



Sempra Energy Unit To Surrender Nova Scotia Natural Gas Distribution Franchise

SAN DIEGO, Sept. 24, 2001 - Sempra Energy's Sempra Atlantic Gas unit has notified the Government of Nova Scotia and the Nova Scotia Utility and Review Board (UARB) that the company intends to surrender its natural gas distribution franchise.

The decision comes after months of detailed consideration of whether, under the current regulatory environment, a viable business case can be made for moving forward in Nova Scotia, company officials said.

In June 2001, Sempra Atlantic Gas advised the UARB that, since receiving the franchise, actions beyond the control of the company have had a substantial negative impact on the company's proposed plans. Under the terms and conditions of the franchise agreement, this entitles the company to surrender its franchise.

Sempra Atlantic Gas was awarded the natural gas distribution franchise in December 1999. After two years of continued construction delays, the company said it now has no option but to take this action.

Sempra Energy's investment in the natural gas distribution project to date is approximately \$35 million. The company expects to recover a portion of the investment. Even with a third-quarter charge for costs expected to be unrecovered, Sempra Energy continues to project earnings per share for 2001 of approximately \$2.50.

Sempra Energy (NYSE: SRE), based in San Diego, is a Fortune 500 energy services holding company with annualized 2001 revenues of about \$11 billion. Through its eight principal subsidiaries -- Southern California Gas Company, San Diego Gas & Electric, Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy International, Sempra Energy Resources, Sempra Communications and Sempra Energy Financial -- the Sempra Energy companies' 12,000 employees serve more than 9 million customers in the United States, Europe, Canada, Mexico, South America and Asia.

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Sempra Energy Solutions, Sempra Energy Trading, Sempra Energy International, Sempra Energy Resources and Sempra Energy Financial are not the same companies as the utilities, SDG&E/SoCalGas, and are not regulated by the California Public Utilities Commission.