



Second Quarter 2013

Earnings Results

August 6, 2013

Information Regarding Forward-Looking Statements

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Agenda

- ▶ 2013 Earnings Guidance
- ▶ Q2-13 Financial Results
- ▶ SONGS Plant Closure
- ▶ California Utilities Update
- ▶ Cameron Liquefaction
- ▶ Sempra International Update



2013 Earnings Guidance

- ▶ Full-year updated EPS guidance of \$4.30 - \$4.60⁽¹⁾
 - Excludes:
 - \$119 million loss on SONGS plant closure
 - Includes:
 - \$77 million retroactive General Rate Case (GRC) benefit for 2012
 - \$29 million retroactive GRC benefit for Q1-13
- ▶ Adjusted EPS guidance of \$4.00 - \$4.30⁽¹⁾ used for long-term growth target of 6% - 8%
 - Excludes:
 - \$119 million loss on SONGS plant closure
 - \$77 million retroactive GRC benefit for 2012
- ▶ Both guidance ranges include impact from loss of ongoing rate base earnings for SONGS

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

Second Quarter 2013 Results

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
<i>(Unaudited; dollars, except EPS, and shares in millions)</i>				
GAAP Earnings	\$ 245	\$ 62	\$ 423	\$ 298
Loss on San Onofre Nuclear Generating Station (SONGS) Plant Closure	119	-	119	-
Impairment Charge on Rockies Express Pipeline (REX)	-	179	-	179
Earnings for 2013 Guidance Comparison ⁽¹⁾	364	241	542	477
Retroactive 2012 Benefit from GRC	(77)	-	(77)	-
Retroactive Q1-13 Benefit from GRC	(29)	-	-	-
Adjusted Earnings ⁽¹⁾	<u>\$ 258</u>	<u>\$ 241</u>	<u>\$ 465</u>	<u>\$ 477</u>
Diluted weighted-average shares outstanding	249	246	248	246
GAAP EPS	\$ 0.98	\$ 0.25	\$ 1.70	\$ 1.21
EPS for 2013 Guidance Comparison ⁽¹⁾	\$ 1.46	\$ 0.98	\$ 2.18	\$ 1.94
Adjusted EPS ⁽¹⁾	\$ 1.04	\$ 0.98	\$ 1.87	\$ 1.94

▶ Adjusted Q2-13 earnings up 7%⁽¹⁾

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

San Diego Gas & Electric

<i>(Unaudited, dollars in millions)</i>	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
SDG&E GAAP Earnings	\$ 65	\$ 95	\$ 156	\$ 200
Loss on SONGS Plant Closure	119	-	119	-
Retroactive 2012 Benefit from GRC	(52)	-	(52)	-
Retroactive Q1-13 Benefit from GRC	(17)	-	-	-
Adjusted SDG&E Earnings ⁽¹⁾	\$ 115	\$ 95	\$ 223	\$ 200

- ▶ Q2-13 adjusted earnings increase due to:
 - \$15 million higher CPUC and FERC base margin
 - \$11 million higher tax benefit due to change in repair allowance deductions and increased spending on self-developed software
 - Partially offset by lower revenue from cost of capital decision of \$4 million and lower earnings of \$2 million from loss of SONGS base margin

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

Southern California Gas

<i>(Unaudited, dollars in millions)</i>	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
SoCalGas GAAP Earnings	\$ 118	\$ 53	\$ 164	\$ 119
Retroactive 2012 Benefit from GRC	(25)	-	(25)	-
Retroactive Q1-13 Benefit from GRC	(12)	-	-	-
Adjusted SoCalGas Earnings ⁽¹⁾	\$ 81	\$ 53	\$ 139	\$ 119

- ▶ Higher Q2-13 adjusted earnings driven by:
 - \$15 million increase in 2013 income tax benefits primarily due to a change in repair allowance deductions
 - \$9 million higher CPUC base margin due to final GRC decision
 - \$4 million from expensing of pipeline integrity costs in 2012 which are now fully recovered based on final GRC decision

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

Sempra International

<i>(Unaudited, dollars in millions)</i>	Three months ended		Six months ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Sempra South American Utilities	\$ 34	\$ 38	\$ 71	\$ 78
Sempra Mexico	26	47	57	80
Sempra International Earnings	\$ 60	\$ 85	\$ 128	\$ 158

- ▶ Q2-13 earnings in South America decreased because of a \$4 million loss from the sale of our investment in Argentina
- ▶ Mexico Q2-13 earnings lower due to:
 - \$10 million of lower tax benefits primarily related to currency and inflation adjustments in 2013 versus 2012
 - \$8 million of dilution from IEnova IPO
 - \$4 million lower earnings from operations primarily due to planned major maintenance at gas plant in Mexicali



Sempra U.S. Gas & Power

<i>(Unaudited, dollars in millions)</i>	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
Sempra Natural Gas	\$ 9	\$ (193)	\$ 62	\$ (192)
Impairment Charge on REX	-	179	-	179
Sempra Natural Gas excl. Impairment	9	(14)	62	(13)
Sempra Renewables	15	24	19	34
Sempra U.S. Gas & Power Earnings excl. Impairment	\$ 24	\$ 10	\$ 81	\$ 21

- ▶ Excluding 2012 REX impairment, Natural Gas Q2-13 earnings up due primarily to improved earnings from LNG and natural gas storage operations largely driven by changes in natural gas prices in 2013
- ▶ Renewables Q2-13 earnings lower due primarily to 2012 deferred tax benefits from assets placed in service last year, partially offset by higher wind production tax credits in 2013



SONGS Update

- ▶ In June, Southern California Edison decided to retire both units 2 and 3 and seek authorization to decommission the plant
- ▶ SDG&E recorded regulatory asset of \$322 million based on assessment of amount probable, but not certain, to be recovered in rates
 - Also recorded \$119 million, after-tax loss on plant closure taking into account most current information, analysis and applicable regulatory precedents
- ▶ Replacement power costs of \$166 million from 1/1/12 – 6/6/13
- ▶ CPUC has issued an Order Instituting Investigation (OII) consolidating all issues into one multi-phase proceeding
 - OII will determine ultimate recovery of SONGS investment



California Utilities Update

- ▶ SDG&E FERC Transmission Rate Case
 - Order issued by FERC in June which conditionally accepted SDG&E's filing and methodology used
 - Approved 50bps ROE adder for membership in CAISO
 - SDG&E proposed ROE of 11.3% effective 9/1/13, subject to refund, until an approved settlement or final decision
 - Settlement discussions underway with key parties
- ▶ Cost of Capital Trigger
 - Upward trigger unlikely for 1/1/14, but could occur for 1/1/15
 - Benchmark rate: 4.24%; July average rate: 4.68%
- ▶ Pipeline Safety Enhancement Plan
 - Expect final decision in 2013



LNG and South America Business Update

▶ Cameron Liquefaction

- Expect EPC bids in Q3-13, with final selection by year-end 2013
- Financing arrangements on track; expect firm commitments from lenders by year-end 2013
- Continue to expect DOE non-FTA permit in 2013

▶ Chilean Transmission

- JV with SAESA awarded two additional 220-kv transmission lines in Chile to be completed in 2018
- Total project cost of approximately \$80 million
 - Sempra's share: 50%



Sempra Mexico Update

- ▶ Los Ramones Pipeline (part of PEMEX JV)
 - Phase 1 contract with PEMEX finalized last month
 - COD Q4-14; \$450 - \$550 million total project cost
 - Will earn regulated real rate of return of 11.33%, adjusted for inflation and exchange rate
- ▶ Los Ramones Phase 2 bids due this quarter
- ▶ Sonora Pipeline (100% owned by IEnova)
 - Construction contract and pipeline supply agreement signed
 - Construction to begin this quarter
 - 1st phase in operation 2H-14; 2nd phase in operation 2H-16



Summary

- ▶ GRC approved in Q2-13, providing regulatory clarity through 2015
- ▶ Cameron LNG remains on-track to begin construction in 2014
- ▶ Continue to execute on long-term, contracted growth opportunities at Sempra International (pipelines, generation and electric transmission)
- ▶ On-track to meet full-year updated EPS guidance of \$4.30 - \$4.60⁽¹⁾, which includes the \$0.31 from 2012 retroactive GRC benefit but excludes the \$0.48 plant closure loss at SONGS
- ▶ Committed to 6% - 8% adjusted EPS CAGR^(1, 2) over the long-term, with strong potential for additional upside

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

(2) Growth rate based off 2013 adjusted earnings per share of \$4.00 - \$4.30



Appendix



Non-GAAP Financial Measures

Sempra Energy Consolidated: Sempra Energy Adjusted Earnings and Adjusted Earnings Per Share excluding 1) in the three months ended June 30, 2013, a \$119 million loss from plant closure resulting from the early retirement of the San Onofre Nuclear Generating Station (SONGS) and \$77 million and \$29 million retroactive impact of the 2012 GRC for the full-year 2012 and for the first quarter of 2013, respectively; 2) in the six months ended June 30, 2013, the \$119 million loss from plant closure and \$77 million retroactive impact of the 2012 GRC for the full-year 2012; and 3) in the three months and six months ended June 30, 2012, a \$179 million impairment charge on our investment in Rockies Express Pipeline LLC are non-GAAP financial measures (GAAP represents accounting principles generally accepted in the United States). Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of Sempra Energy's business operations from 2013 to 2012 and to future periods, and also as a base for projection of future compounded annual growth rate. Our updated 2013 guidance of \$4.30 to \$4.60 per diluted share also excludes the \$119 million loss from plant closure, or \$0.48 per diluted share based on forecasted weighted-average diluted shares outstanding for the year 2013. Management believes that excluding the impact of the loss from plant closure from current year guidance provides a more meaningful measure of Sempra Energy's expected financial performance in 2013 in comparison to previously issued guidance.

San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas): SDG&E Adjusted Earnings excluding 1) in the three months ended June 30, 2013, a \$119 million loss from plant closure resulting from the early retirement of SONGS and \$52 million and \$17 million retroactive impact of the 2012 GRC for the full-year 2012 and for the first quarter of 2013, respectively; and 2) in the six months ended June 30, 2013, the \$119 million loss from plant closure and \$52 million retroactive impact of the 2012 GRC for the full-year 2012 are non-GAAP financial measures. SoCalGas Adjusted Earnings excluding 1) in the three months ended June 30, 2013, \$25 million and \$12 million retroactive impact of the 2012 GRC for the full-year 2012 and for the first quarter of 2013, respectively; and 2) in the six months ended June 30, 2013, \$25 million retroactive impact of the 2012 GRC for the full-year 2012 are non-GAAP financial measures. Because of the significance and nature of these items, management believes that these non-GAAP financial measures provide a more meaningful comparison of the performance of SDG&E's and SoCalGas' business operations from 2013 to 2012 and to future periods..

Non-GAAP financial measures are supplementary information that should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP. Slides 4, 5, 6 and 7 of this presentation and Table A of our financial tables in our second quarter 2013 earnings press release reconcile these non-GAAP financial measures to Sempra Energy Earnings and Diluted Earnings Per Common Share, SDG&E Earnings and SoCalGas Earnings, which we consider to be the most directly comparable financial measures calculated in accordance with GAAP. Our second quarter 2013 earnings press release is available in the News section of our website at www.sempra.com.



Mexican Project Summary

Name	Ownership Interest	Length of Pipeline (km)	Design Capacity	Full COD	Contract Term (yrs)	Planned CapEx (\$ in millions)
IN DEVELOPMENT						
Guadalajara LPG Terminal	50% ⁽¹⁾	NA	80,000 Bbl/d ⁽²⁾	2H-13	15	\$65
Sonora Pipeline Phase 1 / Phase 2	100%	505 / 330	770 / 510 MMcfd	2H-14 / 2H-16	25	\$1,000
Ethane Pipeline	50% ⁽¹⁾	226	152 MMcfd	2H-14	21	\$330
Los Ramones Phase 1	50% ⁽¹⁾	110	2,100 MMcfd	2H-14	25	\$450-\$550
Energía Sierra Juarez	50%	NA	156 MW ⁽³⁾	1H-15	20	\$300 ⁽⁴⁾
IN OPERATION						
Samalayuca Pipeline	50% ⁽¹⁾	37	272 MMcfd	Dec-97	Annual	
Baja West Pipeline System	100%	45	940 MMcfd	Jun-00	20	
Baja East Pipeline System	100%	302	3,450 MMcfd ⁽⁵⁾	Aug-02	20	
Aguaprieta Pipeline	100%	13	200 MMcfd	Nov-02	25	
San Fernando Pipeline	50% ⁽¹⁾	114	1,000 MMcfd	Nov-03	20	
TDF Pipeline and Terminal	50% ⁽¹⁾	190	30,000 Bbl/d ⁽²⁾	Dec-07	20	
Energía Costa Azul	100%	NA	1 Bcf/d	May-08	20	

(1) Assets owned under our 50% joint venture with PEMEX Gas. Planned Capex is 100% of project.

(2) In barrels of LPG.

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

(4) Reflects total capex of project; IEnova's share will be 50% of total.

(5) Design capacity including compression.

Renewable Project Summary

Name	Location	MW	PPA Term (yrs)	Tax Credits	Full COD
IN OPERATION					
Fowler Ridge 2 Wind	Indiana	100 MW (50%)	20	PTC	2009
Copper Mountain Solar 1	Nevada	58 MW	20	ITC	2010
Cedar Creek 2 Wind	Colorado	125 MW (50%)	25	PTC	2011
Flat Ridge 2 Wind	Kansas	235 MW (50%)	20 - 25	PTC	2012
Mehoopany Wind	Pennsylvania	71 MW (50%)	20	PTC	2012
Mesquite Solar 1	Arizona	75 MW (50%) ⁽¹⁾	20	Grant	2012
Copper Mountain Solar 2 (1 st Phase)	Nevada	46 MW (50%)	25	Grant	2012
Auwahi Wind	Hawaii	11 MW (50%)	20	Grant	2012
CONTRACTED					
Copper Mountain Solar 2 (2 nd Phase)	Nevada	29 MW (50%)	25	ITC	2015
Copper Mountain Solar 3	Nevada	250 MW ⁽¹⁾	20	ITC	2015

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