



Sempra Energy And Carlyle/Riverstone To Acquire American Electric Power's Coletto Creek Power Station In Texas

SAN DIEGO, March 15, 2004 - Sempra Energy Partners (SEP), a subsidiary of Sempra Energy (NYSE:SRE), and Carlyle/Riverstone, an energy and power-focused private equity fund, today announced a joint purchase and sales agreement with American Electric Power (AEP) to acquire 50-50 ownership of AEP's Coletto Creek Power Station, a 632-megawatt (MW) coal-fired power plant in Goliad County, Texas, for \$430 million. The purchase price also includes nine other Texas power plants.

The transaction is the result of AEP's recent auction of the company's Texas power plants and represents as much as 3,813 MW. The plants to be purchased include six active power plants capable of generating 1,950 MW and four currently inactive power plants capable of producing 1,863 MW.

"This is a landmark agreement that demonstrates our ability to leverage our operational and marketing expertise to forge strategic partnerships in the marketplace for the acquisition of energy-related assets," said Donald E. Felsing, group president of Sempra Energy Global Enterprises, the umbrella for Sempra Energy's growth businesses. "This is the first transaction by Sempra Energy Partners, which we formed last year to pursue asset acquisitions in the distressed energy market, while preserving our balance-sheet strength. The power plants we are acquiring in this transaction are part of our overall strategy to grow and diversify our energy-asset portfolio, while maintaining our solid credit profile and focusing on prudent risk management."

"Carlyle/Riverstone is proud to be working with Sempra Energy in this enterprise and looks forward to growing this platform through the acquisition and development of additional generation capacity and related assets in the Electric Reliability Council of Texas (ERCOT) market," said Michael Hoffman, Managing Director of Carlyle/Riverstone.

The agreement, which involves power plants fueled by coal, natural gas, oil and hydroelectric sources, is expected to close by July 1, 2004. Sempra Energy Resources, the electric generation unit of Sempra Energy, will provide asset-management services for the joint venture, including operation of the plants.

The majority of the purchase is expected to be project-financed on a non-recourse basis, and Sempra Energy's total equity investment would be less than \$100 million, Felsing said.

Sempra Energy and Carlyle/Riverstone currently are negotiating power-purchase agreements for the output of the plants and expect to have contracts in place before the transaction closes in July 2004, Felsing said.

Felsing said Sempra Energy expects the acquisition of the new generating assets to be slightly accretive to the company's 2004 earnings.

In addition to Coletto Creek, the other five operating power plants included in the acquisition are: the 697-MW Barney M. Davis natural gas and oil-fueled plant near Corpus Christi; the 6-MW Eagle Pass Hydro Power Station on the Rio Grande River near Eagle Pass; the 182-MW J.L. Bates Power Station, a natural gas-and-oil fueled plant in Hidalgo County; La Palma Power Station, a 255-MW natural gas-and-oil fueled generating facility in San Benito; and Laredo Power Station, a 178-MW natural gas-fueled power plant in Laredo.

The agreement also includes the acquisition of four currently inactive power plants. Sempra Energy and Carlyle/Riverstone will be evaluating strategic alternatives for these units going forward.

"The purchase price reflects upgrades and improvements for select plants, as well as anticipated decommissioning costs," Felsing said.

"The value of these power plants, particularly Coletto Creek, is directly related to the strong potential for new long-term contracts, due to the higher power prices being driven by costlier gas-fired generation in the region," said Michael R. Niggli, president of Sempra Energy Resources. "Furthermore, Coletto Creek is among the top-performing baseload coal units in Texas and expands our footprint in the rapidly growing ERCOT power market."

Sempra Energy Resources previously acquired the coal-fired, 305-MW Twin Oaks Power plant from Texas-New Mexico Power Co. in November 2002.

The 240 AEP employees working at the plants will receive an offer of employment from the Sempra Energy/Carlyle/Riverstone

joint-venture, subject to successful completion of standard pre-employment processes.

Carlyle/Riverstone Global Energy and Power Fund II, L.P. is a joint venture between Riverstone and The Carlyle Group that is focused on investing in the global energy and power sectors, utilizing private equity capital of over \$1.2 billion. The Carlyle Group currently has over \$17.5 billion under management in 23 funds focused on a broad range of industries and investment types around the world. For more information about Riverstone or The Carlyle Group, see www.carlyle.com.

Sempra Energy Partners, a subsidiary of Sempra Energy, was formed in 2003 to team with financial and energy partners to acquire energy assets such as power plants, pipelines, and related energy facilities.

Sempra Energy Resources develops and operates power plants and energy infrastructure for the competitive market.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2003 revenues of \$7.9 billion. The Sempra Energy companies' nearly 13,000 employees serve more than 10 million customers in the United States, Europe, Canada, Mexico, South America and Asia.

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