



## **Sempra Energy's First-Quarter 2006 Net Income Rises 14 Percent**

SAN DIEGO, May 2, 2006 – Sempra Energy today reported first-quarter 2006 net income of \$255 million, or \$0.98 per diluted share, up 14 percent over first-quarter 2005 net income of \$223 million, or \$0.92 per diluted share. First-quarter 2005 results included \$59 million in net income related to the favorable resolution of federal and state income-tax issues from prior years.

Revenues in the first quarter 2006 were \$3.3 billion, compared with \$2.7 billion in the year-ago period.

"Our Commodities group drove our strong first-quarter results," said Donald E. Felsing, chairman and chief executive officer of Sempra Energy. "We are pleased with our 52-percent increase in operating income during the quarter and are off to a solid start to meet our previously announced guidance for the year of \$3.40 to \$3.60 per share."

Sempra Generation recently announced the sale of its two coal-fired power plants in Texas, the jointly owned, 632-megawatt (MW) Coletto Creek Power facility and 305-MW Twin Oaks plant. Coletto Creek Power is being sold for \$1.14 billion – the highest price paid for a U.S. coal-fired power plant in more than a decade – to International Power plc. Sempra Generation and its partner, Riverstone Holdings, acquired Coletto Creek for \$430 million in July 2004. Last month, Sempra Generation completed the sale of Twin Oaks to PNM Resources, Inc., for \$480 million in cash. The plant was acquired by Sempra Generation in November 2002 for \$120 million. During the first quarter 2006, Sempra Generation also entered into agreements to sell its businesses in energy-facilities management and energy-performance contracting.

"Our strategy is focused on developing natural gas infrastructure, primarily in our non-utility businesses, and expanding the energy-delivery capabilities of our California utilities," Felsing said. "We are repositioning our portfolio, divesting some assets that are not core to this strategy. Through these asset sales, we expect to generate more than \$1 billion in pre-tax proceeds to help fund our ongoing investments."

### **SUBSIDIARY OPERATING RESULTS**

#### **Sempra Utilities**

First-quarter net income for San Diego Gas & Electric (SDG&E) was \$47 million in 2006, compared with \$59 million in 2005, due primarily to the favorable resolution of tax issues in the prior-year's quarter.

Net income for Southern California Gas Co. (SoCalGas) in the first quarter 2006 was \$49 million, compared with \$69 million in the year-ago period. In the first quarter 2005, SoCalGas benefited from favorable adjustments related to a California Public Utilities Commission ratemaking decision and favorable resolution of tax issues.

At the end of the first quarter 2006, SDG&E assumed ownership and operation of the 550-MW Palomar Energy Center in Escondido, Calif., the first major power plant built in San Diego County in more than 30 years.

#### **Sempra Commodities**

Sempra Commodities recorded \$116 million in net income during the first quarter 2006, a 300-percent increase over first-quarter 2005 net income of \$29 million. The sharp increase was due primarily to stronger natural gas and power marketing in North America.

"In the first quarter, Sempra Commodities continued a performance trend over the past nine months of outstanding results," Felsing said.

#### **Sempra Generation**

First-quarter net income for Sempra Generation was \$43 million in 2006, compared with \$45 million in 2005, due primarily to a \$15 million after-tax charge taken for an arbitration decision related to Sempra Generation's electricity-supply contract with the California Department of Water Resources. The charge was offset by gains related to the transfer of Palomar Energy to SDG&E during the quarter.

#### **Sempra Pipelines & Storage**

Sempra Pipelines & Storage had net income of \$11 million in the first quarter 2006, compared with \$13 million in the same

quarter a year ago.

During the most recent quarter, Sempra Pipelines & Storage and Kinder Morgan Energy Partners announced that they have secured binding commitments from natural gas shippers for the entire capacity of the Rockies Express Pipeline project. The \$4.4 billion, 1,323-mile pipeline will connect natural gas supply basins in the Rocky Mountain region to the eastern United States, transporting 1.8 billion cubic feet of gas per day when the project is completed in 2009. Sempra Pipelines & Storage currently owns one-third of the project.

## **Sempra LNG**

Sempra LNG recorded a net loss of \$5 million during the first quarter 2006, unchanged from the previous year.

In the first quarter 2006, Sempra LNG announced an open season to gauge market interest in an expansion of Energía Costa Azul, the company's liquefied natural gas (LNG) receipt terminal under construction in Baja California, Mexico. The terminal is more than 30-percent complete and, when operational in early 2008, it will be the first LNG receipt facility on the west coast of North America.

## **INTERNET BROADCAST**

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. Eastern Time with senior management of the company. Access is available by logging onto the Web site 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 (706) 645-9291 and entering passcode 7944055.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2005 revenues of \$11.7 billion. The Sempra Energy companies' 14,000 employees serve more than 29 million consumers in the United States, Europe, Canada, Mexico, South America and Asia.

Income-statement information by business unit is available on Sempra Energy's Web site at [http://www.sempra.com/downloads/1Q2006\\_Table\\_All.pdf](http://www.sempra.com/downloads/1Q2006_Table_All.pdf).

This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. 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 by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources, the Federal Energy Regulatory Commission and other regulatory bodies in the United States and other countries; capital markets conditions, inflation rates, interest rates and exchange rates; energy and trading markets, including the timing and extent of changes in commodity prices; the availability of natural gas; weather conditions and conservation efforts; war and terrorist attacks; business, regulatory, environmental, and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, [www.sec.gov](http://www.sec.gov) and on the company's Web site, [www.sempra.com](http://www.sempra.com).

Sempra LNG and Sempra Pipelines & Storage are not the same companies as the utilities, SDG&E or SoCalGas, and are not regulated by the California Public Utilities Commission. Sempra Energy Trading, doing business as Sempra Commodities, and Sempra Generation are not the same companies as the utilities, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of their products and services.

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