agreement providing for attorneys' fees and/or costs, the Arbitrator may award reasonable attorney's fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies and this Agreement shall be canceled and the Company shall have no obligation under Section

14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. **Notices.** Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]
Attn: [TO COME]

With a copy to:
Attn: [TO COME]

To Employee: _____

17. **Voluntary Waiver and Release of ADEA Claims.** Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act ("ADEA"), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee's personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee's decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company's Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. **Section 409A.** All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted

in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company's property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee's continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee's good-faith disclosure to any governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other

documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: _____

DATED: _____

Employee acknowledges that Employee first received this Agreement on [date].

**SEMPRA
SEVERANCE PAY AGREEMENT**

THIS AGREEMENT (this “Agreement”), dated as of January 1, 2025 (the “Effective Date”), is made by and between SEMPRA, a California corporation (“Sempra”), and Maryam S. Brown (the “Executive”).

WHEREAS, the Executive is currently employed by Sempra or another corporation or trade or business which is a member of a Controlled Group of Corporations (Sempra and such other controlled group members, collectively, the “Company”);

WHEREAS, Sempra and the Executive desire to enter into this Agreement as may be restated from time to time in order to provide reasonable assurances to the Executive and maintain a constructive relationship following the termination of Executive’s employment with Company; and

WHEREAS, the Board of Directors of Sempra (the “Board”) or an authorized committee thereof has authorized the terms of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, Sempra and the Executive hereby agree as follows:

Section 1. Definitions. For purposes of this Agreement, the following capitalized terms have the meanings set forth below:

“AAA” has the meaning assigned thereto in Section 13(c) hereof.

“Accounting Firm” has the meaning assigned thereto in Section 8(e) hereof.

“Accrued Obligations” means the sum of (a) the Executive’s Annual Base Salary through the Date of Termination to the extent not theretofore paid, (b) an amount equal to any annual Incentive Compensation Awards earned with respect to fiscal years ended prior to the year that includes the Date of Termination to the extent not theretofore paid, (c) any accrued and unpaid vacation, and (d) reimbursement for unreimbursed business expenses, if any, properly incurred by the Executive in the performance of the Executive’s duties in accordance with Company policies applicable to the Executive from time to time, in each case to the extent not theretofore paid.

“Affiliate” has the meaning set forth in Rule 12b-2 promulgated under the Exchange Act.

“Annual Base Salary” means the Executive’s annual base salary from the Company.

“Asset Purchaser” has the meaning assigned thereto in Section 16(e).

“Asset Sale” has the meaning assigned thereto in Section 16(e).

“Average Annual Bonus” means the average of the annual bonuses from the Company earned by the Executive with respect to the three (3) fiscal years of Sempra ending immediately preceding the Date of Termination (the “Bonus Fiscal Years”); *provided, however*, that, if the Executive was employed by the Company for less than three (3) Bonus Fiscal Years, “Average Annual Bonus” means the average of the annual bonuses (if any) from the Company earned by the Executive with respect to the Bonus Fiscal Years during which the Executive was employed by the Company; and, *provided, further*, that, if the Executive was not employed by the Company during any of the Bonus Fiscal Years, “Average Annual Bonus” means zero (\$0).

“Cause” means:

(a) Prior to a Change in Control, (i) the Executive’s willful failure to substantially perform the Executive’s job duties, (ii) Executive’s grossly negligent performance of the Executive’s duties, (iii) the Executive’s gross insubordination; (iv) the Executive’s commission of one or more acts of significant dishonesty or moral turpitude (including but not limited to criminal acts involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise; and/or (v) the Executive’s serious violation of a material policy of Sempra or its Affiliates that is applicable to the Executive. For purposes of clause (i) of this subsection (a), no act, or failure to act, on the Executive’s part shall be deemed “willful” if due to the Executive’s incapacity due to physical or mental illness, or if the Executive acted in good faith and with reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(g)), (i) the Executive’s willful and continued failure to substantially perform the Executive’s duties with the Company (other than any such failure resulting from the Executive’s incapacity due to physical or mental illness or other than any such actual or anticipated failure after the issuance by the Executive of a Notice of Termination for Good Reason pursuant to Section 2 hereof and after the Company’s cure period relating to the event on which Good Reason is based, if any and if applicable, has expired) and/or (ii) the Executive’s commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony involving one or more acts of moral turpitude) which have or result in an adverse effect on the Company, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i) of this subsection (b), no act, or failure to act, on the Executive’s part shall be deemed “willful” unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interests of the Company. Notwithstanding the foregoing, the Executive shall not be deemed terminated for Cause pursuant to clause (i) of this subsection (b) unless and until the Executive shall have been provided with reasonable notice of and, if possible, a reasonable opportunity to cure the facts and circumstances claimed to provide a basis for termination of the Executive’s employment for Cause.

“Change in Control” shall be deemed to have occurred on the date that a change in the ownership of Sempra, a change in the effective control of Sempra, or a change in the ownership of a substantial portion of assets of Sempra occurs (each, as defined in subsection (a) below), except as otherwise provided in subsections (b), (c) and (d) below:

(a) (i) a “change in the ownership of Sempra” occurs on the date that any one Person, or more than one Person acting as a Group, acquires ownership of stock of Sempra that, together with stock held by such Person or Group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of Sempra,

(ii) a “change in the effective control of Sempira” occurs only on either of the following dates:

(1) the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) ownership of stock of Sempira possessing thirty percent (30%) or more of the total voting power of the stock of Sempira, or

(2) the date a majority of the members of the Board is replaced during any twelve (12) month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of appointment or election, and

(iii) a “change in the ownership of a substantial portion of assets of Sempira” occurs on the date any one Person, or more than one Person acting as a Group, acquires (or has acquired during the twelve (12) month period ending on the date of the most recent acquisition by such Person or Persons) assets from Sempira that have a total gross fair market value equal to or more than eighty-five percent (85%) of the total gross fair market value of all of the assets of Sempira immediately before such acquisition or acquisitions.

(b) A “change in the ownership of Sempira” or “a change in the effective control of Sempira” shall not occur under clause (a)(i) or (a)(ii) by reason of any of the following:

(i) an acquisition of ownership of stock of Sempira directly from Sempira or its Affiliates other than in connection with the acquisition by Sempira or its Affiliates of a business,

(ii) a merger or consolidation which would result in the voting securities of Sempira outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company, at least sixty percent (60%) of the combined voting power of the securities of Sempira or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or

(iii) a merger or consolidation effected to implement a recapitalization of Sempira (or similar transaction) in which no Person is or becomes the “beneficial owner” (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of Sempira (not including the securities beneficially owned by such Person any securities acquired directly from Sempira or its Affiliates other than in connection with the acquisition by Sempira or its Affiliates of a business) representing twenty percent (20%) or more of the combined voting power of Sempira’s then outstanding securities.

(c) A “change in the ownership of a substantial portion of assets of Sempira” shall not occur under clause (a)(iii) by reason of a sale or disposition by Sempira of the assets of Sempira to an entity, at least sixty percent (60%) of the combined voting power of the voting securities of which are owned by shareholders of Sempira in substantially the same proportions as their ownership of Sempira immediately prior to such sale.

(d) This definition of “Change in Control” shall be limited to the definition of a “change in control event” with respect to the Executive and relating to Sempira under Treasury Regulation Section 1.409A-3(i)(5). A Change in Control shall only occur if there is a Change in Control (as determined by the definition of Change in Control of this Agreement without regard

to this subsection (d)) and a “change in control event” relating to Sempra under Treasury Regulation Section 1.409A-3(i)(5) with respect to the Executive.

“Change in Control Date” means the date on which a Change in Control occurs.

“COBRA” means coverage required by Section 4980B of the Code.

“COBRA Premium” means, with respect to the type and level of coverage provided to the Executive and his/her dependents pursuant to COBRA, the employer-paid portion of the monthly premium for such coverage as applicable for similarly-situated active employees.

“Code” means the Internal Revenue Code of 1986, as amended.

“Compensation Committee” means the compensation committee (however designated) of the Board.

“Consulting Payment” has the meaning assigned thereto in Section 14(e) hereof.

“Consulting Period” has the meaning assigned thereto in Section 14(f) hereof.

“Continued Benefits” has the meaning assigned thereto in Section 5(d) hereof.

“Controlled Group of Corporations” means a group of companies within the meaning of Section 414(b) or (c) of the Code) of which Sempra is a component member, determined by applying an ownership threshold of 50%.

“Date of Termination” has the meaning assigned thereto in Section 2(b) hereof.

“Disability” has the meaning set forth in the long-term disability plan or its successor maintained by the Company entity that is the employer of the Executive; *provided, however*, that the Executive’s employment hereunder may not be terminated by reason of Disability unless (a) at the time of such termination there is no reasonable expectation that the Executive will return to work within the next ninety (90) day period and (b) such termination is permitted by all applicable disability laws.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the applicable rulings and regulations thereunder.

“Excise Tax” has the meaning assigned thereto in Section 8(a) hereof.

“Good Reason” means:

(a) Prior to a Change in Control, the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) the assignment to the Executive of any duties materially inconsistent with the range of duties and responsibilities appropriate to an executive of comparable rank within the Company (such range determined by reference to past, current and reasonable practices within the Company);

(ii) a material reduction in the Executive's overall standing and responsibilities within the Company, not including a mere change in title or a transfer within the Company, which change in title or transfer does not adversely affect the Executive's overall status within the Company in any material respect;

(iii) a material reduction by the Company in the Executive's aggregate annualized compensation and benefits opportunities, except for across-the-board reductions (or modifications of benefit plans) similarly affecting all similarly situated executives of the Company of comparable rank with the Executive;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

(b) From and after a Change in Control (or in connection with a termination occurring pursuant to Section 5(g)), the occurrence of any of the following without the prior written consent of the Executive, unless such act or failure to act is corrected by the Company prior to the Date of Termination specified in the Notice of Termination (as required under Section 2 hereof):

(i) an adverse change in the Executive's title, authority, duties, responsibilities or reporting lines as in effect immediately prior to the Change in Control;

(ii) a reduction by the Company in the Executive's aggregate annualized compensation opportunities, except for across-the-board reductions in base salaries, annual bonus opportunities or long-term incentive compensation opportunities of less than ten percent (10%) similarly affecting all similarly situated executives (including, if applicable, of the Person then in control of Sempra) of comparable rank with the Executive; or the failure by the Company to continue in effect any material benefit plan in which the Executive participates immediately prior to the Change in Control, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan, or the failure by the Company to continue the Executive's participation therein (or in such substitute or alternative plan) on a basis not materially less favorable, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants, as existed at the time of the Change in Control;

(iii) the relocation of the Executive's principal place of employment immediately prior to the Change in Control Date (the "Principal Location") to a location which is both further away from the Executive's residence and more than thirty (30) miles from such Principal Location, or the Company's requiring the Executive to be based anywhere other than such Principal Location (or permitted relocation thereof), or a substantial increase in the Executive's business travel obligations outside of the Southern California area as of immediately prior to the Change in Control (without regard to any changes therein in anticipation of the Change in Control) other than any such increase that (A) arises in connection with extraordinary business activities of the Company of limited duration and (B) is understood not to be part of the Executive's regular duties with the Company;

(iv) the failure by the Company to pay to the Executive any portion of the Executive's current compensation and benefits or any portion of an installment of deferred compensation under any deferred compensation program of the Company within thirty (30) days of the date such compensation is due;

(v) any purported termination of the Executive's employment that is not effected pursuant to a Notice of Termination satisfying the requirements of Section 2 hereof;

(vi) the failure by Sempra to perform its obligations under Section 16(c) or (d) hereof;

(vii) the failure by the Company to provide the indemnification and D&O insurance protection Section 10 of this Agreement requires it to provide; or

(viii) the failure by Sempra (or any of the entities comprising the Company, as applicable) to comply with any material provision of this Agreement.

Following a Change in Control, the Executive's determination that an act or failure to act constitutes Good Reason shall be presumed to be valid unless such determination is deemed to be unreasonable by an arbitrator pursuant to the procedure described in Section 13 hereof. The Executive's right to terminate the Executive's employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder.

"Group" shall have the meaning of such term as used in Rule 13d-5(b)(1) promulgated under the Exchange Act.

"Incentive Compensation Awards" means awards granted under Incentive Compensation Plans providing the Executive with the opportunity to earn, on a year-by-year basis, annual and long-term incentive compensation.

"Incentive Compensation Plans" means annual incentive compensation plans and long-term incentive compensation plans of the Company, which long-term incentive compensation plans may include plans offering stock options, restricted stock, units and other long-term incentive compensation.

“Involuntary Termination” means (a) the Executive’s Separation from Service by reason other than for Cause, death, Disability, or Mandatory Retirement, or (b) the Executive’s Separation from Service by reason of resignation of employment for Good Reason.

“JAMS” has the meaning assigned thereto in Section 13(c) hereof.

“Mandatory Retirement” means termination of employment pursuant to the Company’s mandatory retirement policy.

“Medical Continuation Benefits” has the meaning assigned thereto in Section 4(c) hereof.

“Notice of Termination” has the meaning assigned thereto in Section 2(a) hereof.

“Payment” has the meaning assigned thereto in Section 8(a) hereof.

“Payment in Lieu of Notice” has the meaning assigned thereto in Section 2(b) hereof.

“Person” means any individual, corporation, partnership limited liability company, estate, trust, or other entity, including a “Group”.

“Post-Change in Control Severance Payment” has the meaning assigned thereto in Section 5 hereof.

“Pre-Change in Control Severance Payment” has the meaning assigned thereto in Section 4 hereof.

“Principal Location” has the meaning assigned thereto in clause (b)(iii) of the definition of Good Reason, above.

“Proprietary Information” has the meaning assigned thereto in Section 14(a) hereof.

“Pro Rata Bonus” means a severance amount equal to the greater of (a) the Executive’s Target Bonus as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, or (b) the Executive’s Average Annual Bonus, multiplied by a fraction, (X) the numerator of which shall be the number of days from the beginning of such fiscal year to and including the Date of Termination and (Y) the denominator of which shall be three hundred sixty-five (365).

“Release” has the meaning assigned thereto in Section 4 hereof. The Release is not a condition of employment or continued employment or a condition of receiving a raise or a bonus.

“Release Requirements” has the meaning assigned thereto in Section 4 hereof.

“Section 409A Payments” means any payments under this Agreement which are subject to Section 409A of the Code.

“Sempra Control Group” means Sempra and all Persons with whom Sempra would be considered a single employer under Section 414(b) or (c) of the Code, as determined from time to time.

“Separation from Service” has the meaning set forth in Treasury Regulation Section 1.409A-1(h).

“SERP” has the meaning assigned thereto in Section 5(b) hereof.

“Specified Employee” shall be determined in accordance with Section 409A(a)(2)(B)(i) of the Code and Treasury Regulation Section 1.409A-1(i).

“Target Bonus” means, for any year, the target annual bonus from the Company that may be earned by the Executive for such year (regardless of the actual annual bonus earned, if any); *provided, however*, that if, as of the Date of Termination, a target annual bonus has not been established for the Executive for the year in which the Date of Termination occurs, the “Target Bonus” as of the Date of Termination shall be equal to the target annual bonus, if any, for the immediately preceding fiscal year of Sempra.

For purposes of this Agreement, references to any “Treasury Regulation” shall mean such Treasury Regulation as in effect on the date hereof.

Section 2. Notice and Date of Termination.

(a) Any termination of the Executive’s employment by the Company or by the Executive shall be communicated by a written notice of termination to the other party (the “Notice of Termination”). Where applicable, the Notice of Termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated. Unless the Board or a committee thereof, in writing, provides a longer notice period, a Notice of Termination by the Executive alleging a termination for Good Reason must be made within one hundred eighty (180) days of the act or failure to act that the Executive alleges to constitute Good Reason.

(b) The date of the Executive’s termination of employment with the Company (the “Date of Termination”) shall be determined as follows: (i) if the Executive’s Separation from Service is at the volition of the Company, then the Date of Termination shall be the date specified in the Notice of Termination (which, in the case of a termination by the Company other than for Cause, shall not be less than two (2) weeks from the date such Notice of Termination is given unless the Company elects to pay the Executive, in addition to any other amounts payable hereunder, an amount (the “Payment in Lieu of Notice”) equal to two (2) weeks of the Executive’s Annual Base Salary in effect on the Date of Termination), and (ii) if the Executive’s Separation from Service is by the Executive for Good Reason, the Date of Termination shall be determined by the Executive and specified in the Notice of Termination, but in no event be less than fifteen (15) days nor more than sixty (60) days after the date such Notice of Termination is given. The Payment in Lieu of Notice shall be paid on such date as is required by law, but no later than thirty (30) days after the date of the Executive’s Separation from Service.

Section 3. Termination from the Board. Upon the termination of the Executive's employment for any reason, the Executive's membership on the Board, the board of directors of any Affiliates of Semptra, any committees of the Board and any committees of the board of directors of any of the Affiliates of Semptra, if applicable, shall be automatically terminated and the Executive agrees to promptly take any and all actions (including resigning) required by Semptra or any of its Affiliates to evidence and effect such termination of membership.

Section 4. Severance Benefits upon Involuntary Termination Prior to Change in Control. Except as provided in Sections 5(g) and 19(i) hereof, in the event of the Involuntary Termination of the Executive prior to a Change in Control, Semptra shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the "Pre-Change in Control Severance Payment") equal to one-half (0.5) times the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination plus (Y) an amount equal to the greater of (I) his/her Average Annual Bonus or (II) the Target Bonus in effect on the Date of Termination. In addition to the Pre-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 4(a) through (e). The Company's obligation to pay the Pre-Change in Control Severance Payment or provide the benefits set forth in Section 4(c), (d) and (e) is subject to and conditioned upon the Executive's satisfaction of the Release Requirements. The Pre-Change in Control Severance Payment shall be paid on the sixtieth (60th) day (or if the sixtieth (60th) day falls on a weekend or banking holiday, the next succeeding business day) after the date of the Involuntary Termination (the "Payment Date"), *provided* that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Pre-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 4(c), (d) or (e) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. The "Release Requirements" will be satisfied if, on the Payment Date, the Executive has executed a release of all claims substantially in the form attached hereto as Exhibit A (the "Release"), the revocation period required by applicable law has expired, and the Executive has not revoked the Release and the Release is effective. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Pre-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Semptra (and in no event shall the Executive be able to elect the date of payment). If the period in which the Release Requirements could be satisfied spans more than one taxable year, then the Pre-Change in Control Severance Payment shall not be made until the later taxable year.

(a) **Accrued Obligations.** The Company shall pay the Executive a lump sum amount in cash equal to Accrued Obligations within the time prescribed by law.

(b) **Equity-Based Compensation.** The Executive shall retain all rights to any equity-based compensation awards to the extent set forth in the applicable plan and/or award agreement.

(c) **Welfare Benefits.** Subject to the terms and conditions of this Agreement, if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, then the Executive (and the Executive's dependents who have elected COBRA coverage) shall be provided with group medical benefits as required by COBRA ("Medical Continuation Benefits") on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Medical Continuation Benefits shall be provided for a period of up to six (6) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if

the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 4(c) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 4(c) past the maximum COBRA coverage period, Semptra may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5). Notwithstanding the foregoing, if Semptra determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Semptra or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Semptra shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Semptra or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 4(c) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(d) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of eighteen (18) months following the date of the Involuntary Termination, in an aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(e) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of eighteen (18) months following the Date of Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial planning services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

Section 5. Severance Benefits upon Involuntary Termination in Connection with and after Change in Control.

Notwithstanding the provisions of Section 4 above, and except as provided in Section 19(i) hereof, in the event of the Involuntary Termination of the Executive on or within two (2) years following a Change in Control, in lieu of the payments described in Section 4 above, Semptra shall, or shall cause one of its Affiliates that is the employer of the Executive to, pay the Executive, in one lump sum cash payment, an amount (the “Post-Change in Control Severance Payment”) equal to (a) the Pro Rata Bonus plus (b) the sum of (X) the Executive’s Annual Base Salary as in effect immediately prior to the Change in Control or on the Date of Termination, whichever is greater, plus (Y) an amount equal to the greater of (I) the Executive’s Target Bonus determined immediately prior to the Change in Control or the Date of Termination, whichever is greater and (II) the Executive’s Average Annual Bonus. In addition to the Post-Change in Control Severance Payment, the Executive shall be entitled to the following additional benefits specified in Section 5(a) through (f). The Company’s obligation to pay the Post-Change in Control Severance Payment or provide the benefits set forth in Section 5(b), (c), (d), (e), and (f) is subject to and conditioned upon the Executive’s satisfaction of the Release Requirements. Except as provided in Section 5(g), the Post-Change in Control Severance Payment and the payments under Section 5(b) shall be paid on the Payment Date provided that the Release Requirements are satisfied on or before the Payment Date and remain satisfied on the Payment Date. If the Release Requirements are not satisfied on the Payment Date, no Post-Change in Control Severance Payment shall be paid hereunder and none of the benefits described in Section 5(b), (c), (d), (e) or (f) shall be provided, and the Executive shall have no right to the Pre-Change in Control Severance Payment or the applicable benefits. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the Post-Change in Control Severance Payment or the applicable benefits that are not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Semptra (and in no event shall the Executive be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the Post-Change in Control Severance Payment and applicable benefits shall not be made until the later taxable year.

(a) Accrued Obligations. The Company shall pay the Executive a lump sum amount in cash equal to the Accrued Obligations within the time required by law and, to the extent applicable, in accordance with the applicable plan, policy or arrangement pursuant to which such payments are to be made.

(b) Pension Supplement. The Executive shall be entitled to receive a “Supplemental Retirement Benefit” under the Semptra Supplemental Executive Retirement Plan, as in effect from time to time (“SERP”), determined in accordance with this Section 5(b), in the event that the Executive is a “Participant” (as defined in the SERP) as of the Date of Termination. Such Supplemental Retirement Benefit shall be determined by crediting the Executive with additional months of “Service” (as defined in the SERP) (if any) equal to the number of full calendar months from the Date of Termination to the date on which the Executive would have attained age sixty-two (62). The Executive shall be entitled to receive such Supplemental Retirement Benefit without regard to whether the Executive has attained age fifty-five (55) or completed five (5) years of Service as of the Date of Termination. The Executive shall be treated as qualified for “Retirement” (as defined in the SERP) as of the Date of Termination, and the Executive’s “Vesting Factor” with respect to the Supplemental Retirement Benefit shall be one hundred percent (100%). The Executive’s Supplemental Retirement Benefit shall be calculated based on the Executive’s actual age as of the date of commencement of payment of such Supplemental Retirement Benefit (the “SERP Distribution Date”), and by applying the applicable early retirement factors under the SERP, if the Executive has not attained age sixty-two (62) but has attained age fifty-five (55) as of the SERP Distribution Date. If the Executive has not attained age fifty-five (55) as of the SERP Distribution Date, the Executive’s Supplemental Retirement Benefit shall be calculated by applying the applicable early retirement

factor under the SERP for age fifty-five (55), and the Supplemental Retirement Benefit otherwise payable at age fifty-five (55) shall be actuarially adjusted to the Executive's actual age as of the SERP Distribution Date using the following actuarial assumptions: (i) the applicable mortality table promulgated by the Internal Revenue Service under Section 417(e)(3) of the Code, as in effect on the first (1st) day of the calendar year in which the SERP Distribution Date occurs, and (ii) the applicable interest rate promulgated by the Internal Revenue Service under Section 417(e)(3) of the Code for the November next preceding the first day of the calendar year in which the SERP Distribution Date occurs. The Executive's Supplemental Retirement Benefit shall be determined in accordance with this Section 5(b), notwithstanding any contrary provisions of the SERP and, to the extent subject to Section 409A of the Code, shall be paid in accordance with Treasury Regulation Section 1.409A-3(c)(1). The Supplemental Retirement Benefit paid to or on behalf of the Executive in accordance with this Section 5(b) shall be in full satisfaction of any and all of the benefits payable to or on behalf of the Executive under the SERP.

(c) Equity-Based Compensation. Notwithstanding the provisions of any applicable equity-based compensation plan or award agreement to the contrary, all equity-based Incentive Compensation Awards (including, without limitation, stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance share awards, and dividend equivalents) held by the Executive shall immediately vest and become exercisable or payable, as the case may be, as of the Date of Termination, to be exercised or paid, as the case may be, in accordance with the terms of the applicable Incentive Compensation Plan and Incentive Compensation Award agreement, and any restrictions on any such Incentive Compensation Awards shall automatically lapse; *provided, however*, that, in the case of any stock option or stock appreciation rights awards that remain outstanding on the Date of Termination, such stock options and stock appreciation rights shall remain exercisable until the earlier of (i) the later of eighteen (18) months following the Date of Termination or the period specified in the applicable Incentive Compensation Award agreement or (ii) the expiration of the original term of such Incentive Compensation Award (or, if earlier, the tenth (10th) anniversary of the original date of grant) (it being understood that all Incentive Compensation Awards shall remain outstanding and exercisable for a period that is no less than that provided for in the applicable agreement in effect as of the date of grant).

(d) Welfare Benefits. Subject to the terms and conditions of this Agreement, the Executive and the Executive's dependents shall be provided with life, disability, accident and Medical Continuation Benefits (which benefits are collectively referred to herein as "Continued Benefits") which are substantially similar to those provided to the Executive and the Executive's dependents immediately prior to the date of Involuntary Termination or the Change in Control Date, whichever is more favorable to the Executive; *provided, however*, that the Medical Continuation Benefits shall be provided pursuant to this Section 5(d) only if the Executive (and, to the extent applicable, his/her eligible dependents) is eligible to and elects COBRA coverage in connection with the Executive's Involuntary Termination, the Medical Continuation Benefits shall be provided in accordance with COBRA, and the Medical Continuation Benefits shall be provided on substantially the same terms and conditions and at the same cost to the Executive as apply to similarly-situated active employees of the Company for the same type and level of coverage. The Continued Benefits shall be provided for a period of up to twelve (12) months following the date of the Involuntary Termination (and up to an additional twelve (12) months if the Executive provides consulting services under Section 14(f) hereof); *provided, however*, that (i) the Medical Continuation Benefits (including any Medical Continuation Benefits that are provided pursuant to this Section 5(d) for periods after the maximum COBRA coverage period) shall be provided on the same terms and conditions that apply to COBRA coverage (including termination thereof), (ii) if the Medical Continuation Benefits are to be provided pursuant to this Section 5(d) past the maximum COBRA coverage period, Sempra may, in its sole discretion, provide or cause to be provided to the Executive, in lieu of the Medical Continuation Benefits for

any period in excess of the maximum COBRA coverage period, a taxable monthly cash payment in an amount equal to the COBRA Premium, and (iii) the Medical Continuation Benefits shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(a)(5) and the Continued Benefits will be provided in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, if Semptra determines in its sole discretion that the Medical Continuation Benefits cannot be provided without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act) or that the provision of Medical Continuation Benefits under this Agreement would subject Semptra or any of its Affiliates to a material tax or penalty, (A) the Executive shall be provided, in lieu thereof, with a taxable monthly payment in an amount equal to the COBRA Premium or (B) Semptra shall have the authority to amend the Agreement to the limited extent reasonably necessary to avoid such violation of law or tax or penalty and shall use all reasonable efforts to provide the Executive with a comparable benefit that does not violate applicable law or subject Semptra or any of its Affiliates to such tax or penalty. Any Medical Continuation Benefits provided pursuant to this Section 5(d) shall be co-extensive with (and not in addition to) any benefits to which the Executive (and the Executive's covered dependents) may be entitled under COBRA or similar provisions of applicable state law.

(e) Outplacement Services. The Executive shall receive reasonable outplacement services, on an in-kind basis, suitable to the Executive's position and directly related to the Executive's Involuntary Termination, for a period of twenty-four (24) months following the date of Involuntary Termination (but in no event beyond the last day of the Executive's second (2nd) taxable year following the Executive's taxable year in which the Involuntary Termination occurs), in the aggregate amount of cost to the Company not to exceed \$50,000. Notwithstanding the foregoing, the Executive shall cease to receive outplacement services on the date the Executive accepts employment with a subsequent employer. Such outplacement services shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(9)(v)(A).

(f) Financial Planning Services. The Executive shall receive financial planning services, on an in-kind basis, for a period of twenty-four (24) months following the date of Involuntary Termination. Such financial planning services shall include expert financial and legal resources to assist the Executive with financial planning needs and shall be limited to (i) current investment portfolio management, (ii) tax planning, (iii) tax return preparation, and (iv) estate planning advice and document preparation (including wills and trusts); *provided, however*, that the Company shall provide such financial services during any taxable year of the Executive only to the extent the cost to the Company for such taxable year does not exceed \$25,000. The Company shall provide such financial planning services through a financial planner selected by the Company, and shall pay the fees for such financial planning services. The financial planning services provided during any taxable year of the Executive shall not affect the financial planning services provided in any other taxable year of the Executive. The Executive's right to financial planning services shall not be subject to liquidation or exchange for any other benefit. Such financial planning services shall be provided in a manner that complies with Section 1.409A-3(i)(1)(iv).

(g) Involuntary Termination in Connection with a Change in Control. Notwithstanding anything contained herein, in the event of an Involuntary Termination prior to a Change in Control, if the Involuntary Termination (i) was at the request of a third party who has taken steps reasonably calculated to effect such Change in Control or (ii) otherwise arose in connection with or in anticipation of such Change in Control, then the Executive shall, in lieu of the payments described in Section 4 hereof, be entitled to the Post-Change in Control Severance Payment and the additional benefits described in this Section 5 as if such Involuntary Termination had occurred within two (2) years following the Change in Control. The amounts specified in Section 5 that are to be paid under this Section 5(g) shall be reduced by any amount

previously paid under Section 4. The amounts to be paid under this Section 5(g) shall be paid within sixty (60) days after the Change in Control Date of such Change in Control unless otherwise required by Section 409A of the Code.

Section 6. Severance Benefits upon Termination by the Company for Cause or by the Executive Other than for Good Reason. If the Executive's employment shall be terminated for Cause, or if the Executive terminates employment other than for Good Reason, the Company shall have no further obligations to the Executive under this Agreement other than the pre-Change in Control Accrued Obligations and any amounts or benefits described in Section 10 hereof.

Section 7. Severance Benefits upon Termination due to Death or Disability. If the Executive has a Separation from Service by reason of death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, the Accrued Obligations and a severance amount equal to the Pro Rata Bonus (without regard to whether a Change in Control has occurred) and any amounts or benefits described in Section 10 hereof. Such payments shall be in addition to those rights and benefits to which the Executive or the Executive's estate may be entitled under the relevant Company plans or programs. The Company's obligation to pay the severance amount pursuant to this Section 7 is conditioned upon satisfaction of the Release Requirements by the Executive, the Executive's representative or the Executive's estate, as the case may be. The Accrued Obligations shall be paid within the time required by law and the severance amount payable pursuant to this Section 7 shall be paid on the Payment Date *provided* that the Release Requirements are satisfied on or prior to the Payment Date. If the Release Requirements are not satisfied on or prior to the Payment Date, no severance payment shall be provided hereunder and neither the Executive nor the Executive's estate, as the case may be, will have any right to the severance payment. If the Release Requirements are satisfied on a date prior to the Payment Date, any portion of the severance benefit pursuant to this Section 7 that is not subject to Section 409A of the Code can be paid on a date prior to the Payment Date, as determined in the sole discretion of Sempra (and in no event shall the Executive or the Executive's estate, as applicable, be able to elect the date of payment). If the period in which Release Requirements could be satisfied spans more than one taxable year, then the severance payment pursuant to this Section 7 shall not be made until the later taxable year.

Section 8. Limitation on Payments by the Company.

(a) Anything in this Agreement to the contrary notwithstanding and except as set forth in this Section 8 below, in the event it shall be determined that any payment or distribution "in the nature of compensation" (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise (the "Payment") would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code, (the "Excise Tax"), then, subject to Section 8(b), the Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall be reduced under this Section 8(a) to the amount equal to the Reduced Payment. For such Payment payable under this Agreement, the "Reduced Payment" shall be the amount equal to the greatest portion of the Payment (which may be zero (\$0)) that, if paid, would result in no portion of any Payment being subject to the Excise Tax.

(b) The Pre-Change in Control Severance Payment or the Post-Change in Control Severance Payment (whichever is applicable) payable under this Agreement shall not be reduced under Section 8(a) if:

Tax, or

(i) such reduction in such Payment is not sufficient to cause no portion of any Payment to be subject to the Excise

(ii) the Net After-Tax Unreduced Payments (as defined below) would equal or exceed one hundred five percent (105%) of the Net After-Tax Reduced Payments (as defined below).

For purposes of determining the amount of any Reduced Payment under Section 8(a), and the Net-After Tax Reduced Payments and the Net After-Tax Unreduced Payments, the Executive shall be considered to pay federal, state and local income and employment taxes at the Executive's applicable marginal rates taking into consideration any reduction in federal income taxes which could be obtained from the deduction of state and local income taxes, and any reduction or disallowance of itemized deductions and personal exemptions under applicable tax law). The applicable federal, state and local income and employment taxes and the Excise Tax (to the extent applicable) are collectively referred to as the "Taxes."

(c) For purposes of determining the amount of any Reduced Payment under this Section 8, the amount of any Payment shall be reduced in the following order:

(i) first, by reducing the amounts of parachute payments that would not constitute deferred compensation subject to Section 409A of the Code;

(ii) next, if after the reduction described in Section 8(c)(i), additional reductions are required, then by reducing the cash portion of the Payment that constitutes "deferred compensation" (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8; and

(iii) next, if after the reduction described in Section 8(c)(ii), additional reductions are required, then, by reducing the non-cash portion of the Payment that constitutes deferred compensation (within the meaning of Section 409A) subject to Section 409A, with the reductions to be applied first to the portion of the Payment scheduled for the latest distribution date, and then applied to distributions scheduled for progressively earlier distribution dates, to the extent necessary to decrease the Payment as required under this Section 8.

(d) The following definitions shall apply for purposes of this Section 8:

(i) "Net After-Tax Reduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are reduced pursuant to Section 8(a).

(ii) "Net After-Tax Unreduced Payments" shall mean the total amount of all Payments that the Executive would retain, on a Net After-Tax Basis, in the event that the Payments payable under this Agreement are not reduced pursuant to Section 8(a).

(iii) "Net After-Tax Basis" shall mean, with respect to the Payments, either with or without reduction under Section 8(a) (as applicable), the amount that would be retained by the Executive from such Payments after the payment of all Taxes.

(e) All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determinations, shall be made by a nationally recognized accounting firm as may be agreed by the Company and the Executive (the "Accounting Firm"); *provided*, that the Accounting Firm's determination shall be made based

upon “substantial authority” within the meaning of Section 6662 of the Code. The Accounting Firm shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive that there has been a Payment or such earlier time as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Executive. For purposes of determining whether and the extent to which the Payments will be subject to the Excise Tax, (i) no portion of the Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a “payment” within the meaning of Section 280G(b) of the Code shall be taken into account, (ii) no portion of the Payments shall be taken into account which, in the written opinion of the Accounting Firm, does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Payments shall be taken into account which, in the opinion of the Accounting Firm, constitutes “reasonable compensation” for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Payments shall be determined by the Accounting Firm in accordance with the principles of Section 280G(d)(3) and (4) of the Code.

Section 9. Delayed Distribution under Section 409A of the Code. Notwithstanding any other provision of this Agreement to the contrary, if the Executive is a Specified Employee on the date of the Executive’s Involuntary Termination (or on the date of the Executive’s Separation from Service by reason of Disability), the Section 409A Payments which are payable upon Separation from Service shall be delayed to the extent necessary in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, and such delayed payments or benefits shall be paid or distributed to the Executive during the thirty (30) day period commencing on the earlier of (a) the expiration of the six (6) month period measured from the date of the Executive’s Separation from Service or (b) the date of the Executive’s death. Upon the expiration of the applicable six (6) month period, all payments deferred pursuant to this Section 9 (excluding in-kind benefits) shall be paid in a lump sum payment to the Executive, plus interest thereon from the date of the Executive’s Involuntary Termination through the payment date at an annual rate equal to Moody’s Rate. The “Moody’s Rate” shall mean the average of the daily Moody’s Corporate Bond Yield Average – Monthly Average Corporates as published by Moody’s Investors Service, Inc. (or any successor) for the month next preceding the Date of Termination. Any remaining payments due under the Agreement shall be paid as otherwise provided herein.

Section 10. Nonexclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, plan, program, policy or practice provided by the Company and for which the Executive may qualify (except with respect to any benefit to which the Executive has waived the Executive's rights in writing), including, without limitation, any and all indemnification arrangements in favor of the Executive (whether under agreements or under the Company's charter documents, bylaws, or otherwise), and insurance policies covering the Executive, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any other contract or agreement entered into after the Effective Date with the Company. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any benefit, plan, policy, practice or program of, or any contract or agreement entered into with, the Company shall be payable in accordance with such benefit, plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement. At all times during the Executive's employment with the Company and thereafter, the Company shall provide (to the extent permissible under applicable law) the Executive with indemnification and D&O insurance insuring the Executive against insurable events which occur or have occurred while the Executive was a director or officer of the Company, that with respect to such insurance is on terms and conditions that, to the extent reasonably practical, are at least as generous as that then currently provided to any other similarly situated current or former director or officer of the Company or any Affiliate. Such indemnification and D&O insurance shall be provided in a manner that complies with Treasury Regulation Section 1.409A-1(b)(10).

Section 11. Clawbacks. Notwithstanding anything herein to the contrary, (a) if Sempra determines prior to a Change in Control, in its good faith judgment, that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra's common equity or pursuant to any formal policy of Sempra, or (b) if an arbitrator or court determines following a Change in Control that the Executive is required to forfeit or to make any repayment of any compensation or benefit(s) to the Company under the Sarbanes-Oxley Act of 2002 or pursuant to the Dodd Frank Wall Street Reform and Consumer Protection Act or any other law or listing standards of the national securities exchange that maintains the principal listing for any class of Sempra's common equity, such forfeiture or repayment shall not constitute Good Reason.

Section 12. Full Settlement; Mitigation. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others, provided that nothing herein shall preclude the Company from separately pursuing recovery from the Executive based on any such claim. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts (including amounts for damages for breach) payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced whether or not the Executive obtains other employment.

Section 13. Dispute Resolution and Arbitration.

(a) If any dispute arises between the Executive and Sempra or any of its Affiliates, including, but not limited to, disputes relating to or arising out of this Agreement, disputes relating to or arising out of the Executive's employment and/or the termination thereof, and/or disputes regarding the interpretation, enforceability, or validity of this Agreement ("Arbitrable Dispute"), the Executive and Sempra mutually agree to waive their respective rights to resolution of disputes through litigation in a judicial forum and agree to resolve any Arbitrable Dispute through **final and binding arbitration** as set forth below, except as prohibited by law.

Arbitration shall be the exclusive remedy for any Arbitrable Dispute. Accordingly, this agreement to arbitrate applies with respect to all Arbitrable Disputes, whether initiated by Executive or Semptra. Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration and not by way of court or jury trial. **Semptra and the Executive waive any right to a jury trial or a court bench trial.**

- (b) Semptra and the Executive agree to bring any dispute in arbitration in an individual capacity only:

Semptra and the Executive hereby waive any right for any dispute to be brought, maintained, heard, decided or arbitrated as a class and/or collective action and the arbitrator will have no authority to hear or preside over any such action ("Class Action Waiver"). The Executive understands and agrees that the Executive and Semptra are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, the Executive and Semptra (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 ("PAGA"), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether the Executive has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, "Representative PAGA Waiver"). Notwithstanding any other provision of this agreement to arbitrate or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the Representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

- (c) Arbitration shall take place at the office of JAMS (or, if the Executive is employed outside of California, the American Arbitration Association ("AAA")) nearest to the location where the Executive last worked for the Company. Except to the extent it conflicts with the rules and procedures set forth in this Agreement, arbitration shall be conducted in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect ("JAMS Rules") (if the Executive is employed outside of California, the AAA Employment Arbitration Rules & Mediation Procedures ("AAA Rules")), copies of which are available at www.jamsadr.com; tel: 800.352.5267 and www.adr.org; tel: 800.778.7879, before a single experienced, neutral employment arbitrator selected in accordance with those rules.

- (d) Semptra will be responsible for paying any filing fee and the fees and costs of the arbitrator. However, the Executive will be responsible for contributing up to any amount equal to the filing fee that would be paid to initiate the claim in a court of general jurisdiction in the state in which the Executive is employed, unless a lower fee amount would be owed by the Executive pursuant to the JAMS Rules (or AAA rules, as applicable) or applicable law. Subject to Section 15 of this Agreement, each party shall pay its own attorneys' fees and pay any costs

that are not unique to arbitration (i.e., costs that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.). However, subject to Section 15 of this Agreement, if any party prevails on a statutory claim that authorizes an award of attorneys' fees to the prevailing party, or if there is a written agreement providing for attorneys' fees, the arbitrator may award reasonable attorneys' fees to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(e) The arbitrator shall apply the Federal Rules of Evidence, shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party, and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by an arbitrator may be entered in any court of competent jurisdiction. The arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claims. Semptra and the Executive recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and shall govern the interpretation or enforcement of this Agreement or any arbitration award.

(f) If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court.

Section 14. Executive's Covenants.

(a) Confidentiality. The Executive acknowledges that in the course of the Executive's employment with the Company, the Executive has acquired non-public privileged or confidential information and trade secrets concerning the operations, future plans and methods of doing business ("Proprietary Information") of Semptra and its Affiliates; and the Executive agrees that it would be extremely damaging to Semptra and its Affiliates if such Proprietary Information were disclosed to a competitor of Semptra and its Affiliates or to any other Person. The Executive understands and agrees that all Proprietary Information has been divulged to the Executive in confidence and further understands and agrees to keep all Proprietary Information secret and confidential (except for such information which is or becomes publicly available other than as a result of a breach by the Executive of this provision or information the Executive is required by law or any governmental, administrative or court order to disclose) without limitation in time. In view of the nature of the Executive's employment and the Proprietary Information the Executive has acquired during the course of such employment, the Executive likewise agrees that Semptra and its Affiliates would be irreparably harmed by any disclosure of Proprietary Information in violation of the terms of this Section 14(a) and that Semptra and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(a) and to any other relief available to them. Inquiries regarding whether specific information constitutes Proprietary Information shall be directed to the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer); *provided*, that the Company shall not unreasonably classify information as Proprietary Information.

(b) Governmental Reporting. Nothing in this Agreement is intended to interfere with or discourage the Executive's good faith disclosure related to a suspected violation of federal or state law or regulation to any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. The Executive cannot and will not be held criminally or civilly liable under any federal or state trade secret law for disclosing otherwise protected trade secrets and/or confidential or proprietary information so long as the disclosure is made in (i) confidence to a federal, state, or local government official, directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) a complaint or other document filed in a lawsuit or other proceeding, so long as such filing is made under seal. The Company will not retaliate against the Executive in any way for a disclosure made pursuant to this Section 14(b). Further, in the event the Executive makes such a disclosure, and files a lawsuit against the Company alleging that the Company retaliated against the Executive because of the disclosure, the Executive may disclose the relevant trade secret or confidential information to the Executive's attorney, and may use the same in the court proceeding only if (X) the Executive ensures that any court filing that includes the trade secret or confidential information at issue is made under seal; and (Y) the Executive does not otherwise disclose the trade secret or confidential information except as required by court order.

(c) Non-Solicitation of Employees. The Executive recognizes that the Executive possesses and will possess confidential information about other employees of Semptra and its Affiliates relating to their education, experience, skills, abilities, compensation and benefits, and inter-personal relationships with customers of Semptra and its Affiliates. The Executive recognizes that the information the Executive possesses and will possess about these other employees is not generally known, is of substantial value to Semptra and its Affiliates in developing their business and in securing and retaining customers, and has been and will be acquired by the Executive because of the Executive's business position with Semptra and its Affiliates. The Executive agrees that at all times during the Executive's employment with the Company and for a period of one (1) year thereafter, the Executive will not use such information to directly or indirectly solicit or recruit any employee of the Company or its Affiliates for the purpose of being employed by the Executive or by any competitor of the Company or its Affiliates on whose behalf the Executive is acting as an agent, representative or employee and that the Executive will not convey any such confidential information or trade secrets about other employees of Semptra and its Affiliates to any other Person; *provided, however*, that it shall not constitute a solicitation or recruitment of employment in violation of this Section 14(c) to discuss employment opportunities with any employee of the Company or its Affiliates who has either first contacted the Executive or regarding whose employment the Executive has discussed with and received the written approval of the Company's most senior officer of Human Resources (or, if such position is vacant, the Company's then Chief Executive Officer), prior to making such solicitation or recruitment. In view of the nature of the Executive's employment with the Company, the Executive likewise agrees that Semptra and its Affiliates would be irreparably harmed by any solicitation or recruitment in violation of the terms of this Section 14(c) and that Semptra and its Affiliates shall therefore be entitled to preliminary and/or permanent injunctive relief prohibiting the Executive from engaging in any activity or threatened activity in violation of the terms of this Section 14(c) and to any other relief available to them.

(d) Survival of Provisions. The obligations contained in Section 14(a), (b) and (c) above shall survive the termination of the Executive's employment within the Company and shall be fully enforceable thereafter to the same extent that it was enforceable prior to such termination. If it is determined by a court of competent jurisdiction in any state that any restriction in Section 14(a) or (c) above is excessive in duration or scope or is unreasonable or unenforceable under the laws of that state, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the law of that state.

(e) Consulting Payment. In the event of the Executive's Involuntary Termination, if (i) the Executive reconfirms and agrees to abide by the covenants described in Section 14(a) and (c) above, (ii) the Release Requirements are satisfied by the Payment Date, and (iii) the Executive agrees to provide the consulting services described in Section 14(f) below, then in consideration for such covenants and consulting services, the Company shall pay the Executive, in one (1) cash lump sum, an amount (the "Consulting Payment") in cash equal to the sum of (X) the Executive's Annual Base Salary as in effect on the Date of Termination, plus (Y) the greater of the Executive's Average Annual Bonus or the Executive's Target Bonus on the Date of Termination. If the requirements of this Section 14(e) are satisfied, the Consulting Payment shall be paid during the thirty (30) day period commencing on the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation from Service or (ii) the date of the Executive's death.

(f) Consulting. If the Executive agrees to the provisions of Section 14(e) above, then the Executive shall have the obligation to provide consulting services to the Company as an independent contractor, commencing on the Date of Termination and ending on the second (2nd) anniversary of the Date of Termination (the "Consulting Period"). The Executive shall hold himself available at reasonable times and on reasonable notice to render such consulting services as may be so assigned to the Executive by the Board or the Company's then Chief Executive Officer; *provided, however*, that unless the parties otherwise agree, the consulting services rendered by the Executive during the Consulting Period shall not exceed twenty (20) hours each month; and, *provided, further*, that the consulting services rendered by the Executive during the Consulting Period shall in no event exceed twenty percent (20%) of the average level of services performed by the Executive for the Company over the thirty-six (36) month period immediately preceding the Executive's Separation from Service (or the full period of services to the Company, if the Executive has been providing services to the Company for less than thirty-six (36) months). The Company agrees to use its best efforts during the Consulting Period to secure the benefit of the Executive's consulting services so as to minimize the interference with the Executive's other activities, including requiring the performance of consulting services at the Company's offices only when such services may not be reasonably performed off-site by the Executive.

Section 15. Legal Fees

(a) Reimbursement of Legal Fees. Subject to Section 15(b), in the event of the Executive's Separation from Service either (i) prior to a Change in Control, or (ii) on or within two (2) years following a Change in Control, the Company shall reimburse the Executive for all legal fees and expenses (including but not limited to fees and expenses in connection with any legal proceeding) incurred by the Executive in disputing any issue arising under this Agreement relating to the Executive's Separation from Service or in seeking to obtain or enforce any benefit or right provided by this Agreement.

(b) Requirements for Reimbursement. The Company shall reimburse the Executive's legal fees and expenses pursuant to Section 15(a) above only to the extent the arbitrator or court determines (i) in the case of Section 15(a)(ii) that the Executive had a reasonable basis for such claim and (ii) in the case of Section 15(a)(i) that the Executive disputed such issue, or sought to obtain or enforce such benefit or right, in good faith, the Executive had a reasonable basis for such claim, and the Executive is the prevailing party. In addition, the Company shall reimburse such legal fees and expenses, in each case only if such legal fees and expenses are incurred during the twenty (20) year period beginning on the date of the Executive's Separation from Service. The legal fees and expenses paid to the Executive for any taxable year of the Executive shall not affect the legal fees and expenses paid to the Executive for any other taxable year of the Executive. The legal fees and expenses shall be paid to the Executive as soon as practicable following the date on which documentation relating to the

incurred expenses is provided by the Executive to the Company; provided, however, that any such reimbursement shall occur on or before the last day of the Executive's taxable year following the taxable year in which the fees or expenses are determined to be payable pursuant to this Agreement. The Executive's right to reimbursement of legal fees and expenses shall not be subject to liquidation or exchange for any other benefit. Such right to reimbursement of legal fees and expenses shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv).

Section 16. Successors.

(a) Assignment by the Executive. This Agreement is personal to the Executive and without the prior written consent of Sempra shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) Successors and Assigns of Sempra. This Agreement shall inure to the benefit of and be binding upon Sempra and its successors and assigns. Sempra may not assign this Agreement to any Person (except for a successor described in Section 16(c), (d) or (e) below) without the Executive's written consent.

(c) Assumption. Sempra shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of Sempra to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities of this Agreement in the same manner and to the same extent that Sempra would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement if no such succession had taken place, and Sempra shall have no further obligations and liabilities under this Agreement. Upon such assumption, references to Sempra in this Agreement shall be replaced with references to such successor.

(d) Sale of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra that is a member of the Sempra Control Group, (ii) Sempra, directly or indirectly through one or more intermediaries, sells or otherwise disposes of such subsidiary, and (iii) such subsidiary ceases to be a member of the Sempra Control Group, then if, on the date such subsidiary ceases to be a member of the Sempra Control Group, the Executive continues in employment with such subsidiary and the Executive does not have a Separation from Service, Sempra shall require such subsidiary or any successor (whether direct or indirect, by purchase merger, consolidation or otherwise) to such subsidiary, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that Sempra would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if such subsidiary had not ceased to be part of the Sempra Control Group, and, upon such assumption, Sempra shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra in this Agreement shall be replaced with references to such subsidiary, or such successor or parent thereof, assuming this Agreement, and subsection (b) of the definition of "Cause" and subsection (b) of the definition of "Good Reason" shall apply thereafter, as if a Change in Control had occurred on the date of such cessation.

(e) Sale of Assets of Subsidiary. In the event that (i) the Executive is employed by a direct or indirect subsidiary of Sempra, and (ii) such subsidiary sells or otherwise disposes of substantial assets of such subsidiary to an unrelated service recipient, as determined under Treasury Regulation Section 1.409A-1(f)(2)(ii) (the "Asset Purchaser"), in a transaction described in Treasury Regulation Section 1.409A-1(h)(4) (an "Asset Sale"), then if, on the date of such Asset Sale, the Executive becomes employed by the Asset Purchaser, Sempra and the Asset Purchaser may specify, in accordance with Treasury Regulation Section 1.409A-1(h)(4),

that the Executive shall not be treated as having a Separation from Service, and in such event, Sempra may require such Asset Purchaser, or the parent thereof, to assume expressly and agree to perform the obligations and satisfy and discharge the liabilities under this Agreement in the same manner and to the same extent that the Company would have been required to perform the obligations and satisfy and discharge the liabilities under this Agreement, if the Asset Sale had not taken place, and, upon such assumption, Sempra shall have no further obligations and liabilities under the Agreement. Upon such assumption, references to Sempra in this Agreement shall be replaced with references to the Asset Purchaser or the parent thereof, as applicable, and subsection (b) of the definition of “Cause” and subsection (b) of the definition of “Good Reason” shall apply thereafter, as if a Change in Control had occurred on the date of the Asset Sale.

Section 17. Administration Prior to Change in Control. Prior to a Change in Control, the Compensation Committee shall have full and complete authority to construe and interpret the provisions of this Agreement, to determine an individual’s entitlement to benefits under this Agreement, to make in its sole and absolute discretion all determinations contemplated under this Agreement, to investigate and make factual determinations necessary or advisable to administer or implement this Agreement, and to adopt such rules and procedures as it deems necessary or advisable for the administration or implementation of this Agreement. All determinations made under this Agreement by the Compensation Committee shall be final, conclusive and binding on all interested Persons. Prior to a Change in Control, the Compensation Committee may delegate responsibilities for the operation and administration of this Agreement to one or more officers or employees of the Company. The provisions of this Section 17 shall terminate and be of no further force and effect upon the occurrence of a Change in Control.

Section 18. Compliance with Section 409A of the Code. All payments and benefits payable under this Agreement (including, without limitation, the Section 409A Payments) are intended to comply with the requirements of Section 409A of the Code. Certain payments and benefits payable under this Agreement are intended to or may be exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code, the Treasury Regulations thereunder and other guidance of general applicability. If the Company determines that any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code do not comply with Section 409A of the Code, the Treasury Regulations thereunder and other applicable authority issued by the Internal Revenue Service, to the extent permitted under Section 409A of the Code, the Treasury Regulations thereunder and any other applicable guidance, the Company and the Executive agree to amend this Agreement, or take such other actions as the Company and the Executive deem reasonably necessary or appropriate, to cause such compensation, benefits and other payments to comply with the requirements of Section 409A of the Code, the Treasury Regulations thereunder and other applicable guidance, while providing compensation, benefits and other payments that are, in the aggregate, no less favorable than the compensation, benefits and other payments provided under this Agreement. In the case of any compensation, benefits or other payments that are payable under this Agreement and intended to comply with Section 409A of the Code, if any provision of the Agreement would cause such compensation, benefits or other payments to fail to so comply, such provision shall not be effective and shall be null and void with respect to such compensation, benefits or other payments to the extent such provision would cause a failure to comply, and such provision shall otherwise remain in full force and effect.

Section 19. Miscellaneous.

(a) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California, without reference to its principles of conflict

of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. Except as provided herein, the Agreement may not be amended, modified, repealed, waived, extended or discharged except by an agreement in writing signed by the parties hereto. No Person, other than pursuant to a resolution of the Board or a committee thereof, shall have authority on behalf of Semptra to agree to amend, modify, repeal, waive, extend or discharge any provision of this Agreement or anything in reference thereto.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party, by a reputable overnight carrier or by registered or certified mail, return receipt requested, postage prepaid, addressed, in the case of the Company, to Semptra's headquarters attention the most senior officer of Human Resources with a copy to the General Counsel or in the case of the Executive, the home address of the Executive on file with the Company, or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notices and communications shall be effective when actually received by the addressee.

(c) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) Taxes. The Company may withhold from any amounts payable under this Agreement such federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason, or the right of the Company to terminate the Executive's employment for Cause shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) Entire Agreement; Exclusive Benefit; Supersession of Prior Agreement. This Agreement contains the entire agreement of the Executive, the Company or any predecessor or subsidiary thereof with respect to any severance or termination pay. The Pre-Change in Control Severance Payment, the Post-Change in Control Severance Payment and all other benefits provided hereunder shall be in lieu of any other severance payments to which the Executive is entitled under any other severance plan or program or arrangement sponsored by the Company, as well as pursuant to any individual employment or severance agreement that was entered into by the Executive and the Company, and, upon the Effective Date of this Agreement, all such plans, programs, arrangements and agreements other than agreements to arbitrate disputes with the Company, to the extent in conflict with this Agreement, are hereby automatically superseded and terminated. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement.

(g) No Right of Employment. Nothing in this Agreement shall be construed as giving the Executive any right to be retained in the employ of the Company or shall interfere in any way with the right of the Company to terminate the Executive's employment at any time, with or without Cause.

(h) Unfunded Obligation. The obligations under this Agreement shall be unfunded. Benefits payable under this Agreement shall be paid from the general assets of the Company. The Company shall have no obligation to establish any fund or to set aside any assets to provide benefits under this Agreement.

(i) Termination upon Sale of Assets of Subsidiary. Notwithstanding anything contained herein, this Agreement shall automatically terminate and be of no further force and effect and no benefits shall be payable hereunder in the event that (i) the Executive is employed by a direct or indirect subsidiary of Semptra, (ii) an Asset Sale (as defined in Section 16(e)) occurs (other than such a sale or disposition which is part of a transaction or series of transactions which would result in a Change in Control), and (iii) as a result of such Asset Sale, the Executive is offered employment by the Asset Purchaser in an executive position with reasonably comparable status, compensation, benefits and severance agreement (including the assumption of this Agreement in accordance with Section 16(e)) and which is consistent with the Executive's experience and education, but the Executive declines to accept such offer and the Executive fails to become employed by the Asset Purchaser on the date of the Asset Sale.

(j) Term. The term of this Agreement shall commence on the Effective Date and shall continue until the third (3rd) anniversary of the Effective Date; *provided, however*, that commencing on the second (2nd) anniversary of the Effective Date (and each anniversary of the Effective Date thereafter), the term of this Agreement shall automatically be extended for one (1) additional year, unless at least ninety (90) days prior to such date, the Company or the Executive shall give written notice to the other party that it or he, as the case may be, does not wish to so extend this Agreement. Notwithstanding the foregoing, if the Company gives such written notice to the Executive (i) at a time when Semptra is a party to an agreement that, if consummated, would constitute a Change in Control or (ii) less than two (2) years after a Change in Control, the term of this Agreement shall be automatically extended until the later of (X) the date that is one (1) year after the anniversary of the Effective Date that follows such written notice or (Y) the first day of the calendar month following the second (2nd) anniversary of the Change in Control Date.

(k) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Executive and, pursuant to due authorization from its Board of Directors, Sempra have caused this Agreement to be executed as of the day and year first above written.

SEMPRA

/s/ Karen L. Sedgwick

Karen L. Sedgwick
Executive Vice President and Chief Financial Officer

1/22/2025

Date

EXECUTIVE

/s/ Maryam S. Brown

Maryam S. Brown
Chief Executive Officer and President
Southern California Gas Company

1/22/2025

Date

SEPARATION AGREEMENT AND GENERAL RELEASE

This SEPARATION AGREEMENT AND GENERAL RELEASE (the “Agreement”), is made by and between _____, a California corporation (the “Company”) and _____ (“Employee”) (jointly referred to as the “Parties” or individually referred to as a “Party”) as of the Effective Date (as defined below).

WHEREAS, Employee was employed by the Company as an at-will employee;

WHEREAS, Employee and the Company previously entered into that certain Severance Pay Agreement dated _____, 20__ (the “Severance Pay Agreement”) in connection with Employee’s employment with the Company;

WHEREAS, Employee’s right to receive certain severance pay and benefits pursuant to the terms of the Severance Pay Agreement is subject to and conditioned upon Employee’s execution [and non-revocation] of a general release of claims Employee has or may have against the Company Releasees (as defined below); and

WHEREAS, Employee’s right to receive the Consulting Payment provided pursuant to Section 14(e) of the Severance Pay Agreement is subject to and conditioned upon Employee’s execution [and non-revocation] of a general release of claims by Employee against the Company Releasees and Employee’s adherence to the covenants described under Section 14 of the Severance Pay Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

1. Separation Date. Employee’s employment with the Company terminated at the close of business on [_____] (the “Separation Date”). Employee has received his/her final wages through the Separation Date, less deductions required by law, including any accrued but unused vacation, in accordance with applicable law. Employee has also been reimbursed for any outstanding employment-related expenses that were incurred and submitted consistent with Company policy. This Agreement is not a condition of employment or continued employment or a condition of receiving a raise or a bonus. On the Separation Date, Employee will be deemed to have resigned from all positions that he/she holds with the Company and its affiliates, and Employee will promptly execute any instrument reasonably requested by the Company or any of its affiliates to effectuate or commemorate such resignation. The term “affiliate” as used herein shall include, without limitation, such Person’s parent companies, divisions and subsidiaries, whether or not specified.

2. Severance Benefits. In exchange for Employee entering into this Agreement and not revoking it, and for the covenants and releases contained herein, the Company will provide Employee with the severance benefits described below. Employee acknowledges that the amounts and benefits set forth in this Section 2 as well as any benefits and claims not released

under Section 4(b), fully satisfy any entitlement Employee may have to any payments or benefits from the Company through the Separation Date, including under the Severance Pay Agreement. Employee further acknowledges that no part of the severance payments described in this Section 2 consist of wages owed to Employee for his/her employment through the Separation Date.

(a) [The Company will pay Employee a lump sum payment of [_____], less applicable withholdings, pursuant to Section [4/5] of the Severance Pay Agreement. Pursuant to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), payment will be made on the earlier of (i) the date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death.

(b) The Company will pay Employee a lump sum payment of [_____], less applicable withholdings, which is equal to the Consulting Payment set forth in Section 14(e) of the Severance Pay Agreement. Such payment will be made during the thirty (30) day period commencing on the earlier of (i) a date that is six (6) months and one (1) day after the Separation Date; and (ii) the date of Employee’s death

(c) The Company will also provide Employee with the severance benefits set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement. For the avoidance of doubt, the value of the services set forth in Sections 4(c), (d) and (e) of the Severance Pay Agreement shall not be subject to liquidation or exchange for any other benefit.]

3. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payments and any other consideration provided to Employee or made on Employee’s behalf under the terms of this Agreement. Employee agrees and understands that Employee is responsible for payment, if any, of local, state, and/or federal taxes on the payments and any other consideration provided hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company and its affiliates harmless from any claims, demands, deficiencies, penalties, interest, assessments, executions, judgments, or recoveries by any government agency against the Company or any of its affiliates for any amounts claimed due on account of (a) Employee’s failure to pay or delayed payment of federal or state taxes, or (b) damages sustained by the Company or any of its affiliates by reason of any such claims, including reasonable attorneys’ fees and costs

4. Release of Claims. As a material inducement for the payment of the severance and benefits of the Severance Pay Agreement, and except as otherwise provided in this Agreement, Employee, on behalf of him/herself and on behalf of his/her heirs, family members, executors, agents and assigns, hereby irrevocably and unconditionally releases, acquits and forever discharges the Company Releasees from any and all Claims he/she has or may have. For purposes of this Agreement and the preceding sentence, the words “Releasee” or “Releasees” and “Claim” or “Claims” shall have the meanings set forth below:

(a) “Company Releasees” shall refer to (i) the Company, (ii) each of the Company’s owners, stockholders, predecessors, successors, assigns, agents, directors, officers, employees, representatives, attorneys, advisors, and affiliates (including parent companies, divisions, and subsidiaries), (iii) agents, directors, officers, employees, representatives, attorneys and advisors of such affiliates (including parent companies, divisions, and subsidiaries), and (iv) all persons and entities acting by, through, under or in concert with any of them

(b) The words “Claim” or “Claims” shall refer to any charges, complaints, claims, liabilities, obligations, promises, agreements, controversies, damages, actions, causes of

action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, which Employee had or may have, own or hold against any of the Company Releasees through and including the Effective Date that in any way arise out of, relate to, or are in connection with Employee's employment relationship with the Company and its affiliates and the termination of that relationship, including, without limitation, all rights arising out of alleged violations of any contracts, express or implied, including the Severance Pay Agreement; any tort claim; any legal restrictions on the Company's right to terminate employment relationships; and any federal, state or other governmental statute, regulation, law or ordinance, including common law principles, governing the employment relationship including, without limitation, all laws and regulations prohibiting discrimination or harassment based on protected categories, and all laws and regulations prohibiting retaliation against employees, including retaliation for engaging in protected activity or legal off-duty conduct. This release does not extend to claims for workers' compensation or other claims which by law may not be waived or released by this Agreement, nor does it limit Employee's right to receive any vested payments or benefits to which he/she is entitled under any Company (including its affiliates) benefit plan (including, without limitation, any of the Company's (including its affiliates) qualified retirement plans or non-qualified deferred compensation plan), which payments or benefits will be paid or provided pursuant to the terms of the applicable governing documents.

5. Release of Unknown Claims. Employee expressly waives and relinquishes all rights and benefits afforded by any statute (including, but not limited to, Section 1542 of the Civil Code of the State of California and analogous laws of other states), which limits the effect of a release with respect to unknown claims. Employee does so understanding and acknowledging the significance of the release of unknown claims and the waiver of statutory protection against a release of unknown claims (including, but not limited to, Section 1542). Section 1542 of the Civil Code of the State of California states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

Thus, notwithstanding the provisions of Section 1542 or of any similar statute, and for the purpose of implementing a full and complete release and discharge of the Company Releasees, Employee expressly acknowledges that this Agreement is intended to include in its effect, without limitation, all Claims which are known and all Claims which Employee does not know or suspect to exist in Employee's favor at the time of execution of this Agreement and that this Agreement contemplates the extinguishment of all such Claims. Employee acknowledges that he/she might hereafter discover facts different from, or in addition to, those Employee now knows or believes to be true with respect to a Claim or Claims released herein, and they expressly agree to assume the risk of possible discovery of additional or different facts, and agree

that this Agreement shall be and remain effective, in all respects, regardless of such additional or different discovered facts.

6. Covenant Not to Sue. Employee agrees that Employee will not file any suit, claim, proceeding or complaint against any Company Releasees arising out of or in connection with any Claims released herein, except as required to enforce the terms of this Agreement. Employee's right to file or participate in an administrative claim or investigation by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency against the Company, which is guaranteed by law, cannot be and is not waived. However, to the extent permitted by law, and except as to Securities and Exchange Commission whistleblower awards, Employee agrees that if such an administrative claim is made against any Company Releasee(s) on Employee's behalf, Employee shall not be entitled to recover any individual monetary relief or other individual remedies beyond the separation benefits identified in this Agreement.

7. No Pending Lawsuits. Employee represents and warrants that Employee does not have any lawsuits, charges, claims, grievances, or actions of any kind pending against any Company Releasees arising out of or in connection with any Claims released herein, by or on behalf of Employee or on behalf of any other person or entity, and that, to the best of Employee's knowledge, Employee possess no such claims (including, but not limited to, under the Family and Medical Leave Act, the Age Discrimination in Employment Act, the California Family Rights Act, the Fair Labor Standards Act, the California Labor Code and/or workers' compensation claims). Employee further acknowledges that he/she is not aware of, or has fully disclosed to the Company, any information that could reasonably give rise to such a claim, cause of action, lawsuit or proceeding against any Company Releasee(s).

8. No Cooperation. Employee agrees that he/she will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any Company Releasee(s) arising out or in connection with any Claims released herein, unless under a subpoena or other court order to do so. Employee agrees to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish to the Company, within three (3) business days of its receipt, a copy of such subpoena or other court order.

9. Payment of Salary and Receipt of All Benefits. Employee acknowledges and represents that, except as provided in this Agreement, the Company has fully paid or provided Employee all salary, wages, bonuses, accrued vacation/paid time off, premiums, leaves, housing allowances, relocation costs, interest, severance, outplacement costs, fees, reimbursable expenses, commissions or other incentive compensation, stock, stock options, vesting, and any and all other benefits and compensation due to Employee. Employee specifically represents that Employee is not owed any further sum by way of reimbursement from the Company or any of its affiliates. To the extent Employee claims that additional wages are or may become owed to Employee, there is a good faith dispute based in law and fact over whether any wages in excess of the wages already paid to Employee are or will be due, and thus California Labor Code Section 206.5 is inapplicable.

10. Indemnification.

(a) As a further material inducement to the Company to enter into this Agreement, Employee hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by Employee or the fact that any representation made in this Agreement by Employee was false

when made. As a further material inducement to Employee to enter into this Agreement, the Company hereby agrees to indemnify and hold each of the Company Releasees harmless from all loss, costs, damages, or expenses, including without limitation, reasonable attorneys' fees incurred by the Company Releasees, arising out of any breach of this Agreement by the Company or the fact that any representation made in this Agreement by the Company was knowingly false when made.

(b) If Employee is a party or is threatened to be made a party to any proceeding by reason of the fact that Employee was an employee, officer or director of the Company or any of its affiliates, the Company shall indemnify and hold harmless Employee against any expenses (including reasonable attorneys' fees, *provided*, that counsel has been approved by the Company, which approval shall not be unreasonably withheld), judgments, fines, settlements and other amounts actually or reasonably incurred by Employee in connection with that proceeding, and *provided*, that Employee acted in good faith and in a manner Employee reasonably believed to be in the best interest of the Company. The limitations of Section 317 of the Corporations Code of the State of California shall apply to this assurance of indemnification. Notwithstanding the foregoing or any other provision contained herein, this Agreement shall not supersede or in any way limit any (i) indemnification arrangements in favor of the Employee under the Company's or any of its affiliates charter documents or bylaws or pursuant to any agreement between the Employee and the Company or any of the Company's affiliates or (ii) the provision of insurance against insurable events which occurred while the Executive was a director or officer of the Company, in each as provided by and subject to the limitations set forth in Section 10 of the Severance Pay Agreement.

11. No Admission of Liability.

The Parties understand and acknowledge that no action taken by either Party in connection hereto, either previously or in connection with this Agreement, shall be deemed or construed to be (i) an admission of the truth or falsity of any actual or potential claims, or (ii) an acknowledgement or admission by either Party of any fault or liability whatsoever to the other Party or to any third party. This Agreement shall not in any way be construed as an admission by the Company that it has acted wrongfully with respect to Employee or any other person or entity, or that Employee has any rights whatsoever against the Company, and the Company specifically disclaims any liability to or wrongful acts against Employee or any other person or entity, on the part of itself, its employees or its agents. This Agreement shall not in any way be construed as an admission by Employee that Employee has acted wrongfully with respect to the Company, or that Employee failed to perform Employee's duties or negligently performed or breached Employee's duties, or that the Company had good cause to terminate Employee's employment.

12. Cooperation in Litigation. Employee agrees to cooperate with the Company and its affiliates and their respective designated attorneys, representatives and agents in connection with any actual or threatened judicial, administrative or other legal or equitable proceeding in which the Company or any of the Company's affiliates is or may become involved. Upon reasonable notice, Employee agrees to meet with and provide to the Company and its affiliates and their respective designated attorneys, representatives or agents all information and knowledge Employee has relating to the subject matter of any such proceeding. The Company agrees to reimburse Employee for any reasonable costs Employee incurs in providing such cooperation.

13. Governing Law. This Agreement is entered into in [state] and, except as provided in this section, shall be governed by substantive [state] law.

14. Arbitration of Disputes. If any dispute arises between Employee and the Company relating to this Agreement, including any dispute regarding the interpretation, enforceability, or validity of this Agreement (“Arbitrable Dispute”), the Parties agree to resolve that Arbitrable Dispute through **final and binding** arbitration under this section. Employee also agrees to arbitrate any Arbitrable Dispute which also involves any other Company Releasee who offers or agrees to arbitrate the dispute under this section.

(a) Any Arbitrable Dispute will be decided by an arbitrator through individual arbitration, and **Employee and the Company waive any right to a jury trial or a court bench trial**. Employee and the Company also waive the right for any dispute to be brought, maintained, decided or arbitrated as a class and/or collective action and the arbitrator shall have no authority to hear or preside over any such action (“Class Action Waiver”). Further, Arbitrable Disputes must be brought in the individual capacity of the party asserting the claim, Employee and the Company are waiving the right to pursue or have a dispute resolved as a plaintiff or class member in any purported class, collective or representative proceeding. To the extent the Class Action Waiver is determined to be invalid, unenforceable, or void, any class and/or collective action must proceed in a court of law and not in arbitration.

Notwithstanding any other provision of this Agreement, to the fullest extent permitted by law, Employee and the Company (1) agree not to bring a representative action on behalf of others under the Private Attorneys General Act of 2004 (“PAGA”), California Labor Code § 2698 et seq., in any court or in arbitration, and (2) agree that, for any claim brought on a private attorney general basis, including under the California PAGA, any such dispute shall be resolved in arbitration on an individual basis only (i.e., to resolve whether Employee has personally been aggrieved or subject to any violations of law), and that such an action may not be used to resolve the claims or rights of other individuals in a single or collective proceeding (collectively, “Representative PAGA Waiver”). Notwithstanding any other provision of this arbitration agreement or the JAMS Rules, the scope, applicability, enforceability, revocability or validity of this Representative PAGA Waiver may be resolved only by a court of competent jurisdiction and not by an arbitrator. If any provision of this representative PAGA Waiver is found to be unenforceable or unlawful for any reason, the unenforceable provision shall be severed from this Dispute Resolution provision, and any such representative PAGA claims or other representative private attorneys general act claims must be litigated in a court of competent jurisdiction and not in arbitration. To the extent that there are any Arbitrable Disputes to be litigated in a court of competent jurisdiction because a court determines that the representative PAGA Waiver is unenforceable with respect to those disputes, the Parties agree that litigation of those Arbitrable Disputes shall be stayed pending the outcome of any individual disputes in arbitration.

(b) The Arbitration shall take place at the office of JAMS that is nearest to the location where Employee last worked for the Company in accordance with the JAMS Employment Arbitration Rules & Procedures then in effect (“JAMS Rules”) (or, if Employee is employed outside of California at the time of the termination of Employee’s employment, at the nearest location of the American Arbitration Association (“AAA”) and in accordance with the AAA Employment Arbitration Rules and Mediation Procedures then in effect (“AAA Rules”)), copies of which are available at www.jamsadr.com; tel: 800.352.5267 and www.adr.org; tel: 800.778.7879, before a single experienced employment arbitrator selected in accordance with those rules.

(c) The Arbitrator may not modify or change this Agreement in any way. The Company will be responsible for paying any filing fee and the fees and costs of the Arbitrator;

provided, however, that if Employee is the party initiating the claim, Employee will contribute an amount equal to the filing fee that would be paid to initiate a claim in the court of general jurisdiction in the state in which Employee is employed by the Company, unless a lower fee amount would be owed by Employee pursuant to the JAMS Rules (or AAA Rules, as applicable) or applicable law. Each Party shall pay for its own costs and attorneys' fees and pay any costs that are not unique to arbitration (i.e., cost that each party would incur if the claim(s) were litigated in a court, such as costs to subpoena witnesses and/or documents, take depositions and purchase deposition transcripts, copy documents, etc.), if any. However if any party prevails on a statutory claim which affords the prevailing party attorneys' fees and costs, or if there is a written agreement providing for attorneys' fees and/or costs, the Arbitrator may award reasonable attorney's fees and/or costs to the prevailing party, applying the same standards a court would apply under the law applicable to the claim.

(d) The Arbitrator shall apply the Federal Rules of Evidence and shall have the authority to entertain a motion to dismiss or a motion for summary judgment by any party and shall apply the standards governing such motions under the Federal Rules of Civil Procedure. The Arbitrator is required to issue a written award and opinion setting forth the essential findings and conclusions on which the award is based, and any judgment or award issued by the Arbitrator may be entered in any court of competent jurisdiction. The Arbitrator does not have the authority to consider, certify, or hear an arbitration as a class action, collective action, or any other type of representative action. In addition, unless all parties agree in writing otherwise, the Arbitrator shall not consolidate or join the arbitrations of one or more than one individual. Neither party may seek, nor may the Arbitrator award, any relief that is not individualized to the claimant or that affects other individuals. The Arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that Party's individual claims.

(e) Employee and the Company recognize that this agreement to arbitrate arises out of or concerns interstate commerce and that the Federal Arbitration Act shall govern the arbitration and the interpretation or enforcement of this section or any arbitration award. If a court decides that applicable law does not permit the enforcement of any of this section's limitations as to a particular claim or any particular remedy for a claim, then that claim or particular remedy (and only that claim or particular remedy) must be severed from the arbitration and may be brought in court. To the extent that the Federal Arbitration Act is inapplicable, California law pertaining to arbitration agreements shall apply. Arbitration in this manner shall be the exclusive remedy for any Arbitrable Dispute. Except as prohibited by the Age Discrimination in Employment Act of 1967, as amended, should Employee or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this section, the responding party will be entitled to recover from the initiating party all damages, expenses, and attorneys' fees incurred as a result of this breach. This Section 13 supersedes any existing arbitration agreement between the Company and Employee as to any Arbitrable Dispute (as defined herein). Notwithstanding anything in this Section 13 to the contrary, a claim for benefits under an Employee Retirement Income Security Act of 1974, as amended, covered plan shall not be an Arbitrable Dispute.

15. Effective Date. The Parties understand and agree that this Agreement is final and binding eight (8) days after its execution and return (the "Effective Date"). Should Employee nevertheless attempt to challenge the enforceability of this Agreement as provided in Section 13 or, in violation of that section, through litigation, as a further limitation on any right to make such a challenge, Employee shall initially tender to the Company, by certified check delivered to the Company, all monies received pursuant to Section 4 or 5 of the Severance Pay Agreement, as applicable, plus interest, and invite the Company to retain such monies and agree with Employee to cancel this Agreement and void the Company's obligations under the Severance Pay Agreement. In the event the Company accepts this offer, the Company shall retain such monies

and this Agreement shall be canceled and the Company shall have no obligation under Section 14(e) of the Severance Pay Agreement. In the event the Company does not accept such offer, the Company shall so notify Employee and shall place such monies in an interest-bearing escrow account pending resolution of the dispute between Employee and the Company as to whether or not this Agreement and the Company's obligations under the Severance Pay Agreement shall be set aside and/or otherwise rendered voidable or unenforceable. Additionally, any consulting agreement then in effect between Employee and the Company shall be immediately rescinded with no requirement of notice.

16. Notices. Any notices required to be given under this Agreement shall be delivered either personally or by first class United States mail, postage prepaid, addressed to the respective parties and shall be effective upon receipt as follows:

To Company: [TO COME]
Attn: [TO COME]

With a copy to:
Attn: [TO COME]

To Employee: _____

17. Voluntary Waiver and Release of ADEA Claims. Employee understands and acknowledges that Employee is waiving any rights Employee may have under the Age Discrimination in Employment Act ("ADEA"), and that this waiver and release is knowing and voluntary. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further understands and acknowledges that Employee has been given a period of twenty-one (21) days to review and consider this Agreement before signing it and may use as much of this twenty-one (21) period as Employee wishes prior to signing. In the event Employee signs this Agreement and returns it to the Company in less than the twenty-one (21)-day period identified above, Employee hereby acknowledges that Employee has freely and voluntarily chosen to waive the time period allotted for considering this Agreement, and that the Company has not promised Employee anything or made any representations not contained in this Agreement to induce Employee to sign this Agreement before the expiration of the twenty-one (21) day period. Employee is encouraged, at Employee's personal expense, to consult with an attorney before signing this Agreement. Employee understands and acknowledges that whether or not Employee does so is Employee's decision. Employee may revoke this Agreement within seven (7) days of signing it. If Employee wishes to revoke, the Company's Vice President, Human Resources must receive written notice from Employee no later than the close of business on the seventh (7th) day after Employee has signed the Agreement. If revoked, this Agreement shall not be effective and enforceable, and Employee will not receive payments or benefits under Section 4 or 5 of the Severance Pay Agreement, as applicable. The Parties agree that changes, whether material or immaterial, do not restart the running of the twenty-one (21)-day period described above.

18. Section 409A. All payments and benefits payable under this Agreement are intended to comply with the requirements of Section 409A of the Code. Notwithstanding the foregoing, certain payments and benefits payable under this Agreement are intended to be

exempt from the requirements of Section 409A of the Code. This Agreement shall be interpreted in accordance with the applicable requirements of, and exemptions from, Section 409A of the Code and the Treasury Regulations thereunder. To the extent the payments and benefits under this Agreement are subject to Section 409A of the Code, this Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Section 409A(a)(2), (3) and (4) of the Code and the Treasury Regulations thereunder. To the extent that any payments under this Agreement are subject to Section 409A of the Code, the provisions of Section 9 of the Severance Pay Agreement shall apply.

19. Return of Company Property. Employee represents and warrants that he/she has returned all of the Company's property, including all work in progress, files, photographs, notes, records, credit cards, keys, access cards, computers, and other Company or customer documents, products, or property that Employee has received in the course of his/her employment, or which reflect in any way any confidential or proprietary information of the Company. Employee also warrants that he has not downloaded or otherwise retained any information, whether in electronic or other form, belonging to the Company or derived from information belonging to the Company.

20. Confidential Information; Public Releases.

(a) Employee acknowledges and reaffirms Employee's continuing obligations under the Confidentiality Agreement. The Parties understand and agree that nothing in this Agreement is intended to interfere with or discourage Employee's good-faith disclosure to any governmental entity related to a reasonably suspected violation of the law or to prevent Employee from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that Employee has reason to believe is unlawful. The Parties further understand and agree that Employee cannot be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (a) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(b) The Parties understand and agree that the Company and its affiliates shall take any and all necessary or appropriate action to timely satisfy their respective reporting and disclosure obligations in connection with Employee's separation and this Agreement, including filing any requisite forms with the Securities and Exchange Commission ("SEC") and Employee will promptly provide any information reasonably requested by the Company or any of its affiliates in fulfilling any such reporting or disclosure obligations.

21. Entire Agreement. This Agreement constitutes the entire agreement of the parties hereto and supersedes any and all other agreements (except the Severance Pay Agreement and the Confidentiality Agreement) with respect to the subject matter of this Agreement, whether written or oral, between the Parties. Any prior agreements/provisions agreeing to arbitrate disputes with the Company shall remain in full force and effect and shall not be affected by this Agreement. All modifications and amendments to this Agreement must be in writing and signed by all Parties.

22. No Representation. The Parties represent and acknowledge that in executing this Agreement, neither is relying upon any representation or statement not set forth in this Agreement or the Severance Pay Agreement.

23. Take All Necessary Further Action. Each party agrees, without further consideration, to sign or cause to be signed, and to deliver to the other party, any other

documents and to take any other action as may be necessary to fulfill the obligations under this Agreement.

24. Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or application; and to this end the provisions of this Agreement are declared to be severable.

25. Counterparts. This Agreement may be executed in counterparts.

With the benefit of representation and advice of counsel, the Parties have read the foregoing Severance Agreement and General Release, and accept and agree to the provisions it contains and hereby execute it voluntarily and with full understanding of its consequences. The Parties acknowledge that they are receiving valuable consideration in exchange for the execution of this Agreement, to which they would not otherwise be entitled.

DATED: _____

DATED: _____

Employee acknowledges that Employee first received this Agreement on [date].

Insider Trading and Information Confidentiality Policy

Policy

The purpose of this policy is to maintain the confidentiality of Sempra's nonpublic information and nonpublic information about the companies Sempra does business with, and to promote compliance with securities laws.

Employees of Sempra and the Sempra Companies and members of Sempra's Board of Directors ("Directors") are obligated to maintain the confidentiality of nonpublic information regarding Sempra, the Sempra Companies and other companies doing business or involved in potential transactions with Sempra and the Sempra Companies that they obtain in the course of employment or service as a Director. They are prohibited from taking personal advantage of any such nonpublic information and from trading the securities of Sempra, any Sempra Company or any other company on the basis of material nonpublic information.

Confidentiality of Nonpublic Information

Nonpublic information regarding Sempra and the Sempra Companies is the property of Sempra and the Sempra Companies. It may be used only in connection with Sempra business and unauthorized disclosure is prohibited. Nonpublic information must not be publicly disclosed except by employees or Directors specifically authorized to do so. It should not be disclosed to anyone except to persons within Sempra and the Sempra Companies and advisors, in each case whose responsibilities require them to know the information. An employee of Sempra or a Sempra Company or a Director who receives any inquiry from outside Sempra or the Sempra Companies regarding nonpublic information should refer the inquiry to Sempra's Investor Relations or Corporate Communications Departments. These departments are responsible for coordinating and overseeing the release of information in compliance with applicable laws and corporate policies. These restrictions on the use and disclosure of nonpublic information also apply to nonpublic information about other companies that employees or Directors may obtain in the course of employment or service as a Director.

Trading Securities

Trading Restrictions

- **Insider Trading Prohibited**

All employees of Sempra and the Sempra Companies and Directors are prohibited, subject to the limited exceptions set forth in the Exceptions to Trading Prohibitions section, from buying or selling (which includes gifting) any securities of such companies while having knowledge of material nonpublic information relating to such companies. They are also prohibited from buying or selling (which includes gifting) the securities of any other company while having knowledge of material nonpublic information regarding such other company that they have obtained in the course of employment or service as a Director. These prohibitions also apply to family members living in the same household as such employee or Director as well as entities controlled by such employee or Director. These trades violate not only corporate policy, but also insider trading laws that impose both civil and criminal penalties, including severe financial sanctions and possible

imprisonment, upon violators. In addition, employees and Directors who provide material nonpublic information to others who trade may themselves be liable for unlawful trading. Sempra officers and Directors are prohibited from pledging any securities of Sempra or the Sempra Companies.

- **Hedging and Speculative Trading Prohibited**

All employees of Sempra and the Sempra Companies and Directors are prohibited from purchasing financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds), or otherwise engaging in transactions, that hedge or offset, or are designed to hedge or offset, any decrease in the market value of any equity security of Sempra or any Sempra Company, whether granted to the employee or Director as part of their compensation or held directly or indirectly by the employee or Director. They are also prohibited from selling “short” any securities of such companies. These prohibitions also apply to family members living in the same household as such employee or Director as well as entities directly or indirectly controlled by such employee or Director.

- **Gifting**

In connection with its December 2022 adoption of amendments to the rules governing exempt trading plans (as discussed in the Exempt Trading Plans section), the U.S. Securities and Exchange Commission (“SEC”) took the position that a gift of securities could be viewed as a sale subject to the rules governing insider trading. As a result, in circumstances when the donor was aware of material nonpublic information about the issuer of the securities at the time of the gift of such securities, there could be a violation of insider trading laws if the donor knew or was reckless in not knowing that the donee would sell the securities prior to the disclosure of such material nonpublic information. In light of this new guidance, gifting of the securities of Sempra or any Sempra Company may not occur (i) when the donor is aware of material nonpublic information about the issuer of the securities and, (ii) with respect to Directors and employees subject to blackout periods as described in the Blackout Period Trading Prohibited section, during any such blackout period. These prohibitions also apply to family members living in the same household as such employee or Director as well as entities directly or indirectly controlled by such employee or Director.

Blackout Period Trading Prohibited

In addition to complying with the trading prohibitions set forth in the Trading Restrictions section, and subject to the limited exceptions set forth in the Exceptions to Trading Prohibitions section, Directors and certain designated employees who routinely have nonpublic information regarding Sempra’s quarterly financial results are prohibited from buying or selling (which includes gifting) any securities of Sempra or the Sempra Companies during a quarterly blackout period. The quarterly blackout period begins on the twentieth day of the last month of each calendar quarter and ends after the second, full trading day following Sempra’s public release of financial results for that quarter or the year then ended. Trading during a quarterly blackout period is prohibited for:

- All Sempra officers and Directors
- The CEO, President, and Principal Accounting, Financial and Legal officers of each principal Sempra Company
- Designated Accounting, Corporate Communications, Finance, Investor Relations and Legal Department employees
- Additional individuals designated by Sempra's Chief Accounting, Financial or Legal officers

Employees and Directors who are subject to quarterly blackout period trading prohibitions will be advised in writing of the applicability of these prohibitions on a quarterly basis. During quarterly blackout periods, Sempra will not allow "cashless exercises" of stock options for employees and Directors subject to blackout period trading prohibitions except pursuant to pre-existing trading plans meeting the exemption requirements of the Exempt Trading Plans section.

In extraordinary circumstances, Sempra's General Counsel or Chief Legal Officer may waive the blackout period trading prohibitions of this section (but not the prohibitions of the Trading Restrictions section) upon individual employee or Director request.

From time to time, Sempra's General Counsel, Chief Legal Officer, or Associate General Counsel, in consultation with Sempra's Chief Executive or Financial Officer, may determine to impose a blackout period applicable to certain select individuals upon the occurrence of events that are material to Sempra or the Sempra Companies and are known by only certain employees or Directors. The restrictions on "cashless exercises" of stock options described above would apply during these periods. Any employee or Director subject to an event-specific blackout period must not communicate its existence to any other person.

Trading Consultation Required for Sempra Officers and Directors

In addition to complying with the trading prohibitions set forth in the Trading Restrictions section and the Blackout Period Trading Prohibited section, Sempra officers and Directors and CEOs of the principal Sempra Companies are required to consult with Sempra's General Counsel, Chief Legal Officer, or Associate General Counsel before buying, selling or otherwise transferring (including by gift or through a transfer into or out of a trust) any securities of Sempra or any of the Sempra Companies and before establishing any trading plan as described under the Exempt Trading Plans section below.

In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with the individual, and any action on the part of Sempra, Sempra's General Counsel, Chief Legal Officer, Associate General Counsel or any other employee pursuant to this policy (or otherwise) does not in any way insulate an individual from liability under applicable securities laws or being in breach of this policy.

Exceptions to Trading Prohibitions

- Certain Benefit Plan and Other Transactions

The trading prohibitions set forth in the Insider Trading Prohibited section and the Blackout Period Trading Prohibited section do not apply to ongoing purchases under

employee savings plans resulting from periodic contributions to the plans pursuant to payroll deduction elections and through ongoing dividend reinvestment. However, they do apply to (i) increases and decreases in savings plan contributions, (ii) transfers of savings plan investments into and out of the Semptra common stock fund, (iii) elections to borrow against an employee's savings plan account if the loan will result in a liquidation of some or all of the employee's Semptra common stock fund balance, and (iv) elections to pre-pay a savings plan loan if the pre-payment will result in allocation of loan proceeds to the Semptra common stock fund. Semptra offers a direct stock purchase plan that is available to the public, including employees of Semptra and the Semptra Companies. The trading prohibitions described in this policy apply to direct stock purchase plan transactions in the same manner as they apply to any transactions in securities of Semptra or a Semptra Company held by an individual directly or in an individual's brokerage account.

The trading prohibitions set forth in the Insider Trading Prohibited section and the Blackout Period Trading Prohibited section also do not apply to direct purchases from or sales to Semptra, including purchases of shares upon exercise of stock options and the withholding of shares by Semptra to which the participant would otherwise be entitled upon vesting to pay the applicable withholding taxes. However, they do apply to other sales of shares purchased upon exercise of stock options (including "cashless exercises" of stock options) and other sales of shares issued upon the vesting of any restricted stock units.

- Exempt Trading Plans

The SEC has adopted a rule that provides an affirmative defense from insider trading liability for buying or selling (which includes gifting) securities pursuant to a pre-existing contract, instruction or written plan that meets the requirements of the rule. The trading prohibitions of the Insider Trading Prohibited section and the Blackout Period Trading Prohibited section do not apply to trades under a plan that meets the requirements of the SEC rule and any additional requirements of this section.

An employee or Director may enter into an exempt trading plan only at a time when he or she does not have knowledge of material nonpublic information regarding Semptra or the Semptra Companies or any other company whose securities are to be traded. In addition, as a matter of company policy, employees and Directors who are subject to the blackout period trading prohibitions of the Blackout Period Trading Prohibited section may not enter into an exempt trading plan during any such blackout period.

To meet exemption requirements, the trading plan must either specify the amount, pricing and timing of trading transactions in advance or delegate discretion on these matters to an independent third party. Once an exempt trading plan is adopted, the employee or Director must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. An exempt trading plan must not effect trades of the securities subject to the plan until (a) if the plan is adopted by a Director or executive officer of Semptra, the later of (i) 90 days after its adoption, and (ii)

two business days following the disclosure of Sempra's financial results in a Form 10-K or Form 10-Q for the quarter in which the plan was adopted, and (b) if the plan is adopted by any other person subject to this policy, 30 days after its adoption (the "cooling off period").

Subject to certain limited exceptions, no person subject to this policy may have more than one exempt trading plan in effect at the same time, or more than one exempt trading plan effecting a single open-market trade in any 12-month period (the "overlapping trading plan restrictions"). One such exception allows for more than one exempt trading plan to be in effect at the same time if all trades under the earlier-commencing plan will have been completed and the cooling off period for the later-commencing plan (assuming such period begins upon completion of all trades under the earlier-commencing plan) will have elapsed before trades commence under the later-commencing plan.

An exempt trading plan may be cancelled or revoked at any time. However, to continue to meet SEC requirements, an exempt trading plan cannot be amended in any manner that affects the amount, pricing or timing of the trading transactions except at a time when the employee or Director could have entered into a new plan. Please note that a pattern of amending, cancelling or revoking a trading plan could be viewed as exercising inappropriate discretion and therefore should be done infrequently and only when absolutely necessary.

The cooling off period and the overlapping trading plan restrictions do not apply to any exempt trading plan entered into on or before February 27, 2023.

The SEC requires disclosure in Sempra's periodic reports of the adoption or termination (including certain material modifications, which are considered a termination of the existing plan and adoption of a new plan) of exempt trading plans and certain other trading arrangements by any Director and executive officer of Sempra as well as the material terms of such arrangements, including the name and title of the person adopting or terminating the arrangement, the date of adoption or termination, the duration of the arrangement and the aggregate number of securities subject to the arrangement (but excluding pricing terms for trades to be made under the arrangement). As a result, all Sempra officers and Directors and CEOs of the principal Sempra Companies must notify Sempra's General Counsel, Chief Legal Officer, or Associate General Counsel before adopting, modifying or terminating any trading plan to buy or sell (which includes gifts) securities of Sempra or any Sempra Company.

Definitions

Applicability – This policy applies to employees (including officers) of Sempra and all Sempra Companies and Directors. For business entities that are not subsidiaries of Sempra, the applicability of this policy or portions of it will be determined on a case-by-case basis by the appropriate management of the partially owned business entity or an entity accounted for using the equity method of accounting and the policy representative(s) referenced in this policy. Each individual subject to this policy is responsible for ensuring that he or she complies with this

policy and that any of his or her family members living in the same household or entities he or she directly or indirectly controls also comply with this policy.

Associate General Counsel – The highest-ranking member of Semptra’s Legal Department primarily responsible for securities law compliance.

Chief Legal Officer or General Counsel – The highest-ranking officer holding responsibility over Semptra’s Legal Department or, in the absence of any single highest-ranking officer holding responsibility over Semptra’s Legal Department, then any Deputy General Counsel.

Executive officer – An “officer” as defined in SEC Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended.

“Material” Information – Information is considered “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell, otherwise transfer or hold a security, or that there is a substantial likelihood that the disclosure would have been viewed by a reasonable investor as having significantly altered the total mix of information made available. Material information can be positive or negative and can relate to virtually any aspect of a company’s business or any type of security. There is no bright-line standard for assessing materiality, but any information that could be expected to affect a company’s stock price should generally be considered material. Some examples of material information may include:

- Unpublished financial results
- Changes in dividend policies
- News of a pending or proposed merger or purchase or sale of significant asset(s)
- Significant exposure from actual or threatened litigation
- Significant changes in corporate objectives
- Offerings or repurchases of company equity securities (excluding benefit plan transactions) or stock splits or dividends
- Key information about significant new development projects, technologies and the like, depending on the importance of the information
- Actual or suspected cybersecurity incidents, depending on the significance of the incident

This list is only illustrative. Many other types of information may be material depending upon the circumstances.

“Nonpublic” Information – Information is “nonpublic” if it has not been widely disseminated in a manner making it generally available to investors such as through public filings by Semptra with the SEC or through broadly disseminated press releases by Semptra over a national wire service such as PR Newswire. The circulation of rumors, even if accurate and reported in the media, does not constitute effective public dissemination. The public disclosure of information via means that are not generally used by Semptra or the applicable Semptra Company to widely disseminate material information to the investing public, including posting via social media

platforms or on a company's public facing website or disseminating to company employees in an internal distribution, also would not constitute effective public dissemination.

In addition, even after a public announcement, for material information to become "public," a reasonable period of time must elapse to permit the trading markets to absorb the information. Generally, two, full trading days following publication should elapse before considering material information to be public.

Sempra Company – A subsidiary or other entity as to which Sempra has majority ownership and control.

Exhibit 21.1
Sempra
Schedule of Certain Subsidiaries
at December 31, 2024

Subsidiary	State of Incorporation or Other Jurisdiction
San Diego Gas & Electric Company	California
Sempra Infrastructure Partners, LP	Delaware
Sempra Texas Intermediate Holding Company LLC	Delaware
Southern California Gas Company	California

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-272237 on Form S-3 and Nos. 333-231389, 333-200828, 333-188526, 333-182225, 333-56161, 333-121073, 333-151184, and 333-261178 on Form S-8 of our reports dated February 25, 2025, relating to the financial statements of Sempra and the effectiveness of Sempra's internal control over financial reporting appearing in this Annual Report on Form 10-K of Sempra for the year ended December 31, 2024.

/s/ *DELOITTE & TOUCHE LLP*

San Diego, California
February 25, 2025

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Sempra's Registration Statement No. 333-272237 on Form S-3 and Nos. 333-231389, 333-200828, 333-188526, 333-182225, 333-56161, 333-121073, 333-151184, and 333-261178 on Form S-8 of our report dated February 25, 2025, relating to the financial statements of Oncor Electric Delivery Holdings Company LLC appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas
February 25, 2025

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-269677 on Form S-3 of our reports dated February 25, 2025, relating to the financial statements of San Diego Gas & Electric Company and the effectiveness of San Diego Gas & Electric Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of San Diego Gas & Electric Company for the year ended December 31, 2024.

/s/ *DELOITTE & TOUCHE LLP*

San Diego, California
February 25, 2025

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-270939 on Form S-3 of our reports dated February 25, 2025, relating to the financial statements of Southern California Gas Company and the effectiveness of Southern California Gas Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Southern California Gas Company for the year ended December 31, 2024.

/s/ DELOITTE & TOUCHE LLP

San Diego, California
February 25, 2025

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, J. Walker Martin, certify that:

1. I have reviewed this report on Form 10-K of Sempra;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 25, 2025 /s/ J. Walker Martin
J. Walker Martin
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Karen L. Sedgwick, certify that:

1. I have reviewed this report on Form 10-K of Sempra;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 25, 2025 /s/ Karen L. Sedgwick

Karen L. Sedgwick
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Caroline A. Winn, certify that:

1. I have reviewed this report on Form 10-K of San Diego Gas & Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 25, 2025 /s/ Caroline A. Winn
Caroline A. Winn
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Bruce A. Folkmann, certify that:

1. I have reviewed this report on Form 10-K of San Diego Gas & Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 25, 2025 /s/ Bruce A. Folkmann

Bruce A. Folkmann
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Maryam S. Brown, certify that:

1. I have reviewed this report on Form 10-K of Southern California Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 25, 2025 /s/ Maryam S. Brown
Maryam S. Brown
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Mia L. DeMontigny, certify that:

1. I have reviewed this report on Form 10-K of Southern California Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

February 25, 2025 /s/ Mia L. DeMontigny
Mia L. DeMontigny
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of Semptra (the "Company") certifies that:

- (i) the Annual Report on Form 10-K of the Company filed with the Securities and Exchange Commission for the year ended December 31, 2024 (the "Annual Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2025 /s/ J. Walker Martin

J. Walker Martin
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of Sempra (the “Company”) certifies that:

- (i) the Annual Report on Form 10-K of the Company filed with the Securities and Exchange Commission for the year ended December 31, 2024 (the “Annual Report”) fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2025 /s/ Karen L. Sedgwick

Karen L. Sedgwick
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of San Diego Gas & Electric Company (the "Company") certifies that:

- (i) the Annual Report on Form 10-K of the Company filed with the Securities and Exchange Commission for the year ended December 31, 2024 (the "Annual Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2025 /s/ Caroline A. Winn

Caroline A. Winn
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of San Diego Gas & Electric Company (the "Company") certifies that:

- (i) the Annual Report on Form 10-K of the Company filed with the Securities and Exchange Commission for the year ended December 31, 2024 (the "Annual Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2025 /s/ Bruce A. Folkmann

Bruce A. Folkmann
Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of Southern California Gas Company (the "Company") certifies that:

- (i) the Annual Report on Form 10-K of the Company filed with the Securities and Exchange Commission for the year ended December 31, 2024 (the "Annual Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2025 /s/ Maryam S. Brown

Maryam S. Brown
Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of Southern California Gas Company (the "Company") certifies that:

- (i) the Annual Report on Form 10-K of the Company filed with the Securities and Exchange Commission for the year ended December 31, 2024 (the "Annual Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 25, 2025 /s/ Mia L. DeMontigny

Mia L. DeMontigny
Chief Financial Officer

ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY LLC

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024 AND 2023

AND FOR EACH OF THE THREE YEARS IN THE PERIOD ENDED

DECEMBER 31, 2024

AND

INDEPENDENT AUDITOR'S REPORT

GLOSSARY

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

\$1B Credit Facility	Refers to the unsecured \$1 billion revolving credit agreement, dated as of February 20, 2025, among Oncor, as borrower, the lenders from time-to-time party thereto, Wells Fargo Bank, National Association, as administrative agent and swingline lender, and the other financial institutions party thereto, maturing on February 20, 2028
\$2B Credit Facility	Refers (i) prior to February 20, 2025 to the unsecured \$2 billion revolving credit agreement, dated as of November 9, 2021, among Oncor, as borrower, the lenders from time-to-time party thereto, JPMorgan Chase Bank, N.A., as administrative agent and swingline lender, the fronting banks from time-to-time party thereto, and the other financial institutions party thereto, including Citibank N.A. and Wells Fargo Securities, LLC, as co-sustainability structuring agents, as amended, maturing on November 9, 2028 and (ii) on and after February 20, 2025, to the amended and restated unsecured \$2 billion revolving credit agreement, dated as of February 20, 2025, among Oncor, as borrower, the lenders from time-to-time party thereto, JPMorgan Chase Bank, N.A., as administrative agent and swingline lender, the fronting banks from time-to-time party thereto, and the other financial institutions party thereto, maturing on February 20, 2030
\$500M Credit Facility	Refers to the unsecured \$500 million revolving credit agreement, dated as of February 21, 2024, among Oncor, as borrower, the lenders from time-to-time party thereto, and Wells Fargo Bank, National Association, as administrative agent, maturing on February 21, 2027
acquisition accounting	The acquisition method of accounting for a business combination as prescribed by GAAP, whereby the cost or “acquisition price” of a business combination, including the amount paid for the equity and certain transaction costs, is allocated to identifiable assets and liabilities (including intangible assets) based upon their fair values. The excess of the purchase price over the fair values of assets and liabilities is recorded as goodwill
AFUDC	Allowance for funds used during construction
AOCI	Accumulated other comprehensive income (loss)
AR Facility	Refers to the accounts receivable facility entered into by Oncor on April 28, 2023, providing for the contribution of certain accounts receivable and certain other related rights to Receivables LLC, which, in turn, obtains loans secured by the receivables from various third-party lenders, as amended, maturing on April 28, 2027
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Code	The Internal Revenue Code of 1986, as amended
CODM	Chief operating decision maker
COVID-19	Coronavirus Disease 2019
CP Notes	Unsecured commercial paper notes issued under the CP Program
CP Program	Oncor’s commercial paper program, as amended
Credit Facilities	Refers collectively to the \$1B Credit Facility, the \$2B Credit Facility and the \$500M Credit Facility

DCRF	Distribution cost recovery factor
Deed of Trust	Deed of Trust, Security Agreement and Fixture Filing, dated as of May 15, 2008, made by Oncor to and for the benefit of The Bank of New York Mellon Trust Company, N.A. (as successor to The Bank of New York Mellon, formerly The Bank of New York), as collateral agent, as amended
Disinterested Director	Refers to a member of the board of directors of Oncor and Oncor Holdings who is, pursuant to each company's limited liability company agreement, one of the directors who qualifies as a "disinterested director," defined in each limited liability company agreement as a director who (i) shall be an independent director in all material respects under the rules of the New York Stock Exchange in relation to Sempra or its subsidiaries and affiliated entities and any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings, and (ii) shall have no material relationship with Sempra or its subsidiaries or affiliated entities or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings, currently or within the previous ten years
EECRF	Energy efficiency cost recovery factor
ERCOT	Electric Reliability Council of Texas, Inc., the independent system operator and the regional coordinator of various electricity systems within Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
Euro Notes	Refers to the €500 million aggregate principal amount of euro-denominated senior secured notes due May 15, 2031, which were issued by Oncor in May 2024
FASB	Financial Accounting Standards Board
FERC	U.S. Federal Energy Regulatory Commission
Fitch	Fitch Ratings, Inc. (a credit rating agency)
GAAP	Generally accepted accounting principles of the U.S.
kWh	Kilowatt-hours
Moody's	Moody's Investors Service, Inc. (a credit rating agency)
NAV	Net asset value
Oncor	Oncor Electric Delivery Company LLC, a direct, majority-owned subsidiary of Oncor Holdings
Oncor Holdings	Oncor Electric Delivery Holdings Company LLC, which is the direct majority owner (80.25% equity interest) of Oncor and is wholly owned by STIH
Oncor Retirement Plan	Refers to a defined benefit pension plan sponsored by Oncor
Oncor Ring-Fenced Entities	Refers to Oncor Holdings and its direct and indirect subsidiaries, including Oncor and Oncor's direct and indirect subsidiaries
OPEB	Other postretirement employee benefits
OPEB Plans	Refers to plans sponsored by Oncor that offer certain postretirement health care and life insurance benefits to eligible current and former employees of Oncor and certain former affiliated companies and their eligible dependents
PUCT	Public Utility Commission of Texas
PURA	Texas Public Utility Regulatory Act, as amended

Receivables LLC	Oncor Receivables LLC, a bankruptcy-remote special purpose entity and a wholly owned subsidiary of Oncor
REP	Retail electric provider
ROU	Right-of-use
S&P	S&P Global Ratings, a division of S&P Global Inc. (a credit rating agency)
SEC	U.S. Securities and Exchange Commission
Sempra	Sempra, a California corporation
Sempra Order	Refers to the final order issued by the PUCT in 2018 in PUCT Docket No. 47675 approving Sempra's indirect acquisition of Oncor Holdings
Sharyland	Sharyland Utilities, L.L.C.
SOFR	Refers to the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate)
STH	Sempra Texas Holdings Corp., a Texas corporation, which is wholly owned by Sempra and the direct parent of STIH
STIH	Sempra Texas Intermediate Holding Company LLC, a Delaware limited liability company, which is a wholly owned indirect subsidiary of Sempra and the sole member of Oncor Holdings
Supplemental Retirement Plan	Refers to the Oncor Supplemental Retirement Plan, as amended
TCOS	Transmission cost of service
TCRF	Transmission cost recovery factor
Texas margin tax	A privilege tax imposed on taxable entities chartered/organized or doing business in the State of Texas that, for accounting purposes, is reported as an income tax
Texas Transmission	Texas Transmission Investment LLC, a limited liability company that owns a 19.75% equity interest in Oncor and is indirectly owned by OMERS Administration Corporation (acting through its infrastructure investment entity, OMERS Infrastructure Management Inc.) and GIC Private Limited
U.S.	United States of America
VIE	Variable interest entity
Vistra	Vistra Corp. and/or its subsidiaries, depending on context
Vistra Retirement Plan	Refers to a defined benefit pension plan sponsored by an affiliate of Vistra

These consolidated financial statements occasionally make references to Oncor Holdings or Oncor when describing actions, rights or obligations of their respective subsidiaries. References to "we," "our," "us" and "the company" are to Oncor Holdings and/or its direct or indirect subsidiaries as apparent in the context. These references reflect the fact that the subsidiaries are consolidated with their respective parent companies for financial reporting purposes. However, these references should not be interpreted to imply that the parent company is actually undertaking the action or has the rights or obligations of the relevant subsidiary company or that the subsidiary company is undertaking an action or has the rights or obligations of its parent company or any other affiliate.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Member of Oncor Electric Delivery Holdings Company LLC

Opinion

We have audited the consolidated financial statements of Oncor Electric Delivery Holdings Company LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, membership interests, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ Deloitte & Touche LLP

Dallas, Texas

February 25, 2025

ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY LLC
STATEMENTS OF CONSOLIDATED INCOME

	Years Ended December 31,		
	2024	2023	2022
	(U.S. dollars in millions)		
Operating revenues (Note 3)	\$ 6,082	\$ 5,586	\$ 5,243
Operating expenses:			
Wholesale transmission service	1,394	1,291	1,162
Operation and maintenance	1,293	1,150	1,055
Depreciation and amortization	1,060	978	904
Income taxes (Notes 1, 4 and 11)	208	185	201
Taxes other than amounts related to income taxes	571	552	561
Write-off of rate base disallowances	-	55	-
Total operating expenses	4,526	4,211	3,883
Operating income	1,556	1,375	1,360
Other (income) and deductions – net (Note 13)	(63)	(31)	20
Non-operating income tax expenses (Note 4)	9	7	2
Interest expense and related charges (Note 13)	653	536	445
Write-off of non-operating rate base disallowances	-	14	-
Net income	957	849	893
Net income attributable to noncontrolling interests	(192)	(170)	(179)
Net income attributable to Oncor Holdings	\$ 765	\$ 679	\$ 714

See Notes to Financial Statements.

ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY LLC
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME

	Years Ended December 31,		
	2024	2023	2022
	(U.S. dollars in millions)		
Net income	\$ 957	\$ 849	\$ 893
Other comprehensive income (loss):			
Cash flow hedges – amount reclassified from AOCI and reported in interest expense and related charges (net of tax expense of \$1, \$1 and \$1) (Notes 1 and 8)	3	3	2
Cash flow hedges – loss on settlement of interest rate hedge transactions (net of tax benefit of \$3, \$1 and \$0) (Notes 1, 6 and 8)	(12)	(3)	-
Fair value hedges – unrealized gain on cross-currency swaps attributable to excluded components (net of tax expense of \$1, \$0 and \$0) (Notes 1, 6 and 8)	2	-	-
Defined benefit pension plans (net of tax benefit of \$0, \$3 and \$5) (Notes 8 and 10)	2	(12)	(22)
Total other comprehensive loss	(5)	(12)	(20)
Comprehensive income	952	837	873
Comprehensive income attributable to noncontrolling interests	(190)	(167)	(172)
Comprehensive income attributable to Oncor Holdings	\$ 762	\$ 670	\$ 701

See Notes to Financial Statements.

ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY LLC
STATEMENTS OF CONSOLIDATED CASH FLOWS

	Years Ended December 31,		
	2024	2023	2022
	(U.S. dollars in millions)		
Cash flows – operating activities:			
Net income	\$ 957	\$ 849	\$ 893
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization, including regulatory amortization	1,233	1,117	985
Write-off of rate base disallowances	-	69	-
Deferred income taxes – net	181	73	53
Other – net	1	(9)	(13)
Changes in operating assets and liabilities:			
Accounts receivable	(29)	(43)	(138)
Inventories	(121)	(137)	(32)
Accounts payable – trade	78	42	45
Regulatory assets – deferred revenues (Note 2)	15	1	120
Regulatory assets – self-insurance reserve (Note 2)	(327)	(232)	(198)
Customer deposits	86	42	45
Other – assets	(177)	(22)	16
Other – liabilities	90	50	91
Cash provided by operating activities	<u>1,987</u>	<u>1,800</u>	<u>1,867</u>
Cash flows – financing activities:			
Issuances of senior secured notes (Note 6)	1,992	2,200	2,000
Repayments of senior secured notes (Note 6)	(500)	-	(882)
Borrowings under term loans	-	775	1,950
Repayments under term loans	-	(875)	(1,850)
Borrowings under AR Facility (Note 6)	900	600	-
Repayments under AR Facility (Note 6)	(900)	(600)	-
Borrowings under \$500M Credit Facility (Note 6)	500	-	-
Repayments under \$500M Credit Facility (Note 6)	(20)	-	-
Net change in short-term borrowings (Note 5)	312	84	(17)
Capital contributions from member (Note 8)	972	363	340
Capital contribution from noncontrolling interests (Note 9)	239	89	84
Distributions to member (Note 8)	(604)	(442)	(340)
Distributions to noncontrolling interests (Note 9)	(149)	(110)	(84)
Debt discount, financing and reacquisition costs – net	(24)	(46)	(31)
Cash provided by financing activities	<u>2,718</u>	<u>2,038</u>	<u>1,170</u>
Cash flows – investing activities:			
Capital expenditures (Note 13)	(4,683)	(3,824)	(3,049)
Sales tax audit settlement refund (Note 7)	56	-	-
Expenditures for third party in joint project	-	-	(2)
Reimbursement from third party in joint project	-	1	6
Proceeds from sales of non-utility properties	2	9	21
Other – net	31	29	31
Cash used in investing activities	<u>(4,594)</u>	<u>(3,785)</u>	<u>(2,993)</u>
Net change in cash, cash equivalents and restricted cash	111	53	44

Cash, cash equivalents and restricted cash – beginning balance	151	98	54
Cash, cash equivalents and restricted cash – ending balance	<u>\$ 262</u>	<u>\$ 151</u>	<u>\$ 98</u>

See Notes to Financial Statements.

ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY LLC
CONSOLIDATED BALANCE SHEETS

	At December 31,	
	2024	2023
	(U.S. dollars in millions)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 36	\$ 19
Restricted cash, current (Note 1)	20	24
Accounts receivable – net (Note 13)	970	944
Income taxes receivable from member (Note 11)	26	2
Materials and supplies inventories – at average cost	462	341
Prepayments and other current assets	124	101
Total current assets	1,638	1,431
Restricted cash, noncurrent (Note 1)	206	108
Investments and other property (Note 13)	183	158
Property, plant and equipment – net (Note 13)	31,769	28,057
Goodwill (Notes 1 and 13)	4,628	4,628
Regulatory assets (Note 2)	1,671	1,556
Right-of-use operating lease and other assets (Notes 3 and 7)	240	142
Total assets	\$ 40,335	\$ 36,080
LIABILITIES AND MEMBERSHIP INTERESTS		
Current liabilities:		
Short-term borrowings (Note 5)	\$ 594	\$ 282
Accounts payable – trade	770	600
Income taxes payable to member (Note 11)	29	27
Accrued taxes other than income taxes	274	261
Accrued interest	149	117
Operating lease and other current liabilities (Note 7)	367	338
Total current liabilities	2,183	1,625
Long-term debt, noncurrent (Note 6)	15,234	13,294
Accumulated deferred income taxes – net (Notes 1, 4 and 11)	1,821	1,622
Regulatory liabilities (Note 2)	2,973	3,000
Employee benefit plan obligations (Note 10)	1,384	1,442
Operating lease and other obligations (Notes 3 and 14)	546	369
Total liabilities	24,141	21,352
Commitments and contingencies (Note 7)		
Membership interests (Note 8):		
Capital account	12,628	11,508
Accumulated other comprehensive loss	(123)	(118)
Oncor Holdings membership interests	12,505	11,390
Noncontrolling interests in subsidiary	3,689	3,338
Total membership interests	16,194	14,728
Total liabilities and membership interests	\$ 40,335	\$ 36,080

See Notes to Financial Statements.

ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY LLC
STATEMENTS OF CONSOLIDATED MEMBERSHIP INTERESTS

	Years Ended December 31,		
	2024	2023	2022
	(U.S. dollars in millions)		
Oncor Holdings Membership Interests (Note 8)			
Capital account:			
Balance at beginning of period	\$ 11,508	\$ 10,908	\$ 10,194
Net income attributable to Oncor Holdings	765	679	714
Distributions to member	(604)	(442)	(340)
Capital contributions from member	972	363	340
Conversion of tax receivable from member to membership interests	(13)	-	-
Balance at end of period	12,628	11,508	10,908
AOCI, net of tax effects:			
Balance at beginning of period	(118)	(107)	(91)
Cash flow hedges – amount reclassified from AOCI and reported in interest expense and related charges (net of tax expense of \$1, \$1 and \$1)	2	2	2
Cash flow hedges – loss on settlement of interest rate hedge transactions (net of tax benefit of \$2, \$1 and \$0)	(10)	(2)	-
Fair value hedges – unrealized gain on cross-currency swaps attributable to excluded components (net of tax expense of \$1, \$0 and \$0)	2	-	-
Defined benefit pension plans (net of tax benefit of \$0, \$3 and \$5)	1	(11)	(18)
Balance at end of period	(123)	(118)	(107)
Oncor Holdings membership interests at end of period	\$ 12,505	\$ 11,390	\$ 10,801
Noncontrolling interests in subsidiary (Note 9):			
Balance at beginning of period	\$ 3,338	\$ 3,141	\$ 2,916
Net income attributable to noncontrolling interests	192	170	179
Distributions to noncontrolling interests	(149)	(110)	(84)
Equity contribution from noncontrolling interests	239	89	84
Change related to future tax distributions from Oncor	69	49	50
Cash flow hedges – amount reclassified from AOCI and reported in interest expense and related charges (net of tax expense of \$0, \$0 and \$1)	1	1	-
Cash flow hedges – loss on settlement of interest rate hedge transactions (net of tax benefit of \$1, \$0 and \$0)	(2)	(1)	-
Defined benefit pension plans (net of tax benefit of \$0, \$0 and \$0)	1	(1)	(4)
Noncontrolling interests in subsidiary at end of period	\$ 3,689	\$ 3,338	\$ 3,141
Total membership interests at end of period	\$ 16,194	\$ 14,728	\$ 13,942

See Notes to Financial Statements.

ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business

References in this report to “we,” “our,” “us” and “the company” are to Oncor Holdings and/or its direct or indirect subsidiaries as apparent in the context. See “Glossary” for the definition of terms and abbreviations.

We are a Dallas, Texas-based holding company whose financial statements are comprised almost entirely of the operations of our direct, majority (80.25%) owned subsidiary, Oncor. Oncor is a regulated electricity transmission and distribution company that operates the largest transmission and distribution system in Texas. Oncor provides wholesale transmission and distribution services, and Oncor also provides transmission grid connections to merchant generation facilities and interconnections to other transmission grids in Texas. The rates Oncor charges for its electricity delivery services are set pursuant to tariffs approved by the PUCT and certain cities and, in the case of transmission service related to limited interconnections to other markets, the FERC. Oncor is not a seller of electricity, nor does Oncor purchase electricity for resale.

Ownership Structure and Ring-Fencing Measures

Oncor Holdings is indirectly and wholly owned by Sempra. We own 80.25% of Oncor’s membership interests and Texas Transmission owns 19.75% of Oncor’s membership interests. Oncor is managed as an integrated business of electricity transmission and distribution with only one reportable segment.

Since 2007, various ring-fencing measures have been taken to enhance the credit quality of Oncor and Oncor Holdings and the separateness between the Oncor Ring-Fenced Entities and entities with a direct or indirect ownership interest in Oncor or Oncor Holdings. These ring-fencing measures serve to mitigate the Oncor Ring-Fenced Entities’ credit exposure to Sempra and its affiliates and any other direct or indirect owners of Oncor and Oncor Holdings, and reduce the risk that the assets and liabilities of the Oncor Ring-Fenced Entities would be substantively consolidated with the assets and liabilities of any Sempra entity or any other direct or indirect owners of Oncor and Oncor Holdings in connection with a bankruptcy of any such entities.

In March 2018, Sempra indirectly acquired Oncor Holdings. The final order issued by the PUCT approving that transaction outlines certain ring-fencing measures, governance mechanisms and restrictions that apply to Oncor Holdings and Oncor. As a result of these ring-fencing measures, Sempra does not control Oncor or Oncor Holdings, and the ring-fencing measures limit Sempra’s ability to direct the management, policies and operations of Oncor and Oncor Holdings, including the deployment or disposition of Oncor’s assets, declarations of dividends, strategic planning and other important corporate issues and actions. Each of the limited liability company agreements of Oncor and Oncor Holdings requires PUCT approval of certain revisions to the agreement, including, among other things, revisions to the governance structure and other various ring-fencing measures.

None of the assets of the Oncor Ring-Fenced Entities are available to satisfy the debt or obligations of any Sempra entity or any other direct or indirect owner of Oncor or Oncor Holdings. The assets and liabilities of the Oncor Ring-Fenced Entities are separate and distinct from those of any Sempra entities and any other direct or indirect owner of Oncor or Oncor Holdings. We do not bear any liability for debt or contractual obligations of Sempra and its affiliates or any other direct or indirect owner of Oncor or Oncor Holdings, and vice versa.

Accordingly, our operations are conducted, and our cash flows are managed, independently from Sempra and its affiliates and any other direct or indirect owner of Oncor or Oncor Holdings.

Oncor and Oncor Holdings are each a limited liability company governed by a board of directors, not its members. The Sempra Order and Oncor’s limited liability company agreement require that the board of directors of Oncor consist of 13 members, constituted as follows:

- seven Disinterested Directors, who (i) shall be independent directors in all material respects under the rules of the New York Stock Exchange in relation to Sempra or its subsidiaries and affiliated entities and any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings, and (ii) shall have no material relationship with Sempra or its subsidiaries or affiliated entities or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings, currently or within the previous ten years;
- two members designated by Sempra (through Oncor Holdings);
- two members designated by Texas Transmission; and
- two current or former officers of Oncor (each, an Oncor Officer Director).

Until March 9, 2028, in order for a current or former officer of Oncor to be eligible to serve as an Oncor Officer Director, the officer cannot have worked for Sempra or any of its subsidiaries or affiliated entities (excluding Oncor Holdings and Oncor) or any other entity with a direct or indirect ownership interest in Oncor or Oncor Holdings in the ten-year period prior to the date on which the officer first became employed by Oncor. Oncor Holdings, at the direction of STIH, has the right to nominate and/or seek the removal of the Oncor Officer Directors, subject to approval by a majority of the Oncor board of directors.

The Sempra Order and our limited liability company agreement require that the board of directors of Oncor Holdings consist of eleven members, made up of six Disinterested Directors, two current or former officers of Oncor Holdings and two members designated by Sempra (through STIH).

In addition, the Sempra Order provides that the board of directors of each of Oncor and Oncor Holdings cannot be overruled by the board of directors of Sempra or any of its subsidiaries on dividend policy, the issuance of dividends or other distributions (except for contractual tax payments), debt issuance, capital expenditures, operation and maintenance expenditures, management and service fees, and appointment or removal of members of the board of directors, provided that certain actions may also require the additional approval of our board of directors. The Sempra Order also provides that any changes to the size, composition, structure or rights of the board of directors of each of Oncor and Oncor Holdings must first be approved by the PUCT. In addition, if Sempra acquires Texas Transmission's interest in Oncor, the two board of director positions on Oncor's board of directors that Texas Transmission is entitled to appoint will be eliminated and the size of Oncor's board of directors will be reduced by two.

Additional regulatory commitments, governance mechanisms and restrictions provided in the Sempra Order and the limited liability company agreements of Oncor and Oncor Holdings to ring-fence Oncor and Oncor Holdings from their owners include, among others:

- A majority of the Disinterested Directors of Oncor and the directors designated by Texas Transmission that are present and voting (of which at least one must be present and voting) must approve any Oncor annual or multi-year budget if the aggregate amount of capital expenditures or operation and maintenance expenditures in such budget is more than a 10% increase or decrease from the corresponding amounts of such expenditures in the budget for the preceding fiscal year or multi-year period, as applicable;
- Oncor and Oncor Holdings may not pay any dividends or make any other distributions (except for contractual tax payments) if a majority of its Disinterested Directors or either of the two directors appointed by Texas Transmission determines that it is in the best interests of Oncor and Oncor Holdings, as applicable to retain such amounts to meet expected future requirements;
- At all times, Oncor will remain in compliance with the debt-to-equity ratio established by the PUCT from time to time for ratemaking purposes, and Oncor will not pay dividends or other distributions (except for contractual tax payments) if such payment would cause its debt-to-equity ratio to exceed the debt-to-equity ratio approved by the PUCT;
- If the credit rating on Oncor's senior secured debt by any of the three major rating agencies falls below BBB (or the equivalent), Oncor will suspend dividends and other distributions (except for contractual tax payments), unless otherwise allowed by the PUCT;
- Without the prior approval of the PUCT, neither Sempra nor any of its affiliates (excluding Oncor) will incur, guaranty or pledge assets in respect of any indebtedness that is dependent on the revenues of Oncor in more than a proportionate degree than the other revenues of Sempra or on the membership interests of

- Oncor, and there will be no debt at STH or STIH at any time following Sempra's indirect acquisition of Oncor Holdings;
- Neither Oncor nor Oncor Holdings will lend money to, borrow money from, or share credit facilities with Sempra or any of its affiliates (other than Oncor subsidiaries), or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings; and
- There must be maintained certain "separateness measures" that reinforce the legal and financial separation of Oncor and Oncor Holdings from their owners, including a requirement that dealings between Oncor, Oncor Holdings and their subsidiaries with Sempra, any of Sempra's other affiliates or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings, must be on an arm's-length basis, limitations on affiliate transactions, separate recordkeeping requirements and a prohibition on Sempra or its affiliates or any entity with a direct or indirect ownership interest in Oncor or Oncor Holdings pledging Oncor assets or membership interests for any entity other than Oncor.

Basis of Presentation

Our consolidated financial statements have been prepared in accordance with GAAP governing rate-regulated operations. We also apply the guidance of ASC 810, Consolidations, to determine when an entity that is insufficiently capitalized or not controlled through its voting interests, referred to as a VIE, should be consolidated. All dollar amounts in the financial statements and tables in the notes are stated in U.S. dollars in millions unless otherwise indicated. Subsequent events have been evaluated through the date these consolidated financial statements were issued.

Use of Estimates

Preparation of our financial statements requires management to make estimates and assumptions about future events that affect the reporting of assets and liabilities at the balance sheet dates and the reported amounts of revenue and expense during the period. These estimates include, but are not limited to, the effects of regulation; recovery of long-lived assets; certain assumptions made in accounting for pension and OPEB; asset retirement obligations; income and other taxes; valuation of certain financial assets and liabilities; and accounting for contingencies. In the event estimates and/or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information.

Accounting for the Effects of Certain Types of Regulation

Oncor is subject to rate regulation and Oncor's financial statements reflect regulatory assets and liabilities in accordance with accounting standards related to the effect of certain types of regulation. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process based on PURA and/or the PUCT's orders, precedents or substantive rules. Rate regulation is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital subject to PUCT review for reasonableness. Regulatory decisions can have an impact on the recovery of costs, the rate earned on invested capital and the timing and amount of assets to be recovered by rates. See Note 2 for more information regarding regulatory assets and liabilities.

Revenue Recognition

Oncor's revenue is billed under tariffs approved by the PUCT and the majority of revenues are related to providing electric delivery service to consumers. Tariff rates are designed to recover the cost of providing electric delivery service including a reasonable rate of return on invested capital. Revenues are generally recognized when the underlying service has been provided as prescribed by the related tariff. See Note 3 for additional information regarding revenues.

Derivatives and Hedging

Oncor is exposed to changes in interest rates and foreign currency exchange rates primarily as a result of Oncor's current debt financings, including the Euro Notes. Oncor has utilized derivative instruments typically designated as cash flow or fair value hedges to help mitigate Oncor's exposure related to those risks. All derivative

instruments are recorded on the balance sheet at fair value as a derivative asset or liability and changes in the fair value are recognized in net income if the criteria for hedge accounting are not met or if the instrument is not designated as a hedge. See Note 12 for more information regarding our derivative instruments.

Impairment of Long-Lived Assets and Goodwill

We evaluate long-lived assets (including intangible assets with finite lives) for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

We also evaluate goodwill for impairment annually on October 1 and whenever events or changes in circumstances indicate that an impairment may exist. The determination of the existence of these and other indications of impairment involves judgments that are subjective in nature and may require the use of estimates in forecasting future results and cash flows.

For our annual goodwill impairment testing, we generally have the option to directly perform a quantitative assessment or first make a qualitative assessment of whether it is more likely than not that our estimated enterprise fair value is less than our enterprise carrying value before applying the quantitative assessment. If we elect to perform the qualitative assessment, we evaluate relevant events and circumstances, including but not limited to, macroeconomic conditions, industry and market considerations, cost factors and our overall financial performance. If, after assessing these qualitative factors, we determine that it is more-likely-than-not that our estimated enterprise fair value is less than our enterprise carrying book value, then we perform a quantitative assessment. If, after performing the quantitative assessment, we determine that goodwill is impaired, we record the amount of goodwill impairment as the excess of enterprise carrying book value over estimated enterprise fair value, not to exceed the carrying amount of goodwill.

For our annual goodwill impairment testing as of October 1, 2024, we elected to make a qualitative assessment of whether it is more likely than not that our enterprise fair value is less than our enterprise carrying value. We concluded that our estimated enterprise fair value was more likely than not greater than our enterprise carrying book value. As a result, no quantitative assessment for impairment was required and no impairment was recognized in 2024.

Goodwill totaling \$4.628 billion was reported on our balance sheet at both December 31, 2024 and 2023.

Income Taxes

Oncor is a partnership for U.S. federal income tax purposes. Our tax sharing agreement with Oncor and STH includes Texas Transmission. The tax sharing agreement provides for the calculation of tax liability substantially as if we and Oncor file our own income tax returns, and requires tax payments to our member and Texas Transmission determined on that basis (without duplication for any income taxes paid by our subsidiaries). Deferred income taxes are provided for temporary differences between our book and tax bases of assets and liabilities.

Amounts of deferred income tax assets and liabilities, as well as current and noncurrent accruals, are determined in accordance with the provisions of accounting guidance for income taxes and for uncertainty in income taxes. The accounting guidance for rate-regulated enterprises requires the recognition of regulatory assets or liabilities if it is probable such deferred tax amounts will be recovered from, or returned to customers in future rates. Investment tax credits are amortized to income over the estimated lives of the related properties.

We classify any interest and penalties expense related to uncertain tax positions as current income taxes as discussed in Note 4.

Defined Benefit Pension Plans and OPEB Plans

Oncor has liabilities under pension plans that offer benefits based on either a traditional defined benefit formula or a cash balance formula and OPEB Plans that offer certain health care and life insurance benefits to eligible employees and their eligible dependents upon the retirement of such employees. Costs of pension and OPEB

Plans are dependent on numerous factors, assumptions and estimates. See Note 10 for additional information regarding pension and OPEB Plans.

System of Accounts

Our accounting records have been maintained in accordance with the FERC Uniform System of Accounts as adopted by the PUCT.

Property, Plant and Equipment

Property, plant and equipment is stated at original cost. The cost of self-constructed property additions includes materials and both direct and indirect labor and applicable overhead and AFUDC.

Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated service lives of the properties based on depreciation rates approved by the PUCT. As is common in the industry, depreciation expense is recorded using composite depreciation rates that reflect blended estimates of the lives of major asset groups as compared to depreciation expense calculated on a component asset-by-asset basis. Depreciation rates include plant removal costs as a component of depreciation expense, consistent with regulatory treatment. Actual removal costs incurred are charged to accumulated depreciation. Accrued removal costs in excess of incurred removal costs are reclassified as a regulatory liability to retire assets in the future.

Franchise Taxes

Franchise taxes are assessed to Oncor by local governmental bodies, based on kWh delivered and are a principal component of taxes other than amounts related to income taxes as reported in the income statement. Franchise taxes are not a “pass through” item. The rates Oncor charges customers are intended to recover the franchise taxes, but Oncor is not acting as an agent to collect the taxes from customers.

Allowance for Funds Used During Construction

AFUDC is a regulatory cost accounting procedure whereby both interest charges on borrowed funds and a return on equity capital used to finance construction are included in the recorded cost of utility plant and equipment being constructed. AFUDC is capitalized on eligible projects involving construction periods lasting greater than thirty days. The interest portion of capitalized AFUDC is accounted for as a reduction to interest expense and the equity portion of capitalized AFUDC is accounted for as other income. See Note 13 for detail of amounts reducing interest expense and increasing other income.

Cash, Cash Equivalents and Restricted Cash

For purposes of reporting cash and cash equivalents, highly liquid investments with original maturities of three months or less at the date of purchase are considered to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on the Consolidated Balance Sheets to the sum of such amounts reported on the Statements of Consolidated Cash Flows:

	At December 31,	
	2024	2023
Cash, cash equivalents and restricted cash		
Cash and cash equivalents	\$ 36	\$ 19
Restricted cash, current (a)	20	24
Restricted cash, noncurrent (a)	206	108
Total cash, cash equivalents and restricted cash on the Statements of Consolidated Cash Flows	<u>\$ 262</u>	<u>\$ 151</u>

(a) Restricted cash represents amounts held by Oncor for customer deposits that are subject to probable return in accordance with PUCT rules, ERCOT requirements or Oncor's tariffs relating to generation interconnection and construction and/or extension of electric delivery system facilities. Oncor maintains these amounts in separate escrow accounts.

Fair Value of Financial Instruments

The carrying amounts for financial instruments designated as hedging derivatives are recorded at fair value.

The carrying amounts for nonderivative financial assets classified as current assets and the carrying amounts for nonderivative financial liabilities classified as current liabilities approximate fair value due to the short maturity of such nonderivative financial instruments. The fair values of other nonderivative financial instruments, for which carrying amounts and fair values have not been presented, are not materially different than their related carrying amounts.

The following discussion of fair value accounting standards applies primarily to our determination of the fair value of financial instruments designated as hedging derivatives (see Note 12) and nonderivative financial assets in the pension plans' and OPEB Plans' trusts (see Note 10) and long-term debt (see Note 6).

Accounting standards related to the determination of fair value define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We use a "mid-market" valuation convention (the mid-point price between bid and ask prices) as a practical expedient to measure fair value for the majority of our assets and liabilities subject to fair value measurement on a recurring basis. We primarily use the market approach for recurring fair value measurements and use valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs.

We categorize our assets and liabilities recorded at fair value based upon the following fair value hierarchy:

- Level 1 valuations use quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 valuations use inputs that, in the absence of actively quoted market prices, are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in markets that are not active, (c) inputs other than quoted prices that are observable for the asset or liability such as interest rates and yield curves observable at commonly quoted intervals and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. Our Level 2 valuations utilize over-the-counter broker quotes, quoted prices for similar assets or liabilities that are corroborated by correlations or other mathematical means and other valuation inputs.
- Level 3 valuations use unobservable inputs for the asset or liability. Unobservable inputs are used to the extent observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. We use the most meaningful information available from the market combined with internally developed valuation methodologies to develop our best estimate of fair value.

We utilize several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those items that are measured on a recurring basis.

The fair value of certain investments is measured using the NAV per share as a practical expedient. Such investments measured at NAV are not required to be categorized within the fair value hierarchy.

Contingencies

Our financial results may be affected by judgments and estimates related to contingencies. For loss contingencies, we accrue the loss if an event has occurred on or before the balance sheet date, and:

- information available through the date we file our financial statements indicates it is probable that a loss has been incurred, given the likelihood of uncertain future events; and
- the amount of the loss can be reasonably estimated.

We do not accrue contingencies that might result in gains. We continuously assess contingencies for litigation claims, environmental remediation and other events. See Note 7 for a discussion of contingencies.

VIE

We consolidate a VIE if we are the primary beneficiary of the VIE. Our determination of whether we are the primary beneficiary is based on qualitative and quantitative analyses, which assesses:

- the purpose and design of the VIE;
- the nature of the VIE's risks and the risks we absorb;
- the power to direct activities that most significantly impact the economic performance of the VIE; and
- the obligation to absorb losses or the right to receive benefits that could be significant to the VIE.

We will continue to evaluate our business operations and VIEs for any changes that may impact our determination of whether an entity is a VIE and if we are the primary beneficiary. See Note 13 for more information on Oncor's consolidated VIE.

ASU

ASU 2023-09 Improvements to Income Tax Disclosures (ASC 740)

In December 2023, the FASB issued ASU 2023-09, which expands income tax disclosure requirements to include additional information related to the rate reconciliation of our effective tax rates to statutory rates, as well as additional disaggregation of taxes paid. This ASU also removed disclosures related to certain unrecognized tax benefits and deferred taxes. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. This ASU may be applied prospectively or retrospectively, and early adoption is permitted. We are currently evaluating the effect of the standard on our financial reporting.

ASU 2024-03 Disaggregation of Income Statement Expenses (ASC 220)

In November 2024, the FASB issued ASU 2024-03, which requires disaggregated disclosure of income statement expenses for public business entities. This ASU adds ASC 220-40 to require a footnote disclosure in tabular presentation about specific expenses by requiring disaggregation of each relevant expense caption on the face of the income statement, when applicable. The ASU does not change or remove existing expense disclosure requirements; however, it may affect where that information appears in the footnotes to the financial statements. ASU 2024-03 will be effective for fiscal years beginning after December 15, 2026. We are currently evaluating the effect of the standard on our financial reporting.

All other newly issued accounting pronouncements not yet effective have been deemed either immaterial or not applicable.

2. REGULATORY MATTERS

Regulatory Proceedings

System Resiliency Plan (PUCT Docket No. 56545)

In November 2024, the PUCT approved Oncor's system resiliency plan, which provides for approximately \$2.9 billion in capital expenditures and \$520 million in operation and maintenance expenses to enhance the resiliency of Oncor's transmission and distribution system, including measures to address extreme weather, wildfires, physical security threats, and cybersecurity threats. The plan provides for the majority of the spend to occur between 2025 and 2027, with approximately \$300 million in capital expenditures and approximately \$20 million in operation and maintenance expenses to be carried over into 2028 and either (i) automatically authorized if Oncor does not file an updated system resiliency plan for a future period beginning with 2028 or (ii) included in any new system resiliency plan filed by Oncor as part of that plan's first year of spend. Oncor began implementing the approved plan before the end of 2024, and are recognizing the unrecovered distribution-related operation and maintenance expenses, depreciation expenses, carrying costs on unrecovered balances, and related taxes as a regulatory asset for future recovery in interim DCRF rate adjustments or base rate proceedings.

Capital Trackers

Interim DCRF and TCOS rate adjustments, also known as capital trackers, have been implemented to help reduce the effects of regulatory lag and allow Oncor to recover, subject to reconciliation, the cost of certain investments before a comprehensive base rate review. Under PUCT rules, Oncor can generally file up to two interim DCRF rate adjustment applications in a year for certain distribution-related investments and up to two interim TCOS rate adjustment applications in a year to reflect changes in certain transmission-related investments. These interim rate applications are subject to a regulatory proceeding and PUCT approval and Oncor can make no assurance that they will result in full cost recovery or be timely approved. Investments included in these capital trackers are also subject to prudence review by the PUCT in the next comprehensive base rate review following such adjustments, with a potential for the PUCT to also order refunds of previously collected amounts if a particular investment is found to be imprudent or inappropriately included in an interim rate adjustment.

TCOS revenues are also impacted by transmission billing units, which are updated annually effective January 1 each year to reflect certain changes in average ERCOT-wide peak electricity demand occurring during the previous calendar year. Oncor did not file an interim TCOS rate adjustment application in 2024, as a result of the increases in annual transmission billing units applicable in 2024.

In 2024 and the first quarter of 2025, Oncor filed the following interim rate adjustment applications with the PUCT:

Filing Type	PUCT Docket No.	Investment Through	Filed	Effective Date	Annual Revenue Impact (a)
DCRF	57707	December 2024 (b)	February 2025	May 2025 (c)	\$ 108 (c)
TCOS	57610	December 2024 (d)	January 2025	March 2025 (e)	\$ 165 (e)
DCRF	56963	June 2024 (f)	August 2024	December 2024	\$ 90
DCRF	56306	December 2023 (g)	March 2024	July 2024	\$ 81

- (a) Annual revenue impact represents the incremental annual revenue impact, after taking into account revenue effects of prior applicable rate adjustments.
(b) Reflects distribution-related capital investments generally put into service during the period from July 1, 2024 through December 31, 2024.
(c) The 2025 second quarter-expected effective date and annual revenue impact are pending PUCT approval.
(d) Reflects transmission-related capital investments generally put into service during the period from July 1, 2023 through December 31, 2024.
(e) The 2025 first quarter-expected effective date and annual revenue impact are pending PUCT approval.
(f) Reflects distribution-related capital investments generally put into service during the period from January 1, 2024 through June 30, 2024.
(g) Reflects distribution-related capital investments generally put into service during the period from July 1, 2023 through December 31, 2023.

Comprehensive Base Rate Review (PUCT Docket No. 53601)

In April 2023, the PUCT issued a final order in Oncor’s comprehensive base rate review filed in May 2022 with the PUCT and the cities in Oncor’s service territory that have retained original jurisdiction over rates. Base rates implementing the final order went into effect in May 2023. In June 2023, the PUCT issued an order on rehearing in response to the motions for rehearing filed by Oncor and certain intervening parties in the proceeding. The order on rehearing affirmed the material provisions of the final order. In September 2023, Oncor filed an appeal in Travis County District Court. The appeal sought judicial review of certain of the order on rehearing’s rate base disallowances (the acquisition premium and its associated amortization costs relating to certain plant facilities acquired by Oncor in 2019, as well as certain of the employee benefit and compensation-related costs that Oncor had previously capitalized) and related expense effects of those disallowances. In February 2024, the court dismissed the appeal for lack of jurisdiction. In March 2024, Oncor appealed the court’s dismissal, which is currently with the Fifteenth Court of Appeals in Texas.

Regulatory Assets and Liabilities

Oncor is subject to rate regulation and Oncor’s financial statements reflect regulatory assets and liabilities in accordance with accounting standards related to the effect of certain types of regulation. Regulatory assets and liabilities represent probable future revenues that will be recovered from or refunded to customers through the ratemaking process based on PURA and/or the PUCT’s orders, precedents or substantive rules. Rate regulation is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital subject to PUCT review for reasonableness. Regulatory decisions can have an impact on the recovery of costs, the rate earned on invested capital and the timing and amount of assets to be recovered by rates.

The following table presents components of Oncor’s regulatory assets and liabilities and their remaining recovery periods in effect at December 31, 2024.

	Remaining Rate Recovery/Amortization Period in Effect at December 31, 2024	At December 31,	
		2024	2023
Regulatory assets:			
Employee retirement liability (a)(b)(c)	To be determined	\$ 166	\$ 189
Employee retirement costs being amortized	4 years	63	94
Employee retirement costs incurred since the last comprehensive base rate review period (b)	To be determined	72	70
Self-insurance reserve (primarily storm recovery costs) being amortized	4 years	336	454
Self-insurance reserve incurred since the last comprehensive base rate review period (primarily storm related) (b)	To be determined	765	438
Debt reacquisition costs	Lives of related debt	6	10
Under-recovered advanced metering system costs being amortized	4 years	58	83
Energy efficiency program performance bonus (a)	Approximately 1 year	17	21
Wholesale distribution substation service costs being amortized	4 years	50	65
Wholesale distribution substation service costs incurred since the last comprehensive base rate review period (b)	To be determined	28	28
Expenses related to COVID-19 (b)	Various	25	32
Recoverable deferred income taxes	Various	52	38
Uncollectible payments from REPs	Various	8	7
Other regulatory assets	Various	25	27
Total regulatory assets		1,671	1,556
Regulatory liabilities:			
Estimated net removal costs	Lives of related assets	1,588	1,519
Excess deferred taxes	Primarily over lives of related assets	1,246	1,311
Over-recovered wholesale transmission service expense (a)	Approximately 1 year	44	64
Unamortized gain on reacquisition of debt	Lives of related debt	24	25
Employee retirement costs over-recovered being refunded	4 years	19	23
Employee retirement costs over-recovered since the last comprehensive base rate review period (b)	To be determined	40	39
Other regulatory liabilities	Various	12	19
Total regulatory liabilities		2,973	3,000
Net regulatory liabilities		\$ (1,302)	\$ (1,444)

(a) Not earning a return in the regulatory rate-setting process.

(b) Recovery/refund is specifically authorized by statute or by the PUCT, subject to reasonableness review.

(c) Represents unfunded liabilities recorded in accordance with pension and OPEB accounting standards.

3. REVENUES

General

Oncor's revenue is billed monthly under tariffs approved by the PUCT and the majority of revenues are related to providing electric delivery service to consumers. Tariff rates are designed to recover the cost of providing electric delivery service to customers including a reasonable rate of return on invested capital. As the volumes delivered can be directly measured, Oncor's revenues are recognized when the underlying service has been provided as prescribed by the related tariff. Oncor recognizes revenue for the amounts that have been invoiced or that Oncor has the right to

invoice. Substantially all of Oncor's revenues are from contracts with customers except for alternative revenue program revenues discussed below.

Reconcilable Tariffs

The PUCT has designated certain tariffs (primarily TCRF, EECRF, rate case expense riders and mobile generation riders) as reconcilable, which means the differences between amounts billed under these tariffs and the related incurred costs are deferred as either regulatory assets or regulatory liabilities. Accordingly, at prescribed intervals, future tariffs are adjusted to either collect regulatory assets or refund regulatory liabilities.

Alternative Revenue Program

The PUCT has implemented an incentive program allowing Oncor to earn energy efficiency program performance bonuses by exceeding PURA-mandated energy efficiency program targets. This incentive program and the related performance bonus revenues are considered an "alternative revenue program" under GAAP. Annual performance bonuses are recognized as revenue when approved by the PUCT, typically in the third or fourth quarter each year. The PUCT approved annual energy efficiency program performance bonuses of \$17 million and \$21 million in 2024 and 2023, respectively, that Oncor recognized in other miscellaneous revenues.

Disaggregation of Revenues

The following table reflects electric delivery revenues disaggregated by tariff:

	Years Ended December 31,		
	2024	2023	2022
Operating revenues			
Revenues contributing to earnings:			
Distribution base revenues			
Residential (a)	\$ 1,477	\$ 1,334	\$ 1,215
Large commercial & industrial (b)	1,283	1,162	1,074
Other (c)	126	132	158
Total distribution base revenues	2,886	2,628	2,447
Transmission base revenues (TCOS revenues)			
Billed to third-party wholesale customers	1,050	959	944
Billed to REPs serving Oncor distribution customers, through TCRF	574	539	528
Total TCOS revenues	1,624	1,498	1,472
Other miscellaneous revenues	112	109	112
Total revenues contributing to earnings	4,622	4,235	4,031
Revenues collected for pass-through expenses:			
TCRF – third-party wholesale transmission service	1,394	1,291	1,162
EECRF and other revenues	66	60	50
Total revenues collected for pass-through expenses	1,460	1,351	1,212
Total operating revenues	\$ 6,082	\$ 5,586	\$ 5,243

(a) Distribution base revenues from residential customers are generally based on actual monthly consumption (kWh).

(b) Depending on size and annual load factor, distribution base revenues from large commercial & industrial customers are generally based either on actual monthly demand (kilowatts) or the greater of actual monthly demand (kilowatts) or 80% of peak monthly demand during the prior 11 months.

(c) Includes distribution base revenues from small business customers whose billing is generally based on actual monthly consumption (kWh), lighting sites and other miscellaneous distribution base revenues.

Customers

At December 31, 2024, Oncor's distribution business customers primarily consisted of over 100 REPs that sell electricity Oncor distributes to end-use consumers in Oncor's certificated service area. The majority of consumers of the electricity Oncor delivers through Oncor's distribution business are free to choose their electricity supplier from REPs who compete for their business. Oncor's network transmission revenues are collected from load serving entities benefitting from Oncor's transmission system. Oncor's transmission business customers consist of municipally-owned utilities, electric cooperatives and other distribution companies. Revenues from REP subsidiaries of Oncor's two largest customers, collectively represented 25% and 23%, respectively, of Oncor's total operating revenues for the year ended December 31, 2024, 25% and 23%, respectively, of Oncor's total operating revenues for the year ended December 31, 2023 and 26% and 24%, respectively, of Oncor's total operating revenues for the year ended December 31, 2022. No other customer represented more than 10% of Oncor's total operating revenues during such periods.

Variability

Oncor's revenues and cash flows are subject to seasonality, timing of customer billings, weather conditions and other electricity usage drivers, with revenues being highest in the summer season. Payment of customer billings is due 35 days after invoicing. Under a PUCT rule relating to the Certification of Retail Electric Providers, write-offs of uncollectible amounts owed by REPs are recoverable as a regulatory asset.

Pass-through Expenses

Revenue equal to expenses that are allowed to be passed-through to customers (primarily third-party wholesale transmission service and energy efficiency program costs) are recognized at the time the expense is recognized. Franchise taxes are assessed by local governmental bodies, based on kWh delivered and are not a "pass-through" item. The rates Oncor charges customers are intended to recover the franchise taxes, but Oncor is not acting as an agent to collect the taxes from customers; therefore, franchise taxes are reported as a principal component of "taxes other than amounts related to income taxes" instead of a reduction to "revenues" in the income statement.

4. INCOME TAXES

Components of Deferred Income Taxes

The components of our deferred income taxes not attributable to noncontrolling interests are provided in the table below.

	At December 31,	
	2024	2023
Deferred Tax Assets:		
Section 704c income	\$ 259	\$ 248
Total deferred tax assets	259	248
Deferred Tax Liabilities:		
Partnership outside basis difference	85	85
Basis difference in partnership	1,995	1,785
Total deferred tax liabilities	2,080	1,870
Accumulated deferred income taxes - net	\$ 1,821	\$ 1,622

Income Tax Expenses

The components of our income tax expenses are as follows:

	Years Ended December 31,		
	2024	2023	2022
Reported in operating expenses:			
Current:			
U.S. federal	\$ 24	\$ 88	\$ 136
State	32	29	27
Deferred U.S. federal	153	69	39
Amortization of investment tax credits	(1)	(1)	(1)
Total reported in operating expenses	208	185	201
Reported in Nonoperating income tax expenses (benefits):			
Current U.S. federal	(19)	3	(12)
Deferred U.S. federal	28	4	14
Total reported in nonoperating income tax expenses	9	7	2
Total income tax expenses	\$ 217	\$ 192	\$ 203

Reconciliation of income taxes computed at the U.S. federal statutory rate to income taxes:

	Years Ended December 31,		
	2024	2023	2022
Income before income taxes	\$ 1,174	\$ 1,041	\$ 1,096
Income taxes at the U.S. federal statutory rate of 21%	\$ 247	\$ 219	\$ 230
Amortization of investment tax credits – net of deferred tax effect	—	(1)	(1)
Amortization of excess deferred taxes	(51)	(51)	(52)
Texas margin tax, net of federal tax benefit	24	22	22
Nontaxable gains on benefit plan investments	(7)	(3)	—
Other	4	6	4
Income tax expense	\$ 217	\$ 192	\$ 203
Effective rate	18.5%	18.4%	18.5%

At December 31, 2024 and 2023, net amounts of \$1.821 billion and \$1.622 billion, respectively, were reported in the balance sheets as accumulated deferred income taxes - net. These amounts include \$1.995 billion and \$1.785 billion, respectively, related to our investment in Oncor. Additionally, Oncor had net deferred tax assets of \$174 million and \$163 million, related to our outside basis differences in Oncor at December 31, 2024 and 2023, respectively, and none related to our other temporary differences.

Accounting For Uncertainty in Income Taxes

For federal income tax purposes, the statute of limitations is open for partnership tax returns for the years beginning after December 31, 2020. Oncor filed refund claims for the tax years ending December 31, 2018, 2019 and 2020, but no additional tax may be assessed for these tax years. Oncor has also filed refund claims for the tax year ending December 31, 2021.

Texas margin tax returns are still open for tax years beginning after 2019. Oncor has filed refund claims for the tax year ending December 31, 2018 through 2021 (2019 through 2022 report years), but no additional tax may be assessed for 2018 and 2019.

Oncor is not a member of another entity's consolidated tax group and assess Oncor's liability for uncertain tax positions in Oncor's partnership returns. The following table represents the changes to the uncertain tax positions reported in other noncurrent liabilities in Oncor's consolidated balance sheets for the years ended December 31, 2024 and 2023:

	Years Ended December 31,	
	2024	2023
Balance at January 1, excluding interest and penalties	\$ 3	\$ 1
Additions based on tax positions related to prior years	2	2
Balance at December 31, excluding interest and penalties	\$ 5	\$ 3

Noncurrent liabilities included \$1 million of accrued interest related to uncertain tax positions each at December 31, 2024 and 2023. Furthermore, there was \$1 million recorded related to interest and penalties in the year ended December 31, 2024 and \$1 million and negligible amounts in the years ended December 31, 2023 and 2022, respectively. The federal income tax benefit on the interest accrued on uncertain tax positions, if any, is recorded as liability in lieu of deferred income taxes.

5. SHORT-TERM BORROWINGS

Oncor Holdings (parent company) is prohibited in its limited liability company agreement from directly incurring indebtedness for borrowed money. The following table reflects Oncor's outstanding short-term borrowings and available unused borrowing capacity under the \$2B Credit Facility and CP Program at December 31, 2024 and 2023:

	At December 31,	
	2024	2023
\$2B Credit Facility borrowing capacity	\$ 2,000	\$ 2,000
\$2B Credit Facility outstanding borrowings	—	—
Commercial paper outstanding (a)	(594)	(282)
Total available unused borrowing capacity	\$ 1,406	\$ 1,718

(a) The weighted average interest rate for CP Notes was 4.76% and 5.54% at December 31, 2024 and December 31, 2023, respectively. All outstanding CP Notes at December 31, 2024 and December 31, 2023 had maturity dates of less than one year.

\$2B Credit Facility

On February 20, 2025, Oncor entered into an amended and restated unsecured revolving \$2B Credit Facility. As amended and restated, the \$2B Credit Facility has a borrowing capacity of \$2.0 billion and a maturity date of February 20, 2030. The \$2B Credit Facility gives Oncor the option to request an increase in Oncor's borrowing capacity of up to \$650 million in \$100 million minimum increments, subject to certain conditions, including lender approvals. The \$2B Credit Facility also provides Oncor with the option to request that each lender extend the term of its commitment for up to two additional one-year periods, subject to certain conditions, including lender approvals. Borrowings under the \$2B Credit Facility, if any, are classified as short-term on the balance sheet.

Borrowings under the \$2B Credit Facility bear interest at a per annum rate equal to, at Oncor's option, (i) term SOFR for the interest period relevant to such borrowing, plus an adjustment of 0.10% (the SOFR Adjustment), plus an applicable margin of between 0.750% and 1.250%, depending on certain credit ratings assigned to Oncor's debt, or (ii) an alternate base rate (equal to the greatest of (1) the prime rate as quoted by The Wall Street Journal on such date, (2) the federal funds effective rate on such date, plus 0.50%, and (3) term SOFR for a one-month interest period on such date, plus the SOFR Adjustment, plus 1.0%), plus, in the case of clauses (1) through (3), an applicable margin of between 0.00% and 0.25%, depending on certain credit ratings assigned to Oncor's debt. The \$2B Credit Facility also provides for an alternative rate of interest upon the occurrence of certain events related to the current rate of interest benchmark.

A commitment fee is payable quarterly in arrears and upon termination or reduction of the revolving commitments at a rate per annum equal to between 0.060% and 0.175%, depending on certain credit ratings assigned to Oncor's debt, of the commitments under the \$2B Credit Facility. Letter of credit fees under the \$2B Credit Facility are payable quarterly in arrears and upon expiration or if a letter of credit is drawn in full at a rate per annum equal to the applicable margin for adjusted term SOFR under the \$2B Credit Facility. Fronting fees in an amount as separately agreed by Oncor and any fronting bank that issues a letter of credit are also payable quarterly in arrears and upon termination to each such fronting bank.

The \$2B Credit Facility requires that Oncor maintains a maximum consolidated senior debt to consolidated total capitalization ratio of 0.65 to 1.00 and observe certain customary reporting requirements and other customary covenants for facilities of this type.

The \$2B Credit Facility also contains customary events of default for facilities of this type, the occurrence of which would allow the lenders to accelerate all outstanding loans and terminate their commitments, including certain changes in control of Oncor that are not permitted transactions under the \$2B Credit Facility and cross-default provisions in the event Oncor or certain of its subsidiaries defaults on indebtedness in a principal amount in

excess of \$150 million that results in acceleration of the maturity of such indebtedness or receives judgments for the payment of money in excess of \$150 million that are not discharged or stayed within 60 days.

CP Program

Oncor has established a CP Program under which Oncor may issue unsecured CP Notes on a private placement basis with maturity dates not exceeding 397 days from the date of issuance. To the extent any CP Notes are issued with maturity dates of over one year, Oncor anticipates those would be classified as long-term debt and obtain liquidity support under the \$1B Credit Facility. Oncor anticipates that any CP Notes issued under the CP Program with a maturity equal to or less than a year would be classified as short-term debt and obtain liquidity support under the \$2B Credit Facility. Total CP Notes outstanding at any time may not exceed a maximum amount of \$2.0 billion, and Oncor operates the CP Program to ensure that the aggregate amount of CP Notes obtaining liquidity support from a credit facility, when combined with any outstanding borrowings under such credit facility, do not exceed the maximum borrowing capacity of that credit facility.

6. LONG-TERM DEBT

Oncor Holdings (parent company) is prohibited in its limited liability company agreement from directly incurring indebtedness for borrowed money. At December 31, 2024, Oncor's long-term debt consisted of U.S. dollar-denominated and euro-denominated fixed rate senior secured notes and variable rate unsecured debt borrowed under the \$500M Credit Facility.

The following table is a summary of Oncor's long-term debt at December 31, 2024 and 2023:

	At December 31,	
	2024	2023
Fixed Rate Senior Secured Notes:		
Total U.S. dollar-denominated fixed rate senior secured notes	\$ 14,395	\$ 13,445
Euro-denominated fixed rate senior secured notes:		
Euro Notes measured at issuance (a)	542	—
Remeasurement adjustment at December 31, 2024 (b)	(24)	—
Total euro-denominated fixed rate senior secured notes	518	—
Total fixed rate senior secured notes (c)	14,913	13,445
Variable Rate Unsecured Debt:		
\$500M Credit Facility due February 21, 2027 (d)	480	—
Total long-term debt	15,393	13,445
Unamortized discount, premium and debt issuance costs	(159)	(151)
Total carrying amount of long-term debt	\$ 15,234	\$ 13,294

- (a) On May 21, 2024, Oncor issued the Euro Notes. Oncor's euro-denominated fixed rate payment obligations under the Euro Notes were effectively converted to U.S. dollar-denominated fixed-rate payment obligations at issuance through concurrently-executed cross-currency swaps, which are expected to mitigate foreign currency exchange rate risk associated with the interest and principal payments on the Euro Notes that are due in euros. In consideration of the effect of cross-currency swaps, the U.S. dollar principal amount due on the Euro Notes at maturity will be \$542 million and the all-in U.S. dollar fixed-rate coupon on the Euro Notes is 5.371%.
- (b) The remeasurement was calculated based on the exchange rate of €1.00 to \$1.0357 on December 31, 2024.
- (c) Oncor's senior secured notes are secured equally and ratably by a first priority lien on certain transmission and distribution assets. See "Deed of Trust" below for additional information.
- (d) Amounts borrowed under the \$500M Credit Facility are unsecured. See "\$500M Credit Facility" below for additional information.

At December 31, 2024 and 2023, Oncor's outstanding U.S. dollar-denominated fixed rate senior secured notes consisted of the following:

	At December 31,	
	2024	2023
U.S. Dollar-denominated Fixed Rate Senior Secured Notes:		
2.75% Senior Notes due June 1, 2024	\$ -	\$ 500
2.95% Senior Notes due April 1, 2025 (a)	350	350
0.55% Senior Notes due October 1, 2025 (a)	450	450
3.86% Senior Notes, Series A, due December 3, 2025 (a)	174	174
3.86% Senior Notes, Series B, due January 14, 2026	38	38
5.50% Senior Notes, Series C, due May 1, 2026	200	200
4.30% Senior Notes due May 15, 2028	600	600
3.70% Senior Notes due November 15, 2028	650	650
5.75% Senior Notes due March 15, 2029	318	318
5.00% Senior Notes, Series F, due May 1, 2029	100	-
4.65% Senior Notes due November 1, 2029	550	-
2.75% Senior Notes due May 15, 2030	700	700
5.34% Senior Notes, Series D, due May 1, 2031	100	100
7.00% Senior Notes due May 1, 2032	494	494
4.15% Senior Notes due June 1, 2032	400	400
4.55% Senior Notes due September 15, 2032	700	700
7.25% Senior Notes due January 15, 2033	323	323
5.65% Senior Notes due November 15, 2033	800	800
5.45% Senior Notes, Series E, due May 1, 2036	100	100
7.50% Senior Notes due September 1, 2038	300	300
5.25% Senior Notes due September 30, 2040	475	475
4.55% Senior Notes due December 1, 2041	400	400
5.30% Senior Notes due June 1, 2042	348	348
3.75% Senior Notes due April 1, 2045	550	550
3.80% Senior Notes due September 30, 2047	325	325
4.10% Senior Notes due November 15, 2048	450	450
3.80% Senior Notes due June 1, 2049	500	500
3.10% Senior Notes due September 15, 2049	700	700
3.70% Senior Notes due May 15, 2050	400	400
2.70% Senior Notes due November 15, 2051	500	500
4.60% Senior Notes due June 1, 2052	400	400
4.95% Senior Notes due September 15, 2052	900	900
5.35% Senior Notes due October 1, 2052	300	300
5.49% Senior Notes, Series G, due May 1, 2054	50	-
5.55% Senior Notes due June 15, 2054	750	-
Total U.S. dollar-denominated fixed rate senior secured notes	\$ 14,395	\$ 13,445

- (a) At December 31, 2024, the \$350 million aggregate principal amount of Oncor's 2.95% Senior Secured Notes due April 1, 2025, \$450 million aggregate principal amount of Oncor's 0.55% Senior Secured Notes due October 1, 2025 and \$174 million aggregate principal amount of Oncor's 3.86% Senior Secured Notes due December 3, 2025 are due within the next 12 months. At December 31, 2024, in accordance with ASC 470-10 "Debt," Oncor's intent to refinance such debt on a long-term basis and Oncor's ability to refinance the obligation through the then-available capacity of the AR Facility and the \$500M Credit Facility and subsequent issuance of senior secured notes and available capacity of the \$1B Credit Facility entered on February 20, 2025, resulted in these senior notes due within the next 12 months being classified as long-term debt, noncurrent.

Deed of Trust

Oncor's long-term senior secured notes are secured equally and ratably by a first priority lien on all property acquired or constructed by Oncor for use in its electricity transmission and distribution business, subject to certain exceptions. The property is mortgaged under the Deed of Trust. The Deed of Trust permits Oncor to secure indebtedness with the lien of the Deed of Trust up to the aggregate of (i) the amount of available bond credits, and (ii) 85% of the lower of the fair value or cost of certain property additions that could be certified to the Deed of Trust collateral agent.

AR Facility

In April 2023, Oncor and its bankruptcy-remote special purpose entity Receivables LLC, a wholly-owned subsidiary of Oncor, established the AR Facility, a revolving accounts receivable securitization facility. Under the terms of the AR Facility, Oncor sells or contributes all of its existing and future accounts receivable from REPs and certain related rights to Receivables LLC as contemplated by the terms of the AR Facility. Receivables LLC then pledges those REP receivables and related rights to the lenders under the AR Facility as collateral for borrowings. Oncor serves as servicer of the AR Facility and receives a fee from Receivables LLC equal to 1.00% per annum of the aggregate unpaid balance of receivables as of the last day of each settlement period.

Receivables LLC's sole business consists of the purchase or acceptance through capital contributions of the receivables and related rights from Oncor and the subsequent retransfer of or granting of a security interest in such receivables and related rights to the administrative agent for the benefit of the lenders pursuant to the receivables financing agreement. Receivables LLC is a separate legal entity with its own separate creditors who will be entitled, upon its liquidation, to have amounts owed to them be satisfied out of Receivables LLC's assets prior to any assets or value in Receivables LLC becoming available to Receivables LLC's equity holder. The assets of Receivables LLC are not available to pay creditors of Oncor or any affiliate thereof.

Receivables LLC is considered a VIE. See Note 13 for more information related to Oncor's consolidated VIE.

Oncor has access to the AR Facility, under which Receivables LLC may borrow at any one time an amount equal to the borrowing base. The borrowing base is defined under the receivables financing agreement as an amount equal to the lesser of (i) the facility limit of \$500 million or (ii) the amount calculated based on the outstanding balance of eligible receivables held as collateral at a particular time, subject to certain reserves, concentration limits, and other limitations. Borrowings under the AR Facility bear interest at the daily cost of asset-backed commercial paper issued by the conduit lenders to fund the loans, plus related dealer commissions and note issuance costs, or, if funded by the committed lenders, a rate per annum equal to SOFR calculated based on term SOFR for a one-month interest period, plus the SOFR Adjustment. Receivables LLC also pays a used and unused fee in connection with the AR Facility.

The agreements relating to the AR Facility contain customary representations and warranties and affirmative and negative covenants. The agreements relating to the AR Facility also contain customary events of default for a facility of this type, the occurrence of which provides for the acceleration of all outstanding loans made under the AR Facility, including Receivables LLC's failure to pay interest or other amounts due, Receivables LLC becoming insolvent or subject to bankruptcy proceedings or certain judicial judgments or breaches of certain representations and warranties and covenants.

On April 26, 2024, the scheduled termination date of the AR Facility was extended by one year from April 28, 2026 to April 28, 2027. The AR Facility will terminate at the earlier of (i) the scheduled termination date of April 28, 2027, (ii) the date on which the termination date is declared or deemed to have occurred upon the exercise of remedies by the administrative agent, or (iii) the date that is 30 days after notice of termination is provided by Receivables LLC. Subject to the consent of the administrative agent and the lenders, Receivables LLC may, 30 days prior to each anniversary date of the receivables financing agreement, extend the AR Facility in one-year increments subject to lender approvals.

\$500M Credit Facility

On February 21, 2024, Oncor entered into an unsecured revolving \$500M Credit Facility. The \$500M Credit Facility has a borrowing capacity of \$500 million and a maturity date of February 21, 2027. The \$500M Credit Facility gives Oncor the option to request an increase in Oncor's borrowing capacity of up to \$500 million in \$100 million minimum increments, subject to certain conditions, including lender approvals. The \$500M Credit Facility also provides Oncor with the option to request that each lender extend the term of its commitment for up to two additional one-year periods, subject to certain conditions, including lender approvals.

Borrowings under the \$500M Credit Facility bear interest at a per annum rate equal to, at Oncor's option, (i) term SOFR for the interest period relevant to such borrowing, plus the SOFR Adjustment, plus an applicable margin of between 0.875% and 1.500%, depending on certain credit ratings assigned to Oncor's debt, or (ii) an alternate base rate (equal to the greatest of (1) the prime rate publicly announced from time to time by the administrative agent as its prime rate, (2) the federal funds effective rate, plus 0.50%, and (3) term SOFR for a one-month interest period on such date, plus the SOFR Adjustment, plus 1.0%), plus, in the case of clauses (1) through (3), an applicable margin of between 0.00% and 0.50%, depending on certain credit ratings assigned to Oncor's debt. The \$500M Credit Facility also provides for an alternative rate of interest upon the occurrence of certain events related to the current rate of interest benchmark.

A commitment fee is payable quarterly in arrears and upon termination or the reduction of the revolving commitments at a rate per annum equal to between 0.075% and 0.625% of the commitments under the \$500M Credit Facility, depending on certain credit ratings assigned to Oncor's debt and the utilization percentage. The utilization percentage is determined by dividing the aggregate principal amount of loans outstanding under the \$500M Credit Facility by the total commitments.

The \$500M Credit Facility requires that Oncor maintains a maximum consolidated senior debt to consolidated total capitalization ratio of 0.65 to 1.00 and observes certain customary reporting requirements and other customary covenants for facilities of this type.

The \$500M Credit Facility also contains customary events of default for facilities of this type, the occurrence of which would allow the lenders to accelerate all outstanding loans and terminate their commitments, including certain changes in control of Oncor that are not permitted transactions under the \$500M Credit Facility and cross-default provisions in the event Oncor or any of Oncor's subsidiaries defaults on indebtedness in a principal amount in excess of \$100 million or receives judgments for the payment of money in excess of \$100 million that are not discharged or stayed within 60 days.

Long-Term Debt-Related Activities in 2024

Senior Secured Notes Issuances

Issuance of 2024 NPA Notes

On April 24, 2024, Oncor issued \$100 million aggregate principal amount of 5.00% Senior Secured Notes, Series F, due May 1, 2029 (Series F Notes) and \$50 million aggregate principal amount of 5.49% Senior Secured Notes, Series G, due May 1, 2054 (Series G Notes, and together with the Series F Notes, the 2024 NPA Notes). The 2024 NPA Notes were issued pursuant to the Note Purchase Agreement, dated March 27, 2024, between Oncor and the purchasers named therein (2024 NPA). Oncor used the proceeds from the sale of the 2024 NPA Notes for general corporate purposes, including to repay CP Notes then outstanding.

The Series F Notes bear interest at a rate of 5.00% per annum and mature on May 1, 2029. The Series G Notes bear interest at a rate of 5.49% per annum and mature on May 1, 2054. Interest on the 2024 NPA Notes is payable semi-annually on May 1 and November 1, beginning November 1, 2024. Prior to April 1, 2029 in the case of the Series F Notes and November 1, 2053 in the case of the Series G Notes, Oncor may redeem such notes at any time, in whole or in part, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and a "make-whole" premium. On and after April 1, 2029 in the case of the Series F Notes and November 1, 2053 in the case of

the Series G Notes, Oncor may redeem such notes at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of such notes, plus accrued and unpaid interest.

The 2024 NPA contains customary covenants, restricting, subject to certain exceptions, Oncor from, among other things, entering into mergers and consolidations, and sales of substantial assets. In addition, the 2024 NPA requires that Oncor maintains a consolidated senior debt to consolidated total capitalization ratio of no greater than 0.65 to 1.00.

The 2024 NPA also contains customary events of default, including the failure to pay principal or interest on the 2024 NPA Notes when due, among others. If any such event of default occurs and is continuing, among other remedies provided in the 2024 NPA, the outstanding principal of the 2024 NPA Notes may be declared due and payable.

Issuance of Euro Notes Under Indenture

On May 21, 2024, Oncor issued €500 million aggregate principal amount of Euro Notes. The Euro Notes were issued under one of Oncor's existing indentures and are secured pursuant to the Deed of Trust. Oncor's euro-denominated fixed-rate payment obligations under the Euro Notes were effectively converted to U.S. dollar-denominated fixed-rate payment obligations at issuance through concurrently-executed cross-currency swaps, which are expected to mitigate foreign currency exchange risk associated with the interest and principal payments on the Euro Notes that are due in euros. As a result of the cross-currency swaps, the U.S. dollar principal amount due on the Euro Notes at maturity will be \$542 million and the all-in U.S. dollar fixed-rate coupon on the Euro Notes is 5.371%. See Note 12 for more information on Oncor's cross-currency swaps activities.

Oncor intends to allocate/disburse the net proceeds from the sale of the Euro Notes, or an amount equal to the net proceeds from the sale of the Euro Notes, to finance and/or refinance, in whole or in part, investments in or expenditures on one or more new and/or existing eligible green projects in accordance with Oncor's sustainable financing framework. Eligible green projects will include new and/or existing projects which fall into one or more of the eligible categories of renewable energy, energy efficiency and climate change adaptation, and also meet the eligibility criteria set forth in the applicable offering documents. Prior to the allocation/disbursement of the full amount of the net proceeds from the sale of the Euro Notes to eligible green projects, Oncor temporarily applied such net proceeds to repay \$400 million aggregate principal amount outstanding under the AR Facility, which amount reflected the entire amount then-outstanding, and to repay CP Notes then outstanding.

The Euro Notes bear interest at a rate of 3.50% per annum and mature on May 15, 2031. Interest on the Euro Notes accrued from the date of the original issuance and is payable annually on May 15 of each year, beginning on May 15, 2025. Prior to February 15, 2031, Oncor may redeem the Euro Notes at any time, in whole or in part, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and a "make-whole" premium. On and after February 15, 2031, Oncor may redeem the Euro Notes at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of the Euro Notes, plus accrued and unpaid interest. Oncor may also redeem the Euro Notes for cash in whole, but not in part, at the redemption price equal to 100% of the principal amount of the Euro Notes, plus accrued and unpaid interest, if certain tax events occur that would obligate Oncor to pay certain additional amounts.

Issuance of Senior Secured Notes Under Indenture (2054 Notes)

On June 21, 2024, Oncor issued \$750 million aggregate principal amount of 5.55% Senior Secured Notes due June 15, 2054 (2054 Notes). The 2054 Notes were issued under one of Oncor's existing indentures and are secured pursuant to the Deed of Trust. Oncor used the net proceeds from the sale of the 2054 Notes for general corporate purposes, including to repay CP Notes then outstanding.

The 2054 Notes bear interest at a rate of 5.55% per annum and mature on June 15, 2054. Interest on the 2054 Notes accrued from June 21, 2024 and will be payable semi-annually on June 15 and December 15 of each year, beginning on December 15, 2024. Prior to December 15, 2053, Oncor may redeem the 2054 Notes at any time, in whole or in part, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and a "make-whole" premium. On and after December 15, 2053, Oncor may redeem the 2054 Notes at any time, in whole or in

part, at a redemption price equal to 100% of the principal amount of the 2054 Notes, plus accrued and unpaid interest.

Issuance of Senior Secured Notes Under Indenture (the Outstanding 2029 Notes)

On November 13, 2024, Oncor issued \$550 million aggregate principal amount of 4.65% Senior Secured Notes due November 1, 2029 (the Outstanding 2029 Notes). The Outstanding 2029 Notes were issued under one of Oncor's existing indentures and are secured pursuant to the Deed of Trust. Oncor used the net proceeds from the sale of the Outstanding 2029 Notes for general corporate purposes, including to repay the full amount then outstanding under the AR Facility and a portion of CP Notes then outstanding.

The Outstanding 2029 Notes bear interest at a rate of 4.65% per annum and mature on November 1, 2029. Interest on the Outstanding 2029 Notes accrued from November 13, 2024 and will be payable semi-annually on May 1 and November 1 of each year, beginning on May 1, 2025. Prior to October 1, 2029, Oncor may redeem the Outstanding 2029 Notes at any time, in whole or in part, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and a "make-whole" premium. On and after October 1, 2029, Oncor may redeem the Outstanding 2029 Notes at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of the Outstanding 2029 Notes, plus accrued and unpaid interest.

Senior Secured Notes Repayment

Oncor repaid in full at maturity the \$500 million aggregate principal amount of Oncor's 2.75% Senior Secured Notes due June 1, 2024, plus accrued and unpaid interest on such notes.

AR Facility

The following table summarizes the activity under the AR Facility in 2024:

	Borrowing (Repayment) Amounts
Balance at December 31, 2023	\$ -
Borrowing on January 30, 2024	300
Borrowing on April 29, 2024	100
Repayment on May 21, 2024	(400)
Borrowing on June 27, 2024	140
Borrowing on August 30, 2024	235
Borrowing on September 30, 2024	125
Repayment on November 13, 2024	(500)
Balance at December 31, 2024	\$ -

At December 31, 2024, the borrowing base for the AR Facility was \$500 million and no borrowings were outstanding under the AR Facility.

\$500M Credit Facility

The following table summarizes the activity under the \$500M Credit Facility in 2024:

	Borrowing (Repayment) Amounts
Borrowing on February 28, 2024	\$ 220
Borrowing on March 28, 2024	280
Repayment on December 30, 2024	(20)
Balance at December 31, 2024	\$ 480

Maturities

Oncor's long-term debt maturities at December 31, 2024, are as follows:

Years	Amounts (a)
2025	\$ 974
2026	238
2027	480
2028	1,250
2029	968
Thereafter	11,483
Total	<u>\$ 15,393</u>

(a) Excludes debt discounts, debt premiums and debt issuance costs, but includes the remeasurement adjustment related to the Euro Notes.

Fair Value of Long-Term Debt

At December 31, 2024 and 2023, the estimated fair value of Oncor's long-term debt (including current maturities) totaled \$13.446 billion and \$12.798 billion, respectively, and the carrying amount totaled \$15.234 billion and \$13.294 billion, respectively. The fair value is estimated using observable market data, representing Level 2 valuations under accounting standards related to the determination of fair value.

Long-Term Debt-Related Activities in 2025

Issuance of Senior Secured Notes Under Indenture (the New 2029 Notes)— On January 14, 2025, Oncor issued \$100 million aggregate principal amount of Oncor's 4.65% Senior Secured Notes due 2029 (the New 2029 Notes). The New 2029 Notes constitute an additional issuance of Oncor's Outstanding 2029 Notes, \$550 million of which Oncor previously issued on November 13, 2024 and are currently outstanding. The New 2029 Notes were issued under one of its existing indentures and are secured pursuant to the Deed of Trust. Oncor used the net proceeds from the sale of the New 2029 Notes for general corporate purposes, including to repay a portion of CP Notes then outstanding.

The New 2029 Notes bear interest at a rate of 4.65% per annum and mature on November 1, 2029. Interest on the New 2029 Notes accrued from November 13, 2024 and will be payable semi-annually on May 1 and November 1 of each year, beginning on May 1, 2025. Prior to October 1, 2029, Oncor may redeem the New 2029 Notes at any time, in whole or in part, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and a “make-whole” premium. On and after October 1, 2029, Oncor may redeem the New 2029 Notes at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of the New 2029 Notes, plus accrued and unpaid interest.

Subsequent Borrowing under AR Facility— On January 30, 2025, Oncor borrowed \$300 million aggregate principal amount under the AR Facility. Oncor used the net proceeds from the borrowing for general corporate purposes, including to repay a portion of CP Notes then outstanding.

Issuance of 2025 NPA Notes— On January 30, 2025, Oncor issued \$250 million aggregate principal amount of 5.15% Senior Secured Notes, Series H, due May 1, 2029 (the Series H Notes). The Series H Notes were issued pursuant to the Note Purchase Agreement, dated January 30, 2025, between Oncor and the purchasers named therein (2025 NPA). Oncor used the proceeds from the sale of the Series H Notes for general corporate purposes, including to repay a portion of CP Notes then outstanding. The 2025 NPA provides for, subject to the satisfaction of the certain customary closing conditions specified therein, Oncor’s future issuance of \$150 million aggregate principal amount of 5.59% Senior Secured Notes, Series I, due May 1, 2034 (the Series I Notes) on or prior to February 28, 2025. Collectively, the Series H Notes and the Series I Notes are referred to as the 2025 NPA Notes.

The Series H Notes bear interest at a rate of 5.15% per annum and mature on May 1, 2029. Interest on the Series H Notes accrued from January 30, 2025 and will be payable semi-annually on May 1 and November 1 of each year, beginning on November 1, 2025. When issued, the Series I Notes will bear interest at a rate of 5.59% per annum and mature on May 1, 2034. Interest on the Series I Notes will accrue from the date of their issuance in February and will be payable semi-annually on May 1 and November 1 of each year, beginning on November 1, 2025. Prior to April 1, 2029 in the case of the Series H Notes and April 1, 2034 in the case of the Series I Notes, Oncor may redeem such notes at any time, in whole or in part, at a price equal to 100% of their principal amount, plus accrued and unpaid interest and a “make-whole” premium. On and after April 1, 2029 in the case of the Series H Notes and April 1, 2034 in the case of the Series I Notes, Oncor may redeem such notes at any time, in whole or in part, at a redemption price equal to 100% of the principal amount of such notes, plus accrued and unpaid interest.

The 2025 NPA contains customary covenants, restricting, subject to certain exceptions, Oncor from, among other things, entering into mergers and consolidations, and sales of substantial assets. In addition, the 2025 NPA requires that Oncor maintains a consolidated senior debt to consolidated total capitalization ratio of no greater than 0.65 to 1.00.

The 2025 NPA also contains customary events of default, including the failure to pay principal or interest on the 2025 NPA Notes when due, among others. If any such event of default occurs and is continuing, among other remedies provided in the 2025 NPA, the outstanding principal of the 2025 NPA Notes may be declared due and payable.

\$1B Credit Facility — On February 20, 2025, Oncor entered into an unsecured revolving \$1B Credit Facility. The \$1B Credit Facility has a borrowing capacity of \$1.0 billion and a maturity date of February 20, 2028. The \$1B Credit Facility gives Oncor the option to request an increase in its borrowing capacity of up to \$350 million in \$100 million minimum increments, subject to certain conditions, including lender approvals. The \$1B Credit Facility also provides Oncor with the option to request that each lender extend the term of its commitment for up to two additional one-year periods, subject to certain conditions, including lender approvals.

Borrowings under the \$1B Credit Facility bear interest at a per annum rate equal to, at Oncor's option, (i) term SOFR for the interest period relevant to such borrowing, plus the SOFR Adjustment, plus an applicable margin of between 0.750% and 1.250%, depending on certain credit ratings assigned to Oncor's debt, or (ii) an alternate base rate (equal to the greatest of (1) the prime rate as quoted by The Wall Street Journal on such date, (2) the federal funds effective rate on such date, plus 0.50%, and (3) term SOFR for a one-month interest period on such date, plus the SOFR Adjustment, plus 1.0%), plus, in the case of clauses (1) through (3), an applicable margin of between 0.00% and 0.25%, depending on certain credit ratings assigned to Oncor's debt. The \$1B Credit Facility also provides for an alternative rate of interest upon the occurrence of certain events related to the current rate of interest benchmark.

A commitment fee is payable quarterly in arrears and upon termination or reduction of the revolving commitments at a rate per annum equal to between 0.040% and 0.150%, depending on certain credit ratings assigned to Oncor's debt, of the commitments under the \$1B Credit Facility.

The \$1B Credit Facility requires that Oncor maintains a maximum consolidated senior debt to consolidated total capitalization ratio of 0.65 to 1.00 and observe certain customary reporting requirements and other customary covenants for facilities of this type.

The \$1B Credit Facility also contains customary events of default for facilities of this type, the occurrence of which would allow the lenders to accelerate all outstanding loans and terminate their commitments, including certain changes in control of Oncor that are not permitted transactions under the \$1B Credit Facility and cross-default provisions in the event Oncor or certain of Oncor's subsidiaries defaults on indebtedness in a principal amount in excess of \$150 million that results in acceleration of the maturity of such indebtedness or receives judgments for the payment of money in excess of \$150 million that are not discharged or stayed within 60 days.

2025 Notes Redemption — On February 12, 2025, the trustee under the indenture governing Oncor's 2.95% Senior Secured Notes due 2025 (2025 Notes) delivered a notice of redemption on Oncor's behalf to the holders of Oncor's outstanding 2025 Notes. The 2025 Notes mature on April 1, 2025. The notice provides that Oncor will redeem the entire \$350 million aggregate principal amount outstanding of the 2025 Notes. The redemption date will be March 14, 2025 and the redemption price will be equal to 100% of the principal amount of the 2025 Notes, plus accrued interest to, but not including, the redemption date. Upon the redemption of the 2025 Notes, none of the 2025 Notes will remain outstanding.

7. COMMITMENTS AND CONTINGENCIES

Leases

General

A lease exists when a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. As lessee, Oncor's leased assets primarily consist of Oncor's vehicle fleet and real estate leased for company offices and service centers. Oncor's leases are accounted for as operating leases for

GAAP purposes. At December 31, 2024 and 2023, Oncor had \$3 million and \$4 million, respectively, in GAAP operating leases for temporary emergency electric energy facilities that are treated as capital leases solely for rate-

making purposes as required by PURA. Oncor generally recognizes operating lease costs on a straight-line basis over the lease term in operating expenses. Oncor is not a lessor to any material lease contracts.

As of the lease commencement date, Oncor recognizes a lease liability for Oncor's obligation to make lease payments, which is initially measured at present value using Oncor's incremental borrowing rate at the date of lease commencement, unless the rate implicit in the lease is readily determinable. Oncor determines its incremental borrowing rate based on the rate of interest that it would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term in a similar economic environment. Oncor also records a ROU asset for its right to use the underlying asset, which is initially equal to the lease liability and adjusted for any lease payments made at or before lease commencement, lease incentives and any initial direct costs.

Some of Oncor's lease agreements contain nonlease components, which represent items or activities that transfer a good or service. Oncor separates lease components from nonlease components, if any, for Oncor's fleet vehicle and real estate leases for purposes of calculating the related lease liability and ROU asset.

Certain of Oncor's leases include options to extend the lease terms for up to 20 years, while others include options to terminate early. Oncor's lease liabilities and ROU assets are based on lease terms that may include such options to extend or terminate the lease when it is reasonably certain that Oncor will exercise that option.

Short-term Leases

Some of Oncor's contracts are short-term leases, which have a lease term of 12 months or less at lease commencement. As allowed by GAAP, Oncor does not recognize a lease liability or ROU asset arising from short-term leases for all existing classes of underlying assets. Oncor recognizes short-term lease costs on a straight-line basis over the lease term.

Lease Obligations, Lease Costs and Other Supplemental Data

The following table presents GAAP operating lease related balance sheet information:

	At December 31,	
	2024	2023
ROU assets:		
Operating lease ROU and other assets (noncurrent)	\$ 209	\$ 122
Lease liabilities:		
Operating lease and other current liabilities	\$ 41	\$ 35
Operating lease and other obligations (noncurrent)	193	112
Total operating lease liabilities	\$ 234	\$ 147
Weighted-average remaining lease term (in years)	7	6
Weighted-average discount rate	3.7%	2.8%

The following table presents costs related to lease activities:

	Years Ended December 31,		
	2024	2023	2022
Operating lease costs (including amounts allocated to property, plant and equipment)	\$ 31	\$ 53	\$ 52
Short-term lease costs	20	13	9
Total operating lease costs	<u>\$ 51</u>	<u>\$ 66</u>	<u>\$ 61</u>

The following table presents lease related cash flows and other information:

	Years Ended December 31,		
	2024	2023	2022
Cash paid for amounts included in the measurement of operating lease liabilities	<u>\$ 56</u>	<u>\$ 47</u>	<u>\$ 49</u>
ROU assets obtained in exchange for operating lease obligations (noncash)	<u>\$ 129</u>	<u>\$ 19</u>	<u>\$ 42</u>

The following table presents the maturity analysis of Oncor's operating lease liabilities and reconciliation to the present value of lease liabilities:

Years	Amounts (a)
2025	\$ 50
2026	39
2027	34
2028	29
2029	20
Thereafter	111
Total undiscounted lease payments	<u>283</u>
Less imputed interest	(49)
Total operating lease obligations	<u>\$ 234</u>

(a) Excludes the effects of a ten-year operating lease liability entered into in 2024 that commenced in January 2025. The future minimum lease payments under the lease agreement are estimated to be \$1 million each year for 2025 through 2029 and \$7 million thereafter (through expiration in 2034) for the lease.

Sales and Use Tax Audits

Oncor is subject to sales and use tax audits in the normal course of business. As of December 31, 2024, the Texas State Comptroller's office was conducting two sales and use tax audits for audit periods covering July 2013 through December 2017 and January 2018 through December 2022. While the outcome of these ongoing audits is uncertain, based on Oncor's analysis, Oncor does not expect the ultimate resolutions of these ongoing audits will have a material adverse effect on its financial position, results of operations, or cash flows.

In January 2024, Oncor reached a final settlement agreement with the Texas State Comptroller's office for the sales and use tax audit for the January 2010 through June 2013 audit period that resulted in a \$63 million refund, net of

consulting fees. The effects of the net settlement recorded in the first quarter of 2024 reflect a \$53 million reduction in property, plant and equipment in the Consolidated Balance Sheets related to sales tax previously capitalized and a \$10 million decrease in operation and maintenance expense in the Statements of Consolidated Income related to sales tax previously expensed.

Energy Efficiency Spending

Oncor is required to annually invest in programs designed to improve customer electricity demand and consumption efficiencies to satisfy ongoing regulatory requirements. The requirement for the year 2025 is \$55 million, which is recoverable through EECRF rates.

Legal/Regulatory Proceedings

See Note 2 above for additional information regarding certain regulatory proceedings. Oncor is also involved in other legal and administrative proceedings in the normal course of business, the ultimate resolution of which, in the opinion of management, should not have a material effect upon our financial position, results of operations, or cash flows.

Labor Contracts

At December 31, 2024, approximately 16% of Oncor's full-time employees were represented by a labor union and covered by a collective bargaining agreement that expires in October 2026.

Environmental Contingencies

Oncor must comply with environmental laws and regulations applicable to the handling and disposal of hazardous waste. Oncor is in compliance with all current laws and regulations. The impact, if any, of changes to existing regulations or the implementation of new regulations is not determinable. The costs to comply with environmental regulations can be significantly affected by the following external events or conditions:

- changes to existing state or federal regulation by governmental authorities having jurisdiction over control of toxic substances and hazardous and solid wastes, and other environmental matters, and
- the identification of additional sites requiring clean-up or the filing of other complaints in which Oncor may be asserted to be a potential responsible party.

Oncor has not identified any significant potential environmental liabilities at this time.

8. MEMBERSHIP INTERESTS - ONCOR HOLDINGS

Contributions

On February 14, 2025, Oncor Holdings received cash capital contributions from its member totaling \$486 million. During 2024, Oncor Holdings received the following cash capital contributions from its member, each of which it subsequently contributed to Oncor.

Receipt Dates	Amounts
February 16, 2024	\$ 192
May 3, 2024	\$ 193
July 31, 2024	\$ 193
October 31, 2024	\$ 91
December 20, 2024	\$ 303

Distributions

While there are no direct restrictions on our ability to distribute our net income that are currently material, substantially all of our net income is derived from Oncor. Our board of directors or a majority of the Disinterested Directors, can withhold distributions (other than contractual tax payments) to the extent they determine that it is necessary to retain such amounts to meet the company's expected future requirements.

The Sempra Order and the limited liability company agreement set forth various restrictions on distributions to members. Among those restrictions is the commitment that Oncor will make no distributions (other than contractual tax payments) to its members that would cause Oncor to exceed its debt-to-equity ratio authorized by the PUCT. The distribution restrictions also include the ability of a majority of Oncor's Disinterested Directors, or either of the two member directors designated by Texas Transmission, to limit distributions to the extent each determines it is necessary to meet expected future requirements of Oncor (including continuing compliance with the PUCT debt-to-equity ratio commitment). In addition, the distribution restrictions also require Oncor to suspend dividends and other distributions (except for contractual tax payments) if the credit rating on Oncor's senior secured debt by any of the three major rating agencies falls below BBB (or the equivalent), unless otherwise allowed by the PUCT.

Oncor's current authorized regulatory capital structure is 57.5% debt to 42.5% equity. The PUCT has the authority to determine what types of debt and equity are included in a utility's regulatory debt-to-equity ratio. For purposes of this ratio, debt is calculated as long-term debt including any finance leases plus unamortized gains on reacquired debt less unamortized issuance expenses, premiums and losses on reacquired debt. Equity is calculated as membership interests determined in accordance with GAAP, excluding accumulated other comprehensive loss and the effects of acquisition accounting from a 2007 transaction. At December 31, 2024, Oncor's regulatory capitalization was 56.1% debt to 43.9% equity and as a result Oncor had \$686 million available to distribute to its members without exceeding our authorized debt-to-equity ratio.

On February 13, 2025, Oncor's board of directors declared, and Oncor paid, a cash distribution of \$142 million. During 2024, Oncor's board of directors declared, and Oncor paid, the following cash distributions to our member:

Declaration Dates	Payment Dates	Amounts	
February 14, 2024	February 15, 2024	\$	100
April 30, 2024	May 1, 2024	\$	101
July 30, 2024	July 30, 2024	\$	100
December 9, 2024	December 19, 2024	\$	303

AOCI - Oncor Holdings

The following table presents the changes to AOCI attributable to Oncor Holdings for the years ended December 31, 2024, 2023 and 2022 net of tax:

	Cash Flow Hedges – Interest Rate Swap	Defined Benefit Pension and OPEB Plans	AOCI
Balance at December 31, 2021	\$ (29)	\$ (62)	\$ (91)
Cash flow hedges – amount reclassified from AOCI and reported in interest expense and related charges	2	-	2
Defined benefit pension plans	-	(18)	(18)
Balance at December 31, 2022	(27)	(80)	(107)
Cash flow hedges – amount reclassified from AOCI and reported in interest expense and related charges	2	-	2
Cash flow hedges – loss on settlement of interest rate hedge transactions	(2)	-	(2)
Defined benefit pension plans	-	(11)	(11)
Balance at December 31, 2023	(27)	(91)	(118)
Cash flow hedge amounts reclassified from AOCI and reported in interest expense and related charges	2	-	2
Cash flow hedges – loss on settlement of interest rate hedge transactions	(10)	-	(10)
Fair value hedges – unrealized gain on cross- currency swaps attributable to excluded components	2	-	2
Defined benefit pension plans	-	1	1
Balance at December 31, 2024	\$ (33)	\$ (90)	\$ (123)

9. NONCONTROLLING INTERESTS

At December 31, 2024 and 2023, Oncor's ownership was 80.25% held by us and 19.75% held by Texas Transmission. The book value of the noncontrolling interests exceeds its ownership percentage due to the portion of Oncor's deferred taxes not attributable to the noncontrolling interests.

Contributions from Noncontrolling Interests

On February 14, 2025, Oncor received cash capital contributions from Texas Transmission totaling \$119 million. During 2024, Oncor received the following cash capital contributions from Texas Transmission.

Receipt Dates	Amounts	
February 16, 2024	\$	48
May 3, 2024	\$	47
July 31, 2024	\$	47
October 31, 2024	\$	23
December 20, 2024	\$	74

Distributions to Noncontrolling Interests

On February 13, 2025, Oncor's board of directors declared, and Oncor paid a cash distribution of \$35 million. During 2024, Oncor's board of directors declared, and Oncor paid, the following cash distributions to Texas Transmission:

Declaration Dates	Payment Dates	Amounts	
February 14, 2024	February 15, 2024	\$	25
April 30, 2024	May 1, 2024	\$	25
July 30, 2024	July 30, 2024	\$	25
December 9, 2024	December 19, 2024	\$	74

10. EMPLOYEE BENEFIT PLANS

Regulatory Recovery of Pension and OPEB Costs

PURA provides for Oncor's recovery of certain pension and OPEB costs related to the regulated utility service of Oncor's employees (and their eligible dependents) and the regulated utility service of certain employees (and their eligible dependents) of Oncor's former affiliated companies for periods prior to the deregulation and disaggregation of the Texas electric market in 2002 (recoverable service). Accordingly, in 2005, Oncor entered into an agreement with a former affiliate of it whereby Oncor assumed responsibility for applicable pension and OPEB costs related to those personnel's recoverable service. Oncor subsequently entered into an agreement with a Vistra affiliate regarding provision of these benefits. Pursuant to that agreement, Oncor currently sponsors an OPEB plan that provides certain retirement healthcare and life insurance benefits to eligible former employees of Oncor and Vistra (or their predecessors or affiliates) for whom both Oncor and Vistra bear a portion of the benefit responsibility. See "OPEB Plans" below for more information.

Oncor is authorized to establish a regulatory asset or liability for the difference between the amounts of pension and OPEB costs approved in current billing rates and the actual amounts that would otherwise have been recorded as charges or credits to earnings related to recoverable service. Amounts deferred are ultimately subject to regulatory approval. At December 31, 2024 and 2023, Oncor had recorded net regulatory assets totaling \$242 million and \$291 million, respectively, related to pension and OPEB costs, including amounts related to deferred expenses as well as amounts related to unfunded liabilities that otherwise would be recorded as other comprehensive income.

Oncor also assumed primary responsibility for pension benefits of a closed group of retired and terminated vested plan participants not related to Oncor's regulated utility business (non-recoverable service) in a 2012 transaction. Any retirement costs associated with non-recoverable service are not recoverable through rates.

Pension Plans

Oncor sponsors the Oncor Retirement Plan and also has liabilities related to the Vistra Retirement Plan, both of which are qualified pension plans under Section 401(a) of the Code, and are subject to the provisions of ERISA. Employees do not contribute to either plan. These pension plans provide benefits to participants under one of two formulas: (i) a Cash Balance Formula under which participants earn monthly contribution credits based on their compensation and a combination of their age and years of service, plus monthly interest credits or (ii) a Traditional Retirement Plan Formula based on years of service and the average earnings of the three years of highest earnings. The interest component of the Cash Balance Formula is variable and is determined using the yield on 30-year Treasury bonds. The weighted-average interest crediting rate assumption for the Cash Balance Formula was 3.5% for 2024. Under the Cash Balance Formula, future increases in earnings will not apply to prior service costs.

All eligible employees hired after January 1, 2001 participate under the Cash Balance Formula. Certain employees, who, prior to January 1, 2002, participated under the Traditional Retirement Plan Formula, continue their participation under that formula. It is Oncor's policy to fund its plans on a current basis to the extent required under existing federal tax and ERISA regulations.

Oncor also maintains the Supplemental Retirement Plan for certain employees whose retirement benefits cannot be fully earned under the qualified retirement plan. Supplemental Retirement Plan amounts are included in the reported pension amounts below.

At December 31, 2024, the pension plans' projected benefit obligation included a net actuarial gain of \$134 million attributable primarily to an increase in discount rates due to changes in the corporate bond markets, partially offset by actuarial assumption updates to reflect recent demographic experience and current market conditions and plan experience different than expected.

OPEB Plans

Oncor currently sponsors two OPEB Plans. One plan covers Oncor's eligible current and future retirees whose services are 100% attributed to the regulated business. Effective January 1, 2018, Oncor established a second plan to cover eligible retirees of Oncor and Vistra (or their predecessors or affiliates) whose employment services were assigned to both Oncor (or a predecessor regulated utility business) and the non-regulated business of Vistra. Vistra is solely responsible for its portion of the liability for retiree benefits related to those retirees.

Oncor's contribution policy for the OPEB Plans is to place in irrevocable external trusts dedicated to the payment of OPEB expenses an amount at least equal to the OPEB expense recovered in rates.

At December 31, 2024, the OPEB Plans' projected benefit obligation included a net actuarial gain of \$15 million attributable primarily to increasing discount rates due to changes in the corporate bond markets and plan experience different than expected, partially offset by losses attributable to updates to health care assumptions.

Pension and OPEB Costs Recognized as Expense

Pension and OPEB amounts provided herein include amounts related only to Oncor's obligations with respect to the various plans based on actuarial computations and reflect Oncor's employee and retiree demographics as described above.

The calculated value method is used to determine the market-related value of the assets held in the trust for purposes of calculating Oncor's pension costs. Realized and unrealized gains or losses in the market-related value of assets are included over a rolling four-year period. Each year, 25% of such gains and losses for the current year and for each of the preceding three years is included in the market-related value. Each year, the market-related value of assets is increased for contributions to the plan and investment income and is decreased for benefit payments and expenses for that year.

The fair value method is used to determine the market-related value of the assets held in the trust for purposes of calculating OPEB cost.

Detailed Information Regarding Pension and OPEB Benefits

The following pension plans and OPEB Plans information is based on December 31, 2024, 2023 and 2022 measurement dates:

	Pension Plans			OPEB Plans		
	Years Ended December 31,			Years Ended December 31,		
	2024	2023	2022	2024	2023	2022
Assumptions Used to Determine Net Periodic Pension and OPEB Costs:						
Discount rate	4.77%	4.94%	2.75%	4.99%	5.19%	2.91%
Expected return on plan assets	5.83%	6.04%	4.70%	6.72%	6.94%	5.61%
Rate of compensation increase	5.65%	5.34%	4.98%	N/A	N/A	N/A
Components of Net Pension and OPEB Costs:						
Service cost	\$ 25	\$ 23	\$ 31	\$ 2	\$ 2	\$ 4
Interest cost (a)	120	123	90	31	33	25
Expected return on assets (a)	(115)	(125)	(104)	(7)	(7)	(8)
Amortization of net loss (gain) (a)	4	1	32	(7)	(33)	(1)
Net pension and OPEB costs	34	22	49	19	(5)	20
Net adjustments (b)	(10)	6	(6)	(10)	21	11
Net pension and OPEB costs recognized as operation and maintenance expense or other deductions	<u>\$ 24</u>	<u>\$ 28</u>	<u>\$ 43</u>	<u>\$ 9</u>	<u>\$ 16</u>	<u>\$ 31</u>
Other Changes in Plan Assets and Benefit Obligations Recognized as Regulatory Assets or in Other Comprehensive Income:						
Net (gain) loss	\$ (12)	\$ 27	\$ 50	\$ (15)	\$ (11)	\$ (157)
Amortization of net (loss) gain	(4)	(1)	(32)	7	33	1
Total recognized as regulatory assets or other comprehensive income	(16)	26	18	(8)	22	(156)
Total recognized in net periodic pension and OPEB costs and as regulatory assets or other comprehensive income	<u>\$ 8</u>	<u>\$ 54</u>	<u>\$ 61</u>	<u>\$ 1</u>	<u>\$ 38</u>	<u>\$ (125)</u>

(a) The components of net costs other than service cost component are recorded in "Other deductions and (income) – net" in Statements of Consolidated Income.

(b) Net adjustments include amounts principally deferred as property, regulatory asset or regulatory liability.

	Pension Plans			OPEB Plans		
	Years Ended December 31,			Years Ended December 31,		
	2024	2023	2022	2024	2023	2022
Assumptions Used to Determine Benefit Obligations at Period End:						
Discount rate	5.46%	4.77%	4.94%	5.65%	4.99%	5.19%
Rate of compensation increase	5.57%	5.65%	5.34%	N/A	N/A	N/A

	Pension Plans		OPEB Plans	
	Years Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
Change in Projected Benefit Obligation (PBO) for Pension Plans/Accumulated Postretirement Benefit Obligation (APBO) for OPEB Plans:				
PBO/APBO at beginning of year	\$ 2,615	\$ 2,567	\$ 654	\$ 664
Service cost	25	23	2	2
Interest cost	120	123	31	33
Participant contributions	-	-	20	20
Actuarial (gain) loss	(134)	63	(15)	(2)
Benefits paid	(166)	(161)	(65)	(63)
PBO/APBO at end of year	<u>\$ 2,460</u>	<u>\$ 2,615</u>	<u>\$ 627</u>	<u>\$ 654</u>
Accumulated benefit obligation (ABO) at end of year	\$ 2,360	\$ 2,502	N/A	N/A

Change in Plan Assets:				
Fair value of assets at beginning of year	\$ 1,822	\$ 1,817	\$ 116	\$ 120
Actual return (loss) on assets	(7)	161	7	15
Employer contributions	90	5	23	24
Participant contributions	-	-	20	20
Benefits paid	(166)	(161)	(65)	(63)
Fair value of assets at end of year	<u>\$ 1,739</u>	<u>\$ 1,822</u>	<u>\$ 101</u>	<u>\$ 116</u>

Funded Status:				
Projected benefit obligation at end of year	\$ (2,460)	\$ (2,615)	\$ (627)	\$ (654)
Fair value of assets at end of year	<u>1,739</u>	<u>1,822</u>	<u>101</u>	<u>116</u>
Funded status at end of year	<u>\$ (721)</u>	<u>\$ (793)</u>	<u>\$ (526)</u>	<u>\$ (538)</u>

	Pension Plans		OPEB Plans	
	At December 31,		At December 31,	
	2024	2023	2024	2023
Amounts Recognized in the Balance Sheet Consist of:				
Assets:				
Other noncurrent assets	\$ 29	\$ 23	\$ -	\$ -
Regulatory assets (a)	331	346	-	-
Total assets recognized	<u>\$ 360</u>	<u>\$ 369</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities:				
Other current liabilities	\$ (6)	\$ (5)	\$ (13)	\$ (13)
Other noncurrent liabilities	(744)	(811)	(513)	(525)
Regulatory liabilities	-	-	(165)	(157)
Total liabilities recognized	<u>\$ (750)</u>	<u>\$ (816)</u>	<u>\$ (691)</u>	<u>\$ (695)</u>
Accumulated other comprehensive net loss (income) (a)	\$ 144	\$ 145	\$ (1)	\$ (1)

- (a) Reflects a \$20 million reclassification related to certain employee retirement liabilities from regulatory assets to other comprehensive income in the first quarter of 2023, recorded as a result of the final order in Oncor's comprehensive base rate review (PUCT Docket No. 53601).

The following table provides information regarding the assumed health care cost trend rates.

	Years Ended December 31,		
	2024	2023	2022
Assumed Health Care Cost Trend Rates – Not Medicare Eligible:			
Health care cost trend rate assumed for next year	8.00%	7.40%	7.40%
Rate to which the cost trend is expected to decline (the ultimate trend rate)	4.50%	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2034	2033	2032
Assumed Health Care Cost Trend Rates – Medicare Eligible:			
Health care cost trend rate assumed for next year	10.10%	8.80%	8.30%
Rate to which the cost trend is expected to decline (the ultimate trend rate)	4.50%	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2034	2033	2032

The following table provides information regarding pension plans with PBO and ABO in excess of the fair value of plan assets.

	At December 31,	
	2024	2023
Pension Plans with PBO and ABO in Excess of Plan Assets (a):		
PBO	\$ 2,460	\$ 2,615
ABO	\$ 2,360	\$ 2,502
Fair value of plan assets	\$ 1,739	\$ 1,822

- (a) PBO, ABO and the plan assets relating to Oncor's obligations with respect to the Vistra Retirement Plan are included. Oncor's obligations with respect to the Vistra Retirement Plan are overfunded. As of December 31, 2024, PBO, ABO and the plan assets relating to Oncor's obligations with respect to the Vistra Retirement Plan were \$130 million, \$129 million and \$159 million, respectively. As of December 31, 2023, PBO, ABO and the plan assets relating to Oncor's obligations with respect to the Vistra Retirement Plan were \$142 million, \$141 million and \$165 million, respectively.

The following table provides information regarding OPEB Plans with APBO in excess of the fair value of plan assets.

	At December 31,	
	2024	2023
OPEB Plans with APBO in Excess of Plan Assets:		
APBO	\$ 627	\$ 654
Fair value of plan assets	\$ 101	\$ 116

Pension Plans and OPEB Plans Investment Strategy and Asset Allocations

Oncor's investment objective for the retirement plans is to invest in a suitable mix of assets to meet the future benefit obligations at an acceptable level of risk, while minimizing the volatility of contributions. Equity securities are held to achieve returns in excess of passive indexes by participating in a wide range of investment opportunities. International equity, real assets, credit strategies (high yield bonds, emerging market debt and bank loans), hedge

fund, private equity and private credit are used to further diversify the equity portfolio. International equity securities may include investments in both developed and emerging international markets. Fixed income securities include primarily corporate bonds from a diversified range of companies, U.S. Treasuries and agency securities and money market instruments. The investment strategy for fixed income investments is to maintain a high-grade portfolio of securities, which assists Oncor in managing the volatility and magnitude of plan contributions and expense while maintaining sufficient cash and short-term investments to pay near-term benefits and expenses.

The Oncor Retirement Plan's investments are managed in two pools: one pool associated with the regulated utility service portion of plan obligations related to Oncor's regulated utility business, and a second pool associated with the service portion of plan obligations not related to Oncor's regulated utility business. Each pool is invested in a broadly diversified portfolio as shown below. The second pool represents 26% of total investments at December 31, 2024.

The target asset allocation ranges of the pension plans' investments by asset category are as follows:

Asset Category	Target Allocation Ranges	
	Regulated Utility Service Pool	Non-Regulated Service Pool
International equities	5% - 13%	2% - 8%
U.S. equities	13% - 21%	7% - 13%
Real assets	7% - 17%	0% - 6%
Credit strategies	0% - 10%	0% - 6%
Private credit	0% - 10%	0%
Private equity	0% - 10%	0%
Hedge funds	0% - 10%	0%
Fixed income	38% - 48%	77% - 85%

Oncor's investment objective for the OPEB Plans primarily follows the objectives of the pension plans discussed above, while maintaining sufficient cash and short-term investments to pay near-term benefits and expenses. The actual amounts at December 31, 2024 provided below are consistent with the asset allocation targets.

Fair Value Measurement of Pension Plans' Assets

At December 31, 2024 and 2023, pension plans' assets measured at fair value on a recurring basis consisted of the following:

Asset Category	At December 31, 2024			
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ -	\$ 54	\$ -	\$ 54
Equity securities:				
U.S.	28	1	-	29
International	58	-	-	58
Fixed income securities:				
Corporate bonds (a)	-	524	-	524
Other (b)	-	31	-	31
Total assets in the fair value hierarchy	<u>\$ 86</u>	<u>\$ 610</u>	<u>\$ -</u>	<u>696</u>
Total assets measured at NAV (c)				1,043
Total fair value of plan assets				<u>\$ 1,739</u>

Asset Category	At December 31, 2023			
	Level 1	Level 2	Level 3	Total
Equity securities:				
U.S.	\$ 44	\$ 1	\$ -	\$ 45
International	75	-	-	75
Fixed income securities:				
Corporate bonds (a)	-	501	-	501
Other (b)	-	104	-	104
Total assets in the fair value hierarchy	<u>\$ 119</u>	<u>\$ 606</u>	<u>\$ -</u>	<u>725</u>
Total assets measured at NAV (c)				1,097
Total fair value of plan assets				<u>\$ 1,822</u>

(a) Substantially all corporate bonds are rated investment grade by Fitch, Moody's or S&P.

(b) Other consists primarily of government bonds, emerging market debt, bank loans and fixed income derivative instruments.

(c) Fair value was measured using the NAV per share as a practical expedient as the investments did not have a readily determinable fair value and are not required to be classified in the fair value hierarchy. The NAV fair value amounts presented here are intended to permit a reconciliation to the total fair value of plan assets.

Fair Value Measurement of OPEB Plans' Assets

At December 31, 2024 and 2023, the OPEB Plans' assets measured at fair value on a recurring basis consisted of the following:

Asset Category	At December 31, 2024			
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ 9	\$ 1	\$ -	\$ 10
Equity securities:				
U.S.	11	-	-	11
International	11	-	-	11
Fixed income securities:				
Corporate bonds (a)		25	-	25
Other (b)	9	2	-	11
Total assets in the fair value hierarchy	<u>\$ 40</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>68</u>
Total assets measured at NAV (c)				33
Total fair value of plan assets				<u>\$ 101</u>

Asset Category	At December 31, 2023			
	Level 1	Level 2	Level 3	Total
Interest-bearing cash	\$ 11	\$ 1	\$ -	\$ 12
Equity securities:				
U.S.	14	-	-	14
International	12	-	-	12
Fixed income securities:				
Corporate bonds (a)	-	31	-	31
Other (b)	9	4	-	13
Total assets in the fair value hierarchy	<u>\$ 46</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>82</u>
Total assets measured at NAV (c)				34
Total fair value of plan assets				<u>\$ 116</u>

(a) Substantially all corporate bonds are rated investment grade by Fitch, Moody's or S&P.

(b) Other consists primarily of diversified bond mutual funds and government bonds.

(c) Fair value was measured using the NAV per share as a practical expedient as the investments did not have a readily determinable fair value and are not required to be classified in the fair value hierarchy. The NAV fair value amounts presented here are intended to permit a reconciliation to the total fair value of plan assets.

Expected Long-Term Rate of Return on Assets Assumption

The retirement plans' strategic asset allocation is determined in conjunction with the plans' advisors and utilizes a comprehensive Asset-Liability modeling approach to evaluate potential long-term outcomes of various investment strategies. The modeling incorporates long-term rate of return assumptions for each asset class based on historical and future expected asset class returns, current market conditions, rate of inflation, current prospects for economic growth, and taking into account the diversification benefits of investing in multiple asset classes and potential benefits of employing active investment management.

Pension Plans	
Asset Class	Expected Long-Term Rate of Return
International equity securities	6.88%
U.S. equity securities	7.08%
Real assets	7.76%
Credit strategies	7.40%
Private Equity	10.10%
Hedge Funds	7.30%
Private Debt	8.20%
Fixed income securities	5.40%
Weighted average (a)	6.33%

(a) The 2025 expected long-term rate of return for the nonregulated portion of the Oncor Retirement Plan is 5.97%, and for Oncor's obligations with respect to the Vistra Retirement Plan is 6.73%.

OPEB Plans	
Asset Class	Expected Long-Term Rate of Return
401(h) accounts	7.38%
Life insurance VEBA	6.94%
Union VEBA	6.94%
Non-union VEBA	4.30%
Shared retiree VEBA	4.30%
Weighted average	7.11%

Significant Concentrations of Risk

The plans' investments are exposed to risks such as interest rate, capital market and credit risks. Oncor seeks to optimize return on investment consistent with levels of liquidity and investment risk which are prudent and reasonable, given prevailing capital market conditions and other factors specific to participating employers. While Oncor recognizes the importance of return, investments will be diversified in order to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so. There are also various restrictions and guidelines in place including limitations on types of investments allowed and portfolio weightings for certain investment securities to assist in the mitigation of the risk of large losses.

Assumed Discount Rate

For the Oncor Retirement Plan at December 31, 2024, Oncor selected the assumed discount rate using the Aon AA-AAA Bond Universe yield curve, which is based on corporate bond yields and at December 31, 2024 consisted of 1,291 corporate bonds with an average rating of AA and AAA using Moody's, S&P and Fitch ratings. For Oncor's obligations with respect to the Vistra Retirement Plan and the OPEB Plans at December 31, 2024, Oncor selected the assumed discount rate using the Aon AA Above Median yield curve, which is based on corporate bond yields and at December 31, 2024 consisted of 490 corporate bonds with an average rating of AA using Moody's, S&P and Fitch ratings.

Future Pension Plans and OPEB Plans Cash Contributions

Based on applicable minimum funding requirements and the latest actuarial projections, Oncor's future funding for the pension plans and the OPEB Plans, is expected to total \$193 million and \$25 million, respectively, in 2025 and approximately \$562 million and \$144 million, respectively, in the five-year period 2025 to 2029. Oncor may also elect to make additional discretionary contributions based on market and/or business conditions.

Future Benefit Payments

Estimated future benefit payments to participants are as follows:

	2025	2026	2027	2028	2029	2030-34
Pension plans	\$ 188	\$ 192	\$ 193	\$ 193	\$ 192	\$ 926
OPEB Plans	\$ 46	\$ 47	\$ 48	\$ 49	\$ 49	\$ 242

Thrift Plan

Oncor's employees are eligible to participate in a qualified savings plan, the Oncor Thrift Plan, which is a participant-directed defined contribution plan subject to the provisions of ERISA and intended to qualify under Section 401(a) of the Code, and to meet the requirements of Code Sections 401(k) and 401(m). Under the plan, Oncor's employees may contribute, through pre-tax salary deferrals and/or after-tax applicable payroll deductions, a portion of their regular salary or wages as permitted under law. Employer matching contributions are made in an amount equal to 100% of the first 6% of employee contributions for employees who are covered under the Cash Balance Formula of the Oncor Retirement Plan, and 75% of the first 6% of employee contributions for employees who are covered under the Traditional Retirement Plan Formula of the Oncor Retirement Plan. Employer matching contributions are made in cash and may be allocated by participants to any of the plan's investment options. Oncor's contributions to the Oncor Thrift Plan totaled \$32 million, \$29 million and \$26 million for the years ended December 31, 2024, 2023 and 2022, respectively.

11. RELATED-PARTY TRANSACTIONS

The following represents our significant related-party transactions and related matters.

- We are a member of Semptra's federal consolidated tax group and therefore Semptra's federal consolidated income tax return includes our results. Included in our results as reported in Semptra's federal consolidated tax return is our portion of Oncor's taxable income. Under the terms of a tax sharing agreement, we are obligated to make payments to STH in an aggregate amount that is substantially equal to the amount of federal income taxes that we would have been required to pay if we were filing our own corporate income tax return. Also under the terms of the tax sharing agreement, Oncor makes similar payments to Texas Transmission, pro rata in accordance with its respective membership interest in Oncor, in an aggregate amount that is substantially equal to the amount of federal income taxes that Oncor would have been required to pay if it were filing its own corporate income tax return. STH also includes Oncor's results in its combined Texas state margin tax return, and consistent with the tax sharing agreement, Oncor remits to STH Texas margin tax payments, which are accounted for as income taxes and calculated as if Oncor was filing its own return. See discussion in Note 1 to Financial Statements under "Income Taxes."

Amounts payable to (receivable from) STH related to income taxes under the agreement and reported on our balance sheet consisted of the following:

	At December 31,	
	2024	2023
Federal income taxes receivable	\$ (26)	\$ (2)
Texas margin tax payable	29	27
Net payable (receivable)	\$ 3	\$ 25

Cash payments made to Sempra related to income taxes consisted of the following:

	Years Ended December 31,		
	2024	2023	2022
Federal income taxes	\$ 37	\$ 89	\$ 79
Texas margin taxes	29	28	24
Total payments	\$ 66	\$ 117	\$ 103

- Pursuant to the PUCT order in Docket No. 48929, relating to Oncor's 2019 acquisition of InfraREIT, Inc., Oncor entered into an operation agreement with Sharyland under which Oncor provides certain operations services to Sharyland at cost with no markup or profit. Sempra owns an indirect 50% interest in the parent of Sharyland. Sharyland provided wholesale transmission service to Oncor in the amount of \$17 million, \$16 million and \$11 million in the years ended December 31, 2024, 2023 and 2022, respectively. Oncor provided certain operation services to Sharyland in the amount of \$586,000, \$659,000 and \$639,000 in the years ended December 31, 2024, 2023 and 2022, respectively.
- Oncor paid Sempra \$108,000, \$105,000 and \$103,000 for the years ended December 31, 2024, 2023 and 2022, respectively, for tax consulting and related services.

See Notes 1, 4 and 8 for information regarding the tax sharing agreement and distributions to our member.

12. DERIVATIVES AND HEDGING

Oncor is exposed to changes in interest rates and foreign currency exchange rates primarily as a result of Oncor's current and expected debt financings. Oncor utilizes derivative instruments to help mitigate Oncor's exposure to interest rate risk related to Oncor's forecasted issuances of debt. Oncor also utilizes, and expects to continue to utilize, derivative instruments to manage Oncor's risk exposure to foreign currency exchange rates related to debt denominated in foreign currencies, including Oncor's current Euro Notes.

Interest Rate Derivatives

Oncor may utilize interest rate derivative instruments typically designated as cash flow hedges, to lock in interest rates in anticipation of future financings. Oncor may designate an interest rate derivative instrument as a cash flow hedge if it effectively converts anticipated cash flows associated with interest payments to a fixed dollar amount. Designating interest rate derivative instruments as cash flow hedges is dependent on the business context in which the instrument is being used, the effectiveness of the instrument in offsetting the risk that the future cash flows of interest payments may vary, and other criteria. In accounting for cash flow hedges, derivative assets and liabilities are recorded on the balance sheet at fair value with an offset to other comprehensive income or loss. Amounts remain in AOCI and are reclassified into net income as the interest expense on the related debt affects net income.

The fair value of an interest rate derivative instrument is recognized on the balance sheet as a derivative asset or liability and changes in the fair value are recognized in net income if the criteria for cash flow hedge accounting are not met or if the instrument is not designated as a cash flow hedge.

Interest Rate Hedge Transactions

In the second quarter of 2024, Oncor entered into interest rate hedge transactions hedging the variability of benchmark bond rates used to determine the interest rates on the anticipated issuance of 30-year senior secured notes. The hedges were terminated in June 2024 upon the issuance of Oncor's 2054 Notes and a \$17 million (\$13 million net of tax) loss was reported in other comprehensive (loss) income. The accumulated other comprehensive loss will be reclassified into net income as an increase in interest expense over the life of the 2054 Notes.

In the fourth quarter of 2024, Oncor entered into interest rate hedge transactions hedging the variability of benchmark bond rates used to determine the interest rates on the anticipated issuance of five-year senior secured notes. The hedges were terminated in November 2024 upon the issuance of Oncor's 2029 Notes and a \$1 million (approximately \$1 million net of tax) gain was reported in other comprehensive (loss) income. The accumulated other comprehensive gain will be reclassified into net income as a decrease in interest expense over the life of the 2029 Notes.

There was approximately \$4 million of the amount reported in accumulated other comprehensive loss at December 31, 2024 related to the interest rate hedges entered into in 2024, as well as interest rate hedges entered into in prior years to be reclassified into net income as an increase to interest expense within the next 12 months. There were no interest rate derivatives outstanding at December 31, 2024.

Foreign Currency Derivatives

Oncor is exposed to foreign currency exchange rate risk as a result of the use of foreign currency denominated financing instruments, including the Euro Notes. Oncor has and may continue to utilize cross-currency swaps to help mitigate the exposure related to the Euro Notes and any other foreign currency denominated debt. Oncor's existing cross-currency swaps exchange Oncor's euro-denominated principal payments due at maturity under the Euro Notes into a U.S. dollar-denominated notional amount and swap euro-denominated fixed interest rates for U.S. dollar-denominated fixed interest rates. Oncor currently designates its cross-currency swaps as fair value hedges. In accounting for fair value hedges, the derivative contract is recorded on the balance sheet at fair value. Oncor has

elected to exclude the cross-currency basis spread from the assessment of effectiveness in the fair value hedges of Oncor's foreign currency risk and record any difference between the change in the fair value of the excluded components and the amounts recognized in earnings as a component of other comprehensive income or loss. The fair value (loss) gain on cross-currency swaps attributable to foreign currency exchange rates are recognized in the income statement to offset the remeasurement gain (loss) on the foreign currency denominated debt attributable to foreign currency exchange rates.

Foreign Currency Exchange Rate Hedge Transactions

In May 2024, Oncor entered into designated cross-currency swaps that effectively converted its euro- denominated fixed-rate payment obligations under its Euro Notes with respect to principal and interest payments to U.S. dollar-denominated fixed-rate payment obligations. At December 31, 2024, Oncor recorded a \$21 million fair value loss of the cross-currency swaps. The fair value gain/loss on cross-currency swaps attributable to changes in the foreign currency exchange rate was recorded in the income statement offsetting the loss/gain due to remeasurement of Euro Notes, resulting in no impact on earnings attributable to change in foreign currency exchange rate. The amount attributable to excluded components at December 31, 2024 was \$3 million (\$2 million net of tax) and was reported in other comprehensive income or loss in 2024.

At December 31, 2024, the following foreign currency derivatives designated as fair value hedges of the Euro Notes were outstanding:

							Years Ended December 31, 2024
	Notional Amount	Pay Rate	Receive Amount	Receive Rate	Maturity		Fair Value Loss
Cross-currency swaps (a)	\$ 542	5.371%	€ 500 million	3.50%	2031	\$	(21)

(a) Notional amount reflects the aggregate amount Oncor received in U.S. dollars upon execution of the cross-currency swaps in exchange for transferring the receive amount to the counterparties of the cross-currency swaps. As a result of the cross-currency swaps relating to the Euro Notes, Oncor's all-in U.S. dollar fixed-rate coupon on the U.S. dollar notional amount is 5.371%.

Derivative Fair Values and Income Statement Impacts

The table below provides a balance sheet overview of Oncor's outstanding derivative assets and liabilities as of December 31, 2024:

	Balance Sheet Location	At December 31, 2024
		Fair Value of Derivative Liabilities
Cross-currency swaps	Operating lease and other obligations	\$ 21

The table below provides the related income statement impacts of derivative activity at December 31, 2024:

	Income Statement Location	Years Ended December 31, 2024
Cross-currency swaps	Other (income) and deductions – net (a)	\$ 24

(a) The fair value gain (loss) on cross-currency swaps attributable to changes in the foreign currency exchange rate was recorded in the same income statement location and offset the loss (gain) due to remeasurement of Euro Notes, resulting in no impact on earnings attributable to change in foreign currency exchange rate. The fair value gain/loss on cross-currency swaps attributable to excluded components was recognized as a component of other comprehensive income or loss.

Fair Value Measurements

The fair value of Oncor's foreign currency related derivative instruments is measured using inputs that are considered a Level 2 measurement, as they are not actively traded and are valued using pricing models that use observable market quotations.

13. SUPPLEMENTARY FINANCIAL INFORMATION

Other (Income) and Deductions – Net

	Years Ended December 31,		
	2024	2023	2022
Professional fees	\$ 6	\$ 8	\$ 7
Recoverable Pension and OPEB – non-service costs	17	32	56
Non-recoverable pension and OPEB	(1)	(3)	2
Gain on sale of non-utility property	(1)	(9)	(12)
AFUDC – equity income	(60)	(50)	(36)
Interest and investment (income) loss – net	(28)	(13)	2
Other	4	4	1
Total other (income) and deductions – net	<u>\$ (63)</u>	<u>\$ (31)</u>	<u>\$ 20</u>

Interest Expense and Related Charges

	Years Ended December 31,		
	2024	2023	2022
Interest	\$ 683	\$ 552	\$ 453
Amortization of discount, premium and debt issuance costs	14	13	10
Less AFUDC – capitalized interest portion	(44)	(29)	(18)
Total interest expense and related charges	<u>\$ 653</u>	<u>\$ 536</u>	<u>\$ 445</u>

Accounts Receivable – Net

Accounts receivable reported on our balance sheet consisted of the following:

	At December 31,	
	2024	2023
Accounts receivable	\$ 987	\$ 958
Allowance for uncollectible accounts	(17)	(14)
Accounts receivable – net	<u>\$ 970</u>	<u>\$ 944</u>

The accounts receivable balance from REP subsidiaries of Oncor's two largest customers, collectively represented 22% and 19%, respectively, of Oncor's accounts receivable balance at December 31, 2024 and 22% and 20%, respectively, of the accounts receivable balance at December 31, 2023. No other customer represented 10% or more of the total accounts receivable during such periods.

Under a PUCT rule relating to the Certification of Retail Electric Providers, write-offs of uncollectible amounts owed by REPs are deferred as a regulatory asset.

Prepayments and Other Current Assets

Prepayments and other current assets reported on our balance sheet consisted of the following:

	At December 31,	
	2024	2023
Insurance prepayments	\$ 27	\$ 9
Local franchise tax prepayments	79	78
Other	18	14
Prepayments and other current assets	<u>\$ 124</u>	<u>\$ 101</u>

Investments and Other Property

Investments and other property reported on our balance sheet consist of the following:

	At December 31,	
	2024	2023
Assets related to employee benefit plans (a)	\$ 172	\$ 137
Non-utility property – land	10	19
Other	1	2
Total investments and other property	<u>\$ 183</u>	<u>\$ 158</u>

- (a) The majority of these assets, which are held in rabbi trusts, represent cash surrender values of life insurance policies that are purchased to fund liabilities under deferred compensation plans. At December 31, 2024 and 2023, the face amount of these policies totaled \$205 million and \$191 million, respectively, and the net cash surrender values (determined using a Level 2 valuation technique) totaled \$121 million and \$100 million, respectively. Changes in cash surrender value are netted against premiums paid. Other investment assets held to satisfy deferred compensation liabilities are recorded at market value.

Consolidated VIE

Receivables LLC is considered a VIE under ASC 810. Oncor is the primary beneficiary of this VIE because Oncor has the power to direct AR Facility related activities of the VIE, the obligation to absorb losses and the right to receive benefits that could be significant to the VIE. See Note 6 for more information on the AR Facility. As a result, Oncor consolidates Receivables LLC. Receivables LLC's assets and liabilities on the balance sheets consisted of the following:

	At December 31,	
	2024	2023
Assets:		
Cash and cash equivalents	\$ 5	\$ -
Advances to affiliate	4	-
REP Accounts receivable – net	622	638
Income tax receivable	5	4
Unamortized AR Facility costs	1	2
Total assets	<u>\$ 637</u>	<u>\$ 644</u>

Property, Plant and Equipment – Net

Property, plant and equipment – net reported on our balance sheet consisted of the following:

	Composite Depreciation Rate/ Average Life of Depreciable Plant at December 31, 2024	At December 31,	
		2024	2023
Assets in service:			
Distribution	2.7% / 36.5 years	\$ 20,880	\$ 18,865
Transmission	2.4% / 41.9 years	16,599	15,001
Other assets	8.1% / 12.3 years	2,238	2,097
Total		39,717	35,963
Less accumulated depreciation		9,723	9,301
Net of accumulated depreciation		29,994	26,662
Construction work in progress		1,704	1,339
Held for future use		71	56
Property, plant and equipment – net		\$ 31,769	\$ 28,057

Depreciation expense as a percent of average depreciable property approximated 2.6% and 2.7% for the years ended December 31, 2024 and 2023, respectively.

Intangible Assets

Intangible assets (other than goodwill) reported on our balance sheet as part of property, plant and equipment consisted of the following:

	At December 31, 2024			At December 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Identifiable intangible assets subject to amortization:						
Land easements	\$ 705	\$ 134	\$ 571	\$ 679	\$ 127	\$ 552
Capitalized software and other	1,311	450	861	1,238	416	822
Total	\$ 2,016	\$ 584	\$ 1,432	\$ 1,917	\$ 543	\$ 1,374

Aggregate amortization expense for intangible assets totaled \$114 million, \$97 million and \$76 million for the years ended December 31, 2024, 2023 and 2022, respectively. At December 31, 2024, the weighted average remaining useful lives of capitalized land easements and software were 82 years and 7 years, respectively. The estimated aggregate amortization expense for each of the next five fiscal years is as follows:

Years	Amortization Expenses
2025	\$ 131
2026	\$ 131
2027	\$ 131
2028	\$ 131
2029	\$ 131

Goodwill totaling \$4.628 billion was reported on our balance sheet at both December 31, 2024 and 2023. The goodwill is not being deducted for tax purposes. See Note 1 regarding goodwill impairment assessment and testing.

Operating Lease and Other Obligations

Operating lease and other obligations reported on our balance sheet consisted of the following:

	At December 31,	
	2024	2023
Liabilities related to tax sharing agreement with noncontrolling interests (Notes 1 and 4)	\$ 51	\$ 64
Operating lease liabilities	193	112
Investment tax credits	2	3
Customer advances for construction – noncurrent	199	105
Litigation claim obligations	3	6
Fair value of derivative liabilities	21	-
Other	77	79
Total operating lease and other obligations	<u>\$ 546</u>	<u>\$ 369</u>

Supplemental Cash Flow Information

	Years Ended December 31,		
	2024	2023	2022
Cash payments related to:			
Interest	\$ 632	\$ 519	\$ 441
Less capitalized interest	(44)	(29)	(180)
Interest payments (net of amounts capitalized)	<u>\$ 588</u>	<u>\$ 490</u>	<u>\$ 423</u>
Income taxes (a):			
Federal	\$ 45	\$ 110	\$ 99
State	29	28	24
Total payments of income taxes	<u>\$ 74</u>	<u>\$ 138</u>	<u>\$ 123</u>
Noncash investing activities:			
Construction expenditures financed through accounts payable (b)	\$ 422	\$ 319	\$ 305
Noncash land swap	\$ 10	\$ -	\$ -

(a) See Note 4 and 11 for income tax related detail.

(b) Represents end-of-period accruals.

14. CONDENSED FINANCIAL INFORMATION

ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY LLC (Parent Co.)
PARENT ONLY FINANCIAL INFORMATION

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
	2024	2023	2022
	(U.S. dollars in millions)		
Income tax expense	\$ (12)	\$ (15)	\$ (13)
Equity in earnings of subsidiary	777	694	727
Net Income	765	679	714
Other comprehensive loss (net of tax benefit of \$0, \$3 and \$5)	(3)	(9)	(13)
Comprehensive income	<u>\$ 762</u>	<u>\$ 670</u>	<u>\$ 701</u>

CONDENSED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2024	2023	2022
	(U.S. dollars in millions)		
Cash provided by operating activities	\$ 604	\$ 442	\$ 340
Cash used in financing activities – distributions paid to member	(604)	(442)	(340)
Net change in cash and cash equivalents	-	-	-
Cash and cash equivalents – beginning balance	-	-	-
Cash and cash equivalents – ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CONDENSED BALANCE SHEETS

	At December 31,	
	2024	2023
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Investments – noncurrent	12,380	11,292
Accumulated deferred income taxes	174	164
Total assets	<u>\$ 12,554</u>	<u>\$ 11,456</u>
LIABILITIES AND MEMBERSHIP INTERESTS		
Income taxes payable to member - current	\$ (2)	\$ 1
Other noncurrent liabilities and deferred credits	51	65
Total liabilities	49	66
Membership interests	12,505	11,390
Total liabilities and membership interests	<u>\$ 12,554</u>	<u>\$ 11,456</u>

See Notes to Financial Statements.

ONCOR ELECTRIC DELIVERY HOLDINGS COMPANY LLC (Parent Co.) CONDENSED FINANCIAL INFORMATION
NOTES TO CONDENSED FINANCIAL STATEMENTS

Basis of Presentation

References herein to “we,” “our,” “us” and “the company” are to Oncor Holdings (Parent Co.) as apparent in the context.

The accompanying condensed balance sheets are presented at December 31, 2024 and 2023, and the accompanying condensed statements of income and cash flows are presented for the years ended December 31, 2024, 2023 and 2022. We are a Delaware limited liability company indirectly wholly owned by Sempra. As of December 31, 2024, we own 80.25% of the membership interests in Oncor. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to the rules of the SEC. Because the condensed financial statements do not include all of the information and footnotes required by GAAP, they should be read in conjunction with the consolidated financial statements and Notes 1 through 13. Our interest in our subsidiary Oncor has been accounted for under the equity method in this condensed financial information. All dollar amounts in the financial statements are stated in millions of U.S. dollars unless otherwise indicated.

Distribution Restrictions

While there are no direct restrictions on our ability to distribute our net income that are currently material, substantially all of our net income is derived from Oncor. Our board of directors and Oncor’s board of directors, which are each composed of a majority of Disinterested Directors, can withhold distributions to the extent such board determines that it is necessary to retain such amounts to meet our expected future requirements. In addition, we and Oncor cannot make distributions (except for contractual tax payments) of amounts to the extent a majority of the Disinterested Directors on the respective board determines that such amounts are necessary to meet expected future requirements of the company. At Oncor, either of the two directors designated to serve on the Oncor board of directors by Texas Transmission could also prevent Oncor from making distributions (other than contractual tax payments) to the extent such director determines it is in the best interests of Oncor to retain such amounts to meet expected future requirements, including continuing compliance with the debt-to-equity ratio established from time to time by the PUCT for rate-making purposes. The PUCT has the authority to determine what types of debt and equity are included in a utility’s debt-to-equity ratio. For purposes of this ratio, debt is calculated as long-term debt including finance leases plus unamortized gains on reacquired debt less unamortized issuance expenses, premiums and losses on reacquired debt. Equity is calculated as membership interests determined in accordance with GAAP, excluding accumulated other comprehensive loss and the effects of acquisition accounting from a 2007 transaction.

Oncor’s distributions are limited by the requirement to maintain its regulatory capital structure at or below the debt-to-equity ratio established periodically by the PUCT for ratemaking purposes. Oncor’s current authorized regulatory capital structure set by the PUCT is 57.5% debt to 42.5% equity. At December 31, 2024, Oncor’s regulatory capitalization was 56.1% debt to 43.9% equity.

During 2023, 2022 and 2021, Oncor’s board of directors declared, and Oncor paid to us the following cash distributions:

	Years Ended December 31,		
	2024	2023	2022
	(U.S. dollars in millions)		
Distributions received, subsequently paid as federal income taxes recognized as operating activities	\$ 1	\$ 2	\$ -
Distributions received, subsequently paid as a distribution recognized as financing activities	604	442	340
Total distributions from Oncor	\$ 605	\$ 444	\$ 340

