



August 4, 2015

## Sempra Energy Reports Second-Quarter 2015 Earnings

- **Company Reaffirms 2015 Adjusted Earnings Guidance**
- **Mexican Unit IEnova Agrees to Acquire PEMEX Interest in Joint Venture**

SAN DIEGO, Aug. 4, 2015 - [Sempra Energy](#) (NYSE: SRE) today reported second-quarter 2015 earnings of \$295 million, or \$1.17 per diluted share, compared with \$269 million, or \$1.08 per diluted share, in the second quarter 2014.

Sempra Energy's second-quarter 2015 earnings included a \$36 million after-tax gain on the sale of the second block of Sempra U.S. Gas & Power's Mesquite Power facility and \$1 million after tax in liquefied natural gas (LNG) liquefaction development expenses. Excluding the gain on sale of Mesquite Power and the LNG liquefaction development expenses, Sempra Energy's adjusted earnings in the second quarter 2015 were \$260 million, or \$1.03 per diluted share.

Sempra Energy's earnings for the first six months of 2015 were \$732 million, or \$2.91 per diluted share, up from \$516 million, or \$2.07 per diluted share, during the same period last year. In the first quarter 2015, San Diego Gas & Electric (SDG&E) had a benefit of \$13 million after tax, due to the reduction in the loss related to the San Onofre Nuclear Generating Station (SONGS), and Sempra U.S. Gas & Power had \$4 million in LNG liquefaction development expenses. In the first quarter 2014, SDG&E recorded a \$9 million charge related to the closure of SONGS. Excluding items in both years, Sempra Energy's adjusted earnings for the first six months of 2015 were \$688 million, or \$2.74 per diluted share, up from \$525 million, or \$2.11 per diluted share, in the same period last year.

Beginning in the first quarter 2015, Southern California Gas Co. (SoCalGas) adopted an order by the California Public Utilities Commission (CPUC) to recognize revenues from the utility's core activities on a seasonally adjusted basis (seasonality). The application of seasonality in revenues will result in substantially all of SoCalGas' annual earnings being reported in the first and fourth quarters of the year, but will not affect full-year operating earnings or cash flow.

The \$26 million increase in Sempra Energy's second-quarter 2015 earnings included \$48 million lower earnings at SoCalGas due to seasonality, compared with the second quarter 2014. For the first six months of 2015, Sempra Energy's earnings were \$65 million higher at SoCalGas due to seasonality, compared with the same period last year.

"Our financial and operating results in the second quarter were very strong and keep us on track to meet our 2015 adjusted earnings guidance," said Debra L. Reed, chairman and CEO of Sempra Energy. "Excluding the impact of seasonality on earnings at SoCalGas, operating results for our California utilities improved during the first six months and our international operations continue to provide growth opportunities."

### **CALIFORNIA UTILITIES**

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

Second-quarter earnings for SDG&E were \$126 million in 2015, compared with \$123 million in 2014.

For the first six months of 2015, SDG&E's earnings were \$273 million, compared with \$222 million for the first six months of 2014. Excluding the SONGS-related items in the first quarters of 2015 and 2014, SDG&E's adjusted earnings for the first six months were \$260 million in 2015, up from \$231 million in 2014.

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

SoCalGas earnings in the second quarter 2015 were \$70 million, compared with \$80 million in the second quarter 2014. The reduction in earnings was due primarily to seasonality of revenues, which had a \$48 million negative impact for the quarter.

In the first half of 2015, SoCalGas' earnings were \$284 million, compared with \$158 million in the same period last year, due primarily to higher authorized margin and the impact of the \$65 million positive seasonal adjustment of revenues.

### **SEMPRA INTERNATIONAL**

#### **Sempra South American Utilities**

In the second quarter 2015, Sempra South American Utilities had earnings of \$45 million, compared with \$42 million in the second quarter 2014.

For the first six months of 2015, earnings for Sempra South American Utilities were \$86 million, compared with \$77 million in the first six months of 2014.

## **Sempra Mexico**

Sempra Mexico's second-quarter earnings increased to \$50 million in 2015 from \$34 million in 2014, due primarily to higher pipeline revenues.

For the first six months of 2015, Sempra Mexico had earnings of \$97 million, compared with \$76 million in the first six months of 2014.

Last week, Sempra Energy's Mexican operating unit, IEnova, announced an agreement to purchase PEMEX's equity interest in the two companies' joint venture for \$1.325 billion, plus the assumption of approximately \$170 million in net debt. The transaction is expected to close prior to year-end, subject to approval by IEnova shareholders, satisfactory completion of the Mexican anti-trust review and other customary closing conditions. The joint-venture assets involved in the transaction include three natural gas pipelines, an ethane pipeline, a liquid petroleum gas (LPG) pipeline and a LPG storage terminal. In addition, under the terms of the agreement, IEnova and PEMEX will maintain a joint venture at the holding company for the Los Ramones Norte pipeline project. This partnership will allow IEnova and PEMEX to continue joint development of new projects in the future.

On July 14, IEnova announced that, through a subsidiary, it was awarded a natural gas transportation contract in Chihuahua by Mexico's Comisión Federal de Electricidad. The approximate \$110 million project will provide natural gas under a 25-year, dollar-denominated capacity contract to a Chihuahua power plant and interconnect with several pipelines.

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

### **Sempra Renewables**

Second-quarter earnings for Sempra Renewables were \$19 million in 2015, compared with \$18 million in 2014.

In the first half of 2015, earnings for Sempra Renewables were \$32 million, compared with \$46 million in the first half of 2014. In the first quarter 2014, Sempra U.S. Gas & Power had a \$16 million gain on the sale of a 50-percent equity interest in the Copper Mountain Solar 3 facility.

Sempra U.S. Gas & Power has secured long-term contracts to develop two new renewable projects at the company's Mesquite Solar facility in Arizona. Mesquite Solar 2 will be a 100-megawatt project with a 20-year power-purchase agreement. Mesquite Solar 3 will be a 150-megawatt project with a 25-year power-purchase agreement. Both power-purchase agreements are with credit-worthy counterparties and the projects are expected to be in service by the end of 2016.

### **Sempra Natural Gas**

Earnings for Sempra Natural Gas in the second quarter 2015 were \$40 million, compared with \$4 million in the second quarter 2014, due primarily to a \$36 million after-tax gain recorded in the second quarter 2015 on the sale of the second block of the Mesquite Power generating facility.

For the first six months of 2015, Sempra Natural Gas had earnings of \$42 million, up from \$13 million in the same period last year.

## **2015 ADJUSTED EARNINGS GUIDANCE**

Sempra Energy today reaffirmed the company's previous 2015 adjusted earnings-per-share guidance range of \$4.60 to \$5. This guidance excludes the increase in earnings from the reduction in the SONGS-closure-related loss and the earnings impact from potential LNG-related development expenses. Additionally, adjusted earnings-per-share guidance for 2015 excludes the gain from the sale of the second block of the Mesquite Power natural gas-fired generating facility and any gain from IEnova's acquisition of PEMEX's interest in their joint venture.

## **INTERNET BROADCAST**

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with senior management of the company. Access is available by logging onto the website at [www.sempra.com](http://www.sempra.com). For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (888) 203-1112 and entering passcode 7616928.

## **NON-GAAP FINANCIAL MEASURES**

Non-GAAP financial measures include Sempra Energy's adjusted earnings and adjusted earnings per share for the second quarter 2015 and the first six months of 2015 and 2014, the six-month adjusted earnings for SDG&E in 2015 and 2014, and Sempra Energy's 2015 adjusted earnings guidance. Additional information regarding these non-GAAP measures is in the appendix on Table A of the second-quarter financial tables.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2014 revenues of \$11 billion. The Sempra Energy companies' 17,000 employees serve more than 32 million consumers worldwide.

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Forward-looking statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others: local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments; actions and the timing of actions, including issuances of permits to construct and licenses for operation, by the California Public Utilities Commission, California State Legislature, U.S. Department of Energy, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, Atomic Safety and Licensing Board, California Energy Commission, U.S. Environmental Protection Agency, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and other countries in which we operate; the timing and success of business development efforts and construction, maintenance and capital projects, including risks in obtaining, maintaining or extending permits, licenses, certificates and other authorizations on a timely basis and risks in obtaining adequate and competitive financing for such projects; energy markets, including the timing and extent of changes and volatility in commodity prices, and the impact of any protracted reduction in oil prices from historical averages; the impact on the value of our natural gas storage assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for natural gas storage services; delays in the timing of costs incurred and the timing of the regulatory agency authorization to recover such costs in rates from customers; deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers; capital markets conditions, including the availability of credit and the liquidity of our investments; inflation, interest and currency exchange rates; the impact of benchmark interest rates, generally Moody's A-rated utility bond yields, on our California Utilities' cost of capital; the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the North American transmission grid, pipeline explosions and equipment failures and the decommissioning of San Onofre Nuclear Generating Station (SONGS); cybersecurity threats to the energy grid, natural gas storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers, terrorist attacks that threaten system operations and critical infrastructure, and wars; the ability to win competitively bid infrastructure projects against a number of strong competitors willing to aggressively bid for these projects; weather conditions, conservation efforts, natural disasters, catastrophic accidents, and other events that may disrupt our operations, damage our facilities and systems, and subject us to third-party liability for property damage or personal injuries; risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments; risks posed by decisions and actions of third parties who control the operations of investments in which we do not have a controlling interest; risks inherent with nuclear power facilities and radioactive materials storage, including the catastrophic release of such materials, the disallowance of the recovery of the investment in, or operating costs of, the nuclear facility due to an extended outage and facility closure, and increased regulatory oversight, including motions to modify settlements; business, regulatory, environmental and legal decisions and requirements; expropriation of assets by foreign governments and title and other property disputes; the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources; the impact on competitive customer rates of the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system; the inability or determination not to enter into long-term supply and sales agreements or long-term firm capacity agreements due to insufficient market interest, unattractive pricing or other factors; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond our control. These risks and uncertainties are further discussed in the reports that Sempra Energy has filed with the Securities and Exchange Commission. These reports are available through the EDGAR system free-of-charge on the SEC's website, [www.sec.gov](http://www.sec.gov), and on the company's website at [www.sempra.com](http://www.sempra.com).*

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

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