Sempra Energy®

Sempra Pipelines & Storage

George Liparidis | President & CEO

Analyst Conference | March 23, 2011

Outline

- Business overview
- Asset overview
- Accomplishments and priorities
- Project updates
- Future opportunities
- Outlook

Business Overview

- Established utilities with attractive regulated returns in high growth areas
- International operations with strong regulatory climates that encourage investments
- Earnings are split 60% utilities and 40% pipeline and storage assets
- Pipeline and storage assets secured by long term contracts with strong counterparties
  - Revenues from pipeline and storage assets are 90% contracted for the next 3 years
- 14% earnings growth rate for 2011-2015[1]

(1) Compound annual growth rate based on midpoint of forecast guidance range.

Asset Overview

Accomplishments & Priorities

2010 Accomplishments

- Completed accretive Mexican pipeline acquisition
  - $257 million net of cash
- Commissioned 12 Bcf of new natural gas storage capacity
  - 8 Bcf contracted at completion
- Record earnings of $159 million

2011 Priorities

- Close accretive acquisition of Chilean & Peruvian assets and integrate operations
- Continue low-cost gas storage build-out
- Commence construction on 98 MW run-of-river hydroelectric plant in Peru
  - Offers entry to lucrative generation market at attractive returns

South American Market Overview

- South American electric utilities acquisition
  - Achieves control of companies; 100% in Chile and 76% in Peru
  - $875 million purchase price, $775 million net of cash
  - Accretive to earnings; $0.15 per share in 2011 and $0.22 in 2012
  - Expected to close 2Q-11
- Organic growth driven by robust country fundamentals
- Long history of stable regulatory environments
- Sovereign debt of both Chile and Peru rated investment grade

South American Electric Utilities

	Chilquinta Energia	Luz del Sur
Location	Central Chile (Valparaiso)	Central Peru (Lima)
Customers	595,000	863,000
5- Year Average Revenue Growth(1)	5%	7%
5- Year Average Customer Growth(1)	3%	3%
5-Year Earnings CAGR(1)	5%	14%
Authorized Rate of Return(2)	10%	12%

(1) Growth from 2006 - 2010
(2) Real, unlevered, pre-tax rate of return

Distribution Regulatory Model in Chile and Peru

- Revenue requirements set every 4 years based on model company
- Rates include provisions for O&M and a pre-tax return based on replacement value
- Generation and transmission costs are pass-through
- Tariff adjustment based on inflation, commodity prices and foreign exchange

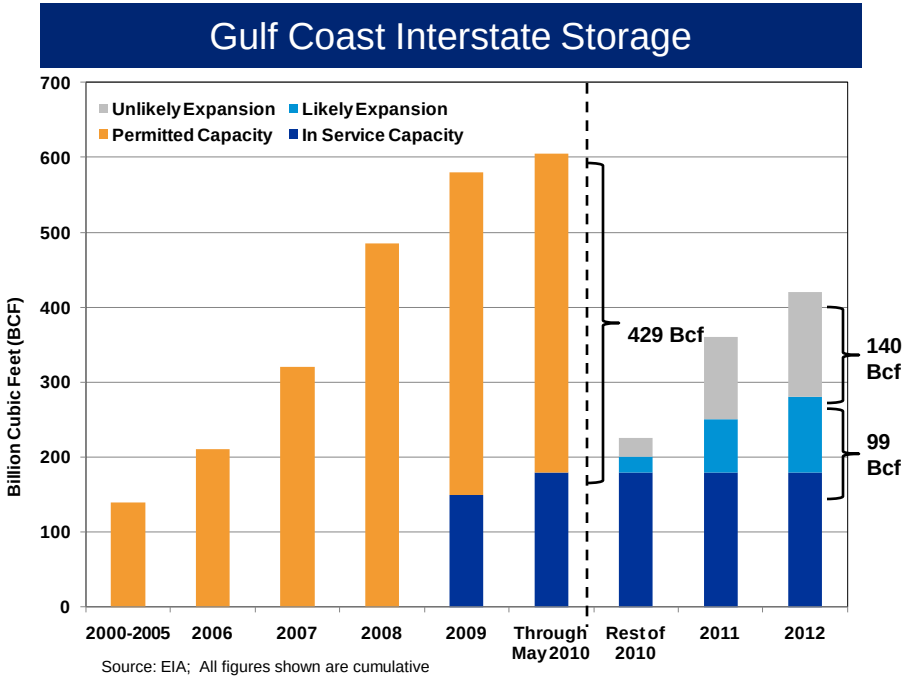
Mexico Natural Gas Pipelines and Distribution

- 16% earnings CAGR over the last five years
- Roughly 80% of revenues dollar-based
- Regulatory environment supportive of energy investments
- Joint venture with Pemex creates potential for future growth opportunities
- Long-term contracts with CFE, Pemex, Shell, Intergen, Gazprom

- Natural gas distribution company currently serving about 90,000 customers with cost-based rates set every 5 years and an authorized rate of return of 11% (real, unlevered, after-tax)

US Midstream: Natural Gas Storage

- Market requires gas storage to balance (supply demand imbalance, growth in renewables)
- Industry consolidation with only a small percentage of permitted facilities built
- Storage utilization has been increasing (99% in 2009 / 2010)



- Salt cavern storage represents about 7% of total U.S. capacity
- Excellent expansion economics
- Current market comps are 12x EBITDA or greater

U.S. Midstream: Storage Projects

- Bay Gas Storage
  - 15.5 Bcf operational
  - Plans for 11.4 Bcf of additional capacity
  - Sempra owns 91% of Bay Gas
- Mississippi Hub Storage
  - 7.5 Bcf operational
  - Plans for 22.5 Bcf of additional capacity
  - Sempra owns 100% of Mississippi Hub

U.S. Midstream: Further Storage Development

- View current market as cyclical and not a long term structural change
- Ability to optimize storage asset value through optimization group
- Incremental capital for new caverns averages about $8 million / Bcf
- Expansions under $10 million / Bcf economic at current seasonal spreads
- Forecasted EBITDA CAGR of 35% over 5-year planning horizon
- When fully developed, expect $1.1 billion invested in Bay Gas and Mississippi Hub at a 7x to 8x EBITDA multiple

Future Opportunities

- South American growth
  - Both Chile and Peru provide opportunities to expand into generation and transmission
- Mexico
  - Evaluate expansions from existing assets
  - Pemex JV provides future opportunities
- Storage
  - Continued build-out of low-cost, salt-storage caverns

Pipelines & Storage Outlook ($ millions)

Earnings		
2011	**2012**	**2015**
$200 - $220	$240 - $260	$340 - $370

Capital Expenditures & Investments		
2011	**2012**	**2013 – 2015 Average**
$1,175	$315 - $365	$145 - $195