

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended

September 30, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from

to

Commission File No.	Exact Name of Registrant as Specified in its Charter, Address of Principal Executive Office and Telephone Number	State of Incorporation	IRS Employer Identification No.	Former name, former address and former fiscal year, if changed since last report
1-14201	SEMPRA 488 8th Avenue San Diego , California 92101 (619) 696-2000	California	33-0732627	No change
1-03779	SAN DIEGO GAS & ELECTRIC COMPANY 8330 Century Park Court San Diego , California 92123 (619) 696-2000	California	95-1184800	No change
1-01402	SOUTHERN CALIFORNIA GAS COMPANY 555 West 5th Street Los Angeles , California 90013 (213) 244-1200	California	95-1240705	No change

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
SEMPRA:		
Common Stock, without par value	SRE	New York Stock Exchange ⁽¹⁾
5.75% Junior Subordinated Notes Due 2079, \$25 par value	SREA	New York Stock Exchange
SAN DIEGO GAS & ELECTRIC COMPANY:		
None		
SOUTHERN CALIFORNIA GAS COMPANY:		
None		

⁽¹⁾ Sempra's common shares are also registered with the National Securities Registry of the CNBV in Mexico. The registration of Sempra's common shares with the National Securities Registry does not imply certification regarding the investment quality of the securities, the solvency of the issuer or the accuracy or completeness of the information included in the quarterly report, nor does it confirm acts that may have been performed in contravention of the law. This quarterly report has been filed in Mexico in accordance with the general provisions applicable to issuers and other securities market participants.

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the Registrants have submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the Registrants were required to submit such files).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Sempra:

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company

San Diego Gas & Electric Company:

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company

Southern California Gas Company:

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the Registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrants are a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuers' classes of common stock, as of the latest practicable date.

Common stock outstanding as of November 1, 2024:

Sempra 633,399,264 shares

San Diego Gas & Electric Company Wholly owned by Enova Corporation, which is wholly owned by Sempra

Southern California Gas Company Wholly owned by Pacific Enterprises, which is wholly owned by Sempra

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This combined Form 10-Q is separately filed by Sempra, San Diego Gas & Electric Company and Southern California Gas Company. Information contained herein relating to any one of these individual Registrants is filed by such entity on its own behalf. Each such Registrant makes statements herein only as to itself and its consolidated entities and makes no statement whatsoever as to any other entity.

You should read this report in its entirety as it pertains to each respective Registrant. No one section of the report deals with all aspects of the subject matter. A separate Part I – Item 1 is provided for each Registrant, except for the Notes to Condensed Consolidated Financial Statements, which are combined for all the Registrants. All Items other than Part I – Item 1 are combined for the three Registrants.

None of the website references in this report are active hyperlinks, and the information contained on or that can be accessed through any such website is not and shall not be deemed to be part of or incorporated by reference in this report or any other document that we file with or furnish to the SEC.

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The following terms and abbreviations appearing in this report have the meanings indicated below.

GLOSSARY

AB	California Assembly Bill
ADIA	Black Silverback ZC 2022 LP (assignee of Black River B 2017 Inc.), a wholly owned affiliate of Abu Dhabi Investment Authority
AFUDC	allowance for funds used during construction
amparo	an extraordinary constitutional appeal governed by Articles 103 and 107 of the Mexican Constitution and filed in Mexican federal court
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2023
AOCI	accumulated other comprehensive income (loss)
ARO	asset retirement obligation
ASEA	Agencia de Seguridad, Energía y Ambiente (Mexico's National Agency for Industrial Safety and Environmental Protection)
ASU	Accounting Standards Update
ATM program	at-the-market equity offering program pursuant to the sales agreement
Bcf	billion cubic feet
Bechtel	Bechtel Energy Inc.
bps	basis points
Cameron LNG JV	Cameron LNG Holdings, LLC
Cameron LNG Phase 1 facility	Cameron LNG JV liquefaction facility
Cameron LNG Phase 2 project	Cameron LNG JV liquefaction expansion project
CCM	cost of capital adjustment mechanism
CFE	Comisión Federal de Electricidad (Mexico's Federal Electricity Commission)
CFIN	Cameron LNG FINCO, LLC, a wholly owned and unconsolidated affiliate of Cameron LNG JV
CNBV	Comisión Nacional Bancaria y de Valores (Mexico's National Banking and Securities Commission)
CODM	chief operating decision maker as defined in Accounting Standards Codification 280
ConocoPhillips	ConocoPhillips Company
CPUC	California Public Utilities Commission
CRE	Comisión Reguladora de Energía (Mexico's Energy Regulatory Commission)
CRR	congestion revenue right
DOE	U.S. Department of Energy
ECA LNG	ECA LNG Phase 1 and ECA LNG Phase 2, collectively
ECA LNG Phase 1	ECA LNG Holdings B.V.
ECA LNG Phase 2	ECA LNG II Holdings B.V.
ECA Regas Facility	Energía Costa Azul, S. de R.L. de C.V. LNG regasification facility
Ecogas	Ecogas México, S. de R.L. de C.V.
Edison	Southern California Edison Company, a subsidiary of Edison International
EFH	Energy Future Holdings Corp. (renamed Sempra Texas Holdings Corp.)
EPC	engineering, procurement and construction
EPS	earnings per common share
ERCOT	Electric Reliability Council of Texas, Inc., the ISO and the regional coordinator of various electricity systems within Texas
ETR	effective income tax rate
Exchange Act	Securities Exchange Act of 1934, as amended
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings, Inc.
FTA	Free Trade Agreement
GCIM	Gas Cost Incentive Mechanism
GHG	greenhouse gas
GRC	General Rate Case
HOA	Heads of Agreement
IEnova	Infraestructura Energética Nova, S.A.P.I. de C.V.
IMG	Infraestructura Marina del Golfo
INEOS	INEOS Energy Trading Limited, a subsidiary of INEOS Limited
IOU	investor-owned utility

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GLOSSARY (CONTINUED)

IRA	Inflation Reduction Act of 2022
IRS	U.S. Internal Revenue Service
ISO	Independent System Operator
ITC	investment tax credit
JV	joint venture
KKR Denali	KKR Denali Holdco LLC, an affiliate of Kohlberg Kravis Roberts & Co. L.P.
KKR Pinnacle	KKR Pinnacle Investor L.P. (as successor-in-interest to KKR Pinnacle Aggregator L.P.), an affiliate of Kohlberg Kravis Roberts & Co. L.P.
Leak	the leak at the SoCalGas Aliso Canyon natural gas storage facility injection-and-withdrawal well, SS25, discovered by SoCalGas on October 23, 2015
LNG	liquefied natural gas
MD&A	Management's Discussion and Analysis of Financial Condition and Results of Operations
Mexican Stock Exchange	Bolsa Mexicana de Valores, S.A.B. de C.V., or BMV
MMBtu	million British thermal units (of natural gas)
Moody's	Moody's Investors Service, Inc.
MOU	Memorandum of Understanding
Mtpa	million tonnes per annum
MW	megawatt
MWh	megawatt hour
NCI	noncontrolling interest(s)
NDT	nuclear decommissioning trusts
NEIL	Nuclear Electric Insurance Limited
NYSE	New York Stock Exchange
O&M	operation and maintenance expense
OCI	other comprehensive income (loss)
OEIS	Office of Energy Infrastructure Safety
OII	Order Instituting Investigation
Oncor	Oncor Electric Delivery Company LLC
Oncor Holdings	Oncor Electric Delivery Holdings Company LLC
ORLEN	Polski Koncern Naftowy Orlen S.A.
Other Sempra	All Sempra consolidated entities, except for SDG&E and SoCalGas
PA LNG Phase 1 project	initial phase of the Port Arthur LNG liquefaction project
PA LNG Phase 2 project	second phase of the Port Arthur LNG liquefaction project
PBOP	postretirement benefits other than pension
Port Arthur LNG	Port Arthur LNG, LLC, an indirect subsidiary of SI Partners that owns the PA LNG Phase 1 project
PP&E	property, plant and equipment
PPA	power purchase agreement
PUCT	Public Utility Commission of Texas
Registrants	has the meaning set forth in Rule 12b-2 under the Exchange Act and consists of Sempra, SDG&E and SoCalGas for purposes of this report
ROE	return on equity
RSU	restricted stock unit
S&P	S&P Global Ratings, a division of S&P Global Inc.
sales agreement	ATM Equity Offering Sales Agreement, dated November 6, 2024, among Sempra and Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, Scotia Capital (USA) Inc., and Wells Fargo Securities, LLC (each a sales agent or forward seller) and Barclays Bank PLC, Bank of America, N.A., Citibank, N.A., Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, Mizuho Markets Americas LLC, Morgan Stanley & Co. LLC, MUFG Securities EMEA plc, Royal Bank of Canada, The Bank of Nova Scotia and Wells Fargo Bank, National Association, or one of their respective affiliates (each a forward purchaser)
SB	California Senate Bill
SDG&E	San Diego Gas & Electric Company
SDSRA	Senior Debt Service Reserve Account
SEC	U.S. Securities and Exchange Commission
SEDATU	Secretaría de Desarrollo Agrario, Territorial y Urbano (Mexico's agency in charge of agriculture, land and urban development)



GLOSSARY (CONTINUED)

SENER	Secretaría de Energía de México (Mexico's Ministry of Energy)
series A preferred stock	Sempra's 6% mandatory convertible preferred stock, series A
series B preferred stock	Sempra's 6.75% mandatory convertible preferred stock, series B
series C preferred stock	Sempra's 4.875% fixed-rate reset cumulative redeemable perpetual preferred stock, series C
SI Partners	Sempra Infrastructure Partners, LP, the holding company for most of Sempra's subsidiaries not subject to California or Texas utility regulation
SoCalGas	Southern California Gas Company
SOFR	Secured Overnight Financing Rate
SONGS	San Onofre Nuclear Generating Station
SPA	sale and purchase agreement
Support Agreement	support agreement, dated July 28, 2020 and amended on June 29, 2021, among Sempra and Sumitomo Mitsui Banking Corporation
TAG Norte	TAG Norte Holding, S. de R.L. de C.V.
TAG Pipelines	TAG Pipelines Norte, S. de R.L. de C.V.
TCEQ	Texas Commission on Environmental Quality
TdM	Termoeléctrica de Mexicali
TO5	Electric Transmission Owner Formula Rate, effective June 1, 2019
TO6	Electric Transmission Owner Formula Rate, new application
U.S. GAAP	generally accepted accounting principles in the United States of America
VAT	value-added tax
VIE	variable interest entity
Wildfire Fund	the fund established pursuant to AB 1054
Wildfire Legislation	AB 1054 and AB 111

In this report, references to "Sempra" are to Sempra and its consolidated entities, collectively, and references to "we," "our," "us" and "our company" are to the applicable Registrant and its consolidated entities, collectively, in each case unless otherwise stated or indicated by the context. All references in this report to our reportable segments are not intended to refer to any legal entity with the same or similar name.

Throughout this report, we refer to the following as Condensed Consolidated Financial Statements and Notes to Condensed Consolidated Financial Statements when discussed together or collectively:

- the Condensed Consolidated Financial Statements and related Notes of Sempra;
- the Condensed Financial Statements and related Notes of SDG&E; and
- the Condensed Financial Statements and related Notes of SoCalGas.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on assumptions about the future, involve risks and uncertainties, and are not guarantees. Future results may differ materially from those expressed or implied in any forward-looking statement. These forward-looking statements represent our estimates and assumptions only as of the filing date of this report. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or otherwise.

Forward-looking statements can be identified by words such as "believe," "expect," "intend," "anticipate," "contemplate," "plan," "estimate," "project," "forecast," "envision," "should," "could," "would," "will," "confident," "may," "can," "potential," "possible," "proposed," "in process," "construct," "develop," "opportunity," "preliminary," "initiative," "target," "outlook," "optimistic," "poised," "positioned," "maintain," "continue," "progress," "advance," "goal," "aim," "commit," or similar expressions, or when we discuss our guidance, priorities, strategy, goals, vision, mission, opportunities, projections, intentions or expectations.

Factors, among others, that could cause actual results and events to differ materially from those expressed or implied in any forward-looking statement include:

- California wildfires, including potential liability for damages regardless of fault and any inability to recover all or a substantial portion of costs from insurance, the Wildfire Fund, rates from customers or a combination thereof
- decisions, audits, investigations, inquiries, regulations, denials or revocations of permits, consents, approvals or other authorizations, renewals of franchises, and other actions, including the failure to honor contracts and commitments, by the (i) CPUC, CRE, DOE, FERC, IRS, PUCT and other regulatory bodies and (ii) U.S., Mexico and states, counties, cities and other jurisdictions therein and in other countries where we do business
- the success of business development efforts, construction projects, acquisitions, divestitures, and other significant transactions, including risks related to (i) being able to make a final investment decision, (ii) completing construction projects or other transactions on schedule and budget, (iii) realizing anticipated benefits from any of these efforts if completed, (iv) obtaining third-party consents and approvals and (v) third parties honoring their contracts and commitments
- macroeconomic trends or other factors that could change our capital expenditure plans and their potential impact on rate base or other growth
- litigation, arbitration, property disputes and other proceedings, and changes (i) to laws and regulations, including those related to tax and trade policy and the energy industry in Mexico and (ii) due to the results of elections
- cybersecurity threats, including by state and state-sponsored actors, of ransomware or other attacks on our systems or the systems of third parties with which we conduct business, including the energy grid or other energy infrastructure
- the availability, uses, sufficiency, and cost of capital resources and our ability to borrow money or otherwise raise capital on favorable terms and meet our obligations, including due to (i) actions by credit rating agencies to downgrade our credit ratings or place those ratings on negative outlook, (ii) instability in the capital markets, or (iii) fluctuating interest rates and inflation
- the impact on affordability of SDG&E's and SoCalGas' customer rates and their cost of capital and on SDG&E's, SoCalGas' and Sempra Infrastructure's ability to pass through higher costs to customers due to (i) volatility in inflation, interest rates and commodity prices, (ii) with respect to SDG&E's and SoCalGas' businesses, the cost of meeting the demand for lower carbon and reliable energy in California, and (iii) with respect to Sempra Infrastructure's business, volatility in foreign currency exchange rates
- the impact of climate policies, laws, rules, regulations, trends and required disclosures, including actions to reduce or eliminate reliance on natural gas, increased uncertainty in the political or regulatory environment for California natural gas distribution companies, the risk of nonrecovery for stranded assets, and uncertainty related to emerging technologies
- weather, natural disasters, pandemics, accidents, equipment failures, explosions, terrorism, information system outages or other events, such as work stoppages, that disrupt our operations, damage our facilities or systems, cause the release of harmful materials or fires or subject us to liability for damages, fines and penalties, some of which may not be recoverable through regulatory mechanisms or insurance or may impact our ability to obtain satisfactory levels of affordable insurance
- the availability of electric power, natural gas and natural gas storage capacity, including disruptions caused by failures in the transmission grid, pipeline system or limitations on the injection and withdrawal of natural gas from storage facilities
- Oncor's ability to reduce or eliminate its quarterly dividends due to regulatory and governance requirements and commitments, including by actions of Oncor's independent directors or a minority member director
- other uncertainties, some of which are difficult to predict and beyond our control

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We caution you not to rely unduly on any forward-looking statements. You should review and carefully consider the risks, uncertainties and other factors that affect our businesses as described herein, in our Annual Report and in other reports we file with the SEC.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SEMPRA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS <i>(Dollars in millions, except per share amounts; shares in thousands)</i>							
	Three months ended September 30,		Nine months ended September 30,				
	2024	2023	2024	2023			
(unaudited)							
REVENUES							
Utilities:							
Natural gas	\$ 1,195	\$ 1,488	\$ 4,798	\$ 7,560			
Electric	1,069	1,250	3,269	3,331			
Energy-related businesses	512	596	1,360	2,338			
Total revenues	2,776	3,334	9,427	13,229			
EXPENSES AND OTHER INCOME							
Utilities:							
Cost of natural gas	(99)	(260)	(790)	(3,254)			
Cost of electric fuel and purchased power	18	(183)	(227)	(385)			
Energy-related businesses cost of sales	(134)	(163)	(297)	(437)			
Operation and maintenance	(1,326)	(1,383)	(3,871)	(3,958)			
Depreciation and amortization	(614)	(563)	(1,811)	(1,651)			
Franchise fees and other taxes	(175)	(169)	(515)	(509)			
Other income, net	65	3	194	75			
Interest income	17	19	47	60			
Interest expense	(328)	(312)	(944)	(995)			
Income before income taxes and equity earnings	200	323	1,213	2,175			
Income tax benefit (expense)	105	52	63	(499)			
Equity earnings	454	479	1,235	1,086			
Net income	759	854	2,511	2,762			
Earnings attributable to noncontrolling interests	(110)	(122)	(325)	(435)			
Preferred dividends	(11)	(11)	(33)	(33)			
Preferred dividends of subsidiary	—	—	(1)	(1)			
Earnings attributable to common shares	\$ 638	\$ 721	\$ 2,152	\$ 2,293			
Basic EPS:							
Earnings	\$ 1.01	\$ 1.14	\$ 3.40	\$ 3.64			
Weighted-average common shares outstanding	633,752	630,036	633,342	629,963			
Diluted EPS:							
Earnings	\$ 1.00	\$ 1.14	\$ 3.38	\$ 3.63			
Weighted-average common shares outstanding	638,061	632,324	636,566	632,231			

See Notes to Condensed Consolidated Financial Statements.

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SEMPRA

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Dollars in millions)

Sempra shareholders' equity						
	Pretax amount	Income tax benefit (expense)	Net-of-tax amount	Noncontrolling interests (after tax)	Total	
(unaudited)						
Three months ended September 30, 2024 and 2023						
2024:						
Net income	\$ 544	\$ 105	\$ 649	\$ 110	\$ 759	
Other comprehensive income (loss):						
Foreign currency translation adjustments	(12)	—	(12)	(5)	(17)	
Financial instruments	(74)	20	(54)	(171)	(225)	
Pension and other postretirement benefits	3	(1)	2	—	2	
Total other comprehensive loss	(83)	19	(64)	(176)	(240)	
Comprehensive income (loss)	\$ 461	\$ 124	\$ 585	\$ (66)	\$ 519	
2023:						
Net income	\$ 680	\$ 52	\$ 732	\$ 122	\$ 854	
Other comprehensive income (loss):						
Foreign currency translation adjustments	(5)	—	(5)	(2)	(7)	
Financial instruments	150	(39)	111	204	315	
Pension and other postretirement benefits	2	(1)	1	—	1	
Total other comprehensive income	147	(40)	107	202	309	
Comprehensive income	\$ 827	\$ 12	\$ 839	\$ 324	\$ 1,163	
Nine months ended September 30, 2024 and 2023						
2024:						
Net income	\$ 2,123	\$ 63	\$ 2,186	\$ 325	\$ 2,511	
Other comprehensive income (loss):						
Foreign currency translation adjustments	(25)	—	(25)	(11)	(36)	
Financial instruments	(26)	4	(22)	(2)	(24)	
Pension and other postretirement benefits	16	(4)	12	—	12	
Total other comprehensive loss	(35)	—	(35)	(13)	(48)	
Comprehensive income	2,088	63	2,151	312	2,463	
Preferred dividends of subsidiary	(1)	—	(1)	—	(1)	
Comprehensive income, after preferred dividends of subsidiary	\$ 2,087	\$ 63	\$ 2,150	\$ 312	\$ 2,462	
2023:						
Net income	\$ 2,826	\$ (499)	\$ 2,327	\$ 435	\$ 2,762	
Other comprehensive income (loss):						
Foreign currency translation adjustments	16	—	16	6	22	
Financial instruments	158	(43)	115	206	321	
Pension and other postretirement benefits	(8)	(2)	(10)	—	(10)	
Total other comprehensive income	166	(45)	121	212	333	
Comprehensive income	2,992	(544)	2,448	647	3,095	
Preferred dividends of subsidiary	(1)	—	(1)	—	(1)	
Comprehensive income, after preferred dividends of subsidiary	\$ 2,991	\$ (544)	\$ 2,447	\$ 647	\$ 3,094	

See Notes to Condensed Consolidated Financial Statements.

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SEMPRA
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	September 30, 2024	December 31, 2023 ⁽¹⁾		
	(unaudited)			
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 560	\$ 236		
Restricted cash	22	49		
Accounts receivable – trade, net	1,716	2,151		
Accounts receivable – other, net	422	561		
Due from unconsolidated affiliates	14	31		
Income taxes receivable	152	94		
Inventories	519	482		
Prepaid expenses	314	273		
Regulatory assets	59	226		
Fixed-price contracts and other derivatives	111	122		
Greenhouse gas allowances	1,169	1,189		
Other current assets	41	56		
Total current assets	<hr/> 5,099	<hr/> 5,470		
Other assets:				
Restricted cash	108	104		
Regulatory assets	4,325	3,771		
Greenhouse gas allowances	971	301		
Nuclear decommissioning trusts	906	872		
Dedicated assets in support of certain benefit plans	585	549		
Deferred income taxes	144	129		
Right-of-use assets – operating leases	888	723		
Investment in Oncor Holdings	15,160	14,266		
Other investments	2,412	2,244		
Goodwill	1,602	1,602		
Other intangible assets	299	318		
Wildfire fund	268	269		
Other long-term assets	1,706	1,603		
Total other assets	<hr/> 29,374	<hr/> 26,751		
Property, plant and equipment:				
Property, plant and equipment	77,896	72,495		
Less accumulated depreciation and amortization	(18,621)	(17,535)		
Property, plant and equipment, net	<hr/> 59,275	<hr/> 54,960		
Total assets	\$ 93,748	\$ 87,181		

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Consolidated Financial Statements.

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SEMPRA
CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	September 30, 2024	December 31, 2023 ⁽¹⁾		
	(unaudited)			
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term debt	\$ 2,187	\$ 2,342		
Accounts payable – trade	1,966	2,211		
Accounts payable – other	227	224		
Due to unconsolidated affiliates	—	5		
Dividends and interest payable	816	691		
Accrued compensation and benefits	541	526		
Regulatory liabilities	523	553		
Current portion of long-term debt and finance leases	1,212	975		
Greenhouse gas obligations	1,169	1,189		
Other current liabilities	1,202	1,374		
Total current liabilities	9,843	10,090		
Long-term debt and finance leases	30,964	27,759		
Deferred credits and other liabilities:				
Due to unconsolidated affiliates	347	307		
Regulatory liabilities	4,118	3,739		
Greenhouse gas obligations	495	—		
Pension and other postretirement benefit plan obligations, net of plan assets	377	407		
Deferred income taxes	5,404	5,254		
Asset retirement obligations	3,710	3,642		
Deferred credits and other	2,610	2,329		
Total deferred credits and other liabilities	17,061	15,678		
Commitments and contingencies (Note 11)				
Equity:				
Preferred stock (50,000,000 shares authorized):				
Preferred stock, series C (900,000 shares outstanding)	889	889		
Common stock (1,125,000,000 shares authorized; 633,214,870 and 631,431,732 shares outstanding at September 30, 2024 and December 31, 2023, respectively; no par value)	12,292	12,204		
Retained earnings	16,707	15,732		
Accumulated other comprehensive income (loss)	(185)	(150)		
Total Sempra shareholders' equity	29,703	28,675		
Preferred stock of subsidiary	20	20		
Other noncontrolling interests	6,157	4,959		
Total equity	35,880	33,654		
Total liabilities and equity	\$ 93,748	\$ 87,181		

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Consolidated Financial Statements.

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SEMPRA
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Nine months ended September 30,	
	2024	2023
(unaudited)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 2,511	\$ 2,762
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,811	1,651
Deferred income taxes and investment tax credits	(223)	234
Equity earnings	(1,235)	(1,086)
Share-based compensation expense	63	53
Fixed-price contracts and other derivatives	11	(580)
Bad debt expense	149	368
Other	7	6
Net change in working capital components	55	1,610
Distributions from investments	654	668
Changes in other noncurrent assets and liabilities, net	(261)	(557)
Net cash provided by operating activities	<u>3,542</u>	<u>5,129</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(5,765)	(6,074)
Expenditures for investments	(588)	(281)
Purchases of nuclear decommissioning and other trust assets	(658)	(462)
Proceeds from sales of nuclear decommissioning and other trust assets	704	503
Other	11	10
Net cash used in investing activities	<u>(6,296)</u>	<u>(6,304)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common dividends paid	(1,121)	(1,109)
Preferred dividends paid	(22)	(22)
Issuances of common stock	26	—
Repurchases of common stock	(41)	(32)
Issuances of debt (maturities greater than 90 days)	6,437	6,911
Payments on debt (maturities greater than 90 days) and finance leases	(2,216)	(6,018)
(Decrease) increase in short-term debt, net	(929)	629
Advances from unconsolidated affiliates	85	31
Proceeds from sales of noncontrolling interests, net	—	1,238
Distributions to noncontrolling interests	(235)	(289)
Contributions from noncontrolling interests	1,121	1,036
Settlement of cross-currency swaps	—	(99)
Other	(39)	(78)
Net cash provided by financing activities	<u>3,066</u>	<u>2,198</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>(11)</u>	<u>6</u>
Increase in cash, cash equivalents and restricted cash	301	1,029
Cash, cash equivalents and restricted cash, January 1	389	462
Cash, cash equivalents and restricted cash, September 30	\$ 690	\$ 1,491

See Notes to Condensed Consolidated Financial Statements.

SEMPRA

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(Dollars in millions)

	Nine months ended September 30,	
	2024	2023
		(unaudited)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest payments, net of amounts capitalized	\$ 814	\$ 836
Income tax payments, net of refunds	272	162
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued interest receivable added to note receivable	\$ 13	\$ 12
Repayments of advances from unconsolidated affiliate in lieu of distributions	62	36
Accrued capital expenditures	1,059	1,200
Increase in finance lease obligations for investment in PP&E	27	47
Decrease in ARO for investment in PP&E	(9)	(15)
Preferred dividends declared but not paid	22	22
Common dividends issued in stock	40	—
Common dividends declared but not paid	392	374
Contributions from NCI	—	200
Sale of NCI post-closing adjustment payable	—	11

See Notes to Condensed Consolidated Financial Statements.

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SEMPRA

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Dollars in millions)

	Preferred stock	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Sempra shareholders' equity	Non-controlling interests	Total equity
(unaudited)							
Three months ended September 30, 2024							
Balance at June 30, 2024	\$ 889	\$ 12,250	\$ 16,461	\$ (121)	\$ 29,479	\$ 5,940	\$ 35,419
Net income			649		649	110	759
Other comprehensive loss				(64)	(64)	(176)	(240)
Share-based compensation expense			22		22		22
Dividends declared:							
Series C preferred stock (\$ 12.19 /share)			(11)		(11)		(11)
Common stock (\$ 0.62 /share)			(392)		(392)		(392)
Issuances of common stock			21		21		21
Repurchases of common stock			(1)		(1)		(1)
Noncontrolling interest activities:							
Contributions					335		335
Distributions					(32)		(32)
Balance at September 30, 2024	\$ 889	\$ 12,292	\$ 16,707	\$ (185)	\$ 29,703	\$ 6,177	\$ 35,880
Three months ended September 30, 2023							
Balance at June 30, 2023	\$ 889	\$ 12,044	\$ 15,024	\$ (121)	\$ 27,836	\$ 3,178	\$ 31,014
Net income			732		732	122	854
Other comprehensive income				107	107	202	309
Share-based compensation expense			22		22		22
Dividends declared:							
Series C preferred stock (\$ 12.19 /share)			(11)		(11)		(11)
Common stock (\$ 0.60 /share)			(374)		(374)		(374)
Repurchases of common stock			(1)		(1)		(1)
Noncontrolling interest activities:							
Contributions			(11)		(11)	507	496
Distributions						(37)	(37)
Sales			(16)		(46)	(62)	1,048
Balance at September 30, 2023	\$ 889	\$ 12,038	\$ 15,371	\$ (60)	\$ 28,238	\$ 5,020	\$ 33,258

See Notes to Condensed Consolidated Financial Statements.

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SEMPRA

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(Dollars in millions)

	Preferred stock	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Sempra shareholders' equity	Non-controlling interests	Total equity
(unaudited)							
Nine months ended September 30, 2024							
Balance at December 31, 2023	\$ 889	\$ 12,204	\$ 15,732	\$ (150)	\$ 28,675	\$ 4,979	\$ 33,654
Net income			2,186		2,186	325	2,511
Other comprehensive loss				(35)	(35)	(13)	(48)
Share-based compensation expense			63		63		63
Dividends declared:							
Series C preferred stock (\$ 36.57 /share)			(33)		(33)		(33)
Common stock (\$ 1.86 /share)			(1,177)		(1,177)		(1,177)
Preferred dividends of subsidiary			(1)		(1)		(1)
Issuances of common stock			66		66		66
Repurchases of common stock			(41)		(41)		(41)
Noncontrolling interest activities:							
Contributions						1,121	1,121
Distributions						(235)	(235)
Balance at September 30, 2024	\$ 889	\$ 12,292	\$ 16,707	\$ (185)	\$ 29,703	\$ 6,177	\$ 35,880
Nine months ended September 30, 2023							
Balance at December 31, 2022	\$ 889	\$ 12,160	\$ 14,201	\$ (135)	\$ 27,115	\$ 2,141	\$ 29,256
Net income			2,327		2,327	435	2,762
Other comprehensive income				121	121	212	333
Share-based compensation expense			53		53		53
Dividends declared:							
Series C preferred stock (\$ 36.57 /share)			(33)		(33)		(33)
Common stock (\$ 1.79 /share)			(1,123)		(1,123)		(1,123)
Preferred dividends of subsidiary			(1)		(1)		(1)
Repurchases of common stock			(32)		(32)		(32)
Noncontrolling interest activities:							
Contributions			(145)		(145)	1,236	1,091
Distributions						(289)	(289)
Sales			2		(46)	(44)	1,285
Balance at September 30, 2023	\$ 889	\$ 12,038	\$ 15,371	\$ (60)	\$ 28,238	\$ 5,020	\$ 33,258

See Notes to Condensed Consolidated Financial Statements.

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SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED STATEMENTS OF OPERATIONS
(Dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
(unaudited)				
Operating revenues:				
Electric	\$ 1,073	\$ 1,254	\$ 3,282	\$ 3,343
Natural gas	170	188	695	1,014
Total operating revenues	1,243	1,442	3,977	4,357
Operating expenses:				
Cost of electric fuel and purchased power	(5)	200	277	442
Cost of natural gas	38	45	177	462
Operation and maintenance	420	463	1,254	1,364
Depreciation and amortization	308	280	910	810
Franchise fees and other taxes	106	101	301	287
Total operating expenses	867	1,089	2,919	3,365
Operating income	376	353	1,058	992
Other income, net	30	25	86	75
Interest income	1	7	5	12
Interest expense	(131)	(126)	(390)	(367)
Income before income taxes	276	259	759	712
Income tax (expense) benefit	(15)	15	(89)	4
Net income/Earnings attributable to common shares	\$ 261	\$ 274	\$ 670	\$ 716

See *Notes to Condensed Financial Statements*.

SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

	Pretax amount	Income tax (expense) benefit	Net-of-tax amount
(unaudited)			
Three months ended September 30, 2024 and 2023			
2024:			
Net income/Comprehensive income	\$ 276	\$ (15)	\$ 261
2023:			
Net income/Comprehensive income	\$ 259	\$ 15	\$ 274
Nine months ended September 30, 2024 and 2023			
2024:			
Net income/Comprehensive income	\$ 759	\$ (89)	\$ 670
2023:			
Net income/Comprehensive income	\$ 712	\$ 4	\$ 716

See Notes to Condensed Financial Statements.

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SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED BALANCE SHEETS
(Dollars in millions)

	September 30, 2024	December 31, 2023 ⁽¹⁾		
	(unaudited)			
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 15	\$ 50		
Accounts receivable – trade, net	867	870		
Accounts receivable – other, net	108	141		
Due from unconsolidated affiliates	8	—		
Income taxes receivable, net	240	236		
Inventories	182	153		
Prepaid expenses	171	165		
Regulatory assets	15	19		
Greenhouse gas allowances	158	158		
Other current assets	30	31		
Total current assets	1,794	1,823		
Other assets:				
Regulatory assets	2,164	1,968		
Greenhouse gas allowances	298	202		
Nuclear decommissioning trusts	906	872		
Right-of-use assets – operating leases	542	368		
Wildfire fund	268	269		
Other long-term assets	165	134		
Total other assets	4,343	3,813		
Property, plant and equipment:				
Property, plant and equipment	32,480	30,918		
Less accumulated depreciation and amortization	(7,852)	(7,369)		
Property, plant and equipment, net	24,628	23,549		
Total assets	\$ 30,765	\$ 29,185		

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Financial Statements.

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SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	September 30, 2024	December 31, 2023 ⁽¹⁾
(unaudited)		
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities:		
Short-term debt	\$ 384	\$ —
Accounts payable	823	808
Due to unconsolidated affiliates	48	73
Interest payable	117	81
Accrued compensation and benefits	162	145
Accrued franchise fees	53	112
Regulatory liabilities	264	447
Current portion of long-term debt and finance leases	41	441
Greenhouse gas obligations	158	158
Asset retirement obligations	110	116
Other current liabilities	274	216
Total current liabilities	2,434	2,597
Long-term debt and finance leases	10,021	9,453
Deferred credits and other liabilities:		
Regulatory liabilities	2,771	2,534
Greenhouse gas obligations	65	—
Pension obligation, net of plan assets	77	79
Deferred income taxes	3,080	2,873
Asset retirement obligations	771	778
Deferred credits and other	1,199	969
Total deferred credits and other liabilities	7,963	7,233
Commitments and contingencies (Note 11)		
Shareholder's equity:		
Preferred stock (45,000,000 shares authorized; none issued)	—	—
Common stock (255,000,000 shares authorized; 116,583,358 shares outstanding; no par value)	1,660	1,660
Retained earnings	8,695	8,250
Accumulated other comprehensive income (loss)	(8)	(8)
Total shareholder's equity	10,347	9,902
Total liabilities and shareholder's equity	\$ 30,765	\$ 29,185

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Financial Statements.

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SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Nine months ended September 30,	
	2024	2023
(unaudited)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 670	\$ 716
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	910	810
Deferred income taxes and investment tax credits	94	(56)
Bad debt expense	46	94
Other	(19)	(30)
Net change in working capital components	(204)	269
Changes in noncurrent assets and liabilities, net	(54)	(319)
Net cash provided by operating activities	<u>1,443</u>	<u>1,484</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(1,838)	(1,893)
Purchases of nuclear decommissioning trust assets	(605)	(391)
Proceeds from sales of nuclear decommissioning trust assets	639	437
Other	11	9
Net cash used in investing activities	<u>(1,793)</u>	<u>(1,838)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Common dividends paid	(225)	(100)
Issuances of debt (maturities greater than 90 days)	594	1,389
Payments on debt (maturities greater than 90 days) and finance leases	(432)	(479)
Increase (decrease) in short-term debt, net	384	(205)
Debt issuance costs	(6)	(12)
Net cash provided by financing activities	<u>315</u>	<u>593</u>
(Decrease) increase in cash and cash equivalents	(35)	239
Cash and cash equivalents, January 1	50	7
Cash and cash equivalents, September 30	<u>\$ 15</u>	<u>\$ 246</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest payments, net of amounts capitalized	\$ 348	\$ 315
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued capital expenditures	\$ 214	\$ 237
Increase in finance lease obligations for investment in PP&E	8	7
Increase in ARO for investment in PP&E	—	13

See Notes to Condensed Financial Statements.

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SAN DIEGO GAS & ELECTRIC COMPANY
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
(Dollars in millions)

	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholder's equity
(unaudited)				
			Three months ended September 30, 2024	
Balance at June 30, 2024	\$ 1,660	\$ 8,659	\$ (8)	\$ 10,311
Net income			261	261
Common stock dividends declared (\$ 1.93 /share)			(225)	(225)
Balance at September 30, 2024	\$ 1,660	\$ 8,695	\$ (8)	\$ 10,347
Three months ended September 30, 2023				
Balance at June 30, 2023	\$ 1,660	\$ 7,856	\$ (7)	\$ 9,509
Net income			274	274
Common stock dividends declared (\$ 0.86 /share)			(100)	(100)
Balance at September 30, 2023	\$ 1,660	\$ 8,030	\$ (7)	\$ 9,683
Nine months ended September 30, 2024				
Balance at December 31, 2023	\$ 1,660	\$ 8,250	\$ (8)	\$ 9,902
Net income			670	670
Common stock dividends declared (\$ 1.93 /share)			(225)	(225)
Balance at September 30, 2024	\$ 1,660	\$ 8,695	\$ (8)	\$ 10,347
Nine months ended September 30, 2023				
Balance at December 31, 2022	\$ 1,660	\$ 7,414	\$ (7)	\$ 9,067
Net income			716	716
Common stock dividends declared (\$ 0.86 /share)			(100)	(100)
Balance at September 30, 2023	\$ 1,660	\$ 8,030	\$ (7)	\$ 9,683

See Notes to Condensed Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED STATEMENTS OF OPERATIONS
(Dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
(unaudited)				
Operating revenues	\$ 1,054	\$ 1,313	\$ 4,168	\$ 6,574
Operating expenses:				
Cost of natural gas	82	224	661	2,855
Operation and maintenance	678	733	1,998	2,073
Depreciation and amortization	228	211	675	625
Franchise fees and other taxes	66	64	200	209
Total operating expenses	1,054	1,232	3,534	5,762
Operating income	—	81	634	812
Other income (expense), net	13	(2)	73	(9)
Interest income	3	2	7	7
Interest expense	(82)	(70)	(237)	(210)
(Loss) income before income taxes	(66)	11	477	600
Income tax benefit (expense)	52	5	(1)	(68)
Net (loss) income	(14)	16	476	532
Preferred dividends	—	—	(1)	(1)
(Losses) earnings attributable to common shares	\$ (14)	\$ 16	\$ 475	\$ 531

See Notes to Condensed Financial Statements.

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SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

	Pretax amount	Income tax benefit (expense)	Net-of-tax amount
(unaudited)			
Three months ended September 30, 2024 and 2023			
2024:			
Net loss/Comprehensive loss	\$ (66)	\$ 52	\$ (14)
2023:			
Net income	\$ 11	\$ 5	\$ 16
Other comprehensive income (loss):			
Pension and other postretirement benefits	1	(1)	—
Total other comprehensive income	1	(1)	—
Comprehensive income	\$ 12	\$ 4	\$ 16
Nine months ended September 30, 2024 and 2023			
2024:			
Net income	\$ 477	\$ (1)	\$ 476
Other comprehensive income (loss):			
Financial instruments	1	—	1
Pension and other postretirement benefits	1	—	1
Total other comprehensive income	2	—	2
Comprehensive income	\$ 479	\$ (1)	\$ 478
2023:			
Net income	\$ 600	\$ (68)	\$ 532
Other comprehensive income (loss):			
Financial instruments	1	—	1
Pension and other postretirement benefits	2	(1)	1
Total other comprehensive income	3	(1)	2
Comprehensive income	\$ 603	\$ (69)	\$ 534

See Notes to Condensed Financial Statements.

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SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED BALANCE SHEETS
(Dollars in millions)

	September 30, 2024	December 31, 2023 ⁽¹⁾		
	(unaudited)			
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2	\$ 2		
Accounts receivable – trade, net	557	985		
Accounts receivable – other, net	75	102		
Due from unconsolidated affiliates	2	22		
Inventories	283	277		
Regulatory assets	43	204		
Greenhouse gas allowances	928	950		
Other current assets	105	100		
Total current assets	<u>1,995</u>	<u>2,642</u>		
Other assets:				
Regulatory assets	2,075	1,715		
Greenhouse gas allowances	551	62		
Right-of-use assets – operating leases	20	29		
Other long-term assets	705	645		
Total other assets	<u>3,351</u>	<u>2,451</u>		
Property, plant and equipment:				
Property, plant and equipment	28,369	27,025		
Less accumulated depreciation and amortization	(8,253)	(7,852)		
Property, plant and equipment, net	<u>20,116</u>	<u>19,173</u>		
Total assets	\$ 25,462	\$ 24,266		

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Financial Statements.

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SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED BALANCE SHEETS (CONTINUED)
(Dollars in millions)

	September 30, 2024	December 31, 2023 ⁽¹⁾		
	(unaudited)			
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term debt	\$ 500	\$ 946		
Accounts payable – trade	477	811		
Accounts payable – other	179	184		
Due to unconsolidated affiliates	43	38		
Accrued compensation and benefits	247	213		
Regulatory liabilities	257	103		
Current portion of long-term debt and finance leases	373	523		
Greenhouse gas obligations	928	950		
Asset retirement obligations	72	73		
Other current liabilities	481	566		
Total current liabilities	<u>3,557</u>	<u>4,407</u>		
Long-term debt and finance leases	7,027	6,288		
Deferred credits and other liabilities:				
Regulatory liabilities	1,346	1,202		
Greenhouse gas obligations	396	—		
Pension obligation, net of plan assets	199	231		
Deferred income taxes	1,821	1,586		
Asset retirement obligations	2,845	2,774		
Deferred credits and other	384	368		
Total deferred credits and other liabilities	<u>6,991</u>	<u>6,161</u>		
Commitments and contingencies (Note 11)				
Shareholders' equity:				
Preferred stock (11,000,000 shares authorized; 862,043 shares outstanding)	22	22		
Common stock (100,000,000 shares authorized; 91,300,000 shares outstanding; no par value)	2,316	2,316		
Retained earnings	5,570	5,095		
Accumulated other comprehensive income (loss)	(21)	(23)		
Total shareholders' equity	<u>7,887</u>	<u>7,410</u>		
Total liabilities and shareholders' equity	\$ 25,462	\$ 24,266		

⁽¹⁾ Derived from audited financial statements.

See Notes to Condensed Financial Statements.

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SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Dollars in millions)

	Nine months ended September 30,	
	2024	2023
(unaudited)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 476	\$ 532
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	675	625
Deferred income taxes and investment tax credits	4	79
Bad debt expense	70	272
Other	(21)	(9)
Net change in working capital components	321	(1)
Changes in noncurrent assets and liabilities, net	(155)	(234)
Net cash provided by operating activities	<u>1,370</u>	<u>1,264</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(1,491)	(1,451)
Net cash used in investing activities	<u>(1,491)</u>	<u>(1,451)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Preferred dividends paid	(1)	(1)
Issuances of debt (maturities greater than 90 days)	1,594	997
Payments on debt (maturities greater than 90 days) and finance leases	(517)	(1,115)
(Decrease) increase in short-term debt, net	(946)	320
Debt issuance costs	(9)	(9)
Net cash provided by financing activities	<u>121</u>	<u>192</u>
Increase in cash and cash equivalents	—	5
Cash and cash equivalents, January 1	2	21
Cash and cash equivalents, September 30	<u>\$ 2</u>	<u>\$ 26</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest payments, net of amounts capitalized	\$ 189	\$ 183
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Accrued capital expenditures	\$ 265	\$ 253
Increase in finance lease obligations for investment in PP&E	19	40
Decrease in ARO for investment in PP&E	(9)	(28)

See *Notes to Condensed Financial Statements*.

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SOUTHERN CALIFORNIA GAS COMPANY
CONDENSED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Dollars in millions)

	Preferred stock	Common stock	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity
(unaudited)					
Three months ended September 30, 2024					
Balance at June 30, 2024	\$ 22	\$ 2,316	\$ 5,584	\$ (21)	\$ 7,901
Net loss				(14)	(14)
Dividends declared:					
Preferred stock (\$ 0.38 /share)				—	—
Balance at September 30, 2024	\$ 22	\$ 2,316	\$ 5,570	\$ (21)	\$ 7,887
Three months ended September 30, 2023					
Balance at June 30, 2023	\$ 22	\$ 2,316	\$ 4,899	\$ (22)	\$ 7,215
Net income				16	16
Dividends declared:					
Preferred stock (\$ 0.38 /share)				—	—
Balance at September 30, 2023	\$ 22	\$ 2,316	\$ 4,915	\$ (22)	\$ 7,231
Nine months ended September 30, 2024					
Balance at December 31, 2023	\$ 22	\$ 2,316	\$ 5,095	\$ (23)	\$ 7,410
Net income				476	476
Other comprehensive income				2	2
Dividends declared:					
Preferred stock (\$ 1.13 /share)				(1)	(1)
Balance at September 30, 2024	\$ 22	\$ 2,316	\$ 5,570	\$ (21)	\$ 7,887
Nine months ended September 30, 2023					
Balance at December 31, 2022	\$ 22	\$ 2,316	\$ 4,384	\$ (24)	\$ 6,698
Net income				532	532
Other comprehensive income				2	2
Dividends declared:					
Preferred stock (\$ 1.13 /share)				(1)	(1)
Balance at September 30, 2023	\$ 22	\$ 2,316	\$ 4,915	\$ (22)	\$ 7,231

See *Notes to Condensed Financial Statements*.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL INFORMATION AND OTHER FINANCIAL DATA

PRINCIPLES OF CONSOLIDATION

Sempra

Sempra's Condensed Consolidated Financial Statements include the accounts of Sempra, a California-based holding company, and its consolidated entities, which invest in, develop and operate energy infrastructure in North America, and provide electric and gas services to customers.

Sempra has three separate reportable segments, which we describe in Note 12. In the fourth quarter of 2023, Sempra realigned its reportable segments to reflect changes in how the CODM oversees our three platforms: Sempra California, Sempra Texas Utilities and Sempra Infrastructure. Our former SDG&E and SoCalGas reportable segments were combined into one operating and reportable segment, Sempra California, which is consistent with how the CODM assesses performance due to the similarities of their operations, including geographic location and regulatory framework in California. Sempra's historical segment disclosures have been restated to conform with the current presentation, so that all discussions reflect the revised segment information of its three reportable segments. All references in these Notes to our reportable segments are not intended to refer to any legal entity with the same or similar name.

SDG&E

SDG&E's common stock is wholly owned by Enova Corporation, which is a wholly owned subsidiary of Sempra. SDG&E is a regulated public utility that provides electric service to San Diego and southern Orange counties and natural gas service to San Diego County. SDG&E has one reportable segment.

SoCalGas

SoCalGas' common stock is wholly owned by Pacific Enterprises, which is a wholly owned subsidiary of Sempra. SoCalGas is a regulated public natural gas distribution utility, serving customers throughout most of Southern California and part of central California. SoCalGas has one reportable segment.

BASIS OF PRESENTATION

This is a combined report of Sempra, SDG&E and SoCalGas. We provide separate information for SDG&E and SoCalGas as required. We have eliminated intercompany accounts and transactions within the condensed consolidated financial statements of each Registrant.

We have prepared our Condensed Consolidated Financial Statements in conformity with U.S. GAAP and in accordance with the interim period reporting requirements of Form 10-Q and applicable rules of the SEC. The financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods. These adjustments are only of a normal, recurring nature. Results of operations for interim periods are not necessarily indicative of results for the entire year or for any other period. We evaluated events and transactions that occurred after September 30, 2024 through the date the financial statements were issued and, in the opinion of management, the accompanying statements reflect all adjustments necessary for a fair presentation.

All December 31, 2023 balance sheet information in the Condensed Consolidated Financial Statements has been derived from our audited 2023 Consolidated Financial Statements in the Annual Report. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the interim period reporting provisions of U.S. GAAP and the SEC.

We describe our significant accounting policies in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report and the impact of the adoption of new accounting standards on those policies in Note 2 below. We follow the same accounting policies for interim period reporting purposes.

The information contained in this report should be read in conjunction with the Annual Report.

REGULATED OPERATIONS

SDG&E, SoCalGas and Sempra Infrastructure's natural gas distribution utility, Ecogas, prepare their financial statements in accordance with the provisions of U.S. GAAP governing rate-regulated operations. We discuss revenue recognition and the effects of regulation at our utilities in Notes 3 and 4 below and in Notes 1, 3 and 4 of the Notes to Consolidated Financial Statements in the Annual Report.

Our Sempra Texas Utilities segment is comprised of our equity method investments in holding companies that own interests in regulated electric transmission and distribution utilities in Texas.

Our Sempra Infrastructure segment includes the operating companies of our subsidiary, SI Partners, as well as certain holding companies and risk management activity. Certain business activities at Sempra Infrastructure are regulated by the CRE and the FERC and meet the regulatory accounting requirements of U.S. GAAP.

VARIABLE INTEREST ENTITIES

We consolidate a VIE if we are the primary beneficiary of the VIE. Our determination of whether we are the primary beneficiary is based on qualitative and quantitative analyses, which assess:

- the purpose and design of the VIE;
- the nature of the VIE's risks and the risks we absorb;
- the power to direct activities that most significantly impact the economic performance of the VIE; and
- the obligation to absorb losses or the right to receive benefits that could be significant to the VIE.

We will continue to evaluate our VIEs for any changes that may impact our determination of whether an entity is a VIE and if we are the primary beneficiary.

SDG&E

SDG&E's power procurement is subject to reliability requirements that may require SDG&E to enter into various PPAs that include variable interests. SDG&E evaluates the respective entities to determine if variable interests exist and, based on the qualitative and quantitative analyses described above, if SDG&E, and indirectly Sempra, is the primary beneficiary.

SDG&E has agreements under which it purchases power generated by facilities for which it supplies all of the natural gas to fuel the power plant (i.e., tolling agreements). SDG&E's obligation to absorb natural gas costs may be a significant variable interest. In addition, SDG&E has the power to direct the dispatch of electricity generated by these facilities. Based on our analysis, the ability to direct the dispatch of electricity may have the most significant impact on the economic performance of the entity owning the generating facility because of the associated exposure to the cost of natural gas, which fuels the plants, and the value of electricity produced. To the extent that SDG&E (1) is obligated to purchase and provide fuel to operate the facility, (2) has the power to direct the dispatch, and (3) purchases all of the output from the facility for a substantial portion of the facility's useful life, SDG&E may be the primary beneficiary of the entity owning the generating facility. SDG&E determines if it is the primary beneficiary in these cases based on a qualitative approach in which it considers the operational characteristics of the facility, including its expected power generation output relative to its capacity to generate and the financial structure of the entity, among other factors. If SDG&E determines that it is the primary beneficiary, SDG&E and Sempra consolidate the entity that owns the facility as a VIE.

In addition to tolling agreements, other variable interests involve various elements of fuel and power costs, and other components of cash flows expected to be paid to or received by our counterparties. In most of these cases, the expectation of variability is not substantial, and SDG&E generally does not have the power to direct activities, including the operation and maintenance activities of the generating facility, that most significantly impact the economic performance of the other VIEs. If our ongoing evaluation of these VIEs were to conclude that SDG&E becomes the primary beneficiary and consolidation by SDG&E becomes necessary, the effects could be significant to the financial position and liquidity of SDG&E and Sempra.

SDG&E determined that none of its PPAs and tolling agreements resulted in SDG&E being the primary beneficiary of a VIE at September 30, 2024 and December 31, 2023. PPAs and tolling agreements that relate to SDG&E's involvement with VIEs are primarily accounted for as finance leases. The carrying amounts of the assets and liabilities under these contracts are included in PP&E, net, and finance lease liabilities with balances of \$ 1,144 million and \$ 1,166 million at September 30, 2024 and December 31, 2023, respectively. SDG&E recovers costs incurred on PPAs, tolling agreements and other variable interests through CPUC-approved long-term power procurement plans. SDG&E has no residual interest in the respective entities and has not provided or guaranteed any debt or equity support, liquidity arrangements, performance guarantees or other commitments associated with these contracts other than the purchase commitments described in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report. As a result, SDG&E's potential exposure to loss from its variable interest in these VIEs is not significant.

Other Sempra

Oncor Holdings

Oncor Holdings is a VIE. Sempra is not the primary beneficiary of this VIE because of the structural and operational ring-fencing and governance measures in place that prevent us from having the power to direct the significant activities of Oncor Holdings. As a result, we do not consolidate Oncor Holdings and instead account for our ownership interest as an equity method investment. See Note 6 of the Notes to Consolidated Financial Statements in the Annual Report for additional information about our equity method investment in Oncor Holdings and restrictions on our ability to influence its activities. Our maximum exposure to loss, which fluctuates over time, from our interest in Oncor Holdings does not exceed the carrying value of our investment, which was \$ 15,160 million and \$ 14,266 million at September 30, 2024 and December 31, 2023, respectively.

Cameron LNG JV

Cameron LNG JV is a VIE principally due to contractual provisions that transfer certain risks to customers. Sempra is not the primary beneficiary of this VIE because we do not have the power to direct the most significant activities of Cameron LNG JV, including LNG production and operation and maintenance activities at the liquefaction facility. Therefore, we account for our investment in Cameron LNG JV under the equity method. The carrying value of our investment was \$ 1,068 million at September 30, 2024 and \$ 1,008 million at December 31, 2023. Our maximum exposure to loss, which fluctuates over time, includes the carrying value of our investment and our obligation under the SDSRA, which we discuss in Note 5.

CFIN

As we discuss in Note 5, in July 2020, Sempra entered into a Support Agreement for the benefit of CFIN, which is a VIE. Sempra is not the primary beneficiary of this VIE because we do not have the power to direct the most significant activities of CFIN, including modification, prepayment, and refinance decisions related to the financing arrangement with external lenders and Cameron LNG JV's four project owners as well as the ability to determine and enforce remedies in the event of default. The conditional obligations of the Support Agreement represent a variable interest that we measure at fair value on a recurring basis (see Note 8). Sempra's maximum exposure to loss under the terms of the Support Agreement is \$ 979 million.

ECA LNG Phase 1

ECA LNG Phase 1 is a VIE because its total equity at risk is not sufficient to finance its activities without additional subordinated financial support. We expect that ECA LNG Phase 1 will require future capital contributions or other financial support to finance the construction of the facility. Sempra is the primary beneficiary of this VIE because we have the power to direct the activities related to the construction and future operation and maintenance of the liquefaction facility. As a result, we consolidate ECA LNG Phase 1. Sempra consolidated \$ 1,715 million and \$ 1,580 million of assets at September 30, 2024 and December 31, 2023, respectively, consisting primarily of PP&E, net, attributable to ECA LNG Phase 1 that could be used only to settle obligations of this VIE and that are not available to settle obligations of Sempra, and \$ 1,060 million and \$ 1,029 million of liabilities at September 30, 2024 and December 31, 2023, respectively, consisting primarily of long-term debt attributable to ECA LNG Phase 1 for which creditors do not have recourse to the general credit of Sempra. Additionally, as we discuss in Note 6, IEnova and TotalEnergies SE have provided guarantees for 83.4 % and 16.6 %, respectively, of the loan facility supporting construction of the liquefaction facility.

Port Arthur LNG

Port Arthur LNG is a VIE because its total equity at risk is not sufficient to finance its activities without additional subordinated financial support. We expect that Port Arthur LNG will require future capital contributions or other financial support to finance the construction of the PA LNG Phase 1 project. Sempra is the primary beneficiary of this VIE because we have the power to direct the activities related to the construction and future operation and maintenance of the liquefaction facility. As a result, we consolidate Port Arthur LNG. Sempra consolidated \$ 5,446 million and \$ 3,927 million of assets at September 30, 2024 and December 31, 2023, respectively, consisting primarily of PP&E, net, attributable to Port Arthur LNG that could be used only to settle obligations of this VIE and that are not available to settle obligations of Sempra, and \$ 865 million and \$ 600 million of liabilities at September 30, 2024 and December 31, 2023, respectively, consisting primarily of accounts payable and long-term debt attributable to Port Arthur LNG for which creditors do not have recourse to the general credit of Sempra.

CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported on Sempra's Condensed Consolidated Balance Sheets to the sum of such amounts reported on Sempra's Condensed Consolidated Statements of Cash Flows. We provide information about the nature of restricted cash in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
<i>(Dollars in millions)</i>			
	September 30, 2024	December 31, 2023	
Sempra:			
Cash and cash equivalents	\$ 560	\$ 236	
Restricted cash, current	22	49	
Restricted cash, noncurrent	108	104	
Total cash, cash equivalents and restricted cash on the Condensed Consolidated Statements of Cash Flows	\$ 690	\$ 389	

CREDIT LOSSES

We are exposed to credit losses from financial assets measured at amortized cost, including trade and other accounts receivable, amounts due from unconsolidated affiliates, our net investment in sales-type leases and a note receivable. We are also exposed to credit losses from off-balance sheet arrangements through Sempra's guarantee related to Cameron LNG JV's SDSRA, which we discuss in Note 5.

We regularly monitor and evaluate credit losses and record allowances for expected credit losses, if necessary, for trade and other accounts receivable using a combination of factors, including past-due status based on contractual terms, trends in write-offs, the age of the receivables and customer payment patterns, historical and industry trends, counterparty creditworthiness, economic conditions and specific events, such as bankruptcies, pandemics and other factors. We write off financial assets measured at amortized cost in the period in which we determine they are not recoverable. We record recoveries of amounts previously written off when it is known that they will be recovered.

The implementation of customer assistance programs and higher 2023 winter season customer billings have resulted in certain SDG&E and SoCalGas customers exhibiting slower payment and higher levels of nonpayment than has been the case historically. In January 2024, the CPUC directed SDG&E and SoCalGas to offer long-term repayment plans to eligible residential customers with past-due balances.

SDG&E and SoCalGas have regulatory mechanisms to recover credit losses and thus record changes in the allowances for credit losses related to Accounts Receivable – Trade that are probable of recovery in regulatory accounts. We discuss regulatory accounts in Note 4 below and in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report.

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Changes in allowances for credit losses for trade receivables and other receivables are as follows:

CHANGES IN ALLOWANCES FOR CREDIT LOSSES		2024	2023
(Dollars in millions)			
Sempra:			
Allowances for credit losses at January 1		\$ 533	\$ 181
Provisions for expected credit losses		149	374
Write-offs		(169)	(74)
Allowances for credit losses at September 30		\$ 513	\$ 481
SDG&E:			
Allowances for credit losses at January 1		\$ 144	\$ 78
Provisions for expected credit losses		46	96
Write-offs		(63)	(34)
Allowances for credit losses at September 30		\$ 127	\$ 140
SoCalGas:			
Allowances for credit losses at January 1		\$ 331	\$ 98
Provisions for expected credit losses		70	276
Write-offs		(107)	(40)
Allowances for credit losses at September 30		\$ 294	\$ 334

Allowances for credit losses related to trade receivables and other receivables are included in the Condensed Consolidated Balance Sheets as follows:

ALLOWANCES FOR CREDIT LOSSES		September 30,	December 31,
(Dollars in millions)		2024	2023
Sempra:			
Accounts receivable – trade, net		\$ 441	\$ 480
Accounts receivable – other, net		57	52
Other long-term assets		15	1
Total allowances for credit losses		\$ 513	\$ 533
SDG&E:			
Accounts receivable – trade, net		\$ 94	\$ 116
Accounts receivable – other, net		26	27
Other long-term assets		7	1
Total allowances for credit losses		\$ 127	\$ 144
SoCalGas:			
Accounts receivable – trade, net		\$ 255	\$ 306
Accounts receivable – other, net		31	25
Other long-term assets		8	—
Total allowances for credit losses		\$ 294	\$ 331

As we discuss below in "Note Receivable," we have an interest-bearing promissory note due from KKR Pinnacle. On a quarterly basis, we evaluate credit losses and record allowances for expected credit losses on this note receivable, including compounded interest and unamortized transaction costs, based on published default rate studies, the maturity date of the instrument and an internally developed credit rating. At September 30, 2024 and December 31, 2023, \$ 5 million and \$ 6 million, respectively, of expected credit losses are included in Other Long-Term Assets on Sempra's Condensed Consolidated Balance Sheets.

As we discuss in Note 5, Sempra provided a guarantee for the benefit of Cameron LNG JV related to amounts withdrawn by Sempra Infrastructure from the SDSRA. On a quarterly basis, we evaluate credit losses and record liabilities for expected credit losses on this off-balance sheet arrangement based on external credit ratings, published default rate studies and the maturity date of the arrangement. At both September 30, 2024 and December 31, 2023, \$ 5 million of expected credit losses are included in Deferred Credits and Other on Sempra's Condensed Consolidated Balance Sheets.

TRANSACTIONS WITH AFFILIATES

We summarize amounts due from and to unconsolidated affiliates at the Registrants in the following table.

AMOUNTS DUE FROM (TO) UNCONSOLIDATED AFFILIATES		September 30, 2024	December 31, 2023
<i>(Dollars in millions)</i>			
Sempra:			
Tax sharing arrangement with Oncor Holdings		\$ 8	\$ 25
Various affiliates		6	6
Total due from unconsolidated affiliates – current		<u>\$ 14</u>	<u>\$ 31</u>
TAG Pipelines – 5.5 % Note due January 9, 2024 ⁽¹⁾		\$ —	\$ (5)
Total due to unconsolidated affiliates – current		<u>\$ —</u>	<u>\$ (5)</u>
TAG Pipelines⁽¹⁾:			
5.5 % Note due January 14, 2025		\$ —	\$ (24)
5.5 % Note due July 16, 2025		—	(23)
5.5 % Note due January 14, 2026		(8)	(20)
5.5 % Note due July 14, 2026		(12)	(11)
5.5 % Note due January 19, 2027		(15)	(14)
5.5 % Note due July 21, 2027		(18)	(17)
5.5 % Note due January 19, 2028		(47)	—
5.5 % Note due July 18, 2028		(41)	—
TAG Norte – 5.74 % Note due December 17, 2029 ⁽¹⁾		(206)	(198)
Total due to unconsolidated affiliates – noncurrent		<u>\$ (347)</u>	<u>\$ (307)</u>
SDG&E:			
SoCalGas		\$ 8	\$ —
Total due from unconsolidated affiliates – current		<u>\$ 8</u>	<u>\$ —</u>
Sempra		\$ (40)	\$ (44)
SoCalGas		—	(21)
Various affiliates		(8)	(8)
Total due to unconsolidated affiliates – current		<u>\$ (48)</u>	<u>\$ (73)</u>
Income taxes due from Sempra ⁽²⁾		\$ 251	\$ 246
SoCalGas:			
SDG&E		\$ —	\$ 21
Various affiliates		2	1
Total due from unconsolidated affiliates – current		<u>\$ 2</u>	<u>\$ 22</u>
Sempra		\$ (35)	\$ (38)
SDG&E		(8)	—
Total due to unconsolidated affiliates – current		<u>\$ (43)</u>	<u>\$ (38)</u>
Income taxes due from Sempra ⁽²⁾		\$ 9	\$ 6

⁽¹⁾ U.S. dollar-denominated loans at fixed interest rates. Amounts include principal balances plus accumulated interest outstanding and VAT payable to the Mexican government.

⁽²⁾ SDG&E and SoCalGas are included in the consolidated income tax return of Sempra, and their respective income tax expense is computed as an amount equal to that which would result from each company having always filed a separate return. Amounts include current and noncurrent income taxes due to/from Sempra.

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We summarize income statement information from unconsolidated affiliates in the following table.

INCOME STATEMENT IMPACT FROM UNCONSOLIDATED AFFILIATES		Three months ended September 30,				Nine months ended September 30,			
(Dollars in millions)		2024		2023		2024		2023	
Sempra:									
Revenues		\$	11	\$	10	\$	31	\$	34
Interest expense			5		3		12		11
SDG&E:									
Revenues		\$	6	\$	5	\$	17	\$	15
Cost of sales			36		25		111		82
SoCalGas:									
Revenues		\$	43	\$	29	\$	124	\$	91
Cost of sales ⁽¹⁾			(2)		2		(5)		37

⁽¹⁾ Includes net commodity costs from natural gas transactions with unconsolidated affiliates.

Guarantees

Sempra provides guarantees related to Cameron LNG JV's SDSRA and CFIN's Support Agreement. We discuss these guarantees in Note 5.

INVENTORIES

The components of inventories are as follows:

INVENTORY BALANCES		Sempra				SDG&E				SoCalGas			
(Dollars in millions)		September 30, 2024		December 31, 2023		September 30, 2024		December 31, 2023		September 30, 2024		December 31, 2023	
Natural gas	\$	166	\$	174	\$	1	\$	1	\$	153	\$	155	
LNG		13		9		—		—		—		—	
Materials and supplies		340		299		181		152		130		122	
Total	\$	519	\$	482	\$	182	\$	153	\$	283	\$	277	

DEDICATED ASSETS IN SUPPORT OF CERTAIN BENEFITS PLANS

In support of its Supplemental Executive Retirement, Cash Balance Restoration and Deferred Compensation Plans, Sempra maintains dedicated assets, including a Rabbi Trust and investments in life insurance contracts, which totaled \$ 585 million and \$ 549 million at September 30, 2024 and December 31, 2023, respectively.

WILDFIRE FUND

In July 2019, the Wildfire Legislation was signed into law to address certain issues related to catastrophic wildfires in California and their impact on electric IOUs. We discuss the Wildfire Legislation further in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

SDG&E periodically evaluates the estimated period of benefit of the Wildfire Fund asset based on actual experience and changes in assumptions. In the second quarter of 2024, SDG&E revised its estimate of the period of benefit from 15 years to 25 years.

SDG&E submitted its request to the OEIS for its annual wildfire safety certification in October 2024. OEIS has until January 2025 to issue the certification or provide written notice explaining why additional time is needed. SDG&E's existing certification remains valid until this pending request is resolved.

NOTE RECEIVABLE

In November 2021, Sempra loaned \$ 300 million to KKR Pinnacle in exchange for an interest-bearing promissory note that is due in full no later than October 2029 and bears compound interest at 5 % per annum, which may be paid quarterly or added to the outstanding principal at the election of KKR Pinnacle. At September 30, 2024 and December 31, 2023, Other Long-Term Assets includes \$ 345 million and \$ 332 million, respectively, of outstanding principal, compounded interest and unamortized transaction costs, net of allowance for credit losses, on Sempra's Condensed Consolidated Balance Sheets.

PROPERTY, PLANT AND EQUIPMENT

Sempra Infrastructure's Sonora natural gas pipeline consists of two pipeline segments, the Sasabe-Puerto Libertad-Guaymas segment and the Guaymas-El Oro segment. Each segment has its own service agreement with the CFE. Following the start of commercial operations of the Guaymas-El Oro segment, Sempra Infrastructure reported damage to the pipeline in the Yaqui territory that has made that section inoperable since August 2017. Sempra Infrastructure and the CFE have agreed to an amendment to their transportation services agreement and to re-route the portion of the pipeline that is in the Yaqui territory, whereby the CFE would pay for the re-routing with a new tariff. This amendment will terminate if certain conditions are not met, and Sempra Infrastructure retains the right to terminate the transportation services agreement and seek to recover its reasonable and documented costs and lost profit. Sempra Infrastructure continues to acquire and pursue the necessary rights-of-way and permits for the re-routed portion of the pipeline. At September 30, 2024, Sempra Infrastructure had \$ 404 million in PP&E, net, related to the Guaymas-El Oro segment of the Sonora pipeline, which could be subject to impairment if Sempra Infrastructure is unable to re-route a portion of the pipeline and resume operations or if Sempra Infrastructure terminates the contract and is unable to obtain recovery.

CAPITALIZED FINANCING COSTS

Capitalized financing costs include capitalized interest costs and AFUDC related to both debt and equity financing of construction projects. We capitalize interest costs incurred to finance capital projects and interest at equity method investments that have not commenced planned principal operations.

The table below summarizes capitalized financing costs, comprised of AFUDC and capitalized interest.

CAPITALIZED FINANCING COSTS								
<i>(Dollars in millions)</i>								
	Three months ended September 30,				Nine months ended September 30,			
	2024	2023	2024	2023	2024	2023	2024	2023
Sempra	\$ 166	\$ 128	\$ 466	\$ 311				
SDG&E	27	28	80	90				
SoCalGas	25	20	75	55				

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COMPREHENSIVE INCOME

The following tables present the changes in AOCI by component and amounts reclassified out of AOCI to net income, after amounts attributable to NCI.

CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT⁽¹⁾

(Dollars in millions)

	Foreign currency translation adjustments	Financial instruments	Pension and PBOP	Total AOCI
Three months ended September 30, 2024 and 2023				
Sempra:				
Balance at June 30, 2024	\$ (49)	\$ 35	\$ (107)	\$ (121)
OCI before reclassifications	(12)	(49)	—	(61)
Amounts reclassified from AOCI	—	(5)	2	(3)
Net OCI	(12)	(54)	2	(64)
Balance at September 30, 2024	\$ (61)	\$ (19)	\$ (105)	\$ (185)
Balance at June 30, 2023	\$ (38)	\$ 14	\$ (97)	\$ (121)
OCI before reclassifications	(5)	116	—	111
Amounts reclassified from AOCI ⁽²⁾	—	(51)	1	(50)
Net OCI ⁽²⁾	(5)	65	1	61
Balance at September 30, 2023	\$ (43)	\$ 79	\$ (96)	\$ (60)
SDG&E:				
Balance at June 30, 2024 and September 30, 2024		\$ (8)	\$ (8)	
Balance at June 30, 2023 and September 30, 2023		\$ (7)	\$ (7)	
SoCalGas:				
Balance at June 30, 2024 and September 30, 2024	\$ (10)	\$ (11)	\$ (21)	
Balance at June 30, 2023 and September 30, 2023	\$ (11)	\$ (11)	\$ (22)	

(1) All amounts are net of income tax, if subject to tax, and after NCI.

(2) Total AOCI includes \$(46) of financial instruments associated with sale of NCI to KKR Denali in 2023, which we discuss in Note 9 in "Noncontrolling Interests – SI Partners Subsidiaries." This transaction did not impact the Condensed Consolidated Statement of Comprehensive Income (Loss).

ANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT⁽¹⁾ (CONTINUED)

ars in millions)

	Foreign currency translation adjustments	Financial instruments	Pension and PBOP	Total AOCI
Nine months ended September 30, 2024 and 2023				
mpra:				
alance at December 31, 2023	\$ (36 \$)	3 \$	(117 \$)	(150)
before reclassifications	(25)	(1)	1	(25)
ounts reclassified from AOCI	—	(21)	11	(10)
t OCI	(25)	(22)	12	(35)
alance at September 30, 2024	\$ (61 \$)	(19 \$)	(105 \$)	(185)
lance at December 31, 2022				
before reclassifications	\$ 16	129	(13)	132
ounts reclassified from AOCI ⁽²⁾	—	(60)	3	(57)
t OCI ⁽²⁾	16	69	(10)	75
alance at September 30, 2023	\$ (43 \$)	79 \$	(96 \$)	(60)
IG&E:				
alance at December 31, 2023 and September 30, 2024	\$ (8 \$)		(8)	
lance at December 31, 2022 and September 30, 2023				
CalGas:				
alance at December 31, 2023	\$ (11 \$)	(12 \$)	(23)	
ounts reclassified from AOCI	1	1	2	
t OCI	1	1	2	
alance at September 30, 2024	\$ (10 \$)	(11 \$)	(21)	
lance at December 31, 2022				
ounts reclassified from AOCI	1	1	2	
t OCI	1	1	2	
alance at September 30, 2023	\$ (11 \$)	(11 \$)	(22)	

⁽¹⁾ All amounts are net of income tax, if subject to tax, and after NCI.

⁽²⁾ Total AOCI includes \$(46) of financial instruments associated with sale of NCI to KKR Denali in 2023, which we discuss in Note 9 in "Noncontrolling Interests – SI Partners Subsidiaries." This transaction did not impact the Condensed Consolidated Statement of Comprehensive Income (Loss).

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CLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(in millions)

Details about AOCI components	Amounts reclassified from AOCI		Affected line item on Condensed Consolidated Statements of Operations	
	Three months ended September 30, 2024	2023		
mpra:				
ancial instruments:				
terest rate instruments	\$ (3 \$)	Interest expense		
terest rate instruments	(5)	(1) ⁽¹⁾ Equity earnings ⁽¹⁾		
oreign exchange instruments	(1)	(1) ⁽²⁾ Other income, net		
oreign exchange instruments	(1)	(1) ⁽²⁾ Equity earnings ⁽¹⁾		
al, before income tax	(10)	(13)		
	3	Income tax benefit (expense)		
al, net of income tax	(7)	(11)		
	2	Earnings attributable to noncontrolling interests		
al, net of income tax and after NCI	\$ (5 \$)	(5)		
nision and PBOP⁽²⁾:				
mortization of actuarial loss	\$ 2 \$	Other income, net		
mortization of prior service cost	1	Other income, net		
al, before income tax	3	2		
	(1)	(1) ⁽²⁾ Income tax benefit (expense)		
al, net of income tax	\$ 2 \$	1		
al reclassifications for the period, net of income tax and after NCI				
	\$ (3 \$)	(4)		

⁽¹⁾ *Equity earnings at Oncor Holdings and our foreign equity method investees are recognized after tax.*

⁽²⁾ *Amounts are included in the computation of net periodic benefit cost (see "Pension and PBOP" below).*

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RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (CONTINUED)

(Dollars in millions)

Details about AOCI components	Amounts reclassified from AOCI		Affected line item on Condensed Consolidated Statements of Operations	
	2024	2023		
Nine months ended September 30,				
2024 2023				
Sempra:				
Financial instruments:				
Interest rate instruments	\$ (9)	\$ 1	Interest expense	
Interest rate instruments	(20)	(33)	Equity earnings ⁽¹⁾	
Foreign exchange instruments	(5)	—	Revenues: Energy-related businesses	
	(2)	1	Other income, net	
Foreign exchange instruments	(5)	1	Equity earnings ⁽¹⁾	
Interest rate and foreign exchange instruments	—	(1)	Interest expense	
	—	(6)	Other income, net	
Total, before income tax	(41)	(37)		
	9	5	Income tax benefit (expense)	
Total, net of income tax	(32)	(32)		
	11	18	Earnings attributable to noncontrolling interests	
Total, net of income tax and after NCI	\$ (21)	\$ (14)		
Pension and PBOP ⁽²⁾ :				
Amortization of actuarial loss	\$ 5	\$ 2	Other income, net	
Amortization of prior service cost	2	2	Other income, net	
Settlement charges	9	—	Other income, net	
Total, before income tax	16	4		
	(5)	(1)	Income tax benefit (expense)	
Total, net of income tax	\$ 11	\$ 3		
Total reclassifications for the period, net of income tax and after NCI				
	\$ (10)	\$ (11)		
SoCalGas:				
Financial instruments:				
Interest rate instruments	\$ 1	\$ 1	Interest expense	
Pension and PBOP ⁽²⁾ :				
Amortization of prior service cost	\$ 1	\$ 1	Other income (expense), net	
Total reclassifications for the period, net of income tax				
	\$ 2	\$ 2		

⁽¹⁾ *Equity earnings at Oncor Holdings and our foreign equity method investees are recognized after tax.*

⁽²⁾ *Amounts are included in the computation of net periodic benefit cost (see "Pension and PBOP" below).*

Reclassifications out of AOCI to net income were negligible in the three months and nine months ended September 30, 2024 and 2023 for SDG&E, and in the three months ended September 30, 2024 and 2023 for SoCalGas.

PENSION AND PBOP

Net Periodic Benefit Cost

The following tables provide the components of net periodic benefit cost. The components of net periodic benefit cost, other than the service cost component, are included in Other Income, Net.

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NET PERIODIC BENEFIT COST						
(Dollars in millions)						
	Pension			PBOP		
	Three months ended September 30,					
	2024		2023		2024	
Sempra:						
Service cost	\$	34	\$	25	\$	4
Interest cost		41		39		9
Expected return on assets		(40)		(42)		(19)
Amortization of:						
Prior service cost (credit)		1		2		(1)
Actuarial loss (gain)		4		3		(5)
Net periodic benefit cost (credit)		40		27		(11)
Regulatory adjustments		20		30		10
Total expense (income) recognized	\$	60	\$	57	\$	(1)
SDG&E:						
Service cost	\$	10	\$	8	\$	—
Interest cost		10		10		3
Expected return on assets		(10)		(9)		(3)
Amortization of:						
Actuarial loss		3		2		—
Net periodic benefit cost		13		11		—
Regulatory adjustments		—		3		(1)
Total expense recognized	\$	13	\$	14	\$	—
SoCalGas:						
Service cost	\$	21	\$	15	\$	3
Interest cost		26		24		7
Expected return on assets		(29)		(29)		(15)
Amortization of:						
Prior service cost (credit)		1		1		(1)
Actuarial loss (gain)		1		1		(5)
Net periodic benefit cost (credit)		20		12		(10)
Regulatory adjustments		20		27		10
Total expense recognized	\$	40	\$	39	\$	—

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NET PERIODIC BENEFIT COST (CONTINUED)

(Dollars in millions)

	Pension		PBOP	
	Nine months ended September 30,			
	2024	2023	2024	2023
Sempra:				
Service cost	\$ 99	\$ 82	\$ 11	\$ 10
Interest cost	124	118	27	28
Expected return on assets	(131)	(127)	(53)	(52)
Amortization of:				
Prior service cost (credit)	4	4	(2)	(2)
Actuarial loss (gain)	10	7	(12)	(17)
Settlement charges	9	—	—	—
Net periodic benefit cost (credit)	115	84	(29)	(33)
Regulatory adjustments	21	88	28	32
Total expense (income) recognized	\$ 136	\$ 172	\$ (1)	\$ (1)
SDG&E:				
Service cost	\$ 29	\$ 24	\$ 2	\$ 2
Interest cost	32	30	6	6
Expected return on assets	(33)	(29)	(7)	(6)
Amortization of:				
Actuarial loss (gain)	6	4	(1)	(1)
Net periodic benefit cost	34	29	—	1
Regulatory adjustments	(7)	11	—	(1)
Total expense recognized	\$ 27	\$ 40	— \$	—
SoCalGas:				
Service cost	\$ 59	\$ 49	\$ 8	\$ 7
Interest cost	78	75	21	21
Expected return on assets	(90)	(89)	(45)	(44)
Amortization of:				
Prior service cost (credit)	3	3	(2)	(2)
Actuarial loss (gain)	1	1	(10)	(15)
Net periodic benefit cost (credit)	51	39	(28)	(33)
Regulatory adjustments	28	77	28	33
Total expense recognized	\$ 79	\$ 116	— \$	—

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OTHER INCOME, NET

Other Income, Net, consists of the following:

OTHER INCOME (EXPENSE), NET <i>(Dollars in millions)</i>	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Sempra:				
Allowance for equity funds used during construction	\$ 39	\$ 35	\$ 114	\$ 105
Investment gains (losses), net ⁽¹⁾	29	(19)	48	(2)
Gains on interest rate and foreign exchange instruments, net	1	1	2	5
Foreign currency transaction (losses) gains, net	(5)	(3)	(6)	1
Non-service components of net periodic benefit cost	(21)	(28)	(25)	(79)
Interest on regulatory balancing accounts, net	26	19	68	56
Sundry, net	(4)	(2)	(7)	(11)
Total	\$ 65	\$ 3	\$ 194	\$ 75
SDG&E:				
Allowance for equity funds used during construction	\$ 21	\$ 21	\$ 60	\$ 67
Non-service components of net periodic benefit cost	(3)	(5)	4	(14)
Interest on regulatory balancing accounts, net	12	10	30	31
Sundry, net	—	(1)	(8)	(9)
Total	\$ 30	\$ 25	\$ 86	\$ 75
SoCalGas:				
Allowance for equity funds used during construction	\$ 18	\$ 14	\$ 54	\$ 38
Non-service components of net periodic benefit cost	(16)	(22)	(12)	(60)
Interest on regulatory balancing accounts, net	14	9	38	25
Sundry, net	(3)	(3)	(7)	(12)
Total	\$ 13	\$ (2)	\$ 73	\$ (9)

⁽¹⁾ Represents net investment gains (losses) on dedicated assets in support of our executive retirement and deferred compensation plans. These amounts are offset by corresponding changes in compensation expense related to the plans, recorded in O&M on the Condensed Consolidated Statements of Operations.

INCOME TAXES

We provide our calculations of ETRs in the following table.

INCOME TAX EXPENSE (BENEFIT) AND EFFECTIVE INCOME TAX RATES						
(Dollars in millions)						
	Three months ended September 30,				Nine months ended September 30,	
	2024	2023	2024	2023	2024	2023
Sempra:						
Income tax (benefit) expense	\$ (105)	\$ (52)	\$ (63)	\$ 499		
Income before income taxes and equity earnings	\$ 200	\$ 323	\$ 1,213	\$ 2,175		
Equity earnings, before income tax ⁽¹⁾	132	133	426	418		
Pretax income	\$ 332	\$ 456	\$ 1,639	\$ 2,593		
Effective income tax rate	(32)%		(11)%		(4)%	
SDG&E:					19 %	
Income tax expense (benefit)	\$ 15	\$ (15)	\$ 89	\$ (4)		
Income before income taxes	\$ 276	\$ 259	\$ 759	\$ 712		
Effective income tax rate	5 %		(6)%		12 %	
SoCalGas:					(1)%	
Income tax (benefit) expense	\$ (52)	\$ (5)	\$ 1	\$ 68		
(Loss) income before income taxes	\$ (66)	\$ 11	\$ 477	\$ 600		
Effective income tax rate	79 %		(45)%		— %	
					11 %	

⁽¹⁾ We discuss how we recognize equity earnings in Note 6 of the Notes to Consolidated Financial Statements in the Annual Report.

Sempra, SDG&E and SoCalGas record income taxes for interim periods utilizing a forecasted ETR anticipated for the full year. Unusual and infrequent items and items that cannot be reliably estimated are recorded in the interim period in which they occur, which can result in variability in the ETR.

For SDG&E and SoCalGas, the CPUC requires flow-through rate-making treatment for the current income tax benefit or expense arising from certain property-related and other temporary differences between the treatment for financial reporting and income tax, which will reverse over time. Under the regulatory accounting treatment required for these flow-through temporary differences, deferred income tax assets and liabilities are not recorded to deferred income tax expense, but rather to a regulatory asset or liability, which impacts the ETR. As a result, changes in the relative size of these items compared to pretax income, from period to period, can cause variations in the ETR. The following items are subject to flow-through treatment:

- repairs expenditures related to a certain portion of utility plant fixed assets
- the equity portion of AFUDC, which is non-taxable
- a portion of the cost of removal of utility plant assets
- utility self-developed software expenditures
- depreciation on a certain portion of utility plant assets
- state income taxes

AFUDC related to equity recorded for regulated construction projects at Sempra Infrastructure has similar flow-through treatment.

Under the IRA, in 2023, the scope of projects eligible for ITCs was expanded to include standalone energy storage projects, which are transferable under the IRA. The IRA also provided an election through 2024 that permits ITCs related to standalone energy storage projects to be returned to utility customers over a period that is shorter than the life of the applicable asset.

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. As a result of this Revenue Procedure, SoCalGas updated its assessment of prior years' unrecognized income tax benefits and, in the nine months ended September 30, 2023, recorded an income tax benefit of \$ 43 million for previously unrecognized income tax benefits pertaining to gas repairs expenditures. Sempra elected this change in tax accounting method in its consolidated 2023 income tax return filing, and Sempra, SDG&E and SoCalGas have applied this methodology in the calculation of their 2024 forecasted ETRs.

Sempra, SDG&E, and SoCalGas record regulatory liabilities for benefits that will be flowed through to customers in the future.

NOTE 2. NEW ACCOUNTING STANDARDS

We describe below recent accounting pronouncements that have had or may have a significant effect on our results of operations, financial condition, cash flows or disclosures.

ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures”: ASU 2023-07 revises reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. In addition, public entities are required to disclose the title and position of the CODM and explain how the CODM uses the reported measures of profit or loss to assess segment performance. The standard also requires interim disclosure of certain segment-related disclosures that previously were required only on an annual basis. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. Entities must adopt the changes to the segment reporting disclosures on a retrospective basis. We plan to adopt the standard on December 31, 2024.

ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”: ASU 2023-09 improves the transparency of income tax disclosures by requiring disaggregated information about each Registrant's ETR reconciliation as well as information on income taxes paid. For each annual period, each Registrant will be required to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). ASU 2023-09 is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. We plan to adopt the standard on December 31, 2025 and are currently evaluating the effect of the standard on our financial reporting.

ASU 2024-03, “Disaggregation of Income Statement Expenses”: ASU 2024-03 mandates detailed disclosures on the disaggregation of income statement expenses. Public business entities are required to disclose in the notes to financial statements the amounts of purchases of inventory, employee compensation, depreciation and intangible asset amortization included in each relevant expense caption. The standard also requires disclosure of the amount, and a qualitative description of, other items remaining in relevant expense captions that are not separately disaggregated. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted, and entities may adopt the standard on either a prospective or retrospective basis. We are currently evaluating the effect of the standard on our financial reporting and have not yet selected the year in which we will adopt the standard.

NOTE 3. REVENUES

We discuss revenue recognition for revenues from contracts with customers and from sources other than contracts with customers in Note 3 of the Notes to Consolidated Financial Statements in the Annual Report.

The following tables disaggregate our revenues from contracts with customers by major service line and market. We also provide a reconciliation to total revenues by segment for Sempra. The majority of our revenue is recognized over time.

DISAGGREGATED REVENUES

(Dollars in millions)

	Sempra						
	Consolidating adjustments and						
	Sempra California		Sempra Infrastructure	Parent and other	Sempra		
Three months ended September 30, 2024							
By major service line:							
Utilities	\$ 2,394	\$ 15	\$ (7)	\$ 2,402			
Energy-related businesses	—	179	(12)	167			
Revenues from contracts with customers	\$ 2,394	\$ 194	\$ (19)	\$ 2,569			
By market:							
Gas	\$ 1,237	\$ 83	\$ (6)	\$ 1,314			
Electric	1,157	111	(13)	1,255			
Revenues from contracts with customers	\$ 2,394	\$ 194	\$ (19)	\$ 2,569			
Revenues from contracts with customers	\$ 2,394	\$ 194	\$ (19)	\$ 2,569			
Utilities regulatory revenues	(138)	—	—	(138)			
Other revenues	—	344	1	345			
Total revenues	\$ 2,256	\$ 538	\$ (18)	\$ 2,776			
Three months ended September 30, 2023							
By major service line:							
Utilities	\$ 2,528	\$ 18	\$ (5)	\$ 2,541			
Energy-related businesses	—	369	(16)	353			
Revenues from contracts with customers	\$ 2,528	\$ 387	\$ (21)	\$ 2,894			
By market:							
Gas	\$ 1,275	\$ 234	\$ (3)	\$ 1,506			
Electric	1,253	153	(18)	1,388			
Revenues from contracts with customers	\$ 2,528	\$ 387	\$ (21)	\$ 2,894			
Revenues from contracts with customers	\$ 2,528	\$ 387	\$ (21)	\$ 2,894			
Utilities regulatory revenues	197	—	—	197			
Other revenues	—	242	1	243			
Total revenues	\$ 2,725	\$ 629	\$ (20)	\$ 3,334			

DISAGGREGATED REVENUES (CONTINUED)

(Dollars in millions)

	Sempra				
	Consolidating adjustments and				
	Sempra		Parent		
	Sempra California	Infrastructure	and other	Parent	Sempra
Nine months ended September 30, 2024					
By major service line:					
Utilities	\$ 8,129	\$ 63	\$ (18)	\$ 8,174	
Energy-related businesses	—	625	(49)	576	
Revenues from contracts with customers	\$ 8,129	\$ 688	\$ (67)	\$ 8,750	
By market:					
Gas	\$ 4,961	\$ 356	\$ (15)	\$ 5,302	
Electric	3,168	332	(52)	3,448	
Revenues from contracts with customers	\$ 8,129	\$ 688	\$ (67)	\$ 8,750	
Revenues from contracts with customers	\$ 8,129	\$ 688	\$ (67)	\$ 8,750	
Utilities regulatory revenues	(107)	—	—	(107)	
Other revenues	—	778	6	784	
Total revenues	\$ 8,022	\$ 1,466	\$ (61)	\$ 9,427	
Nine months ended September 30, 2023					
By major service line:					
Utilities	\$ 10,764	\$ 67	\$ (16)	\$ 10,815	
Energy-related businesses	—	916	(56)	860	
Revenues from contracts with customers	\$ 10,764	\$ 983	\$ (72)	\$ 11,675	
By market:					
Gas	\$ 7,158	\$ 605	\$ (13)	\$ 7,750	
Electric	3,606	378	(59)	3,925	
Revenues from contracts with customers	\$ 10,764	\$ 983	\$ (72)	\$ 11,675	
Revenues from contracts with customers	\$ 10,764	\$ 983	\$ (72)	\$ 11,675	
Utilities regulatory revenues	76	—	—	76	
Other revenues	—	1,502	(24)	1,478	
Total revenues	\$ 10,840	\$ 2,485	\$ (96)	\$ 13,229	

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DISAGGREGATED REVENUES (Dollars in millions)						
	SDG&E		SoCalGas			
	Three months ended September 30,					
	2024		2023		2024	
By major service line:						
Revenues from contracts with customers – Utilities	\$ 1,327	\$ 1,438	\$ 1,110	\$ 1,120		
By market:						
Gas	\$ 167	\$ 182	\$ 1,110	\$ 1,120		
Electric	1,160	1,256	—	—		
Revenues from contracts with customers	\$ 1,327	\$ 1,438	\$ 1,110	\$ 1,120		
Revenues from contracts with customers	\$ 1,327	\$ 1,438	\$ 1,110	\$ 1,120		
Utilities regulatory revenues	(84)	4	(56)	193		
Total revenues	\$ 1,243	\$ 1,442	\$ 1,054	\$ 1,313		
	Nine months ended September 30,					
	2024		2023		2024	
By major service line:						
Revenues from contracts with customers – Utilities	\$ 3,836	\$ 4,603	\$ 4,416	\$ 6,252		
By market:						
Gas	\$ 658	\$ 988	\$ 4,416	\$ 6,252		
Electric	3,178	3,615	—	—		
Revenues from contracts with customers	\$ 3,836	\$ 4,603	\$ 4,416	\$ 6,252		
Revenues from contracts with customers	\$ 3,836	\$ 4,603	\$ 4,416	\$ 6,252		
Utilities regulatory revenues	141	(246)	(248)	322		
Total revenues	\$ 3,977	\$ 4,357	\$ 4,168	\$ 6,574		

REVENUES FROM CONTRACTS WITH CUSTOMERS

Remaining Performance Obligations

REMAINING PERFORMANCE OBLIGATIONS ⁽¹⁾						
(Dollars in millions)						
			Sempra	SDG&E		
2024 (excluding first nine months of 2024)		\$ 90	\$ —			
2025		321		4		
2026		321		4		
2027		321		4		
2028		253		4		
Thereafter		2,313		56		
Total revenues to be recognized		\$ 3,619		\$ 72		

⁽¹⁾ Excludes intercompany transactions.

Contract Liabilities from Revenues from Contracts with Customers

Activities within Sempra's and SDG&E's contract liabilities are presented below. There were no contract liabilities at SoCalGas in the nine months ended September 30, 2024 or 2023. Sempra Infrastructure recorded a contract liability for funds held as collateral in lieu of a customer's letters of credit primarily associated with its LNG storage and regasification agreement.

CONTRACT LIABILITIES (Dollars in millions)		2024	2023
Sempra:			
Contract liabilities at January 1		\$ (198)	\$ (252)
Revenue from performance obligations satisfied during reporting period		5	9
Payments received in advance		(3)	(21)
Contract liabilities at September 30 ⁽¹⁾		\$ (196)	\$ (264)
SDG&E:			
Contract liabilities at January 1		\$ (75)	\$ (79)
Revenue from performance obligations satisfied during reporting period		3	3
Contract liabilities at September 30 ⁽²⁾		\$ (72)	\$ (76)

⁽¹⁾ Balances at September 30, 2024 include \$ 4 in Other Current Liabilities and \$ 192 in Deferred Credits and Other.

⁽²⁾ Balances at September 30, 2024 include \$ 3 in Other Current Liabilities and \$ 69 in Deferred Credits and Other.

Receivables from Revenues from Contracts with Customers

The table below shows receivable balances, net of allowances for credit losses, associated with revenues from contracts with customers on the Condensed Consolidated Balance Sheets.

RECEIVABLES FROM REVENUES FROM CONTRACTS WITH CUSTOMERS (Dollars in millions)		September 30, 2024	December 31, 2023
Sempra:			
Accounts receivable – trade, net ⁽¹⁾		\$ 1,490	\$ 1,951
Accounts receivable – other, net		20	15
Due from unconsolidated affiliates – current ⁽²⁾		4	4
Other long-term assets ⁽³⁾		20	—
Total		\$ 1,534	\$ 1,970
SDG&E:			
Accounts receivable – trade, net ⁽¹⁾		\$ 867	\$ 870
Accounts receivable – other, net		19	13
Due from unconsolidated affiliates – current ⁽²⁾		7	6
Other long-term assets ⁽³⁾		6	—
Total		\$ 899	\$ 889
SoCalGas:			
Accounts receivable – trade, net		\$ 557	\$ 985
Accounts receivable – other, net		1	2
Other long-term assets ⁽³⁾		14	—
Total		\$ 572	\$ 987

⁽¹⁾ At September 30, 2024 and December 31, 2023, includes \$ 223 and \$ 148, respectively, of receivables due from customers that were billed on behalf of Community Choice Aggregators, which are not included in revenues.

⁽²⁾ Amount is presented net of amounts due to unconsolidated affiliates on the Condensed Consolidated Balance Sheets, when right of offset exists.

⁽³⁾ In January 2024, the CPUC directed SDG&E and SoCalGas to offer long-term repayment plans to eligible residential customers with past-due balances.

NOTE 4. REGULATORY MATTERS

REGULATORY ASSETS AND LIABILITIES

We discuss regulatory matters in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report and provide updates to those discussions and information about new regulatory matters below. With the exception of regulatory balancing accounts, we generally do not earn a return on our regulatory assets until such time as a related cash expenditure has been made. Upon the occurrence of a cash expenditure associated with a regulatory asset, the related amounts are recoverable through a regulatory account mechanism for which we earn a return authorized by applicable regulators, which generally approximates the three-month commercial paper rate. The periods during which we recognize a regulatory asset while we do not earn a return vary by regulatory asset.

REGULATORY ASSETS (LIABILITIES)

(Dollars in millions)

	Sempra		SDG&E		SoCalGas	
	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Fixed-price contracts and other derivatives	\$ 54	\$ 215	\$ 8	\$ 14	\$ 46	\$ 201
Deferred income taxes recoverable in rates	1,526	1,142	780	626	660	430
Pension and PBOP plan obligations	(255)	(212)	51	48	(306)	(260)
Employee benefit costs	24	24	3	3	21	21
Removal obligations	(3,261)	(3,082)	(2,650)	(2,468)	(611)	(614)
Environmental costs	148	139	115	105	33	34
Sunrise Powerlink fire mitigation	123	124	123	124	—	—
Regulatory balancing accounts ⁽¹⁾⁽²⁾ :						
Commodity – electric	(223)	(233)	(223)	(233)	—	—
Commodity – gas, including transportation	(179)	(259)	46	52	(225)	(311)
Safety and reliability	1,192	959	276	207	916	752
Public purpose programs	(442)	(273)	(200)	(144)	(242)	(129)
Wildfire mitigation plan	811	685	811	685	—	—
Liability insurance premium	107	113	79	90	28	23
Other balancing accounts	306	373	(70)	(152)	376	525
Other regulatory (liabilities) assets, net ⁽²⁾	(188)	(10)	(5)	49	(181)	(58)
Total	\$ (257)	\$ (295)	\$ (856)	\$ (994)	\$ 515	\$ 614

⁽¹⁾ At September 30, 2024 and December 31, 2023, the noncurrent portion of regulatory balancing accounts – net undercollected for Sempra was \$ 2,090 and \$ 1,913, respectively, for SDG&E was \$ 979 and \$ 950, respectively, and for SoCalGas was \$ 1,111 and \$ 963, respectively.

⁽²⁾ Includes regulatory assets earning a return authorized by applicable regulators, which generally approximates the three-month commercial paper rate.

CPUC GRC

The CPUC uses GRCs to set revenues to allow SDG&E and SoCalGas to recover their reasonable operating costs and to provide the opportunity to realize their authorized rates of return on their investments.

On October 18, 2024, the CPUC issued a proposed decision in the 2024 GRC for SDG&E's and SoCalGas' test year revenue requirements for 2024 and attrition year adjustments for 2025 through 2027.

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The 2024 GRC proposed decision adopts a 2024 test year revenue requirement of \$ 2,800 million for SDG&E's combined operations (\$ 2,198 million for its electric operations and \$ 602 million for its natural gas operations), which is \$ 207 million lower than the \$ 3,007 million that SDG&E had requested in its updated application. The proposed 2024 combined revenue requirement, if adopted, represents an increase of \$ 267 million (10.5 %) compared to its authorized 2023 combined revenue requirement. The proposed post-test year revenue requirement, if adopted, would be annual increases of approximately 3.9 % for 2025-2027 at SDG&E.

The 2024 GRC proposed decision adopts a 2024 test year revenue requirement of \$ 4,062 million for SoCalGas, which is \$ 372 million lower than the \$ 4,434 million that SoCalGas had requested in its May 2022 application. The proposed 2024 revenue requirement, if adopted, represents an increase of \$ 523 million (14.8 %) over its authorized 2023 revenue requirement. The proposed post-test year revenue requirement, if adopted, would be annual increases of approximately 3.9 % for 2025-2027 at SoCalGas.

Because a final decision for the 2024 GRC was not issued by September 30, 2024, SDG&E and SoCalGas recorded CPUC-authorized base revenues in the three months and nine months ended September 30, 2024 based on 2023 levels authorized under the 2019 GRC. The impact of the final decision, retroactive to January 1, 2024, as authorized by the CPUC, will be reflected in SDG&E's and SoCalGas' financial statements in the period in which the final decision is issued. We expect the CPUC to issue a final decision by the end of this year.

2024 GRC Track 2

In October 2023, SDG&E submitted a separate request to the CPUC in its 2024 GRC, known as a Track 2 request. This request seeks review and recovery of \$ 1.5 billion of wildfire mitigation plan costs incurred from 2019 through 2022 that were in addition to amounts authorized in the 2019 GRC. SDG&E expects to receive a proposed reasonableness review decision for its Track 2 request in the first half of 2025.

Revenues associated with the Track 2 request amounts described above have been recorded in a regulatory account. In February 2024, the CPUC approved an interim cost recovery mechanism that would permit SDG&E to recover in rates \$ 194 million and \$ 96 million of this regulatory account balance in 2024 and 2025, respectively. Such recovery of SDG&E's wildfire mitigation plan regulatory account balance will be subject to refund, contingent on the reasonableness review decision for its Track 2 request.

2024 GRC Track 3

SDG&E expects to submit in the first half of 2025 an additional request to the CPUC in its 2024 GRC, known as a Track 3 request, for review and recovery of its 2023 wildfire mitigation plan costs.

CPUC COST OF CAPITAL

The CPUC approved the following cost of capital for SDG&E and SoCalGas that became effective on January 1, 2023 and was to remain in effect through December 31, 2025, subject to the CCM.

AUTHORIZED COST OF CAPITAL FOR 2023							
SDG&E				SoCalGas			
Authorized weighting	Return on rate base	Weighted return on rate base ⁽¹⁾	Long-Term Debt	Authorized weighting	Return on rate base	Weighted return on rate base	Long-Term Debt
45.25 %	4.05 %	1.83 %	Long-Term Debt	45.60 %	4.07 %	1.86 %	Long-Term Debt
2.75	6.22	0.17	Preferred Equity	2.40	6.00	0.14	Preferred Equity
52.00	9.95	5.17	Common Equity	52.00	9.80	5.10	Common Equity
100.00 %		7.18 %		100.00 %		7.10 %	

⁽¹⁾ Total weighted return on rate base does not sum due to rounding differences.

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On September 30, 2023, the CCM was triggered for SDG&E and SoCalGas. In December 2023, the CPUC approved the following authorized rates of return effective January 1, 2024.

AUTHORIZED COST OF CAPITAL FOR 2024						
SDG&E			SoCalGas			
Authorized weighting	Return on rate base	Weighted return on rate base		Authorized weighting	Return on rate base	Weighted return on rate base
45.25 %	4.34 %	1.96 %	Long-Term Debt	45.60 %	4.54 %	2.07 %
2.75	6.22	0.17	Preferred Equity	2.40	6.00	0.14
52.00	10.65	5.54	Common Equity	52.00	10.50	5.46
100.00 %		7.67 %		100.00 %		7.67 %

In October 2023, the CPUC issued a ruling to initiate a second phase of the 2023-2025 cost of capital proceeding to evaluate potential modifications to the CCM. In October 2024, the CPUC issued a final decision to modify the CCM. The final decision reduces the upward or downward adjustment to authorized ROE, if the CCM is triggered, to 20 % of the change in the benchmark rate during the measurement period from the current 50 %. The final decision adopts this change effective January 1, 2025, reducing both SDG&E's and SoCalGas' ROE by 42 bps to 10.23 % and 10.08 %, respectively, and allowing SDG&E and SoCalGas to update their respective costs of preferred equity and debt for 2025. SDG&E and SoCalGas intend to file advice letters in November 2024 to address the implementation, subject to approval, of the updated cost of capital.

FERC RATE MATTERS

SDG&E files separately with the FERC for its authorized transmission revenue requirement and ROE on FERC-regulated electric transmission operations and assets. SDG&E's currently effective TO5 settlement provides for an ROE of 10.60 %, consisting of a base ROE of 10.10 % plus an additional 50 bps for participation in the California ISO (the California ISO adder). In May 2024, the CPUC and other parties filed a petition and complaint with the FERC seeking an order that directs SDG&E to remove the California ISO adder from its currently effective TO5 settlement and refund the California ISO adder retroactively from June 1, 2019. In June 2024, SDG&E exercised its right to terminate the TO5 settlement. Accordingly, in October 2024, SDG&E submitted its TO6 filing to the FERC to be effective January 1, 2025, subject to refund. SDG&E's TO6 filing proposes, among other items, an increase to SDG&E's currently authorized base ROE from 10.10 % to 11.75 % and continuation of the California ISO adder. SDG&E expects further proceedings on these two matters.

NOTE 5. SEMPRA – INVESTMENTS IN UNCONSOLIDATED ENTITIES

We generally account for investments under the equity method when we have significant influence over, but do not have control of, these entities. Equity earnings and losses, both before and net of income tax, are combined and presented as Equity Earnings on the Condensed Consolidated Statements of Operations. Distributions received from equity method investees are classified in the Condensed Consolidated Statements of Cash Flows as either a return on investment in operating activities or a return of investment in investing activities based on the "nature of the distribution" approach. See Note 12 for information on equity earnings and losses, both before and net of income tax, by segment. See Note 1 for information on how equity earnings and losses before income taxes are factored into the calculations of our pretax income or loss and ETR.

We provide additional information concerning our equity method investments in Note 6 of the Notes to Consolidated Financial Statements in the Annual Report.

ONCOR HOLDINGS

We account for our 100 % equity ownership interest in Oncor Holdings, which owns an 80.25 % interest in Oncor, as an equity method investment. Due to the ring-fencing measures, governance mechanisms and commitments in effect, we do not have the power to direct the significant activities of Oncor Holdings and Oncor. See Note 6 of the Notes to Consolidated Financial Statements in the Annual Report for additional information related to the restrictions on our ability to direct the significant activities of Oncor Holdings and Oncor.

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In the nine months ended September 30, 2024 and 2023, Sempra contributed \$ 578 million and \$ 270 million, respectively, to Oncor Holdings, and Oncor Holdings distributed \$ 314 million and \$ 323 million, respectively, to Sempra.

We provide summarized income statement information for Oncor Holdings in the following table.

SUMMARIZED FINANCIAL INFORMATION – ONCOR HOLDINGS		(Dollars in millions)					
		Three months ended September 30,		Nine months ended September 30,			
		2024	2023	2024	2023		
Operating revenues		\$ 1,660	\$ 1,592	\$ 4,610	\$ 4,227		
Operating expenses		(1,109)	(1,007)	(3,203)	(3,007)		
Income from operations		551	585	1,407	1,220		
Interest expense		(170)	(140)	(481)	(396)		
Income tax expense		(75)	(81)	(179)	(148)		
Net income		320	376	791	672		
NCI held by Texas Transmission Investment LLC		(63)	(75)	(157)	(135)		
Earnings attributable to Sempra ⁽¹⁾		257	301	634	537		

⁽¹⁾ Excludes adjustments to equity earnings related to amortization of a tax sharing liability associated with a tax sharing arrangement and changes in basis differences in AOCI within the carrying value of our equity method investment.

CAMERON LNG JV

In the nine months ended September 30, 2024 and 2023, Sempra Infrastructure contributed \$ 10 million and \$ 11 million, respectively, to Cameron LNG JV, and Cameron LNG JV distributed \$ 353 million and \$ 339 million, respectively, to Sempra Infrastructure.

Sempra Promissory Note for SDSRA Distribution

Cameron LNG JV's debt agreements require Cameron LNG JV to maintain the SDSRA, which is an additional reserve account beyond the Senior Debt Service Accrual Account, where funds accumulate from operations to satisfy senior debt obligations due and payable on the next payment date. Both accounts can be funded with cash or authorized investments. In June 2021, Sempra Infrastructure received a distribution of \$ 165 million based on its proportionate share of the SDSRA, for which Sempra provided a promissory note and letters of credit to secure a proportionate share of Cameron LNG JV's obligation to fund the SDSRA. Sempra's maximum exposure to loss is replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA, or \$ 165 million. We recorded a guarantee liability of \$ 22 million in June 2021, with an associated carrying value of \$ 18 million at September 30, 2024, for the fair value of the promissory note, which is being reduced over the duration of the guarantee through Sempra Infrastructure's investment in Cameron LNG JV. The guarantee will terminate upon full repayment of Cameron LNG JV's debt, scheduled to occur in 2039, or replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA.

Sempra Support Agreement for CFIN

In July 2020, CFIN entered into a financing arrangement with Cameron LNG JV's four project owners and received aggregate proceeds of \$ 1.5 billion from two project owners and from external lenders on behalf of the other two project owners (collectively, the affiliate loans), based on their proportionate ownership interest in Cameron LNG JV. CFIN used the proceeds from the affiliate loans to provide a loan to Cameron LNG JV. The affiliate loans mature in 2039. Principal and interest are paid from Cameron LNG JV's project cash flows from its three-train natural gas liquefaction facility. Cameron LNG JV used the proceeds from its loan to return equity to its project owners.

Sempra Infrastructure's \$ 753 million proportionate share of the affiliate loans, based on SI Partners' 50.2 % ownership interest in Cameron LNG JV, was funded by external lenders comprised of a syndicate of eight banks (the bank debt) to whom Sempra has provided a guarantee pursuant to a Support Agreement under which:

- Sempra has severally guaranteed repayment of the bank debt plus accrued and unpaid interest if CFIN fails to pay the external lenders;
- the external lenders may exercise an option to put the bank debt to Sempra Infrastructure upon the occurrence of certain events, including a failure by CFIN to meet its payment obligations under the bank debt;
- the external lenders will put some or all of the bank debt to Sempra Infrastructure on the fifth, tenth, or fifteenth anniversary date of the affiliate loans, except the portion of the debt owed to any external lender that has elected not to participate in the put option six months prior to the respective anniversary date;

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- Sempra Infrastructure also has a right to call the bank debt back from, or to refinance the bank debt with, the external lenders at any time; and
- the Support Agreement will terminate upon full repayment of the bank debt, including repayment following an event in which the bank debt is put to Sempra Infrastructure.

In exchange for this guarantee, the external lenders pay a guarantee fee that is based on the credit rating of Sempra's long-term senior unsecured non-credit enhanced debt rating, which guarantee fee Sempra Infrastructure recognizes as interest income as earned. Sempra's maximum exposure to loss is the bank debt plus any accrued and unpaid interest and related fees, subject to a liability cap of 130 % of the bank debt, or \$ 979 million. We measure the Support Agreement at fair value, net of related guarantee fees, on a recurring basis (see Note 8). At September 30, 2024, the fair value of the Support Agreement was \$ 24 million, of which \$ 7 million is included in Other Current Assets and \$ 17 million is included in Other Long-Term Assets on Sempra's Condensed Consolidated Balance Sheet.

TAG NORTE

In the nine months ended September 30, 2024 and 2023, TAG Norte distributed \$ 62 million and \$ 36 million, respectively, to Sempra Infrastructure.

IMG

In the nine months ended September 30, 2023, IMG distributed \$ 6 million to Sempra Infrastructure.

NOTE 6. DEBT AND CREDIT FACILITIES

The principal terms of our debt arrangements are described below and in Note 7 of the Notes to Consolidated Financial Statements in the Annual Report.

SHORT-TERM DEBT

Committed Lines of Credit

At September 30, 2024, Sempra had an aggregate capacity of \$ 9.9 billion under seven primary committed lines of credit, which provide liquidity and support our commercial paper programs. Because our commercial paper programs are supported by some of these lines of credit, we reflect the amount of commercial paper outstanding, before reductions of any unamortized discounts, and any letters of credit outstanding as a reduction to the available unused credit capacity in the following table.

COMMITTED LINES OF CREDIT

(Dollars in millions)

Borrower	Expiration date of facility	September 30, 2024					
		Commercial		Amounts outstanding	Letters of credit outstanding	Available unused credit	
		Total facility	paper outstanding				
Sempra	October 2029 ⁽¹⁾	\$ 4,000	\$ (350)	\$ —	\$ —	\$ 3,650	
SDG&E	October 2029 ⁽¹⁾	1,500	(384)	—	—	1,116	
SoCalGas	October 2029 ⁽¹⁾	1,200	—	—	—	1,200	
SI Partners and IEnova	September 2025	500	—	(390)	—	110	
SI Partners and IEnova	August 2026	1,000	—	—	—	1,000	
SI Partners and IEnova	August 2028	1,500	—	(551)	—	949	
Port Arthur LNG	March 2030	200	—	—	(64)	136	
Total		\$ 9,900	\$ (734)	\$ (941)	\$ (64)	\$ 8,161	

⁽¹⁾ In October 2024, Sempra, SDG&E and SoCalGas each amended their respective credit facility to extend the expiration date from October 2028 to October 2029.

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Sempra, SDG&E and SoCalGas each must maintain a ratio of indebtedness to total capitalization (as defined in each of the applicable credit facilities) of no more than 65 % at the end of each quarter. At September 30, 2024, each Registrant was in compliance with this ratio under its respective credit facility.

The three lines of credit that are shared by SI Partners and IEnova require that SI Partners maintain a ratio of consolidated adjusted net indebtedness to consolidated earnings before interest, taxes, depreciation and amortization (as defined in each credit facility) of no more than 5.25 to 1.00 at the end of each quarter. At September 30, 2024, SI Partners was in compliance with this ratio.

Uncommitted Line of Credit

ECA LNG Phase 1 has an uncommitted line of credit, which is generally used for working capital requirements. Borrowings can be in U.S. dollars or Mexican pesos. At September 30, 2024, an aggregate of \$ 14 million, before reductions of any unamortized discounts, was outstanding, which were borrowed in Mexican pesos and bear interest at a variable rate based on the 28-day Interbank Equilibrium Interest Rate plus the applicable margin. Borrowings made in U.S. dollars bear interest at a variable rate based on the one-month or three-month SOFR plus the applicable margin and a credit adjustment spread of 10 bps. In August 2024, the facility was amended to decrease the capacity from \$ 200 million to \$ 100 million, extend the expiration date to August 2026, and adjust the applicable margin to 154 bps for amounts borrowed in Mexican pesos and 164 bps for amounts borrowed in U.S. dollars.

Uncommitted Letters of Credit

Outside of our domestic and foreign credit facilities, we have bilateral unsecured standby letter of credit capacity with select lenders that is uncommitted and supported by reimbursement agreements. At September 30, 2024, we had \$ 491 million in standby letters of credit outstanding under these agreements.

UNCOMMITTED LETTERS OF CREDIT OUTSTANDING			
<i>(Dollars in millions)</i>			
	Expiration date range		September 30, 2024
SDG&E	January 2025 - November 2025	\$	26
SoCalGas	October 2024 - November 2025		20
Other Sempra	October 2024 - November 2054		445
Total Sempra		\$	491

Term Loan

In May 2024, SoCalGas entered into a \$ 500 million, 364 -day term loan facility with a maturity date of May 22, 2025. Upon execution, SoCalGas borrowed \$ 300 million, net of negligible debt issuance costs, under the term loan facility and borrowed the remaining \$ 200 million in August 2024. SoCalGas may request an increase in the term loan facility of up to \$ 500 million prior to the maturity date, subject to lender approval. The outstanding borrowings bear interest at a per annum rate equal to term SOFR, plus 80 bps and a credit adjustment spread of 10 bps. SoCalGas used the proceeds to repay commercial paper and for other general corporate purposes. At September 30, 2024, the term loan is included in Short-Term Debt on SoCalGas' Condensed Consolidated Balance Sheet.

Weighted-Average Interest Rates

The weighted-average interest rates on all short-term debt were as follows:

WEIGHTED-AVERAGE INTEREST RATES			
		September 30, 2024	December 31, 2023
Sempra		5.54 %	5.96 %
SDG&E		4.95	—
SoCalGas		5.82	5.44

LONG-TERM DEBT

SDG&E

In March 2024, SDG&E issued \$ 600 million aggregate principal amount of 5.55 % first mortgage bonds due in full upon maturity on April 15, 2054 and received proceeds of \$ 587 million (net of debt discount, underwriting discounts and debt issuance costs of \$ 13 million). The first mortgage bonds are redeemable prior to maturity, subject to their terms, and in certain circumstances subject to make-whole provisions. SDG&E used the net proceeds to repay commercial paper and for other general corporate purposes.

SoCalGas

In March 2024, SoCalGas issued \$ 500 million aggregate principal amount of 5.60 % first mortgage bonds due in full upon maturity on April 1, 2054 and received proceeds of \$ 491 million (net of debt discount, underwriting discounts and debt issuance costs of \$ 9 million). The first mortgage bonds are redeemable prior to maturity, subject to their terms, and in certain circumstances subject to make-whole provisions. SoCalGas used the net proceeds to repay outstanding indebtedness and for other general corporate purposes.

In August 2024, SoCalGas issued \$ 600 million aggregate principal amount of 5.05 % first mortgage bonds due in full upon maturity on September 1, 2034 and received proceeds of \$ 592 million (net of debt discount, underwriting discounts and debt issuance costs of \$ 8 million). The first mortgage bonds are redeemable prior to maturity, subject to their terms, and in certain circumstances subject to make-whole provisions. SoCalGas used the net proceeds to repay outstanding indebtedness and for other general corporate purposes.

Other Sempra

Sempra

In March 2024 and May 2024, Sempra issued \$ 600 million and \$ 500 million, respectively, of 6.875 % fixed-to-fixed reset rate junior subordinated notes maturing on October 1, 2054. In March 2024, we received proceeds of \$ 593 million (net of debt discount, underwriting discounts and debt issuance costs of \$ 7 million). In May 2024, we received proceeds of \$ 489 million (net of debt discount, underwriting discounts and debt issuance costs of \$ 11 million, but excluding \$ 7 million paid to us in respect of accrued interest from and including March 14, 2024 to, but excluding, May 31, 2024). In September 2024, Sempra issued \$ 1.25 billion of 6.40 % fixed-to fixed reset rate junior subordinated notes maturing on October 1, 2054, and we received proceeds of \$ 1.235 billion (net of debt discounts, underwriting discounts and debt issuance costs of \$ 15 million). We used, or plan to use, the proceeds from the offerings for general corporate purposes, including repayment of commercial paper and other indebtedness.

Interest on the notes accrues from and including March 14, 2024 (for the March 2024 and May 2024 issuances) and September 9, 2024 (for the September 2024 issuance) and is payable semi-annually in arrears on April 1 and October 1 of each year, beginning on October 1, 2024 (for the March 2024 and May 2024 issuances) and April 1, 2025 (for the September 2024 issuance).

The notes bear interest, as follows:

- from and including March 14, 2024 to, but excluding, October 1, 2029 at the rate of 6.875 % per annum (for the March 2024 and May 2024 issuances), and from and including September 9, 2024 to, but excluding, October 1, 2034 at the rate of 6.40 % per annum (for the September 2024 issuance); and
- from and including October 1, 2029 (for the March 2024 and May 2024 issuances) and October 1, 2034 (for the September 2024 issuance), during each subsequent five-year period beginning on October 1 of every fifth year, at a rate per annum equal to the Five-year U.S. Treasury Rate (as defined in the notes) as of the day falling two business days before the first day of such five-year period plus a spread of 2.789 % (for the March 2024 and May 2024 issuances) and 2.632 % (for the September 2024 issuance), to be reset on October 1 of every fifth year beginning in 2029 (for the March 2024 and May 2024 issuances) and 2034 (for the September 2024 issuance).

We may redeem some or all of the notes before their maturity, as follows:

- in whole or in part, (i) on any day in the period commencing on the date falling 90 days prior to, and ending on and including October 1, 2029 (for the March 2024 and May 2024 issuances) and October 1, 2034 (for the September 2024 issuance), and (ii) after those respective dates, on any interest payment date, at a redemption price in cash equal to 100 % of the principal amount of the notes being redeemed, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to be redeemed to, but excluding, the redemption date;
- in whole but not in part, at any time following the occurrence and during the continuance of a tax event (as defined in the notes) at a redemption price in cash equal to 100 % of the principal amount of the notes, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to, but excluding, the redemption date; and

- in whole but not in part, at any time following the occurrence and during the continuance of a rating agency event (as defined in the notes) at a redemption price in cash equal to 102 % of the principal amount of the notes, plus, subject to the terms of the notes, accrued and unpaid interest on the notes to, but excluding, the redemption date.

The notes described above are unsecured obligations and rank junior and subordinate in right of payment to our existing and future senior indebtedness. The notes rank equally in right of payment with each other and with our existing 4.125 % fixed-to-fixed reset rate junior subordinated notes due 2052 and 5.75 % junior subordinated notes due 2079 and with any future unsecured indebtedness that we may incur if the terms of such indebtedness provide that it ranks equally with the notes in right of payment. The notes are effectively subordinated in right of payment to any secured indebtedness we have incurred or may incur (to the extent of the value of the collateral securing such secured indebtedness) and to all existing and future indebtedness and other liabilities and any preferred equity of our subsidiaries.

ECA LNG Phase 1

ECA LNG Phase 1 has a five-year loan agreement with a syndicate of seven external lenders that matures on December 9, 2025 for an aggregate principal amount of up to \$ 1.3 billion. IEnova and TotalEnergies SE have provided guarantees for repayment of the loans plus accrued and unpaid interest of 83.4 % and 16.6 %, respectively. At September 30, 2024 and December 31, 2023, \$ 1.0 billion and \$ 832 million, respectively, of borrowings from external lenders were outstanding under the loan agreement, with a weighted-average interest rate of 7.56 % and 8.31 %, respectively.

Port Arthur LNG

Port Arthur LNG has a seven-year term loan facility agreement with a syndicate of lenders that matures on March 20, 2030 for an aggregate principal amount of approximately \$ 6.8 billion. At September 30, 2024 and December 31, 2023, \$ 420 million and \$ 258 million, respectively, of borrowings were outstanding under the loan agreement, with an all-in weighted-average interest rate of 5.33 % and 5.81 %, respectively.

NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS

We use derivative instruments primarily to manage exposures arising in the normal course of business. Our principal exposures are commodity market risk, benchmark interest rate risk and foreign exchange rate exposures. Our use of derivatives for these risks is integrated into the economic management of our anticipated revenues, anticipated expenses, assets and liabilities. Derivatives may be effective in mitigating these risks (1) that could lead to declines in anticipated revenues or increases in anticipated expenses, or (2) that could cause our asset values to fall or our liabilities to increase. Accordingly, our derivative activity summarized below generally represents an impact that is intended to offset associated revenues, expenses, assets or liabilities that are not included in the tables below.

In certain cases, we apply the normal purchase or sale exception to contracts that otherwise would have been accounted for as derivative instruments and have other commodity contracts that are not derivatives. These contracts are not recorded at fair value and are therefore excluded from the disclosures below.

In all other cases, we record derivatives at fair value on the Condensed Consolidated Balance Sheets. We may have derivatives that are (1) cash flow hedges, (2) fair value hedges, or (3) undesignated. Depending on the applicability of hedge accounting and, for SDG&E and SoCalGas and other operations subject to regulatory accounting, the requirement to pass impacts through to customers, the impact of derivative instruments may be offset in OCI (cash flow hedges), on the balance sheet (regulatory offsets), or recognized in earnings (fair value hedges and undesignated derivatives not subject to rate recovery). We classify cash flows from the principal settlements of cross-currency swaps that hedge exposure related to Mexican peso-denominated debt and amounts related to terminations or early settlements of interest rate swaps as financing activities and settlements of other derivative instruments as operating activities on the Condensed Consolidated Statements of Cash Flows.

HEDGE ACCOUNTING

We may designate a derivative as a cash flow hedging instrument if it effectively converts anticipated cash flows associated with revenues or expenses to a fixed dollar amount. We may utilize cash flow hedge accounting for derivative commodity instruments, foreign currency instruments and interest rate instruments. Designating cash flow hedges is dependent on the business context in which the instrument is being used, the effectiveness of the instrument in offsetting the risk of variability of future cash flows of a given revenue or expense item, and other criteria.

ENERGY DERIVATIVES

Our market risk is primarily related to natural gas and electricity price volatility and the specific physical locations where we transact. We use energy derivatives to manage these risks. The use of energy derivatives in our various businesses depends on the particular energy market, and the operating and regulatory environments applicable to the business, as follows:

- SDG&E and SoCalGas use natural gas derivatives and SDG&E uses electricity derivatives, for the benefit of customers, with the objective of managing price risk and basis risk, and stabilizing and lowering natural gas and electricity costs. These derivatives include fixed-price natural gas and electricity positions, options, and basis risk instruments, which are either exchange-traded or over-the-counter financial instruments, or bilateral physical transactions. This activity is governed by risk management and transacting activity plans limited by company policy. SDG&E's risk management and transacting activity plans for electricity derivatives are also required to be filed with, and have been approved by, the CPUC. SoCalGas is also subject to certain regulatory requirements and thresholds related to natural gas procurement under the GCIM. Natural gas and electricity derivative activities are recorded as commodity costs that are offset by regulatory account balances and are recovered in rates. Net commodity cost impacts on the Condensed Consolidated Statements of Operations are reflected in Cost of Natural Gas or in Cost of Electric Fuel and Purchased Power.
- SDG&E is allocated and may purchase CRRs, which serve to reduce the regional electricity price volatility risk that may result from local transmission capacity constraints. Unrealized gains and losses do not impact earnings, as they are offset by regulatory account balances. Realized gains and losses associated with CRRs, which are recoverable in rates, are recorded in Cost of Electric Fuel and Purchased Power on the Condensed Consolidated Statements of Operations.
- Sempra Infrastructure may use natural gas and electricity derivatives, as appropriate, in an effort to optimize the earnings of its assets which support the following businesses: LNG, natural gas pipelines and storage, and power generation. Gains and losses associated with undesignated derivatives are recognized in Energy-Related Businesses Revenues on the Condensed Consolidated Statements of Operations.
- From time to time, our various businesses, including SDG&E and SoCalGas, may use other derivatives to hedge exposures such as GHG allowances.

The following table summarizes net energy derivative volumes.

NET ENERGY DERIVATIVE VOLUMES			
(Quantities in millions)			
Commodity	Unit of measure	September 30, 2024	December 31, 2023
Sempra:			
Natural gas	MMBtu	455	361
Electricity	MWh	—	1
Congestion revenue rights	MWh	16	36
SDG&E:			
Natural gas	MMBtu	18	17
Congestion revenue rights	MWh	16	36
SoCalGas:			
Natural gas	MMBtu	405	268

INTEREST RATE DERIVATIVES

We are exposed to interest rates primarily as a result of our current and expected use of financing. SDG&E and SoCalGas, as well as Sempra and its other subsidiaries and JVs, periodically enter into interest rate derivative agreements intended to moderate our exposure to interest rates and to lower our overall costs of borrowing. In addition, we may utilize interest rate swaps, typically designated as cash flow hedges, to lock in interest rates on outstanding debt or in anticipation of future financings.

In March 2023, Port Arthur LNG entered into floating-to-fixed interest rate swaps maturing in 2048, which were designated as cash flow hedges. On September 30, 2024, Port Arthur LNG voluntarily de-designated those interest rate swaps that begin hedging interest payments in March 2026 to provide for future financing flexibility. At the time of de-designation, \$ 40 million of deferred gains related to the de-designated notional amount were included in AOCI, which will remain in AOCI until the hedged interest payments impact earnings or such hedged interest payments become probable of not occurring. In October 2024, Port Arthur LNG received a cash settlement of \$ 46 million, net of transaction costs, for the termination of \$ 1.0 billion of the notional amount of both the designated and de-designated interest rate swaps, with the associated deferred gains remaining in AOCI.

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The following table presents the notional amounts of our interest rate derivatives, excluding those in our equity method investments.

INTEREST RATE DERIVATIVES (Dollars in millions)		September 30, 2024		December 31, 2023	
		Notional amount	Maturities	Notional amount	Maturities
Sempra:					
Cash flow hedges ⁽¹⁾	\$ 3,571	2024-2034	\$ 4,451	2024-2048	
Undesignated derivatives ⁽²⁾	4,163	2026-2048	—	—	

(1) At September 30, 2024, cash flow hedges include Port Arthur LNG interest rate swaps with a maximum notional amount of \$ 3,286 that mature in March 2026. At September 30, 2024 and December 31, 2023, cash flow hedges accrued interest based on a notional amount of \$ 1,422 and \$ 488, respectively.

(2) At September 30, 2024, undesignated derivatives consist of Port Arthur LNG de-designated interest rate swaps with a maximum notional amount of \$ 4,163 that begin hedging interest payments in March 2026.

FOREIGN CURRENCY DERIVATIVES

We may utilize cross-currency swaps to hedge exposure related to Mexican peso-denominated debt at our Mexican subsidiaries and JVs. These cash flow hedges exchange our Mexican peso-denominated principal and interest payments into the U.S. dollar and swap Mexican fixed interest rates for U.S. fixed interest rates. From time to time, Sempra Infrastructure and its JVs may use other foreign currency derivatives to hedge exposures related to cash flows associated with revenues from contracts denominated in Mexican pesos that are indexed to the U.S. dollar.

In May 2024, Oncor entered into cross-currency swaps designated as fair value hedges intended to offset foreign currency exchange rate risk related to its Euro-denominated debt.

We are also exposed to exchange rate movements at our Mexican subsidiaries and JVs, which have U.S. dollar-denominated cash balances, receivables, payables and debt (monetary assets and liabilities) that give rise to Mexican currency exchange rate movements for Mexican income tax purposes. They also have deferred income tax assets and liabilities denominated in the Mexican peso, which must be translated to U.S. dollars for financial reporting purposes. In addition, monetary assets and liabilities and certain nonmonetary assets and liabilities are adjusted for Mexican inflation for Mexican income tax purposes. We may utilize foreign currency derivatives as a means to manage the risk of exposure to significant fluctuations in our income tax expense and equity earnings from these impacts; however, we generally do not hedge our deferred income tax assets and liabilities or for inflation.

The following table presents the notional amounts of our foreign currency derivatives, excluding those in our equity method investments.

FOREIGN CURRENCY DERIVATIVES (Dollars in millions)		September 30, 2024		December 31, 2023	
		Notional amount	Maturities	Notional amount	Maturities
Sempra:					
Foreign currency derivatives	\$ 201	2024-2026	\$ 176	2024-2025	

FINANCIAL STATEMENT PRESENTATION

The Condensed Consolidated Balance Sheets reflect the offsetting of net derivative positions and cash collateral with the same counterparty when a legal right of offset exists. The following tables provide the fair values of derivative instruments on the Condensed Consolidated Balance Sheets, including the amount of cash collateral receivables that were not offset because the cash collateral was in excess of liability positions. We discuss the fair value of derivative assets and liabilities in Note 8.

DERIVATIVE INSTRUMENTS ON THE CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

September 30, 2024

	Current assets:			
	Fixed-price contracts			
	and other derivatives ⁽¹⁾	Other long-term assets	Other current liabilities	Deferred credits and other
Sempra:				
Derivatives designated as hedging instruments:				
Interest rate instruments	\$ 14	\$ 23	\$ —	\$ (3)
Foreign exchange instruments	5	1	(1)	—
Derivatives not designated as hedging instruments:				
Interest rate instruments	—	40	—	—
Commodity contracts not subject to rate recovery	22	37	(17)	(47)
Associated offsetting commodity contracts	(14)	(26)	14	26
Commodity contracts subject to rate recovery	5	7	(52)	(14)
Associated offsetting commodity contracts	(2)	(3)	2	3
Associated offsetting cash collateral	—	—	9	5
Net amounts presented on the balance sheet	30	79	(45)	(30)
Additional cash collateral for commodity contracts not subject to rate recovery	55	—	—	—
Additional cash collateral for commodity contracts subject to rate recovery	26	—	—	—
Total⁽²⁾	\$ 111	\$ 79	\$ (45)	\$ (30)
SDG&E:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 4	\$ 7	\$ (11)	\$ (8)
Associated offsetting commodity contracts	(1)	(3)	1	3
Associated offsetting cash collateral	—	—	9	5
Net amounts presented on the balance sheet	3	4	(1)	—
Additional cash collateral for commodity contracts subject to rate recovery	24	—	—	—
Total⁽²⁾	\$ 27	\$ 4	\$ (1)	\$ —
SoCalGas:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 1	\$ —	\$ (41)	\$ (6)
Associated offsetting commodity contracts	(1)	—	1	—
Net amounts presented on the balance sheet	—	—	(40)	(6)
Additional cash collateral for commodity contracts subject to rate recovery	2	—	—	—
Total	\$ 2	\$ —	\$ (40)	\$ (6)

(1) Included in Other Current Assets for SDG&E and SoCalGas.

(2) Normal purchase contracts previously measured at fair value are excluded.

DERIVATIVE INSTRUMENTS ON THE CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)

(Dollars in millions)

December 31, 2023

	Current assets:			
	Fixed-price contracts			
	and other derivatives ⁽¹⁾	Other long-term assets	Other current liabilities	Deferred credits and other
Sempra:				
Derivatives designated as hedging instruments:				
Interest rate instruments	\$ 17	\$ 70	\$ —	\$ —
Foreign exchange instruments	—	—	(9)	—
Derivatives not designated as hedging instruments:				
Commodity contracts not subject to rate recovery	173	52	(170)	(56)
Associated offsetting commodity contracts	(169)	(51)	169	51
Commodity contracts subject to rate recovery	10	8	(228)	(9)
Associated offsetting commodity contracts	(5)	(2)	5	2
Associated offsetting cash collateral	—	—	12	7
Net amounts presented on the balance sheet	26	77	(221)	(5)
Additional cash collateral for commodity contracts not subject to rate recovery	74	—	—	—
Additional cash collateral for commodity contracts subject to rate recovery	22	—	—	—
Total⁽²⁾	\$ 122	\$ 77	\$ (221)	\$ (5)
SDG&E:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 9	\$ 8	\$ (18)	\$ (9)
Associated offsetting commodity contracts	(5)	(2)	5	2
Associated offsetting cash collateral	—	—	12	7
Net amounts presented on the balance sheet	4	6	(1)	—
Additional cash collateral for commodity contracts subject to rate recovery	21	—	—	—
Total⁽²⁾	\$ 25	\$ 6	\$ (1)	\$ —
SoCalGas:				
Derivatives not designated as hedging instruments:				
Commodity contracts subject to rate recovery	\$ 1	\$ —	\$ (210)	\$ —
Net amounts presented on the balance sheet	1	—	(210)	—
Additional cash collateral for commodity contracts subject to rate recovery	1	—	—	—
Total	\$ 2	\$ —	\$ (210)	\$ —

⁽¹⁾ Included in Other Current Assets for SDG&E and SoCalGas.

⁽²⁾ Normal purchase contracts previously measured at fair value are excluded.

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The following table includes the effects of derivative instruments designated as hedges on the Condensed Consolidated Statements of Operations and in OCI and AOCI.

HEDGE IMPACTS						
(Dollars in millions)						
			Pretax (loss) gain recognized in OCI	Pretax gain (loss) reclassified from AOCI into earnings		
Three months ended September 30,				Three months ended September 30,		
2024	2023	Location		2024	2023	
Sempra:						
Cash flow hedges:						
Interest rate instruments	\$ (203)	\$ 320	Interest expense	\$ 3	\$ (1)	
Interest rate instruments	(33)	32	Equity earnings ⁽¹⁾	5	12	
Foreign exchange instruments	2	8	Other income, net	1	1	
Foreign exchange instruments	2	7	Equity earnings ⁽¹⁾	1	1	
Fair value hedges:						
Foreign exchange instruments	(3)	—	Equity earnings ⁽¹⁾	—	—	
Total	\$ (235)	\$ 367		\$ 10	\$ 13	
Nine months ended September 30,						
2024	2023	Location		2024	2023	
Sempra:						
Cash flow hedges:						
Interest rate instruments	\$ 5	\$ 337	Interest expense	\$ 9	\$ (1)	
Interest rate instruments	(8)	56	Equity earnings ⁽¹⁾	20	33	
Foreign exchange instruments	14	—	Revenues: Energy-related businesses	5	—	
			Other income, net	2	(1)	
Foreign exchange instruments	12	1	Equity earnings ⁽¹⁾	5	(1)	
Interest rate and foreign exchange instruments	—	7	Interest expense	—	1	
			Other income, net	—	6	
Fair value hedges:						
Foreign exchange instruments	(10)	—	Equity earnings ⁽¹⁾	—	—	
Total	\$ 13	\$ 401		\$ 41	\$ 37	
SoCalGas:						
Cash flow hedges:						
Interest rate instruments	\$ —	\$ —	Interest expense	\$ (1)	\$ (1)	

⁽¹⁾ *Equity earnings at Oncor Holdings and our foreign equity method investees are recognized after tax.*

For Sempra, we expect that net gains before NCI of \$ 31 million, which are net of income tax expense, that are currently recorded in AOCI (with net gains of \$ 11 million attributable to NCI) related to cash flow hedges will be reclassified into earnings during the next 12 months as the hedged items affect earnings. SoCalGas expects that \$ 1 million of losses, net of income tax benefit, that are currently recorded in AOCI related to cash flow hedges will be reclassified into earnings during the next 12 months as the hedged items affect earnings. Actual amounts ultimately reclassified into earnings depend on the interest rates in effect when derivative contracts mature.

At September 30, 2024, the maximum length of time over which Sempra is hedging its exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, is approximately 1.5 years.

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The following table summarizes the effects of derivative instruments not designated as hedging instruments on the Condensed Consolidated Statements of Operations.

UNDESIGNATED DERIVATIVE IMPACTS		Pretax gain (loss) on derivatives recognized in earnings			
(Dollars in millions)		Three months ended September 30,		Nine months ended September 30,	
Location		2024	2023	2024	2023
Sempra:					
Commodity contracts not subject to rate recovery	Revenues: Energy-related businesses	\$ 98	\$ 83	\$ 218	\$ 785
Commodity contracts subject to rate recovery	Cost of natural gas	(16)	(125)	(43)	(172)
Commodity contracts subject to rate recovery	Cost of electric fuel and purchased power	(10)	23	(29)	5
Interest rate instrument	Interest expense	—	—	—	(47)
Total		\$ 72	\$ (19)	\$ 146	\$ 571
SDG&E:					
Commodity contracts subject to rate recovery	Cost of electric fuel and purchased power	\$ (10)	\$ 23	\$ (29)	\$ 5
SoCalGas:					
Commodity contracts subject to rate recovery	Cost of natural gas	\$ (16)	\$ (125)	\$ (43)	\$ (172)

CREDIT RISK RELATED CONTINGENT FEATURES

For Sempra, SDG&E and SoCalGas, certain of our derivative instruments contain credit limits which vary depending on our credit ratings. Generally, these provisions, if applicable, may reduce our credit limit if a specified credit rating agency reduces our ratings. In certain cases, if our credit ratings were to fall below investment grade, the counterparty to these derivative liability instruments could request immediate payment or demand immediate and ongoing full collateralization.

For Sempra, the total fair value of this group of derivative instruments in a liability position at September 30, 2024 and December 31, 2023 was \$ 114 million and \$ 215 million, respectively. For SoCalGas, the total fair value of this group of derivative instruments in a liability position at September 30, 2024 and December 31, 2023 was \$ 46 million and \$ 210 million, respectively. SDG&E did not have this group of derivative instruments in a liability position at September 30, 2024 or December 31, 2023. At September 30, 2024, if the credit ratings of Sempra or SoCalGas were reduced below investment grade, \$ 114 million and \$ 46 million, respectively, of additional assets could be required to be posted as collateral for these derivative contracts.

For Sempra, SDG&E and SoCalGas, some of our derivative contracts contain a provision that would permit the counterparty, in certain circumstances, to request adequate assurance of our performance under the contracts. Such additional assurance, if needed, is not material and is not included in the amounts above.

NOTE 8. FAIR VALUE MEASUREMENTS

We discuss the valuation techniques and inputs we use to measure fair value and the definition of the three levels of the fair value hierarchy in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

RECURRING FAIR VALUE MEASURES

The tables below set forth our financial assets and liabilities, by level within the fair value hierarchy, that were accounted for at fair value on a recurring basis at September 30, 2024 and December 31, 2023. We classify financial assets and liabilities in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair-valued assets and liabilities and their placement within the fair value hierarchy. We have not changed the valuation techniques or types of inputs we use to measure recurring fair value since December 31, 2023.

The determination of fair values, shown in the tables below, incorporates various factors, including but not limited to, the credit standing of the counterparties involved and the impact of credit enhancements (such as cash deposits, letters of credit and priority interests).

Our financial assets and liabilities that were accounted for at fair value on a recurring basis in the tables below include the following:

- Nuclear decommissioning trusts reflect the assets of SDG&E's NDT, excluding accounts receivable and accounts payable. A third-party trustee values the trust assets using prices from a pricing service based on a market approach. We validate these prices by comparison to prices from other independent data sources. Securities are valued using quoted prices listed on nationally recognized securities exchanges or based on closing prices reported in the active market in which the identical security is traded (Level 1). Other securities are valued based on yields that are currently available for comparable securities of issuers with similar credit ratings (Level 2).
- For commodity contracts, interest rate instruments and foreign exchange instruments, we primarily use a market or income approach with market participant assumptions to value these derivatives. Market participant assumptions include those about risk, and the risk inherent in the inputs to the valuation techniques. These inputs can be readily observable, market corroborated, or generally unobservable. We have exchange-traded derivatives that are valued based on quoted prices in active markets for the identical instruments (Level 1). We also may have other commodity derivatives that are valued using industry standard models that consider quoted forward prices for commodities, time value, current market and contractual prices for the underlying instruments, volatility factors, and other relevant economic measures (Level 2). Level 3 recurring items relate to CRRs at SDG&E, as we discuss below in "Level 3 Information – SDG&E."
- Rabbi Trust investments include short-term investments that consist of money market and mutual funds that we value using a market approach based on closing prices reported in the active market in which the identical security is traded (Level 1).
- As we discuss in Note 5, in July 2020, Sempra entered into a Support Agreement for the benefit of CFIN. We measure the Support Agreement, which includes a guarantee obligation, a put option and a call option, net of related guarantee fees, at fair value on a recurring basis. We use a discounted cash flow model to value the Support Agreement, net of related guarantee fees. Because some of the inputs that are significant to the valuation are less observable, the Support Agreement is classified as Level 3, as we describe below in "Level 3 Information – Other Sempra."

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RECURRING FAIR VALUE MEASURES
(Dollars in millions)

	Level 1	Level 2	Level 3	Netting ⁽¹⁾	Total
Fair value at September 30, 2024					
Sempra:					
Assets:					
Nuclear decommissioning trusts:					
Short-term investments, primarily cash equivalents	\$ 15	\$ 3	\$ —	\$ 18	
Equity securities	315	4	—		319
Debt securities:					
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	45	25	—		70
Municipal bonds	—	287	—		287
Other securities	—	231	—		231
Total debt securities	45	543	—		588
Total nuclear decommissioning trusts ⁽²⁾	375	550	—		925
Short-term investments held in Rabbi Trust	59	—	—		59
Support Agreement, net of related guarantee fees	—	—	24		24
Interest rate instruments	—	77	—	\$ —	77
Foreign exchange instruments	—	6	—	—	6
Commodity contracts not subject to rate recovery	6	53	—	15	74
Commodity contracts subject to rate recovery	4	2	6	21	33
Total	\$ 444	\$ 688	\$ 30	\$ 36	\$ 1,198
Liabilities:					
Interest rate instruments	\$ —	\$ 3	\$ —	\$ —	3
Foreign exchange instruments	—	1	—	—	1
Commodity contracts not subject to rate recovery	—	64	—	(40)	24
Commodity contracts subject to rate recovery	18	48	—	(19)	47
Total	\$ 18	\$ 116	\$ —	\$ (59)	\$ 75

Fair value at December 31, 2023

	Level 1	Level 2	Level 3	Netting ⁽¹⁾	Total
Fair value at December 31, 2023					
Sempra:					
Assets:					
Nuclear decommissioning trusts:					
Short-term investments, primarily cash equivalents	\$ 19	\$ 2	\$ —	\$ 21	
Equity securities	308	4	—		312
Debt securities:					
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	34	17	—		51
Municipal bonds	—	275	—		275
Other securities	—	220	—		220
Total debt securities	34	512	—		546
Total nuclear decommissioning trusts ⁽²⁾	361	518	—		879
Short-term investments held in Rabbi Trust	67	—	—		67
Support Agreement, net of related guarantee fees	—	—	23		23
Interest rate instruments	—	87	—	\$ —	87
Commodity contracts not subject to rate recovery	—	5	—	74	79
Commodity contracts subject to rate recovery	—	1	10	22	33
Total	\$ 428	\$ 611	\$ 33	\$ 96	\$ 1,168
Liabilities:					
Foreign exchange instruments	\$ —	\$ 9	\$ —	\$ —	9
Commodity contracts not subject to rate recovery	—	6	—	—	6
Commodity contracts subject to rate recovery	20	210	—	(19)	211
Total	\$ 20	\$ 225	\$ —	\$ (19)	\$ 226

⁽¹⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

⁽²⁾ Excludes receivables (payables), net.

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RECURRING FAIR VALUE MEASURES						
(Dollars in millions)						
	Level 1	Level 2	Level 3	Netting ⁽¹⁾	Total	
Fair value at September 30, 2024						
SDG&E:						
Assets:						
Nuclear decommissioning trusts:						
Short-term investments, primarily cash equivalents	\$ 15	\$ 3	\$ —		\$ 18	
Equity securities	315	4	—		319	
Debt securities:						
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	45	25	—		70	
Municipal bonds	—	287	—		287	
Other securities	—	231	—		231	
Total debt securities	45	543	—		588	
Total nuclear decommissioning trusts ⁽²⁾	375	550	—		925	
Commodity contracts subject to rate recovery	4	1	6	\$ 20	31	
Total	\$ 379	\$ 551	\$ 6	\$ 20	\$ 956	
Liabilities:						
Commodity contracts subject to rate recovery	\$ 18	\$ 1	\$ —	\$ (18)	\$ 1	
Fair value at December 31, 2023						
SDG&E:						
Assets:						
Nuclear decommissioning trusts:						
Short-term investments, primarily cash equivalents	\$ 19	\$ 2	\$ —		\$ 21	
Equity securities	308	4	—		312	
Debt securities:						
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	34	17	—		51	
Municipal bonds	—	275	—		275	
Other securities	—	220	—		220	
Total debt securities	34	512	—		546	
Total nuclear decommissioning trusts ⁽²⁾	361	518	—		879	
Commodity contracts subject to rate recovery	—	—	10	\$ 21	31	
Total	\$ 361	\$ 518	\$ 10	\$ 21	\$ 910	
Liabilities:						
Commodity contracts subject to rate recovery	\$ 20	\$ —	\$ —	\$ (19)	\$ 1	

⁽¹⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

⁽²⁾ Excludes receivables (payables), net.

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RECURRING FAIR VALUE MEASURES

(Dollars in millions)

	Level 1	Level 2	Level 3	Netting ⁽¹⁾	Total
Fair value at September 30, 2024					
SoCalGas:					
Assets:					
Commodity contracts subject to rate recovery	\$	—	\$ 1	\$ —	\$ 1
Liabilities:					
Commodity contracts subject to rate recovery	\$	—	\$ 47	\$ —	\$ (1)
Fair value at December 31, 2023					
SoCalGas:					
Assets:					
Commodity contracts subject to rate recovery	\$	—	\$ 1	\$ —	\$ 1
Liabilities:					
Commodity contracts subject to rate recovery	\$	—	\$ 210	\$ —	\$ 210

⁽¹⁾ Includes the effect of the contractual ability to settle contracts under master netting agreements and with cash collateral, as well as cash collateral not offset.

Level 3 Information

SDG&E

The table below sets forth reconciliations of changes in the fair value of CRRs classified as Level 3 in the fair value hierarchy for Sempra and SDG&E.

LEVEL 3 RECONCILIATIONS⁽¹⁾

(Dollars in millions)

	Three months ended September 30,	
	2024	2023
Balance at July 1	\$ 6	\$ 20
Realized and unrealized gains (losses), net	(3)	(2)
Allocated transmission instruments	1	1
Settlements	2	(1)
Balance at September 30	<u>\$ 6</u>	<u>\$ 18</u>
Change in unrealized gains relating to instruments still held at September 30	\$ —	\$ 1
	Nine months ended September 30,	
	2024	2023
Balance at January 1	\$ 10	\$ 35
Realized and unrealized gains (losses), net	(6)	(10)
Allocated transmission instruments	1	(1)
Settlements	1	(6)
Balance at September 30	<u>\$ 6</u>	<u>\$ 18</u>
Change in unrealized losses relating to instruments still held at September 30	\$ (1)	\$ (8)

⁽¹⁾ Excludes the effect of the contractual ability to settle contracts under master netting agreements and cash collateral.

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Inputs used to determine the fair value of CRRs are reviewed and compared with market conditions to determine reasonableness.

CRRs are recorded at fair value based almost entirely on the most current auction prices published by the California ISO, an objective source. Annual auction prices are published once a year, typically in the middle of November, and are the basis for valuing CRRs settling in the following year. For the CRRs settling from January 1 to December 31, the auction price inputs, at a given location, were in the following ranges for the years indicated below:

CONGESTION REVENUE RIGHTS AUCTION PRICE INPUTS

Settlement year	Price per MWh			Median price per MWh			
	\$	(3.69)	to	\$	9.55	\$	(0.44)
2024							
2023		(3.09)	to		10.71		(0.56)

The impact associated with discounting is not significant. Because these auction prices are a less observable input, these instruments are classified as Level 3. The fair value of these instruments is derived from auction price differences between two locations. Positive values between two locations represent expected future reductions in congestion costs, whereas negative values between two locations represent expected future charges. Valuation of our CRRs is sensitive to a change in auction price. If auction prices at one location increase (decrease) relative to another location, this could result in a significantly higher (lower) fair value measurement. We summarize CRR volumes in Note 7.

Realized gains and losses associated with CRRs, which are recoverable in rates, are recorded in Cost of Electric Fuel and Purchased Power on the Condensed Consolidated Statements of Operations. Because unrealized gains and losses are recorded as regulatory assets and liabilities, they do not affect earnings.

Other Sempra

The table below sets forth reconciliations of changes in the fair value of Sempra's Support Agreement for the benefit of CFIN classified as Level 3 in the fair value hierarchy.

LEVEL 3 RECONCILIATIONS

(Dollars in millions)

	Three months ended September 30,		
	2024	2023	
Balance at July 1	\$ 23	\$ 23	
Realized and unrealized gains (losses), net ⁽¹⁾	3	(3)	
Settlements	(2)	(2)	
Balance at September 30 ⁽²⁾	\$ 24	\$ 18	
Change in unrealized gains (losses) relating to instruments still held at September 30	\$ 3	(2)	

	Nine months ended September 30,		
	2024	2023	
Balance at January 1	\$ 23	\$ 17	
Realized and unrealized gains (losses), net ⁽¹⁾	7	7	
Settlements	(6)	(6)	
Balance at September 30 ⁽²⁾	\$ 24	\$ 18	
Change in unrealized gains relating to instruments still held at September 30	\$ 6	\$ 7	

⁽¹⁾ Net gains are included in Interest Income and net losses are included in Interest Expense on Sempra's Condensed Consolidated Statements of Operations.

⁽²⁾ Includes \$ 7 in Other Current Assets and \$ 17 in Other Long-term Assets at September 30, 2024 on Sempra's Condensed Consolidated Balance Sheet.

The fair value of the Support Agreement, net of related guarantee fees, is based on a discounted cash flow model using a probability of default and survival methodology. Our estimate of fair value considers inputs such as third-party default rates, credit ratings, recovery rates, and risk-adjusted discount rates, which may be readily observable, market corroborated or generally unobservable inputs. Because CFIN's credit rating and related default and survival rates are unobservable inputs that are significant to the valuation, the Support Agreement, net of related guarantee fees, is classified as Level 3. We assigned CFIN an internally developed credit rating of A3 and relied on default rate data published by Moody's to assign a probability of default. A hypothetical change in the credit rating up or down one notch could result in a significant change in the fair value of the Support Agreement.

Fair Value of Financial Instruments

The fair values of certain of our financial instruments (cash, current and noncurrent accounts receivable, amounts due to/from unconsolidated affiliates with original maturities of less than 90 days, dividends and accounts payable due in one year or less, short-term debt and customer deposits) approximate their carrying amounts because of the short-term nature of these instruments. Investments in life insurance contracts that we hold in support of our Supplemental Executive Retirement, Cash Balance Restoration and Deferred Compensation Plans are carried at cash surrender values, which represent the amount of cash that could be realized under the contracts. The following table provides the carrying amounts and fair values of certain other financial instruments that are not recorded at fair value on the Condensed Consolidated Balance Sheets.

FAIR VALUE OF FINANCIAL INSTRUMENTS									
(Dollars in millions)									
	Carrying amount	Fair value							
		Level 1	Level 2	Level 3					Total
September 30, 2024									
Sempra:									
Long-term note receivable ⁽¹⁾	\$ 347	\$ —	\$ —	\$ 339	\$ 339				
Long-term amounts due to unconsolidated affiliates	347	—	326	—	326				
Total long-term debt ⁽²⁾	31,224	—	29,765	—	29,765				
SDG&E:									
Total long-term debt ⁽³⁾	\$ 8,950	\$ —	\$ 8,247	\$ —	\$ 8,247				
SoCalGas:									
Total long-term debt ⁽⁴⁾	\$ 7,359	\$ —	\$ 7,220	\$ —	\$ 7,220				
December 31, 2023									
Sempra:									
Long-term note receivable ⁽¹⁾	\$ 334	\$ —	\$ —	\$ 318	\$ 318				
Long-term amounts due to unconsolidated affiliates	312	—	283	—	283				
Total long-term debt ⁽²⁾	27,716	—	25,617	—	25,617				
SDG&E:									
Total long-term debt ⁽³⁾	\$ 8,750	\$ —	\$ 7,856	\$ —	\$ 7,856				
SoCalGas:									
Total long-term debt ⁽⁴⁾	\$ 6,759	\$ —	\$ 6,442	\$ —	\$ 6,442				

⁽¹⁾ Before allowances for credit losses of \$ 5 and \$ 6 at September 30, 2024 and December 31, 2023, respectively. Excludes unamortized transaction costs of \$ 3 and \$ 4 at September 30, 2024 and December 31, 2023, respectively.

⁽²⁾ After the effects of interest rate swaps. Before reductions of unamortized discount and debt issuance costs of \$ 366 and \$ 322 at September 30, 2024 and December 31, 2023, respectively, and excluding finance lease obligations of \$ 1,318 and \$ 1,340 at September 30, 2024 and December 31, 2023, respectively.

⁽³⁾ Before reductions of unamortized discount and debt issuance costs of \$ 97 and \$ 89 at September 30, 2024 and December 31, 2023, respectively, and excluding finance lease obligations of \$ 1,209 and \$ 1,233 at September 30, 2024 and December 31, 2023, respectively.

⁽⁴⁾ Before reductions of unamortized discount and debt issuance costs of \$ 68 and \$ 55 at September 30, 2024 and December 31, 2023, respectively, and excluding finance lease obligations of \$ 109 and \$ 107 at September 30, 2024 and December 31, 2023, respectively.

We provide the fair values for the securities held in the NDT related to SONGS in Note 10.

NOTE 9. SEMPRA – EQUITY AND EARNINGS PER COMMON SHARE

PREFERRED STOCK

On May 2, 2024, Sempra filed an amendment to its amended and restated articles of incorporation to implement the revocation of the series A preferred stock and series B preferred stock, all of which had previously been converted to Sempra common stock, thereby decreasing the number of authorized shares of series A preferred stock from 17,250,000 to zero and series B preferred stock from 5,750,000 to zero. Effective as of May 2, 2024, each such series of stock is no longer an authorized series of Sempra's capital stock.

COMMON STOCK SPLIT IN THE FORM OF A STOCK DIVIDEND

On August 2, 2023, Sempra's board of directors declared a two -for-one split of Sempra's common stock in the form of a 100 % stock dividend for shareholders of record at the close of business on August 14, 2023. Each such shareholder of record received one additional share of Sempra common stock for every then-held share of Sempra common stock, which was distributed after the close of trading on August 21, 2023. Sempra's common stock began trading on a post-split basis effective August 22, 2023. Sempra's common stock continues to have no par value with 1,125,000,000 authorized shares.

Except as expressly noted, all share and per share information related to issued and outstanding common stock and outstanding equity awards with respect to common stock has been retroactively adjusted to reflect the stock split and is presented on a post-split basis herein.

COMMON STOCK OFFERINGS

ATM Program

On November 6, 2024, we established an ATM program, providing for the offer and sale of shares of Sempra common stock having an aggregate gross sales price of up to \$ 3.0 billion through agents acting as our sales agents or as forward sellers or directly to the agents as principals. The shares may be offered and sold in amounts and at times to be determined by us from time to time. The agents will be entitled to a commission that will not exceed 1.0 % of the gross sales price of all shares sold through it as agent pursuant to the sales agreement.

Under the ATM program, we may enter into separate forward sale agreements with affiliates of the agents as forward purchasers. We expect to fully physically settle each forward sale agreement, if any. However, we will generally have the right, subject to certain exceptions, to elect to cash settle or net share settle all or any portion of our obligations under any such forward sale agreement. If we enter into a forward sale agreement with any forward purchaser, we expect that such forward purchaser (or its affiliate) will attempt to borrow from third parties and sell, through the relevant agent acting, as sales agent for such forward purchaser, shares of our common stock to hedge such forward purchaser's exposure under such forward sale agreement. We will not receive any proceeds from any sale of shares borrowed by a forward purchaser (or its affiliate) and sold through a forward seller. The forward seller will receive a commission, in the form of a reduction to the initial forward price under the related forward sale agreement, at a mutually agreed rate that will not exceed (subject to certain exceptions) 1.0 % of the volume-weighted average of the gross sales price per share of all of the borrowed shares of Sempra common stock sold through such forward seller.

We intend to use a substantial portion of the net proceeds we receive from the issuance and sale by us of any shares of our common stock to or through the agents and any net proceeds we receive through the settlement of any forward sale agreements with the forward purchasers for working capital and other general corporate purposes, including to partly finance anticipated increases to our long-term capital plan and to repay outstanding commercial paper and potentially other indebtedness.

November 2023 Forward Sale Agreements

In November 2023, we completed the offering of 19,242,010 shares of our common stock, no par value, in a registered public offering at \$ 70.00 per share (\$ 68.845 per share after deducting underwriting discounts), 17,142,858 shares of which were pursuant to forward sale agreements. We discuss the common stock offering in Note 14 of the Notes to Consolidated Financial Statements in the Annual Report.

As of November 6, 2024, a total of 17,142,858 shares of Sempra common stock from our November 2023 offering remain subject to future settlement under these forward sale agreements, which may be settled on one or more dates specified by us occurring no later than December 31, 2024, which is the final settlement date under the agreements. Although we expect to settle the forward sale agreements entirely by the physical delivery of shares of our common stock in exchange for cash proceeds, we may, subject to certain conditions, elect cash settlement or net share settlement for all or a portion of our obligations under the forward sale agreements. The forward sale agreements are also subject to acceleration by the counterparties to the agreements upon the occurrence of certain events.

COMMON STOCK REPURCHASES

In the nine months ended September 30, 2024 and 2023, we withheld 565,571 shares for \$ 41 million and 411,447 shares for \$ 32 million, respectively, of our common stock that would otherwise be issued to long-term incentive plan participants who do not elect otherwise upon the vesting of RSUs and exercise of stock options in an amount sufficient to satisfy minimum statutory tax withholding requirements. Such share withholding is considered a share repurchase for accounting purposes.

NONCONTROLLING INTERESTS

Ownership interests in a consolidated entity that are held by unconsolidated owners are accounted for and reported as NCI.

The following table summarizes net income attributable to Sempra and transfers (to) from NCI, which shows the effects of changes in Sempra's ownership interest in its subsidiaries on Sempra's shareholders' equity.

INCOME ATTRIBUTABLE TO SEMPRA AND TRANSFERS (TO) FROM NCI

(in millions)

		Three months ended	Nine months ended
		September 30, 2023	
Sempra:			
Net income attributable to Sempra		\$ 732	2,327
Transfers (to) from NCI:			
Decrease in shareholders' equity for sales of NCI		(62)	(44)
Transfers (to) from NCI		(62)	(44)
Change from net income attributable to Sempra and transfers (to) from NCI		\$ 670	2,283

SI Partners

Contributions from NCI. In the three months and nine months ended September 30, 2023, KKR Pinnacle used \$ 14 million and \$ 200 million, respectively, of a credit from Sempra pursuant to the SI Partners limited partnership agreement, to fund its share of contributions to SI Partners. As a result, we recorded a \$ 200 million increase in equity held by NCI and a decrease in Sempra's shareholders' equity of \$ 145 million, net of a tax benefit.

SI Partners Subsidiaries

Sale of NCI to KKR Denali. In September 2023, an indirect subsidiary of SI Partners completed the sale of a 60 % interest in an SI Partners subsidiary (resulting in an indirect 42 % NCI in the PA LNG Phase 1 project) to KKR Denali for aggregate cash consideration of \$ 984 million, before post-closing adjustments recorded subsequently. As a result of this sale, we recorded a \$ 1.1 billion increase in equity held by NCI and a decrease in Sempra's shareholders' equity of \$ 56 million, including \$ 11 million in transaction costs and net of a \$ 22 million tax benefit.

The indirect subsidiary of SI Partners and KKR Denali have made capital contribution commitments to fund their respective equity share of the equity funding amount of anticipated development costs of the PA LNG Phase 1 project, except in certain budget overrun scenarios.

Sale of NCI to ConocoPhillips Affiliate. In March 2023, an indirect subsidiary of SI Partners completed the sale of an indirect 30 % interest in an SI Partners subsidiary (resulting in an indirect 30 % NCI in the PA LNG Phase 1 project) to an affiliate of ConocoPhillips for aggregate cash consideration of \$ 254 million. As a result of this sale, we recorded a \$ 234 million increase in equity held by NCI and an increase in Sempra's shareholders' equity of \$ 12 million, net of \$ 3 million in transaction costs and \$ 5 million in tax expense.

The indirect subsidiary of SI Partners and the ConocoPhillips affiliate have made certain customary capital contribution commitments to fund their respective pro rata equity share of the total anticipated capital calls for the equity portion of the anticipated development costs of the PA LNG Phase 1 project. In addition, both SI Partners and ConocoPhillips have provided guarantees relating to their respective affiliate's commitment to make its pro rata equity share of capital contributions to fund 110 % of the development budget of the PA LNG Phase 1 project, in an aggregate amount of up to \$ 9.0 billion. SI Partners' guarantee covers 70 % of this amount plus enforcement costs of its guarantee. As of September 30, 2024, an aggregate amount of \$ 2.7 billion has been paid by SI Partners' indirect subsidiary in satisfaction of its commitment to fund its portion of the development budget of the PA LNG Phase 1 project.

EARNINGS PER COMMON SHARE

Basic EPS is calculated by dividing earnings attributable to common shares by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution of common stock equivalent shares that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

EARNINGS PER COMMON SHARE COMPUTATIONS

(Dollars in millions, except per share amounts; shares in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Sempra:				
Numerator:				
Earnings attributable to common shares	\$ 638	\$ 721	\$ 2,152	\$ 2,293
Denominator:				
Weighted-average common shares outstanding for basic EPS ¹⁾	633,752	630,036	633,342	629,963
Dilutive effect of common shares sold forward	2,312	—	1,375	—
Dilutive effect of stock options and RSUs ²⁾	1,997	2,288	1,849	2,268
Weighted-average common shares outstanding for diluted EPS	638,061	632,324	636,566	632,231
EPS:				
Basic	\$ 1.01	\$ 1.14	\$ 3.40	\$ 3.64
Diluted	\$ 1.00	\$ 1.14	\$ 3.38	\$ 3.63

⁽¹⁾ Includes 615 and 716 fully vested RSUs held in our Deferred Compensation Plan for the three months ended September 30, 2024 and 2023, respectively, and 616 and 716 of such RSUs for the nine months ended September 30, 2024 and 2023, respectively. These fully vested RSUs are included in weighted-average common shares outstanding for basic EPS because there are no conditions under which the corresponding shares will not be issued.

⁽²⁾ Due to market fluctuations of both Sempra common stock and the comparative indices used to determine the vesting percentage of our total shareholder return performance-based RSUs, which we discuss in Note 10 of the Notes to Consolidated Financial Statements in the Annual Report, dilutive RSUs may vary widely from period-to-period.

The potentially dilutive impact from stock options and RSUs is calculated under the treasury stock method. Under this method, proceeds based on the exercise price and unearned compensation are assumed to be used to repurchase shares on the open market at the average market price for the period, reducing the number of potential new shares to be issued and sometimes causing an antidilutive effect. The computation of diluted EPS for the three months and nine months ended September 30, 2024 excludes 450,243 and 996,966 potentially dilutive shares, respectively, and the computation of diluted EPS for the three months and nine months ended September 30, 2023 excludes 624,242 and 470,804 potentially dilutive shares, respectively, because to include them would be antidilutive for the period. However, these shares could potentially dilute basic EPS in the future.

The potentially dilutive impact from the forward sale of our common stock pursuant to the forward sale agreements that we discuss above is reflected in our diluted EPS calculation using the treasury stock method. We anticipate there will be a dilutive effect on our EPS when the average market price of our common stock shares is above the applicable adjusted forward sale price, subject to increase or decrease based on the overnight bank funding rate, less a spread, and subject to decrease by amounts related to expected dividends on shares of our common stock during the term of the forward sale agreements. Additionally, if we decide to physically settle or net share settle the forward sale agreements, delivery of our shares to the forward purchasers on any such physical settlement or net share settlement of the forward sale agreements would result in dilution to our EPS.

Pursuant to Sempra's share-based compensation plans, the Compensation and Talent Development Committee of Sempra's board of directors granted 414,812 nonqualified stock options, 721,049 performance-based RSUs and 312,043 service-based RSUs in the nine months ended September 30, 2024, primarily in January.

We discuss share-based compensation plans and related awards and the terms and conditions of Sempra's equity securities further in Notes 10, 13 and 14 of the Notes to Consolidated Financial Statements in the Annual Report.

NOTE 10. SAN ONOFRE NUCLEAR GENERATING STATION

We provide below updates to ongoing matters related to SONGS, a nuclear generating facility near San Clemente, California that permanently ceased operations in June 2013, and in which SDG&E has a 20 % ownership interest. We discuss SONGS further in Note 15 of the Notes to Consolidated Financial Statements in the Annual Report.

NUCLEAR DECOMMISSIONING AND FUNDING

As a result of Edison's decision to permanently retire SONGS Units 2 and 3, Edison began the decommissioning phase of the plant. Major decommissioning work began in 2020. We expect the majority of the decommissioning work to be completed around 2030. Decommissioning of Unit 1, removed from service in 1992, is largely complete. The remaining work for Unit 1 will be completed once Units 2 and 3 are dismantled and the spent fuel is removed from the site. The spent fuel is currently being stored on-site, until the DOE identifies a spent fuel storage facility and puts in place a program for the fuel's disposal. SDG&E is responsible for approximately 20 % of the total decommissioning cost.

In accordance with state and federal requirements and regulations, SDG&E has assets held in the NDT to fund its share of decommissioning costs for SONGS Units 1, 2 and 3. Amounts that were collected in rates for SONGS' decommissioning are invested in the NDT, which is comprised of externally managed trust funds. Amounts held by the NDT are invested in accordance with CPUC regulations. SDG&E classifies debt and equity securities held in the NDT as available-for-sale. The NDT assets are presented on the Sempra and SDG&E Condensed Consolidated Balance Sheets at fair value with the offsetting credits recorded in noncurrent Regulatory Liabilities.

Except for the use of funds for the planning of decommissioning activities or NDT administrative costs, CPUC approval is required for SDG&E to access the NDT assets to fund SONGS decommissioning costs for Units 2 and 3. In December 2023, the CPUC granted SDG&E authorization to access NDT funds of up to \$ 79 million for forecasted 2024 costs.

Nuclear Decommissioning Trusts

The following table shows the fair values and gross unrealized gains and losses for the securities held in the NDT on the Sempra and SDG&E Condensed Consolidated Balance Sheets. We provide additional fair value disclosures for the NDT in Note 8.

NUCLEAR DECOMMISSIONING TRUSTS						
(Dollars in millions)						
	Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value		
September 30, 2024						
Short-term investments, primarily cash equivalents	\$ 18	\$ —	\$ —	\$ 18		
Equity securities	80	241	(2)	319		
Debt securities:						
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies ⁽¹⁾	69	1	—	70		
Municipal bonds ⁽²⁾	290	3	(6)	287		
Other securities ⁽³⁾	233	4	(6)	231		
Total debt securities	592	8	(12)	588		
Receivables (payables), net	(19)	—	—	(19)		
Total	\$ 671	\$ 249	\$ (14)	\$ 906		
December 31, 2023						
Short-term investments, primarily cash equivalents	\$ 21	\$ —	\$ —	\$ 21		
Equity securities	89	225	(2)	312		
Debt securities:						
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	50	2	(1)	51		
Municipal bonds	280	3	(8)	275		
Other securities	228	3	(11)	220		
Total debt securities	558	8	(20)	546		
Receivables (payables), net	(7)	—	—	(7)		
Total	\$ 661	\$ 233	\$ (22)	\$ 872		

(1) Maturity dates are 2025-2055.

(2) Maturity dates are 2024-2062.

(3) Maturity dates are 2024-2072.

The following table shows the proceeds from sales of securities in the NDT and gross realized gains and losses on those sales.

SALES OF SECURITIES IN THE NUCLEAR DECOMMISSIONING TRUSTS						
(Dollars in millions)						
	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	2024	2024	2023	2023
Proceeds from sales	\$ 259	\$ 143	\$ 639	\$ 639	\$ 437	
Gross realized gains	17	12	41	41	20	
Gross realized losses	2	3	7	7	9	

Net unrealized gains and losses, as well as realized gains and losses that are reinvested in the NDT, are included in noncurrent Regulatory Liabilities on Sempra's and SDG&E's Condensed Consolidated Balance Sheets. We determine the cost of securities in the trusts on the basis of specific identification.

ASSET RETIREMENT OBLIGATION

The present value of SDG&E's ARO related to decommissioning costs for all three SONGS units was \$ 480 million at September 30, 2024 and is based on a cost study prepared in 2020, which the CPUC approved in August 2024.

NUCLEAR INSURANCE

SDG&E and the other owners of SONGS have insurance to cover claims from nuclear liability incidents arising at SONGS. Currently, this insurance provides \$ 500 million in coverage limits, the maximum amount available, including coverage for acts of terrorism. In addition, the Price-Anderson Act provides an additional \$ 60 million of coverage. If a nuclear liability loss occurs at SONGS and exceeds the \$ 500 million insurance limit, this additional coverage would be available to provide a total of \$ 560 million in coverage limits per incident.

The SONGS owners have nuclear property damage insurance of \$ 130 million, which exceeds the minimum federal requirement of \$ 50 million. This insurance coverage is provided through NEIL. The NEIL policies have specific exclusions and limitations that can result in reduced coverage. Insured members as a group are subject to retrospective premium assessments to cover losses sustained by NEIL under all issued policies. SDG&E could be assessed a negligible amount for retrospective premiums based on overall member claims.

The nuclear property insurance program includes an industry aggregate loss limit for non-certified acts of terrorism (as defined by the Terrorism Risk Insurance Act) of \$ 3.24 billion. This is the maximum amount that will be paid to insured members who suffer losses or damages from these non-certified terrorist acts.

NOTE 11. COMMITMENTS AND CONTINGENCIES

LEGAL PROCEEDINGS

We accrue losses for a legal proceeding when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. However, the uncertainties inherent in legal proceedings make it difficult to reasonably estimate the costs and effects of resolving these matters. Accordingly, actual costs incurred may differ materially from amounts accrued, may exceed, and in some cases have exceeded, applicable insurance coverage and could materially adversely affect our business, results of operations, financial condition, cash flows and/or prospects. Unless otherwise indicated, we are unable to reasonably estimate possible losses or a range of losses in excess of any amounts accrued.

At September 30, 2024, loss contingency accruals for legal matters that are probable and estimable were \$ 53 million for Sempra, negligible for SDG&E and \$ 28 million for SoCalGas.

SDG&E

City of San Diego Franchise Agreement

In 2021, two lawsuits were filed in the California Superior Court challenging various aspects of the natural gas and electric franchise agreements granted by the City of San Diego to SDG&E. Both lawsuits ultimately sought to void the franchise agreements. In one of the cases, judgment was granted in favor of SDG&E and the City of San Diego, and the plaintiff in that case has appealed. We expect a ruling on the appeal in the first quarter of 2025. In the second case, the court ruled in favor of SDG&E and the City of San Diego, upholding all terms of the franchise agreements, except for the two-thirds City Council vote requirement for termination if the City decides to terminate under certain circumstances. Under the court's ruling, the City can instead terminate on a majority vote, so long as it satisfies repayment provisions under the franchise agreements. Both sides have appealed the ruling.

SoCalGas

Aliso Canyon Natural Gas Storage Facility Gas Leak

From October 23, 2015 through February 11, 2016, SoCalGas experienced a natural gas leak from one of the injection-and-withdrawal wells, SS25, at its Aliso Canyon natural gas storage facility in Los Angeles County.

In September 2021, SoCalGas and Sempra entered into an agreement with counsel to resolve approximately 390 lawsuits including approximately 36,000 plaintiffs (the Individual Plaintiffs) then pending against SoCalGas and Sempra related to the Leak for a payment of up to \$ 1.8 billion. Over 99 % of the Individual Plaintiffs participated and submitted valid releases, and SoCalGas paid \$ 1.79 billion in 2022 under the agreement. The Individual Plaintiffs who did not participate in the settlement (the Non-Settling Individual Plaintiffs) are able to continue to pursue their claims. As of November 1, 2024, there are approximately 520 plaintiffs, who are either new plaintiffs or Non-Settling Individual Plaintiffs.

The new plaintiffs' cases and Non-Settling Individual Plaintiffs' cases are coordinated before a single court in the Los Angeles County Superior Court for pretrial management under a consolidated master complaint filed in November 2017, with one plaintiff's case proceeding under a separate complaint. Both the consolidated master complaint and the separate complaint assert negligence, negligence per se, strict liability, negligent and intentional infliction of emotional distress and fraudulent concealment. The consolidated master complaint asserts additional causes of action for private and public nuisance (continuing and permanent), trespass, inverse condemnation, loss of consortium and wrongful death against SoCalGas and Sempra. The separate complaint asserts an additional cause of action for assault and battery. Both complaints seek compensatory and punitive damages for personal injuries, lost wages and/or lost profits, costs of future medical monitoring, and attorneys' fees. The consolidated master complaint also seeks property damage and diminution in property value, injunctive relief and civil penalties.

At September 30, 2024, \$ 21 million is accrued in Other Current Liabilities and \$ 1 million is accrued in Deferred Credits and Other on SoCalGas' and Sempra's Condensed Consolidated Balance Sheets. These accruals do not include any amounts in excess of what has been reasonably estimated to resolve certain matters that we describe above, nor any amounts that may be necessary to resolve threatened litigation, other potential litigation or other costs. We are not able to reasonably estimate the possible loss or a range of possible losses in excess of the amounts accrued, which could be significant and could have a material adverse effect on SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

Aliso Canyon Natural Gas Storage Facility Regulatory Proceeding

In February 2017, the CPUC opened proceeding SB 380 OII to determine the feasibility of minimizing or eliminating the use of the Aliso Canyon natural gas storage facility while still maintaining energy and electric reliability for the region, but excluding issues with respect to air quality, public health, causation, culpability or cost responsibility regarding the Leak. The first phase of the proceeding established a framework for the hydraulic, production cost and economic modeling assumptions for the potential reduction in usage or elimination of the Aliso Canyon natural gas storage facility, as well as evaluating the impacts of reducing or eliminating the Aliso Canyon natural gas storage facility using the established framework and models. The next phase of the proceeding included engaging a consultant to analyze alternative means for meeting or avoiding the demand for the facility's services if it were eliminated in either the 2027 or 2035 timeframe, and to address potential implementation of alternatives to the Aliso Canyon natural gas storage facility if the CPUC determines that the Aliso Canyon natural gas storage facility should be permanently closed. The CPUC also added all California IOUs as parties to the proceeding and encouraged all load serving entities in the Los Angeles Basin to join the proceeding. We expect a final decision by the end of this year.

In August 2023, the CPUC issued a decision on the interim range of gas inventory levels at the Aliso Canyon natural gas storage facility, setting an interim range of gas inventory levels of up to 68.6 Bcf. The CPUC may issue future changes to this interim range of authorized gas inventory levels before issuing a final decision within the SB 380 OII proceeding.

At September 30, 2024, the Aliso Canyon natural gas storage facility had a net book value of \$ 1.0 billion. If the Aliso Canyon natural gas storage facility were to be permanently closed or if future cash flows from its operation were otherwise insufficient to recover its carrying value, we may record an impairment of the facility, which could be material, and natural gas reliability and electric generation could be jeopardized.

Other Sempra

Energía Costa Azul

We describe below certain land disputes and permit challenges affecting our ECA Regas Facility. Certain of these land disputes involve land on which portions of the ECA LNG liquefaction facilities under construction and in development are expected to be situated or on which portions of the ECA Regas Facility that would be necessary for the operation of such ECA LNG liquefaction facilities are situated. One or more unfavorable final decisions on these disputes or challenges could materially adversely affect our existing natural gas regasification operations and proposed natural gas liquefaction projects at the site of the ECA Regas Facility and have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

Land Disputes. Sempra Infrastructure has been engaged in a long-running land dispute with a claimant relating to property adjacent to its ECA Regas Facility that allegedly overlaps with land owned by the ECA Regas Facility (the facility, however, is not situated on the land that is the subject of this dispute), as follows:

- The claimant to the adjacent property filed complaints in the federal Agrarian Court challenging the refusal of SEDATU in 2006 to issue title to him for the disputed property. In November 2013, the federal Agrarian Court ordered that SEDATU issue the requested title to the claimant and cause it to be registered. Both SEDATU and Sempra Infrastructure challenged the ruling due to lack of notification of the underlying process. In May 2019, a federal court in Mexico reversed the ruling and ordered a retrial, which is pending resolution.

- In a separate proceeding, the claimant filed suit to reinitiate an administrative procedure at SEDATU to obtain the property title that, as described above, had previously been issued in a ruling by the federal Agrarian Court and subsequently reversed by a federal court in Mexico. In April 2021, the proceeding in the Agrarian Court concluded with the court ordering that the administrative procedure be restarted. The administrative procedure at SEDATU may continue if SEDATU decides to reopen the matter.

In addition, a plaintiff filed a claim in the federal Agrarian Court that seeks to annul the property title for a portion of the land on which the ECA Regas Facility is situated and to obtain possession of a different parcel that allegedly overlaps with the site of the ECA Regas Facility. The proceeding, which seeks an order that SEDATU annul the ECA Regas Facility's competing property title, was initiated in 2006 and, in July 2021, a decision was issued in favor of the ECA Regas Facility. The plaintiff appealed and, in February 2022, the appellate court confirmed the ruling in favor of the ECA Regas Facility and dismissed the appeal. The plaintiff filed a federal appeal against the appellate court ruling. In August 2024, the Federal Collegiate Circuit Court ruled in favor of the ECA Regas Facility. The plaintiff has the option to file an appeal with the Mexican Supreme Court.

Environmental and Social Impact Permits. Several administrative challenges are pending before Mexico's Secretariat of Environment and Natural Resources (the Mexican environmental protection agency) and Federal Tax and Administrative Courts, seeking revocation of the environmental impact authorization issued to the ECA Regas Facility in 2003. These cases generally allege that the conditions and mitigation measures in the environmental impact authorization are inadequate and challenge findings that the activities of the terminal are consistent with regional development guidelines.

In 2018 and 2021, three related claimants filed separate challenges in the federal district court in Ensenada, Baja California seeking revocation of the environmental and social impact permits issued by each of ASEA and SENER to ECA LNG authorizing natural gas liquefaction activities at the ECA Regas Facility, as follows:

- In the first case, the court issued a provisional injunction against the permits in September 2018. In December 2018, ASEA approved modifications to the environmental permit that facilitate the development of the proposed natural gas liquefaction facility in two phases. In May 2019, the court canceled the provisional injunction. The claimant appealed the court's decision to cancel the injunction but was not successful. The lower court's ruling was favorable to the ECA Regas Facility, as the court determined that no harm has been caused to the plaintiff and dismissed the lawsuit. The claimant appealed and the appellate court's ruling is pending.
- In the second case, the initial request for a provisional injunction against the permits was denied. That decision was reversed on appeal in January 2020, resulting in the issuance of a new injunction against the permits that were issued by ASEA and SENER. This injunction has uncertain application absent clarification by the court. The claimants petitioned the court to rule that construction of natural gas liquefaction facilities violated the injunction and, in February 2022, the court ruled in favor of the ECA Regas Facility, holding that the natural gas liquefaction construction activities did not violate the injunction. The claimants appealed this ruling but were not successful. The lower court's ruling was favorable to the ECA Regas Facility, as the court determined that no harm has been caused to the plaintiffs and dismissed the lawsuit. The claimants appealed and the appellate court's ruling is pending.
- In the third case, a group of residents filed a complaint in June 2021 against various federal and state authorities alleging deficiencies in the public consultation process for the issuance of the permits. The request for an initial injunction was denied. The claimants appealed this ruling but were not successful. The lower court's ruling was favorable to the ECA Regas Facility, as the court determined that no harm has been caused to the plaintiffs and dismissed the lawsuit. The claimants appealed and the appellate court's ruling is pending.

Port Arthur LNG

The PA LNG Phase 1 project holds two Clean Air Act, Prevention of Significant Deterioration permits issued by the TCEQ, which we refer to as the "2016 Permit" and the "2022 Permit." The 2022 Permit also governs emissions for the proposed PA LNG Phase 2 project. In November 2023, a panel of the U.S. Court of Appeals for the Fifth Circuit issued a decision to vacate and remand the 2022 Permit to the TCEQ for additional explanation of the agency's permit decision. In February 2024, the court withdrew its opinion and referred the case to the Supreme Court of Texas to resolve the question of the appropriate standard to be applied by the TCEQ. The 2022 Permit is effective during the Texas Supreme Court's review. The 2016 Permit was not the subject of, and is unaffected by, the pending litigation of the 2022 Permit. Construction of the PA LNG Phase 1 project is proceeding uninterrupted under existing permits, and we do not currently anticipate the pending litigation to materially impact the PA LNG Phase 1 project cost, schedule or expected commercial operations at this stage.

Litigation Related to Regulatory and Other Actions by the Mexican Government

Amendments to Mexico's Electricity Industry Law. In March 2021, the Mexican government published a decree with amendments to Mexico's Electricity Industry Law that include some public policy changes, including establishing priority of dispatch for CFE plants over privately owned plants. The decree further purports to permit the CRE to revoke self-supply permits granted under the former electricity law, which were grandfathered when the new Electricity Industry Law was enacted, if it considers them to have been obtained improperly. According to the decree, these amendments were to become effective in March 2021, and SENER, the CRE and Centro Nacional de Control de Energía (Mexico's National Center for Energy Control) were to have 180 calendar days to modify, as necessary, all resolutions, policies, criteria, manuals and other regulations applicable to the power industry to conform with this decree. Numerous legal actions were taken against the decree, which resulted in Mexican courts issuing a suspension of the decree later in March 2021.

In April 2022, the Mexican Supreme Court resolved an action of unconstitutionality filed by a group of senators against the amended Electricity Industry Law. The super majority needed to find the amendment unconstitutional was not reached and the proceeding was therefore dismissed, leaving the amended Electricity Industry Law in place. However, the Court nevertheless found certain of the amendments, including the priority of dispatch for the CFE and other provisions that granted preference to the CFE over private companies, were invalid.

In January 2024, the Second Chamber of the Mexican Supreme Court definitively resolved an amparo in a separate case brought by a third party and ruled that certain provisions of the amendments of the Electricity Industry Law are unconstitutional, including the priority of dispatch for the CFE and other provisions that granted preference to the CFE over private companies. The Court also dismissed an amparo relating to the provision of the decree applicable to self-supply permits granted under the former electricity law, and established that its decision applies generally over all participants.

Sempra Infrastructure filed three lawsuits challenging the amendments to the Electricity Industry Law, including one concerning the provision permitting revocation of self-supply permits deemed improperly obtained. In each of them, Sempra Infrastructure obtained a favorable judgment in the lower court, all of which were challenged by the CRE. Following the criteria established by the Mexican Supreme Court, in July 2024, the Second Collegiate Court reversed the lower court's decision and definitively dismissed one of the lawsuits filed by Sempra Infrastructure regarding the provision permitting revocation of self-supply permits. Consequently, the CRE may be required to seek to revoke such self-supply permits, under a legal standard that is ambiguous and not well defined under the law. Sempra Infrastructure supplies power pursuant to self-supply permits, and would be permitted to file amparos challenging the constitutionality of any such action. If such self-supply permits are revoked, it may result in increased costs for Sempra Infrastructure and for its power consumers, adversely affect our ability to develop new projects, result in decreased revenues and cash flows, and negatively impact our ability to recover the carrying values of our investments in Mexico, any of which could have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects. Final resolution regarding the two remaining lawsuits is still pending.

RBS Sempra Commodities – Resolved

Sempra holds an equity method investment in RBS Sempra Commodities LLP, a limited liability partnership in the process of being liquidated. In 2015, liquidators filed a claim in the High Court of Justice against The Royal Bank of Scotland plc (now NatWest Markets plc, our partner in the JV) and Mercuria Energy Europe Trading Limited (the Defendants) on behalf of 10 companies (the Liquidating Companies) that engaged in carbon credit trading via chains that included a company that traded directly with RBS Sempra Energy Europe, a subsidiary of RBS Sempra Commodities LLP. The claim alleged that the Defendants' participation in the purchase and sale of carbon credits resulted in the Liquidating Companies' carbon credit trading transactions creating a VAT liability they were unable to pay, and that the Defendants were liable to provide for equitable compensation due to dishonest assistance and compensation under the U.K. Insolvency Act of 1986. In January 2024, the parties settled the Liquidating Companies' claim against the Defendants to fully resolve the matter; our share of such settlement was approximately £ 7.9 million (approximately \$ 10 million in U.S. dollars at December 31, 2023). For the year ended December 31, 2023, we recorded \$ 40 million in equity earnings from our investment in RBS Sempra Commodities LLP to reduce our estimate of our obligations to settle these VAT matters and related legal costs based on the settlement reached with the Liquidating Companies in January 2024.

Asbestos Claims Against EFH Subsidiaries

Certain EFH subsidiaries that we acquired as part of the merger of EFH with an indirect subsidiary of Sempra were defendants in personal injury lawsuits brought in state courts throughout the U.S. These cases alleged illness or death as a result of exposure to asbestos in power plants designed and/or built by companies whose assets were purchased by predecessor entities to the EFH subsidiaries, and generally assert claims for product defects, negligence, strict liability and wrongful death. They sought compensatory and punitive damages. As of November 1, 2024, one lawsuit is pending. Additionally, approximately 28,000 proofs of claim were filed, but not discharged, in advance of a December 2015 deadline to file a proof of claim in the EFH bankruptcy proceeding on behalf of persons who allege exposure to asbestos under similar circumstances and assert the right to file such lawsuits in the future. The costs to defend or resolve such claims and the amount of damages that may be incurred could have a material adverse effect on Sempra's results of operations, financial condition, cash flows and/or prospects.

Ordinary Course Litigation

We are also defendants in ordinary routine litigation incidental to our businesses, including personal injury, employment litigation, product liability, property damage and other claims. Juries have demonstrated an increasing willingness to grant large awards, including punitive damages, in these types of cases.

LEASES

We discuss leases further in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report.

Lessee Accounting

We have operating and finance leases for real and personal property (including office space, land, fleet vehicles, aircraft, machinery and equipment, warehouses and other operational facilities) and PPAs with renewable energy, energy storage and peaker plant facilities.

SDG&E entered into an energy storage tolling agreement that commenced in September 2024 and expires in August 2036. SDG&E recorded an operating lease right-of-use asset and operating lease liability of \$ 202 million. Future minimum lease payments are \$ 4 million in 2024, \$ 23 million in each of 2025 through 2028 and \$ 182 million thereafter.

Leases That Have Not Yet Commenced

SDG&E has entered into six PPAs, of which SDG&E expects two will commence in 2024, two will commence in 2025 and two will commence in 2026. SDG&E expects the future minimum lease payments to be \$ 5 million in 2024, \$ 41 million in 2025, \$ 67 million in 2026, \$ 68 million in both 2027 and 2028 and \$ 777 million thereafter (through expiration in 2041).

SoCalGas has entered into a lease agreement for a new headquarters office space in Los Angeles that it expects will commence in 2026. In September 2024, SoCalGas prepaid \$ 1 million and expects the future minimum lease payments to be \$ 8 million in 2028 and \$ 143 million thereafter (through expiration in 2041).

Sempra Infrastructure has entered into a lease agreement for tugboat services for the PA LNG Phase 1 project that it expects will commence in 2027. Sempra Infrastructure expects the future minimum lease payments to be \$ 10 million in 2027, \$ 12 million in 2028 and \$ 210 million thereafter (through expiration in 2047, exclusive of certain renewal options) and total future minimum fixed payments for operation and maintenance services to be \$ 184 million.

Lessor Accounting

Sempra Infrastructure is a lessor for certain of its natural gas and ethane pipelines, compressor stations, liquid petroleum gas storage facilities, a rail facility and refined products terminals, which we account for as operating or sales-type leases.

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We provide information below for leases for which we are the lessor.

LESSOR INFORMATION ON THE CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS						
(Dollars in millions)						
	Three months ended September 30,		Nine months ended September 30,			
	2024	2023	2024	2023		
Sempra – Sales-type leases:						
Interest income	\$ 1	\$ 2	\$ 4	\$ 5		
Total revenues from sales-type leases ⁽¹⁾	\$ 1	\$ 2	\$ 4	\$ 5		
Sempra – Operating leases:						
Fixed lease payments	\$ 83	\$ 78	\$ 259	\$ 234		
Variable lease payments	9	10	29	26		
Total revenues from operating leases ⁽¹⁾	\$ 92	\$ 88	\$ 288	\$ 260		
Depreciation expense	\$ 17	\$ 15	\$ 53	\$ 45		

⁽¹⁾ Included in Revenues: Energy-Related Businesses on the Condensed Consolidated Statements of Operations.

CONTRACTUAL COMMITMENTS

We discuss below significant changes in the first nine months of 2024 to contractual commitments discussed in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report.

Natural Gas Contracts

SoCalGas' natural gas contracts and transportation commitments have increased by approximately \$ 340 million since December 31, 2023, primarily from entering into new natural gas contracts in the first nine months of 2024. At September 30, 2024, we expect future payments to decrease by \$ 7 million in 2024, and increase by \$ 36 million in 2025, \$ 111 million in 2026, \$ 119 million in 2027, and \$ 81 million in 2028 compared to December 31, 2023.

Sempra Infrastructure's natural gas contracts and transportation commitments have increased by approximately \$ 474 million since December 31, 2023, primarily from entering into new natural gas contracts in the first nine months of 2024. We expect future payments to decrease by \$ 17 million in 2024, and increase by \$ 4 million in 2025, \$ 76 million in 2026, \$ 98 million in each of 2027 and 2028, and \$ 215 million thereafter (through expiration in 2059) compared to December 31, 2023.

LNG Purchase Agreement

Sempra Infrastructure has an SPA for the supply of LNG to the ECA Regas Facility. The commitment amount is calculated using a predetermined formula based on estimated forward prices of the index applicable from 2024 to 2029. Although this agreement specifies a number of cargoes to be delivered, under its terms, the supplier may divert certain cargoes, which would reduce amounts paid under the agreement by Sempra Infrastructure. At September 30, 2024, we expect the commitment amount to decrease by \$ 321 million in 2024, \$ 76 million in 2025, \$ 51 million in 2026, \$ 37 million in 2027, \$ 45 million in 2028 and \$ 30 million thereafter (through expiration in 2029) compared to December 31, 2023, reflecting changes in estimated forward prices since December 31, 2023 and actual transactions for the first nine months of 2024. These LNG commitment amounts are based on the assumption that all LNG cargoes under the agreement are delivered, less those already confirmed to be diverted as of September 30, 2024. Actual LNG purchases in the current and prior years have been significantly lower than the maximum amount provided under the agreement due to the supplier electing to divert cargoes as allowed by the agreement.

ENVIRONMENTAL ISSUES

We disclose any proceeding under environmental laws to which a government authority is a party when the potential monetary sanctions, exclusive of interest and costs, exceed the lesser of \$ 1 million or 1 % of current assets, which was \$ 51 million for Sempra, \$ 18 million for SDG&E and \$ 20 million for SoCalGas at September 30, 2024.

NOTE 12. SEMPRA – SEGMENT INFORMATION

Sempra has three separately managed reportable segments, as follows:

- *Sempra California* provides natural gas and electric service to Southern California and part of central California through Sempra's wholly owned subsidiaries, SDG&E and SoCalGas.
- *Sempra Texas Utilities* holds our investment in Oncor Holdings, which owns an 80.25 % interest in Oncor, a regulated electric transmission and distribution utility serving customers in the north-central, eastern, western and panhandle regions of Texas; and our indirect 50 % interest in Sharyland Holdings L.P., which owns Sharyland Utilities, a regulated electric transmission utility serving customers near the Texas-Mexico border.
- *Sempra Infrastructure* includes the operating companies of our subsidiary, SI Partners, as well as a holding company and certain services companies. Sempra Infrastructure develops, builds, operates and invests in energy infrastructure to help enable the energy transition in North American markets and globally. Sempra Infrastructure owns a 70 % interest in SI Partners.

The cost of common services shared by the business segments is assigned directly or allocated based on various cost factors, depending on the nature of the service provided. Interest income and expense is recorded on intercompany loans. The loan balances and related interest are eliminated in consolidation.

The following tables show selected information by segment from our Condensed Consolidated Balance Sheets, Condensed Consolidated Statements of Cash Flows and Condensed Consolidated Statements of Operations. Amounts labeled as "All other" in the following tables consist primarily of activities of parent organizations.

SEGMENT INFORMATION			
(Dollars in millions)			
	September 30, 2024	December 31, 2023	
ASSETS			
Sempra California	\$ 56,220	\$ 53,430	
Sempra Texas Utilities	15,292	14,392	
Sempra Infrastructure	21,828	19,430	
All other	1,434	967	
Intersegment receivables	(1,026)	(1,038)	
Total	\$ 93,748	\$ 87,181	
EQUITY METHOD AND OTHER INVESTMENTS			
Sempra Texas Utilities	\$ 15,280	\$ 14,380	
Sempra Infrastructure	2,291	2,129	
All other	1	1	
Total	\$ 17,572	\$ 16,510	
Nine months ended September 30,			
	2024	2023	
EXPENDITURES FOR PROPERTY, PLANT & EQUIPMENT			
Sempra California	\$ 3,329	\$ 3,344	
Sempra Infrastructure	2,433	2,725	
All other	3	5	
Total	\$ 5,765	\$ 6,074	

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SEGMENT INFORMATION (CONTINUED)

(Dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
REVENUES				
Sempra California	\$ 2,256	\$ 2,725	\$ 8,022	\$ 10,840
Sempra Infrastructure	538	629	1,466	2,485
Adjustments and eliminations	(1)	1	(1)	(1)
Intersegment revenues ⁽¹⁾	(17)	(21)	(60)	(95)
Total	\$ 2,776	\$ 3,334	\$ 9,427	\$ 13,229
DEPRECIATION AND AMORTIZATION				
Sempra California	\$ 536	\$ 491	\$ 1,585	\$ 1,435
Sempra Infrastructure	76	71	221	210
All other	2	1	5	6
Total	\$ 614	\$ 563	\$ 1,811	\$ 1,651
INTEREST INCOME				
Sempra California	\$ 4	\$ 9	\$ 12	\$ 19
Sempra Infrastructure	7	4	19	25
All other	6	7	17	17
Intercompany eliminations	—	(1)	(1)	(1)
Total	\$ 17	\$ 19	\$ 47	\$ 60
INTEREST EXPENSE				
Sempra California	\$ 213	\$ 196	\$ 627	\$ 577
Sempra Texas Utilities	1	—	1	—
Sempra Infrastructure	—	7	—	127
All other	116	109	319	292
Intercompany eliminations	(2)	—	(3)	(1)
Total	\$ 328	\$ 312	\$ 944	\$ 995
INCOME TAX (BENEFIT) EXPENSE				
Sempra California	\$ (37)	\$ (20)	\$ 90	\$ 64
Sempra Texas Utilities	1	—	1	—
Sempra Infrastructure	(43)	24	(67)	555
All other	(26)	(56)	(87)	(120)
Total	\$ (105)	\$ (52)	\$ (63)	\$ 499
EQUITY EARNINGS				
Equity earnings, before income tax:				
Sempra Texas Utilities	\$ 2	\$ 2	\$ 6	\$ 5
Sempra Infrastructure	130	131	420	413
	132	133	426	418
Equity earnings, net of income tax:				
Sempra Texas Utilities	261	305	646	548
Sempra Infrastructure	61	41	163	120
	322	346	809	668
Total	\$ 454	\$ 479	\$ 1,235	\$ 1,086
EARNINGS (LOSSES) ATTRIBUTABLE TO COMMON SHARES				
Sempra California	\$ 247	\$ 290	\$ 1,145	\$ 1,247
Sempra Texas Utilities	261	305	646	548
Sempra Infrastructure	230	223	652	746
All other	(100)	(97)	(291)	(248)
Total	\$ 638	\$ 721	\$ 2,152	\$ 2,293

⁽¹⁾ Revenues for reportable segments include intersegment revenues of \$ 6 and \$ 11 for the three months ended September 30, 2024 and \$ 16 and \$ 44 for the nine months ended September 30, 2024; \$ 5 and \$ 16 for the three months ended September 30, 2023 and \$ 14 and \$ 81 for the nine months ended September 30, 2023 for Sempra California and

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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OVERVIEW

This combined MD&A includes the operational and financial results of the following three Registrants:

- Sempra is a California-based holding company with energy infrastructure investments in North America. Our businesses invest in, develop and operate energy infrastructure, and provide electric and gas services to customers.
- SDG&E is a regulated public utility that provides electric service to San Diego and southern Orange counties and natural gas service to San Diego County.
- SoCalGas is a regulated public natural gas distribution utility, serving customers throughout most of Southern California and part of central California.

This combined MD&A should be read in conjunction with the Condensed Consolidated Financial Statements and the Notes thereto in this report, and the Consolidated Financial Statements and the Notes thereto, "Part I – Item 1A. Risk Factors" and "Part II – Item 7. MD&A" in the Annual Report.

In the fourth quarter of 2023, Sempra realigned its reportable segments to reflect changes in how the CODM oversees our three platforms: Sempra California, Sempra Texas Utilities and Sempra Infrastructure. Our former SDG&E and SoCalGas reportable segments were combined into one operating and reportable segment, Sempra California, which is consistent with how the CODM assesses performance due to the similarities of their operations, including geographic location and regulatory framework in California.

Sempra's historical segment disclosures have been restated to conform with the current presentation, so that all discussions reflect the revised segment information of its three reportable segments:

- Sempra California
- Sempra Texas Utilities
- Sempra Infrastructure

SDG&E and SoCalGas each has one reportable segment.

RESULTS OF OPERATIONS BY REGISTRANT

Throughout the MD&A, our references to earnings represent earnings attributable to common shares. Variance amounts presented are the after-tax earnings impact (based on applicable statutory tax rates unless otherwise noted) and after NCI but before foreign currency and inflation effects, where applicable.



We discuss herein Sempra's results of operations and significant changes in earnings (losses), revenues and costs by segment, as well as Parent and other, for the three months (Q3) and nine months (YTD) ended September 30, 2024 compared to the same periods in 2023. We also discuss herein the impact of foreign currency and inflation rates on Sempra's results of operations.

Sempra California recorded CPUC-authorized base revenues in the three months and nine months ended September 30, 2024 based on 2023 levels authorized under the 2019 GRC because a final decision in the 2024 GRC remains pending.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

(Dollars and shares in millions, except per share amounts)



EARNINGS (LOSSES) BY SEGMENT

(Dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Sempra:				
Sempra California	\$ 247	\$ 290	\$ 1,145	\$ 1,247
Sempra Texas Utilities	261	305	646	548
Sempra Infrastructure	230	223	652	746
Parent and other ⁽¹⁾	(100)	(97)	(291)	(248)
Earnings attributable to common shares	\$ 638	\$ 721	\$ 2,152	\$ 2,293

⁽¹⁾ Includes intercompany eliminations recorded in consolidation and certain corporate costs.

Sempra California

Sempra California's earnings are comprised of SDG&E and SoCalGas. Because changes in SDG&E's and SoCalGas' cost of natural gas and/or electricity are recovered in rates, changes in these costs are offset in the changes in revenues and therefore do not impact earnings, other than potential impacts related to the GCIM for SoCalGas that we describe below. In addition to the changes in cost or market prices, natural gas or electric revenues recorded during a period are impacted by the difference between customer billings and recorded or CPUC-authorized amounts. These differences are required to be balanced over time, resulting in over- and undercollected regulatory balancing accounts. We discuss balancing accounts and their effects further in Note 4 of the Notes to Condensed Consolidated Financial Statements in this report and in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report.

In the three months ended September 30, 2024 compared to the same period in 2023, the decrease in earnings of \$43 million (15%) to \$247 million was primarily due to:

- \$38 million lower income tax benefits primarily from flow-through items and the resolution of prior year income tax items
- \$19 million higher net interest expense

Offset by:

- \$5 million higher CPUC base operating margin, net of operating expenses, including higher authorized cost of capital. Sempra California recorded CPUC-authorized revenues based on 2023 authorized levels
- \$4 million higher AFUDC equity
- \$4 million higher net regulatory interest income

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In the nine months ended September 30, 2024 compared to the same period in 2023, the decrease in earnings of \$102 million (8%) to \$1.1 billion was primarily due to:

- \$89 million lower income tax benefits primarily from flow-through items, which includes \$25 million related to income tax benefits in 2023 for previously unrecognized income tax benefits pertaining to gas repairs expenditures
- \$45 million higher net interest expense
- \$21 million regulatory awards approved by the CPUC in 2023

Offset by:

- \$19 million higher CPUC base operating margin, net of operating expenses, including higher authorized cost of capital. Sempra California recorded CPUC-authorized revenues based on 2023 authorized levels
- \$12 million higher electric transmission margin
- \$9 million higher AFUDC equity
- \$8 million higher net regulatory interest income

Sempra Texas Utilities

In the three months ended September 30, 2024 compared to the same period in 2023, the decrease in earnings of \$44 million (14%) to \$261 million was primarily due to lower equity earnings from Oncor Holdings driven by:

- higher interest expense and depreciation expense attributable to invested capital
- higher O&M

Offset by:

- higher revenues primarily attributable to:
 - rate updates to reflect increases in invested capital
 - updates to transmission billing units
 - customer growth

Offset by

- lower customer consumption primarily attributable to weather
- annual energy efficiency program performance bonus approved in 2023, but pending PUCT approval in 2024

In the nine months ended September 30, 2024 compared to the same period in 2023, the increase in earnings of \$98 million (18%) to \$646 million was primarily due to higher equity earnings from Oncor Holdings driven by:

- higher revenues primarily attributable to:
 - rate updates to reflect increases in invested capital
 - updates to transmission billing units
 - customer growth
 - new base rates implemented in May 2023

Offset by

- lower customer consumption primarily attributable to weather
- annual energy efficiency program performance bonus approved in 2023, but pending PUCT approval in 2024

- write-off of rate base disallowances in 2023 resulting from the PUCT's final order in Oncor's comprehensive base rate review

Offset by:

- higher interest expense and depreciation expense attributable to invested capital
- higher O&M

Sempra Infrastructure

In the three months ended September 30, 2024 compared to the same period in 2023, the increase in earnings of \$7 million (3%) to \$230 million was primarily due to:

- \$31 million favorable impact from foreign currency and inflation effects on our monetary positions in Mexico, comprised of a \$67 million favorable impact in 2024 compared to a \$36 million favorable impact in 2023
- \$18 million higher income tax benefit primarily from outside basis differences
- \$7 million favorable impact from \$4 million net interest income in 2024 compared to \$3 million net interest expense in 2023 primarily due to higher capitalization of interest expense on projects under construction

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Offset by:

- \$12 million from the transportation business driven by lower revenues due to lower rates and higher O&M from a provision for expected credit losses on a customer's past due receivable balance
- \$9 million from the renewables business driven by lower volumes from wind power generation assets
- \$7 million from asset and supply optimization driven by lower natural gas prices, offset by unrealized gains in 2024 compared to unrealized losses in 2023 on commodity derivatives
- \$7 million from TdM driven by lower unrealized gains on commodity derivatives due to changes in power and natural gas prices

In the nine months ended September 30, 2024 compared to the same period in 2023, the decrease in earnings of \$94 million (13%) to \$652 million was primarily due to:

- \$401 million from asset and supply optimization driven by unrealized losses in 2024 compared to unrealized gains in 2023 on commodity derivatives due to changes in natural gas prices and lower LNG diversion fees
- \$74 million from the transportation business driven by lower equity earnings and revenues, including the cumulative impact of new tariffs going into effect in June 2023 for certain pipelines in Mexico and a customer's early termination of firm transportation agreements in 2023
- \$28 million higher O&M and lower revenues from a provision for expected credit losses on a customer's past due receivable balance
- \$11 million from the renewables business driven by lower volumes from wind power generation assets

Offset by:

- \$346 million favorable impact from foreign currency and inflation effects on our monetary positions in Mexico, comprised of a \$179 million favorable impact in 2024 compared to a \$167 million unfavorable impact in 2023
- \$61 million favorable impact from \$10 million net interest income in 2024 compared to \$51 million net interest expense in 2023 primarily due to higher capitalization of interest expense on projects under construction and \$17 million net unrealized losses in 2023 on a contingent interest rate swap related to the PA LNG Phase 1 project
- \$29 million higher income tax benefit primarily from outside basis differences

Parent and Other

In the three months ended September 30, 2024 compared to the same period in 2023, the increase in losses of \$3 million (3%) to \$100 million was primarily due to:

- \$23 million income tax benefit in 2023 from the remeasurement of certain deferred income taxes
- \$17 million income tax expense in 2024 from changes to a valuation allowance against certain tax credit carryforwards

Offset by:

- \$29 million favorable impact from \$17 million net investment gains in 2024 compared to \$12 million net investment losses in 2023 on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation plan

In the nine months ended September 30, 2024 compared to the same period in 2023, the increase in losses of \$43 million (17%) to \$291 million was primarily due to:

- \$23 million income tax benefit in 2023 from the remeasurement of certain deferred income taxes
- \$21 million from higher net interest expense
- \$17 million income tax expense in 2024 from changes to a valuation allowance against certain tax credit carryforwards
- \$5 million related to settlement charges from our non-qualified pension plan in 2024

Offset by:

- \$30 million favorable impact from \$26 million net investment gains in 2024 compared to \$4 million net investment losses in 2023 on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation plan

SIGNIFICANT CHANGES IN REVENUES AND COSTS

The regulatory framework permits SDG&E and SoCalGas to recover certain program expenditures and other costs authorized by the CPUC (referred to as "refundable programs").

Utilities: Natural Gas Revenues and Cost of Natural Gas

Our utilities revenues include natural gas revenues at Sempra California and Sempra Infrastructure, which includes Ecogas. Intercompany revenues are eliminated in Sempra's Condensed Consolidated Statements of Operations.

SoCalGas and SDG&E operate under a regulatory framework that permits the cost of natural gas purchased for customers (residential and small commercial and industrial customers, also referred to as core customers for SoCalGas) to be passed through to customers in rates substantially as incurred and without markup. The GCIM provides for SoCalGas to share in the savings and/or costs from buying natural gas for its core customers at prices below or above monthly market-based benchmarks. This mechanism permits full recovery of costs incurred when average purchase costs are within a price range around the benchmark price. Any higher costs incurred or savings realized outside this range are shared between SoCalGas and its core customers. We provide further discussion in Note 3 of the Notes to Consolidated Financial Statements in the Annual Report.

UTILITIES: NATURAL GAS REVENUES AND COST OF NATURAL GAS						
(Dollars in millions)						
	Three months ended September 30,			Nine months ended September 30,		
	2024	2023		2024	2023	
Sempra:						
Natural gas revenues:						
Sempra California	\$ 1,186	\$ 1,474		\$ 4,750	\$ 7,506	
Sempra Infrastructure	15	18		63	67	
Eliminations and adjustments	(6)	(4)		(15)	(13)	
Total	\$ 1,195	\$ 1,488		\$ 4,798	\$ 7,560	
Cost of natural gas ⁽¹⁾ :						
Sempra California	\$ 97	\$ 257		\$ 777	\$ 3,283	
Sempra Infrastructure	4	4		18	5	
Eliminations and adjustments	(2)	(1)		(5)	(34)	
Total	\$ 99	\$ 260		\$ 790	\$ 3,254	

⁽¹⁾ Excludes depreciation and amortization, which are presented separately on Sempra's Condensed Consolidated Statements of Operations.

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's natural gas revenues decreased by \$293 million (20%) to \$1.2 billion driven by Sempra California, which included:

- \$160 million decrease in cost of natural gas sold, which we discuss below
- \$87 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$74 million lower regulatory revenues in 2024 from adopting a change in tax accounting method for gas repairs expenditures, which are offset in income tax benefit (expense)

Offset by:

- \$28 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$15 million higher CPUC-authorized revenues, including higher authorized cost of capital

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's cost of natural gas decreased by \$161 million to \$99 million driven by Sempra California primarily due to lower average natural gas prices.

In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's natural gas revenues decreased by \$2.8 billion (37%) to \$4.8 billion driven by Sempra California, which included:

- \$2.5 billion decrease in cost of natural gas sold, which we discuss below
- \$183 million lower regulatory revenues in 2024 from adopting a change in tax accounting method for gas repairs expenditures, which are offset in income tax benefit (expense)
- \$97 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$53 million lower revenues from lower non-service components of net periodic benefit cost, which fully offsets in other income, net
- \$33 million lower franchise fee revenues

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- \$29 million regulatory awards approved by the CPUC in 2023

Offset by:

- \$77 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$59 million higher CPUC-authorized revenues, including higher authorized cost of capital
- \$26 million lower regulatory revenues in 2023 from the recognition of previously unrecognized income tax benefits pertaining to gas repairs expenditures, which are offset in income tax benefit (expense)

In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's cost of natural gas decreased by \$2.5 billion to \$790 million driven by Sempra California, which included:

- \$2.1 billion lower average natural gas prices
- \$356 million lower volumes driven by weather

Utilities: Electric Revenues and Cost of Electric Fuel and Purchased Power

Our utilities revenues include electric revenues at Sempra California, substantially all of which is at SDG&E. Intercompany revenues are eliminated in Sempra's Condensed Consolidated Statements of Operations.

SDG&E operates under a regulatory framework that permits it to recover the actual cost incurred to generate or procure electricity based on annual estimates of the cost of electricity supplied to customers. The differences in cost between estimates and actual are recovered or refunded in subsequent periods through rates.

Utility cost of electric fuel and purchased power includes utility-owned generation, power purchased from third parties, and net power purchases and sales to/from the California ISO.

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Sempra:				
Electric revenues:				
Sempra California	\$ 1,070	\$ 1,251	\$ 3,272	\$ 3,334
Eliminations and adjustments	(1)	(1)	(3)	(3)
Total	\$ 1,069	\$ 1,250	\$ 3,269	\$ 3,331
Cost of electric fuel and purchased power ⁽¹⁾ :				
Sempra California	\$ (5)	\$ 200	\$ 277	\$ 442
Eliminations and adjustments	(13)	(17)	(50)	(57)
Total	\$ (18)	\$ 183	\$ 227	\$ 385

⁽¹⁾ Excludes depreciation and amortization, which are presented separately on Sempra's Condensed Consolidated Statements of Operations.

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's electric revenues decreased by \$181 million (14%) to \$1.1 billion driven by Sempra California, which included:

- \$205 million lower cost of electric fuel and purchased power, which we discuss below
- \$59 million lower revenues associated with refundable programs, which are fully offset in O&M

Offset by:

- \$29 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$20 million lower ITCs from standalone energy storage projects, which are offset in income tax benefit (expense)
- \$20 million higher CPUC-authorized revenues, including higher authorized cost of capital
- \$6 million higher revenues from transmission operations

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's cost of electric fuel and purchased power decreased by \$201 million to \$(18) million driven by Sempra California, which included:

- \$227 million lower purchased power primarily due to change in excess capacity sales
- \$34 million lower purchased power from the California ISO due to lower market prices

Offset by:

- \$56 million lower sales to the California ISO due to lower market prices

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In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's electric revenues decreased by \$62 million (2%) remaining at \$3.3 billion driven by Sempra California, which included:

- \$165 million lower cost of electric fuel and purchased power, which we discuss below
- \$124 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$13 million lower revenues from a \$4 million credit in 2024 compared to a \$9 million cost in 2023 for the non-service components of net periodic benefit cost, which fully offsets in other income, net
- \$7 million lower franchise fee revenues

Offset by:

- \$108 million lower ITCs from standalone energy storage projects, which are offset in income tax benefit (expense)
- \$95 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$36 million higher revenues from transmission operations
- \$25 million higher CPUC-authorized revenues, including higher authorized cost of capital

In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's cost of electric fuel and purchased power decreased by \$158 million (41%) to \$227 million driven by Sempra California, which included:

- \$230 million lower purchased power primarily due to change in excess capacity sales
- \$219 million lower purchased power from the California ISO due to lower market prices
- \$84 million lower utility-owned generation costs

Offset by:

- \$270 million lower sales to the California ISO due to lower market prices
- \$86 million from realized losses in 2024 compared to realized gains in 2023 on derivative contracts for fixed-price natural gas, which are entered into to hedge the cost of electric fuel

Energy-Related Businesses: Revenues and Cost of Sales

ENERGY-RELATED BUSINESSES: REVENUES AND COST OF SALES

(Dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Sempra:				
Revenues:				
Sempra Infrastructure	\$ 523	\$ 611	\$ 1,403	\$ 2,418
Parent and other ⁽¹⁾	(11)	(15)	(43)	(80)
Total	\$ 512	\$ 596	\$ 1,360	\$ 2,338
Cost of sales ⁽²⁾ :				
Sempra Infrastructure	\$ 134	\$ 163	\$ 297	\$ 437
Total	\$ 134	\$ 163	\$ 297	\$ 437

⁽¹⁾ Includes eliminations of intercompany activity.

⁽²⁾ Excludes depreciation and amortization, which are presented separately on Sempra's Condensed Consolidated Statements of Operations.

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's revenues from energy-related businesses decreased by \$84 million (14%) to \$512 million primarily due to:

- \$40 million from asset and supply optimization from contracts to sell natural gas and LNG to third parties, including:
 - \$30 million driven by \$12 million from lower natural gas prices offset by higher volumes and \$8 million higher unrealized gains on commodity derivatives
 - \$10 million from lower diversion fees due to lower natural gas prices
- \$23 million from TdM mainly due to lower power prices
- \$19 million from lower volumes from wind power generation assets
- \$10 million lower pipeline revenues

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's cost of sales from energy-related businesses decreased by \$29 million (18%) to \$134 million primarily due to:

- \$17 million at TdM driven by lower natural gas prices

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- \$9 million driven by lower natural gas purchases offset by higher LNG purchases related to asset and supply optimization

In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's revenues from energy-related businesses decreased by \$978 million (42%) to \$1.4 billion primarily due to:

- \$897 million from asset and supply optimization from contracts to sell natural gas and LNG to third parties, including:
 - \$780 million driven by \$24 million unrealized losses in 2024 compared to \$619 million unrealized gains in 2023 on commodity derivatives and \$167 million primarily from lower natural gas prices offset by higher volumes
 - \$108 million from lower diversion fees due to lower natural gas prices
- \$46 million lower transportation revenues primarily from a customer's early termination of firm transportation agreements in the first quarter of 2023 and lower rates
- \$31 million lower pipeline revenues
- \$25 million from TdM mainly due to \$59 million from lower power prices offset by \$30 million from higher volumes
- \$19 million from lower volumes from wind power generation assets

In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's cost of sales from energy-related businesses decreased by \$140 million (32%) to \$297 million primarily due to:

- \$83 million at TdM driven by \$101 million from lower natural gas prices offset by \$13 million from higher volumes
- \$51 million driven by lower natural gas purchases related to asset and supply optimization

Operation and Maintenance

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's O&M decreased by \$57 million (4%) to \$1.3 billion primarily due to:

- \$98 million decrease at Sempra California due to:
 - \$146 million lower expenses associated with refundable programs, which costs are recovered in revenue
- Offset by:
 - \$51 million higher non-refundable operating costs

Offset by:

- \$31 million increase at Sempra Infrastructure due to:
 - \$18 million higher development costs and certain non-capitalized expenses from projects under construction
 - \$10 million from a provision for expected credit losses on a customer's past due receivable balance
- \$12 million increase at Parent and other primarily from deferred compensation expense in 2024 compared to a benefit in 2023

In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's O&M decreased by \$87 million (2%) to \$3.9 billion primarily due to:

- \$190 million decrease at Sempra California due to:
 - \$221 million lower expenses associated with refundable programs, which costs are recovered in revenue
- Offset by:
 - \$34 million higher non-refundable operating costs

Offset by:

- \$84 million increase at Sempra Infrastructure due to:
 - \$35 million higher development costs and certain non-capitalized expenses from projects under construction
 - \$35 million from a provision for expected credit losses on a customer's past due receivable balance
 - \$11 million higher purchased services
- \$20 million increase at Parent and other primarily from higher deferred compensation expense

Other Income, Net

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's other income, net, increased by \$62 million to \$65 million primarily due to:

- \$48 million increase from \$29 million net investment gains in 2024 compared to \$19 million net investment losses in 2023 on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation plan at Parent and other
- \$7 million higher net interest income on regulatory balancing accounts at Sempra California
- \$4 million higher AFUDC equity at Sempra California

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In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's other income, net, increased by \$119 million to \$194 million primarily due to:

- \$54 million lower non-service components of net periodic benefit cost primarily at Sempra California
- \$50 million increase from \$48 million net investment gains in 2024 compared to \$2 million net investment losses in 2023 on dedicated assets in support of our employee nonqualified benefit plan and deferred compensation plan at Parent and other
- \$12 million higher net interest income on regulatory balancing accounts at Sempra California
- \$9 million higher AFUDC equity at Sempra California

Offset by:

- \$10 million decrease from \$4 million losses in 2024 compared to \$6 million gains in 2023 from impacts associated with interest rate and foreign exchange instruments and foreign currency transactions at Sempra Infrastructure primarily due to cross-currency swaps in 2023 as a result of fluctuation of the Mexican peso

Interest Expense

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's interest expense increased by \$16 million (5%) to \$328 million primarily due to:

- \$17 million at Sempra California from higher debt balances from debt issuances

Offset by:

- \$7 million at Sempra Infrastructure from lower interest expense due to higher capitalization of interest expense on projects under construction

In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's interest expense decreased by \$51 million (5%) to \$944 million primarily due to:

- \$127 million at Sempra Infrastructure from:

- \$59 million lower interest expense due to higher capitalization of interest expense on projects under construction
- \$47 million interest expense in 2023 comprised of \$33 million net unrealized losses and \$14 million settlement on a contingent interest rate swap related to the PA LNG Phase 1 project

Offset by:

- \$50 million at Sempra California from higher debt balances from debt issuances
- \$25 million at Parent and other from higher debt balances from debt issuances, offset by capitalization of interest expense in 2024 on projects under construction at Sempra Infrastructure

Income Taxes

INCOME TAX EXPENSE (BENEFIT) AND EFFECTIVE INCOME TAX RATES

(Dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Sempra:				
Income tax (benefit) expense	\$ (105)	\$ (52)	\$ (63)	\$ 499
Income before income taxes and equity earnings	\$ 200	\$ 323	\$ 1,213	\$ 2,175
Equity earnings, before income tax ⁽¹⁾	132	133	426	418
Pretax income	\$ 332	\$ 456	\$ 1,639	\$ 2,593
Effective income tax rate	(32)%	(11)%	(4)%	19 %

⁽¹⁾ We discuss how we recognize equity earnings in Note 6 of the Notes to Consolidated Financial Statements in the Annual Report.

We report as part of our pretax results the income or loss attributable to NCI. However, we do not record income taxes for a portion of this income or loss, as some of our entities with NCI are currently treated as partnerships for U.S. income tax purposes, and thus we are only liable for income taxes on the portion of the earnings that are allocated to us. Our pretax income, however, includes 100% of these entities. If our entities with NCI grow, and if we continue to invest in such entities, the impact on our ETR may become more significant.

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In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. Sempra elected this change in tax accounting method in its consolidated 2023 income tax return filing and has applied this methodology in the calculation of its 2024 forecasted ETR.

Sempra records regulatory liabilities for benefits that will be flowed through to customers in the future.

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's income tax benefit increased by \$53 million primarily due to:

- \$34 million higher income tax benefit from the resolution of prior year income tax items
- \$30 million income tax benefit in 2024 from an outside basis difference in a domestic partnership investment
- \$29 million from \$78 million income tax benefit in 2024 compared to \$49 million income tax benefit in 2023 from foreign currency and inflation effects on our monetary positions in Mexico

Offset by:

- lower income tax benefit in 2024 from lower ITCs from standalone energy storage projects under the IRA
- \$23 million income tax benefit in 2023 from the remeasurement of certain deferred income taxes

In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra had an income tax benefit in 2024 compared to income tax expense in 2023 primarily due to:

- \$414 million from \$211 million income tax benefit in 2024 compared to \$203 million income tax expense in 2023 from foreign currency and inflation effects on our monetary positions in Mexico
- lower pretax income
- higher income tax benefits from flow-through items, including an income tax benefit in 2024 from adopting a change in tax accounting method for gas repairs expenditures
- \$34 million higher income tax benefit from the resolution of prior year income tax items
- \$30 million income tax benefit in 2024 from an outside basis difference in a domestic partnership investment

Offset by:

- lower income tax benefit in 2024 from lower ITCs from standalone energy storage projects under the IRA
- \$43 million income tax benefit in 2023 from the recognition of previously unrecognized income tax benefits pertaining to gas repairs expenditures
- \$23 million income tax benefit in 2023 from the remeasurement of certain deferred income taxes

We discuss the impact of foreign currency exchange rates and inflation on income taxes below in "Impact of Foreign Currency and Inflation Rates on Results of Operations." See Note 1 of the Notes to Condensed Consolidated Financial Statements in this report and Notes 1 and 8 of the Notes to Consolidated Financial Statements in the Annual Report for further details about our accounting for income taxes and items subject to flow-through treatment.

Equity Earnings

In the three months ended September 30, 2024 compared to the same period in 2023, Sempra's equity earnings decreased by \$25 million (5%) to \$454 million primarily due to:

- \$44 million at Oncor Holdings driven by:
 - higher interest expense and depreciation expense attributable to invested capital
 - higher O&M

Offset by:

- higher revenues primarily attributable to:
 - rate updates to reflect increases in invested capital
 - updates to transmission billing units
 - customer growth

Offset by:

- lower customer consumption primarily attributable to weather
- annual energy efficiency program performance bonus approved in 2023, but pending PUCT approval in 2024

Offset by:

- \$15 million at IMG due to income tax benefit in 2024 compared to an income tax expense in 2023 primarily from foreign currency and inflation effects

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In the nine months ended September 30, 2024 compared to the same period in 2023, Sempra's equity earnings increased by \$149 million (14%) to \$1.2 billion primarily due to:

- \$98 million at Oncor Holdings driven by:
 - higher revenues primarily attributable to:
 - rate updates to reflect increases in invested capital
 - updates to transmission billing units
 - customer growth
 - new base rates implemented in May 2023

Offset by:

- lower customer consumption primarily attributable to weather
- annual energy efficiency program performance bonus approved in 2023, but pending PUCT approval in 2024
- write-off of rate base disallowances in 2023 resulting from the PUCT's final order in Oncor's comprehensive base rate review

Offset by:

- higher interest expense and depreciation expense attributable to invested capital
- higher O&M

- \$73 million at IMG due to income tax benefit in 2024 compared to an income tax expense in 2023 primarily from foreign currency and inflation effects

Offset by:

- \$30 million at TAG Norte primarily from the cumulative impact of new tariffs going into effect in June 2023 offset by lower income tax expense

Earnings Attributable to Noncontrolling Interests

In the three months and nine months ended September 30, 2024 compared to the same periods in 2023, Sempra's earnings attributable to NCI decreased by \$12 million (10%) to \$110 million and \$110 million (25%) to \$325 million, respectively, primarily due to a decrease in SI Partners' net income.

IMPACT OF FOREIGN CURRENCY AND INFLATION RATES ON RESULTS OF OPERATIONS

Because our natural gas distribution utility in Mexico, Ecogas, uses its local currency as its functional currency, revenues and expenses are translated into U.S. dollars at average exchange rates for the period for consolidation in Sempra's results of operations. We discuss further the impact of foreign currency and inflation rates on results of operations, including impacts on income taxes and related hedging activity, in "Part II – Item 7. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations" in the Annual Report.

Foreign Currency Translation

Any difference in average exchange rates used for the translation of income statement activity from year to year can cause a variance in Sempra's comparative results of operations. In the three months and nine months ended September 30, 2024 compared to the same periods in 2023, the change in our earnings as a result of foreign currency translation rates was negligible.

Transactional Impacts

Income statement activities at our foreign operations and their JVs are also impacted by transactional gains and losses, a summary of which is shown in the table below:

TRANSACTIONAL (LOSSES) GAINS FROM FOREIGN CURRENCY AND INFLATION EFFECTS						
<i>(Dollars in millions)</i>						
	Total reported amounts		Transactional (losses) gains included in reported amounts			
	Three months ended September 30,					
	2024	2023	2024	2023	2024	2023
Other income, net	\$ 65	\$ 3	\$ (4)	\$ (2)		
Income tax benefit (expense)	105	52	78	49		
Equity earnings	454	479	26	5		
Net income	759	854	100	52		
Earnings attributable to noncontrolling interests	(110)	(122)	(33)	(16)		
Earnings attributable to common shares	638	721	67	36		
Nine months ended September 30,						
	2024	2023	2024	2023	2024	2023
Other income, net	\$ 194	\$ 75	\$ (4)	\$ 6		
Income tax benefit (expense)	63	(499)	211	(203)		
Equity earnings	1,235	1,086	56	(46)		
Net income	2,511	2,762	263	(243)		
Earnings attributable to noncontrolling interests	(325)	(435)	(85)	77		
Earnings attributable to common shares	2,152	2,293	178	(166)		



We discuss herein SDG&E's results of operations and significant changes in earnings, revenues and costs for the three months (Q3) and nine months (YTD) ended September 30, 2024 compared to the same periods in 2023.

SDG&E recorded CPUC-authorized base revenues in the three months and nine months ended September 30, 2024 based on 2023 levels authorized under the 2019 GRC because a final decision in the 2024 GRC remains pending.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

(Dollars in millions)



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In the three months ended September 30, 2024 compared to the same period in 2023, the decrease in earnings of \$13 million (5%) to \$261 million was primarily due to:

- \$24 million lower income tax benefits primarily from flow-through items and the resolution of prior year income tax items
- \$10 million higher net interest expense

Offset by:

- \$18 million higher CPUC base operating margin, net of operating expenses, including higher authorized cost of capital. SDG&E recorded CPUC-authorized revenues based on 2023 authorized levels

In the nine months ended September 30, 2024 compared to the same period in 2023, the decrease in earnings of \$46 million (6%) to \$670 million was primarily due to:

- \$32 million lower income tax benefits primarily from flow-through items and the resolution of prior year income tax items
- \$25 million higher net interest expense
- \$7 million lower AFUDC equity

Offset by:

- \$12 million higher electric transmission margin
- \$6 million lower Wildfire Fund amortization

SIGNIFICANT CHANGES IN REVENUES AND COSTS

Electric Revenues and Cost of Electric Fuel and Purchased Power

In the three months ended September 30, 2024 compared to the same period in 2023, SDG&E's electric revenues decreased by \$181 million (14%) to \$1.1 billion primarily due to:

- \$205 million lower cost of electric fuel and purchased power, which we discuss below
- \$59 million lower revenues associated with refundable programs, which are fully offset in O&M

Offset by:

- \$29 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$20 million lower ITCs from standalone energy storage projects, which are offset in income tax (expense) benefit
- \$20 million higher CPUC-authorized revenues, including higher authorized cost of capital
- \$6 million higher revenues from transmission operations

In the three months ended September 30, 2024 compared to the same period in 2023, SDG&E's cost of electric fuel and purchased power decreased by \$205 million to \$(5) million primarily due to:

- \$227 million lower purchased power primarily due to change in excess capacity sales
- \$34 million lower purchased power from the California ISO due to lower market prices

Offset by:

- \$56 million lower sales to the California ISO due to lower market prices

In the nine months ended September 30, 2024 compared to the same period in 2023, SDG&E's electric revenues decreased by \$61 million (2%) remaining at \$3.3 billion primarily due to:

- \$165 million lower cost of electric fuel and purchased power, which we discuss below
- \$124 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$13 million lower revenues from a \$4 million credit in 2024 compared to a \$9 million cost in 2023 for the non-service components of net periodic benefit cost, which fully offsets in other income, net
- \$7 million lower franchise fee revenues

Offset by:

- \$108 million lower ITCs from standalone energy storage projects, which are offset in income tax (expense) benefit
- \$95 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$36 million higher revenues from transmission operations
- \$25 million higher CPUC-authorized revenues, including higher authorized cost of capital

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In the nine months ended September 30, 2024 compared to the same period in 2023, SDG&E's cost of electric fuel and purchased power decreased by \$165 million (37%) to \$277 million primarily due to:

- \$230 million lower purchased power primarily due to change in excess capacity sales
- \$219 million lower purchased power from the California ISO due to lower market prices
- \$84 million lower utility-owned generation costs

Offset by:

- \$270 million lower sales to the California ISO due to lower market prices
- \$86 million from realized losses in 2024 compared to realized gains in 2023 on derivative contracts for fixed-price natural gas, which are entered into to hedge the cost of electric fuel

Natural Gas Revenues and Cost of Natural Gas

In the three months ended September 30, 2024 and 2023, SDG&E's average cost of natural gas per thousand cubic feet was \$5.61 and \$6.33, respectively. In the nine months ended September 30, 2024 and 2023, SDG&E's average cost of natural gas per thousand cubic feet was \$5.19 and \$12.10, respectively. The average cost of natural gas sold at SDG&E is impacted by market prices, as well as transportation, tariff and other charges.

In the three months ended September 30, 2024 compared to the same period in 2023, SDG&E's natural gas revenues decreased by \$18 million (10%) to \$170 million primarily due to:

- \$23 million lower regulatory revenues in 2024 from adopting a change in tax accounting method for gas repairs expenditures, which are offset in income tax (expense) benefit
- \$7 million decrease in cost of natural gas sold, which we discuss below

Offset by:

- \$11 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital

In the three months ended September 30, 2024 compared to the same period in 2023, SDG&E's cost of natural gas decreased by \$7 million (16%) to \$38 million primarily due to lower average natural gas prices.

In the nine months ended September 30, 2024 compared to the same period in 2023, SDG&E's natural gas revenues decreased by \$319 million (31%) to \$695 million primarily due to:

- \$285 million decrease in cost of natural gas sold, which we discuss below
- \$48 million lower regulatory revenues in 2024 from adopting a change in tax accounting method for gas repairs expenditures, which are offset in income tax (expense) benefit
- \$7 million lower franchise fee revenues

Offset by:

- \$23 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital

In the nine months ended September 30, 2024 compared to the same period in 2023, SDG&E's cost of natural gas decreased by \$285 million to \$177 million primarily due to:

- \$236 million lower average natural gas prices
- \$49 million lower volumes driven by weather

Operation and Maintenance

In the three months ended September 30, 2024 compared to the same period in 2023, SDG&E's O&M decreased by \$43 million (9%) to \$420 million due to:

- \$58 million lower expenses associated with refundable programs, which costs are recovered in revenue

Offset by:

- \$18 million higher non-refundable operating costs

In the nine months ended September 30, 2024 compared to the same period in 2023, SDG&E's O&M decreased by \$110 million (8%) to \$1.3 billion due to:

- \$125 million lower expenses associated with refundable programs, which costs are recovered in revenue

Offset by:

- \$18 million higher non-refundable operating costs

Other Income, Net

In the nine months ended September 30, 2024 compared to the same period in 2023, SDG&E's other income, net, increased by \$11 million (15%) to \$86 million primarily due to:

- \$18 million increase from a \$4 million credit in 2024 compared to \$14 million cost in 2023 for the non-service components of net periodic benefit cost

Offset by:

- \$7 million lower AFUDC equity

Interest Expense

In the three months and nine months ended September 30, 2024 compared to the same periods in 2023, SDG&E's interest expense increased by \$5 million (4%) to \$131 million and \$23 million (6%) to \$390 million, respectively, from higher debt balances from debt issuances.

Income Taxes

INCOME TAX EXPENSE (BENEFIT) AND EFFECTIVE INCOME TAX RATES								
(Dollars in millions)								
SDG&E:	Three months ended September 30,				Nine months ended September 30,			
	2024	2023			2024	2023		
Income tax expense (benefit)	\$ 15	\$ (15)	\$ 89	\$ (4)				
Income before income taxes	\$ 276	\$ 259	\$ 759	\$ 712				
Effective income tax rate	5 %	(6)%	12 %	(1)%				

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. SDG&E elected this change in tax accounting method in Sempra's consolidated 2023 income tax return filing and has applied this methodology in the calculation of its 2024 forecasted ETR.

SDG&E records regulatory liabilities for benefits that will be flowed through to customers in the future.

In the three months and nine months ended September 30, 2024 compared to the same period in 2023, SDG&E had an income tax expense in 2024 compared to income tax benefit in 2023 primarily due to:

- lower income tax benefit in 2024 from lower ITCs from standalone energy storage projects under the IRA
- higher pretax income

Offset by:

- \$9 million higher income tax benefit from the resolution of prior year income tax items



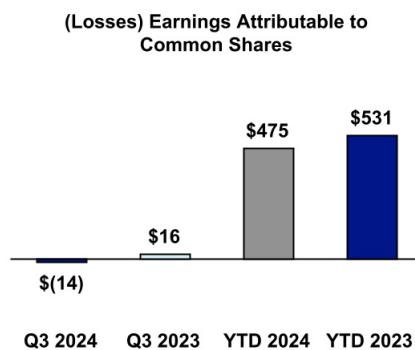
We discuss herein SoCalGas' results of operations and significant changes in (losses) earnings, revenues and costs for the three months (Q3) and nine months (YTD) ended September 30, 2024 compared to the same period in 2023.

SoCalGas recorded CPUC-authorized base revenues in the three months and nine months ended September 30, 2024 based on 2023 levels authorized under the 2019 GRC because a final decision in the 2024 GRC remains pending.

RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

(Dollars in millions)



In the three months ended September 30, 2024 compared to the same period in 2023, SoCalGas' losses were \$14 million compared to earnings of \$16 million primarily due to:

- \$14 million lower income tax benefits primarily from flow-through items
- \$13 million lower CPUC base operating margin, net of operating expenses, offset by higher authorized cost of capital. SoCalGas recorded CPUC-authorized revenues based on 2023 authorized levels
- \$9 million higher net interest expense

Offset by:

- \$4 million higher AFUDC equity
- \$3 million higher net regulatory interest income

In the nine months ended September 30, 2024 compared to the same period in 2023, the decrease in earnings of \$56 million (11%) to \$475 million were primarily due to:

- \$57 million lower income tax benefits primarily from flow-through items, which includes \$25 million related to income tax benefits in 2023 for previously unrecognized income tax benefits pertaining to gas repairs expenditures
- \$21 million regulatory awards approved by the CPUC in 2023
- \$20 million higher net interest expense

Offset by:

- \$17 million higher CPUC base operating margin, net of higher operating expenses in 2023, including higher authorized cost of capital. SoCalGas recorded CPUC-authorized revenues based on 2023 authorized levels
- \$16 million higher AFUDC equity
- \$9 million higher net regulatory interest income

SIGNIFICANT CHANGES IN REVENUES AND COSTS

Natural Gas Revenues and Cost of Natural Gas

In the three months ended September 30, 2024 and 2023, SoCalGas' average cost of natural gas per thousand cubic feet was \$1.82 and \$4.84, respectively. In the nine months ended September 30, 2024 and 2023, SoCalGas' average cost of natural gas per thousand cubic feet was \$3.14 and \$12.10, respectively. The average cost of natural gas sold at SoCalGas is impacted by market prices, as well as transportation and other charges.

In the three months ended September 30, 2024 compared to the same period in 2023, SoCalGas' natural gas revenues decreased by \$259 million (20%) to \$1.1 billion primarily due to:

- \$142 million decrease in cost of natural gas sold, which we discuss below
- \$88 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$51 million lower regulatory revenues in 2024 from adopting a change in tax accounting method for gas repairs expenditures, which are offset in income tax benefit (expense)

Offset by:

- \$17 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$14 million higher CPUC-authorized revenues, including higher authorized cost of capital

In the three months ended September 30, 2024 compared to the same period in 2023, SoCalGas' cost of natural gas decreased by \$142 million to \$82 million primarily due to lower average natural gas prices.

In the nine months ended September 30, 2024 compared to the same period in 2023, SoCalGas' natural gas revenues decreased by \$2.4 billion (37%) to \$4.2 billion primarily due to:

- \$2.2 billion decrease in cost of natural gas sold, which we discuss below
- \$135 million lower regulatory revenues in 2024 from adopting a change in tax accounting method for gas repairs expenditures, which are offset in income tax benefit (expense)
- \$96 million lower revenues associated with refundable programs, which are fully offset in O&M
- \$48 million lower revenues from lower non-service components of net periodic benefit cost, which fully offsets in other income (expense), net
- \$29 million regulatory awards approved by the CPUC in 2023
- \$26 million lower franchise fee revenues

Offset by:

- \$55 million higher CPUC-authorized revenues, including higher authorized cost of capital
- \$54 million higher revenues from incremental and balanced capital projects, including higher authorized cost of capital
- \$26 million lower regulatory revenues in 2023 from the recognition of previously unrecognized income tax benefits pertaining to gas repairs expenditures, which are offset in income tax benefit (expense)

In the nine months ended September 30, 2024 compared to the same period in 2023, SoCalGas' cost of natural gas decreased by \$2.2 billion to \$661 million primarily due to:

- \$1.9 billion lower average natural gas prices
- \$307 million lower volumes driven by weather

Operation and Maintenance

In the three months ended September 30, 2024 compared to the same period in 2023, SoCalGas' O&M decreased by \$55 million (8%) to \$678 million due to:

- \$88 million lower expenses associated with refundable programs, which costs are recovered in revenue

Offset by:

- \$33 million higher non-refundable operating costs

In the nine months ended September 30, 2024 compared to the same period in 2023, SoCalGas' O&M decreased by \$75 million (4%) remaining at \$2.0 billion due to:

- \$96 million lower expenses associated with refundable programs, which costs are recovered in revenue

Offset by:

- \$21 million higher non-refundable operating costs

Other Income (Expense), Net

In the three months ended September 30, 2024 compared to the same period in 2023, SoCalGas' other income, net, was \$13 million compared to other expense, net, of \$2 million primarily due to:

- \$6 million lower non-service components of net periodic benefit cost
- \$5 million higher net interest income on regulatory balancing accounts
- \$4 million higher AFUDC equity

In the nine months ended September 30, 2024 compared to the same period in 2023, SoCalGas' other income, net, was \$73 million compared to other expense, net, of \$9 million primarily due to:

- \$48 million lower non-service components of net periodic benefit cost
- \$16 million higher AFUDC equity
- \$13 million higher net interest income on regulatory balancing accounts

Interest Expense

In the three months and nine months ended September 30, 2024 compared to the same periods in 2023, SoCalGas' interest expense increased by \$12 million (17%) to \$82 million and \$27 million (13%) to \$237 million, respectively, from higher debt balances from debt issuances.

Income Taxes

INCOME TAX EXPENSE (BENEFIT) AND EFFECTIVE INCOME TAX RATES

(Dollars in millions)

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
SoCalGas:				
Income tax (benefit) expense	\$ (52)	\$ (5)	\$ 1	\$ 68
(Loss) income before income taxes	\$ (66)	\$ 11	\$ 477	\$ 600
Effective income tax rate	79 %	(45)%	— %	11 %

In April 2023, the IRS issued Revenue Procedure 2023-15, which provides a safe harbor method of accounting for gas repairs expenditures. SoCalGas elected this change in tax accounting method in Sempra's consolidated 2023 income tax return filing and has applied this methodology in the calculation of its 2024 forecasted ETR.

SoCalGas records regulatory liabilities for benefits that will be flowed through to customers in the future.

In the three months ended September 30, 2024 compared to the same period in 2023, SoCalGas' income tax benefit increased by \$47 million primarily due to \$40 million higher income tax benefit from the resolution of prior year income tax items.

In the nine months ended September 30, 2024 compared to the same period in 2023, SoCalGas' income tax expense decreased by \$67 million primarily due to:

- higher income tax benefits from flow-through items, including an income tax benefit in 2024 from adopting a change in tax accounting method for gas repairs expenditures
- \$40 million higher income tax benefit from the resolution of prior year income tax items
- lower pretax income

Offset by:

- \$43 million income tax benefit in 2023 from the recognition of previously unrecognized income tax benefits pertaining to gas repairs expenditures

CAPITAL RESOURCES AND LIQUIDITY

OVERVIEW

Sempra

Liquidity

We expect to meet our cash requirements through cash flows from operations, unrestricted cash and cash equivalents, borrowings under or supported by our credit facilities, other incurrences of debt which may include issuing debt securities and obtaining term loans, issuing equity securities under our ATM program or otherwise, and other financing transactions which may include distributions from our equity method investments, project financing and funding from NCI owners. We believe that these cash flow sources, combined with available funds, will be adequate to fund our operations in both the short-term and long-term, including to:

- finance capital expenditures
- repay debt
- fund dividends
- fund contractual and other obligations and otherwise meet liquidity requirements
- fund capital contribution requirements
- fund new business or asset acquisitions

Sempra, SDG&E and SoCalGas currently have reasonable access to the money markets and capital markets and are not currently constrained in their ability to borrow or otherwise raise money at market rates from commercial banks, under existing revolving credit facilities, through public offerings of debt or equity securities (including under our ATM program or otherwise), or through private placements of debt supported by our revolving credit facilities in the case of commercial paper. However, our ability to access these markets or obtain credit from commercial banks outside of our committed revolving credit facilities could become materially constrained if economic conditions worsen or disruptions to or volatility in these markets increase. In addition, our financing activities, actions by credit rating agencies and prevailing interest rates, as well as many other factors, could negatively affect the availability and cost of both short-term and long-term debt and equity financing. Also, cash flows from operations may be impacted by the timing of regulatory proceedings, commencement and completion of, and potential cost overruns for, large projects and other material events. If cash flows from operations were to be significantly reduced or we were unable to borrow or obtain other financing under acceptable terms, we would likely first reduce or postpone discretionary capital expenditures (not related to safety/reliability) and investments in new businesses. We monitor our ability to finance the needs of our operating, investing and financing activities in a manner consistent with our goal to maintain our investment-grade credit ratings.

Common Stock Offering and Forward Sale Agreements

As we discuss in Note 9 of the Notes to Condensed Consolidated Financial Statements in this report and Note 14 of the Notes to Consolidated Financial Statements in the Annual Report, our offering of Sempra common stock completed in November 2023 provided initial net proceeds of \$144 million upon the underwriters' partial exercise of their over-allotment option to purchase additional shares of our common stock. We did not initially receive any proceeds from the sale of our common stock pursuant to the forward sale agreements entered into in connection with the offering. The forward sale agreements permit us to elect, subject to certain conditions, physical settlement, cash settlement or net share settlement for all or a portion of our obligations under the agreements. We expect to settle the forward sale agreements entirely by delivery of shares of our common stock under physical settlement in exchange for cash proceeds in one or more settlements no later than December 31, 2024, which is the final settlement date under the agreements. As of November 6, 2024, at the initial forward sale price of \$68.845 per share, we expect that the net proceeds from full physical settlement of the forward sale agreements would be approximately \$1.2 billion (net of underwriting discounts, but before deducting equity issuance costs, and subject to certain adjustments pursuant to the forward sale agreements). If we were to elect cash settlement or net share settlement instead of physical settlement, the amount of cash proceeds we receive upon settlement would be less, perhaps substantially, or we may not receive any cash proceeds or we may deliver cash (in an amount that could be significant) or shares of our common stock to the counterparties to the forward sale agreements.

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We used the initial net proceeds from this offering, and we expect to use any net proceeds from the sale of shares of our common stock pursuant to the forward sale agreements, to fund working capital and for other general corporate purposes, including to partly finance our long-term capital plan and to repay commercial paper and potentially other indebtedness.

Available Funds

Our committed lines of credit provide liquidity and support commercial paper. Sempra, SDG&E and SoCalGas each has a committed line of credit expiring in 2029 and Sempra Infrastructure has four committed lines of credit expiring on various dates from 2025 through 2030, and an uncommitted line of credit expiring in 2026.

AVAILABLE FUNDS AT SEPTEMBER 30, 2024					
(Dollars in millions)					
	Sempra	SDG&E	SoCalGas		
Unrestricted cash and cash equivalents ⁽¹⁾	\$ 560	\$ 15	\$ 2		
Available unused credit ⁽²⁾	8,247	1,116	1,200		

⁽¹⁾ Amounts at Sempra include \$108 held in non-U.S. jurisdictions. We discuss repatriation in Note 8 of the Notes to Consolidated Financial Statements in the Annual Report.

⁽²⁾ Available unused credit is the total available on committed and uncommitted lines of credit that we discuss in Note 6 of the Notes to Condensed Consolidated Financial Statements. Because our commercial paper programs are supported by these lines, we reflect the amount of commercial paper outstanding and any letters of credit outstanding as a reduction to the available unused credit.

Short-Term Borrowings

We use short-term debt primarily to meet liquidity requirements, fund shareholder dividends, and temporarily finance capital expenditures or acquisitions. SDG&E and SoCalGas use short-term debt primarily to meet working capital needs or to help fund event-specific costs. Commercial paper, a term loan and lines of credit were our primary sources of short-term debt funding in the first nine months of 2024.

We discuss our short-term debt activities in Note 6 of the Notes to Condensed Consolidated Financial Statements and below in “Sources and Uses of Cash.”

Long-Term Debt Activities

Significant issuances of and payments on long-term debt in the first nine months of 2024 included the following:

LONG-TERM DEBT ISSUANCES AND PAYMENTS			
(Dollars in millions)			
	Amount at issuance		Maturity
Issuances:			
Sempra 6.40% junior subordinated notes	\$ 1,250		2054
Sempra 6.875% junior subordinated notes	1,100		2054
SDG&E 5.55% first mortgage bonds	600		2054
SoCalGas 5.05% first mortgage bonds	600		2034
SoCalGas 5.60% first mortgage bonds	500		2054
Sempra Infrastructure variable rate notes (ECA LNG Phase 1 project)	201		2025
Sempra Infrastructure variable rate notes (PA LNG Phase 1 project)	162		2030
Payments:	Payments		Maturity
SDG&E variable rate term loan	\$ 400		2024
SoCalGas 3.15% first mortgage bonds	500		2024

We discuss our long-term debt activities, including the use of proceeds on long-term debt issuances, in Note 6 of the Notes to Condensed Consolidated Financial Statements.

Credit Ratings

We provide additional information about the credit ratings of Sempra, SDG&E and SoCalGas in “Part I – Item 1A. Risk Factors” and “Part II – Item 2. MD&A – Capital Resources and Liquidity” in the Annual Report.

The credit ratings of Sempra, SDG&E and SoCalGas remained at investment grade levels in the first nine months of 2024.

ISSUER CREDIT RATINGS AT SEPTEMBER 30, 2024

	Sempra	SDG&E	SoCalGas
Moody's	Baa2 with a stable outlook	A3 with a stable outlook	A2 with a stable outlook
S&P	BBB+ with a stable outlook	BBB+ with a stable outlook	A with a negative outlook
Fitch	BBB+ with a stable outlook	BBB+ with a stable outlook	A with a stable outlook

A downgrade of Sempra's or any of its subsidiaries' credit ratings or rating outlooks may, depending on the severity, result in the imposition of financial or other burdensome covenants or a requirement for collateral to be posted in the case of certain financing arrangements and may materially and adversely affect the market prices of their equity and debt securities, the rates at which borrowings are made and commercial paper is issued, and the various fees on their outstanding credit facilities. This could make it more costly for Sempra, SDG&E, SoCalGas and Sempra's other subsidiaries to issue debt securities, to borrow under credit facilities and to raise certain other types of financing.

Sempra has agreed that, if the credit rating of Oncor's senior secured debt by any of the three major rating agencies falls below BBB (or the equivalent), Oncor will suspend dividends and other distributions (except for contractual tax payments), unless otherwise allowed by the PUCT. Oncor's senior secured debt was rated A2, A+ and A at Moody's, S&P and Fitch, respectively, at September 30, 2024.

Loans due to/from Affiliates

At September 30, 2024, Sempra had \$347 million in loans due to unconsolidated affiliates.

Minimum Tax Directive

The Organization for Economic Cooperation and Development has introduced a framework to implement a global minimum corporate tax of 15%, referred to as the "minimum tax directive." Many aspects of the minimum tax directive became effective beginning in 2024. While it is uncertain whether the U.S. will enact legislation to adopt the minimum tax directive, other countries are in the process of introducing and enacting legislation to implement the minimum tax directive. We do not currently expect the minimum tax directive to have a material effect on Sempra's, SDG&E's or SoCalGas' results of operations, financial condition and/or cash flows.

Market for Sempra's Common Stock

Sempra's common stock began trading on the Mexican Stock Exchange under the trading symbol SRE.MX in May 2021 following an exchange offer launched in the U.S. and Mexico to acquire the then publicly owned shares of IEnova for newly issued shares of our common stock. In August 2024, we submitted an application to cross-list our common stock on the International Trading System (SIC) of the Mexican Stock Exchange and delist our common stock from the general listing of the Mexican Stock Exchange, which application is currently under review by the CNBV. Following approval, our common stock will no longer be quoted or traded on the general listing of the Mexican Stock Exchange or subject to applicable reporting requirements, but will remain eligible for trading by Mexican investors on the SIC.

Sempra California

SDG&E's and SoCalGas' operations have historically provided relatively stable earnings and liquidity. Their future performance and liquidity will depend primarily on the ratemaking and regulatory process, environmental regulations, economic conditions, actions by legislatures, litigation and the changing energy marketplace, as well as other matters described in this report and the Annual Report. SDG&E and SoCalGas expect that the available unused funds from their credit facilities described above, which also supports their commercial paper programs, cash flows from operations, and other incurrences of debt including issuing debt securities and obtaining term loans will continue to be adequate to fund their respective current operations and planned capital expenditures. SDG&E and SoCalGas manage their capital structures and pay dividends when appropriate and as approved by their respective boards of directors.

The implementation of customer assistance programs and higher 2023 winter season customer billings have resulted in certain SDG&E and SoCalGas customers exhibiting slower payment and higher levels of nonpayment than has been the case historically. In January 2024, the CPUC directed SDG&E and SoCalGas to offer long-term repayment plans to eligible residential customers with past-due balances until October 2026. Delay in payments by customers impacts the timing of SDG&E's and SoCalGas' cash flows.

As we discuss in Note 4 of the Notes to Condensed Consolidated Financial Statements in this report and in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report, changes in regulatory balancing accounts for significant costs at SDG&E and SoCalGas, particularly a change between over- and undercollected status, may have a significant impact on cash flows. These changes generally represent the difference between when costs are incurred and when they are ultimately recovered or refunded in rates through billings to customers.

CPUC GRC

On October 18, 2024, the CPUC issued a proposed decision in the 2024 GRC for SDG&E's and SoCalGas' test year revenue requirements for 2024 and attrition year adjustments for 2025 through 2027. We discuss certain details of the proposed decision in Note 4 of the Notes to Condensed Consolidated Financial Statements. The CPUC has authorized SDG&E and SoCalGas to recognize the effects of the 2024 GRC final decision retroactive to January 1, 2024. We expect the CPUC to issue a final decision by the end of this year.

CCM

In October 2024, the CPUC issued a final decision to modify the CCM. The final decision reduces the upward or downward adjustment to authorized ROE, if the CCM is triggered, to 20% of the change in the benchmark rate during the measurement period from the current 50%. The final decision adopts this change effective January 1, 2025, reducing both SDG&E's and SoCalGas' ROE by 42 bps to 10.23% and 10.08%, respectively, and allowing SDG&E and SoCalGas to update their respective costs of preferred equity and debt for 2025. SDG&E and SoCalGas intend to file advice letters in November 2024 to address the implementation, subject to approval, of the updated cost of capital.

SDG&E

Wildfire Fund

The carrying value of SDG&E's Wildfire Fund asset totaled \$282 million at September 30, 2024. We describe the Wildfire Legislation and SDG&E's commitment to make annual shareholder contributions to the Wildfire Fund through 2028 in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

SDG&E is exposed to the risk that the participating California electric IOUs may incur third-party wildfire costs for which they will seek recovery from the Wildfire Fund with respect to wildfires that have occurred since enactment of the Wildfire Legislation in July 2019. In such a situation, SDG&E may recognize a reduction of its Wildfire Fund asset and record accelerated amortization against earnings when available coverage is reduced due to recoverable claims from any of the participating IOUs, as was the case in 2023 after Pacific Gas and Electric Company indicated that it will seek reimbursement from the Wildfire Fund for losses associated with the Dixie Fire, which burned from July 2021 through October 2021 and was reported to be the largest single wildfire (measured by acres burned) in California history. If any California electric IOU's equipment is determined to be a cause of a fire, it could have a material adverse effect on SDG&E's and Sempra's financial condition and results of operations up to the carrying value of our Wildfire Fund asset, with additional potential material exposure if SDG&E's equipment is determined to be a cause of a fire. In addition, the Wildfire Fund could be completely exhausted due to fires in the other California electric IOUs' service territories, by fires in SDG&E's service territory or by a combination thereof. In the event that the Wildfire Fund is materially diminished, exhausted or terminated, SDG&E will lose the protection afforded by the Wildfire Fund, and as a consequence, a fire in SDG&E's service territory could have a material adverse effect on SDG&E's and Sempra's results of operations, financial condition, cash flows and/or prospects.

Wildfire Mitigation Cost Recovery Mechanism

2024 GRC Track 2. In October 2023, SDG&E submitted a separate request to the CPUC in its 2024 GRC, known as a Track 2 request. This request seeks review and recovery of \$1.5 billion of wildfire mitigation plan costs incurred from 2019 through 2022 that were in addition to amounts authorized in the 2019 GRC. SDG&E expects to receive a proposed reasonableness review decision for its Track 2 request in the first half of 2025.

Revenues associated with the Track 2 request amounts described above have been recorded in a regulatory account. In February 2024, the CPUC approved an interim cost recovery mechanism that would permit SDG&E to recover in rates \$194 million and \$96 million of this regulatory account balance in 2024 and 2025, respectively. Such recovery of SDG&E's wildfire mitigation plan regulatory account balance will be subject to refund, contingent on the reasonableness review decision for its Track 2 request.

2024 GRC Track 3. SDG&E expects to submit in the first half of 2025 an additional request to the CPUC in its 2024 GRC, known as a Track 3 request, for review and recovery of its 2023 wildfire mitigation plan costs.

FERC Rate Matters

In June 2024, SDG&E exercised its right to terminate the TO5 settlement. Accordingly, in October 2024, SDG&E submitted its TO6 filing to the FERC to be effective January 1, 2025, subject to refund. SDG&E's TO6 filing proposes, among other items, an increase to SDG&E's currently authorized base ROE from 10.10% to 11.75% and continuation of the California ISO adder. SDG&E expects further proceedings on this matter. We further discuss SDG&E's TO6 filing in Note 4 of the Notes to Condensed Consolidated Financial Statements.

Off-Balance Sheet Arrangements

SDG&E has entered into PPAs and tolling agreements that are variable interests in unconsolidated entities. We discuss variable interests in Note 1 of the Notes to Condensed Consolidated Financial Statements.

SoCalGas

Alico Canyon Natural Gas Storage Facility Gas Leak

From October 23, 2015 through February 11, 2016, SoCalGas experienced the Leak, which we discuss in Note 11 of the Notes to Condensed Consolidated Financial Statements in this report and in "Part I – Item 1A. Risk Factors" in the Annual Report.

At September 30, 2024, \$21 million is accrued in Other Current Liabilities and \$1 million is accrued in Deferred Credits and Other on SoCalGas' and Sempra's Condensed Consolidated Balance Sheets. These accruals do not include any amounts in excess of what has been reasonably estimated to resolve certain matters that we describe in "Legal Proceedings – SoCalGas – Alico Canyon Natural Gas Storage Facility Gas Leak" in Note 11 of the Notes to Condensed Consolidated Financial Statements, nor any amounts that may be necessary to resolve threatened litigation, other potential litigation or other costs. We are not able to reasonably estimate the possible loss or a range of possible losses in excess of the amounts accrued, which could be significant and could have a material adverse effect on SoCalGas' and Sempra's results of operations, financial condition, cash flows and/or prospects.

Natural Gas Storage Operations and Reliability

Natural gas withdrawn from storage is important to help maintain service reliability during peak demand periods, including consumer heating needs in the winter and peak electric generation needs in the summer. The Alico Canyon natural gas storage facility is the largest SoCalGas storage facility and an important component of SoCalGas' delivery system. In February 2017, the CPUC opened proceeding SB 380 OII to determine the feasibility of minimizing or eliminating the use of the Alico Canyon natural gas storage facility while still maintaining energy and electric reliability for the region, including analyzing alternative means for meeting or avoiding the demand for the facility's services if it were eliminated. We expect a final decision by the end of this year.

At September 30, 2024, the Alico Canyon natural gas storage facility had a net book value of \$1.0 billion. If the Alico Canyon natural gas storage facility were to be permanently closed or if future cash flows from its operation were otherwise insufficient to recover its carrying value, we may record an impairment of the facility, which could be material, and natural gas reliability and electric generation could be jeopardized.

Franchise Agreement

SoCalGas' Los Angeles County franchise initially expired in June 2023 and the subsequent extension expired in December 2023. SoCalGas is in the process of negotiating a new agreement with Los Angeles County. SoCalGas is operating under the terms and provisions of the expired franchise and expects to continue to do so until a new agreement is reached and does not anticipate disruption of service to customers in unincorporated Los Angeles County while negotiations continue.

Labor Relations

Field, technical and most clerical employees at SoCalGas are represented by the Utility Workers Union of America or the International Chemical Workers Union Council. The collective bargaining agreement for these employees covering wages, hours, working conditions, and medical and other benefit plans was due to expire on September 30, 2024, but was extended by mutual agreement to allow time for further negotiation of new terms and a subsequent ratification vote. SoCalGas and representatives of the unions reached a tentative agreement for a new collective bargaining agreement on October 3, 2024, but the ratification vote did not pass. The terms and conditions of the existing agreement are currently scheduled to expire on November 8, 2024.

Negotiations for the new collective bargaining agreement and extension of the existing collective bargaining agreement are presently ongoing. If we are unable to extend the existing agreement, there could be labor disruptions following the expiration of that agreement, though we do not anticipate that such labor disruptions would have a material impact on service.

Sempra Texas Utilities

Oncor relies on external financing as a significant source of liquidity for its capital requirements. In the event that Oncor fails to meet its capital requirements, access sufficient capital, or raise capital on favorable terms to finance its ongoing needs, we may elect to make additional capital contributions to Oncor (as our commitments to the PUCT prohibit us from making loans to Oncor), which could be substantial and reduce the cash available to us for other purposes, increase our indebtedness and ultimately materially adversely affect our results of operations, financial condition, cash flows and/or prospects. Oncor's ability to make distributions may be limited by factors such as its credit ratings, regulatory capital requirements, increases in its capital plan, debt-to-equity ratio approved by the PUCT and other restrictions and considerations. In addition, Oncor will not make distributions if a majority of Oncor's independent directors or any minority member director determines it is in the best interests of Oncor to retain such amounts to meet expected future requirements.

Rates and Cost Recovery

The PUCT issued a final order in Oncor's most recent comprehensive base rate proceeding in April 2023, and rates implementing that order went into effect on May 1, 2023. In June 2023, the PUCT issued an order on rehearing in response to the motions for rehearing filed by Oncor and certain intervening parties in the proceeding. The order on rehearing made certain technical and typographical corrections to the final order but otherwise affirmed the material provisions of the final order and did not require modification of the rates that went into effect on May 1, 2023. In September 2023, Oncor filed an appeal in Travis County District Court seeking judicial review of certain rate base disallowances and related expense effects of those disallowances in the PUCT's order on rehearing. In February 2024, the court dismissed the appeal for lack of jurisdiction. In March 2024, Oncor appealed the court's dismissal, which is currently with the Fifteenth Court of Appeals in Texas.

Off-Balance Sheet Arrangement

Our investment in Oncor Holdings is a variable interest in an unconsolidated entity. We discuss variable interests in Note 1 of the Notes to Condensed Consolidated Financial Statements.

Sempra Infrastructure

Sempra Infrastructure expects to fund capital expenditures, investments and operations in part with available funds, including existing credit facilities, and cash flows from operations from the Sempra Infrastructure businesses. We expect Sempra Infrastructure will require additional funding for the development and expansion of its portfolio of projects, which may be financed through a combination of funding from the parent and NCI owners, bank financing, issuances of debt, project financing, partnering in JVs and asset sales.

Sempra, KKR Pinnacle and ADIA directly or indirectly own a 70%, 20%, and 10% interest, respectively, in SI Partners, and KKR Denali, an affiliate of ConocoPhillips and TotalEnergies SE each own a 60%, 30% and 16.6% interest, respectively, in three separate SI Partners subsidiaries. In the nine months ended September 30, 2024 and 2023, Sempra Infrastructure distributed \$235 million and \$289 million, respectively, to its NCI owners, and NCI owners contributed \$1,121 million and \$1,236 million, respectively, to Sempra Infrastructure.

Sempra Infrastructure is in various stages of development or construction on natural gas liquefaction projects, pipeline and terminal projects, and renewable generation and sequestration projects, which we describe below. The successful development and/or construction of these projects is subject to numerous risks and uncertainties.

With respect to projects in development, these risks and uncertainties include, as applicable depending on the project, any failure to:

- secure binding customer commitments
- identify suitable project and equity partners
- obtain sufficient financing
- reach agreement with project partners or other applicable parties to proceed
- obtain, modify, and/or maintain permits and regulatory approvals, including LNG export applications to non-FTA countries
- negotiate, complete and maintain suitable commercial agreements, which may include EPC, tolling, equity acquisition, governance, LNG sales, gas supply and transportation contracts
- reach a positive final investment decision

With respect to projects under construction, these risks and uncertainties include, in addition to the risks described above as applicable to each project, construction delays and cost overruns.

An unfavorable outcome with respect to any of these factors could have a material adverse effect on (i) the development and construction of the applicable project, including a potential impairment of all or a substantial portion of the capital costs invested in the project to date, which could be material, and (ii) for any project that has reached a positive final investment decision, Sempra's results of operations, financial condition, cash flows and/or prospects. For a further discussion of these risks, see "Part I – Item 1A. Risk Factors" in the Annual Report.

The descriptions below discuss several HOAs, MOUs and other non-binding development agreements with respect to Sempra Infrastructure's various development projects. These arrangements do not commit any party to enter into definitive agreements or otherwise participate in the applicable project, and the ultimate participation by the parties remains subject to negotiation and finalization of definitive agreements, among other factors.

LNG

Cameron LNG Phase 2 Project. Cameron LNG JV is developing a proposed expansion project that would add one electric drive liquefaction train with an expected maximum production capacity of approximately 6.75 Mtpa and would increase the production capacity of the existing three trains at the Cameron LNG Phase 1 facility by up to approximately 1 Mtpa through debottlenecking activities. The Cameron LNG JV site can accommodate additional trains beyond the proposed Cameron LNG Phase 2 project.

Cameron LNG JV has received major permits, as amended to allow the use of electric drives for a one-train electric drive expansion along with other design enhancements, and FTA and non-FTA approvals associated with the potential expansion. The non-FTA approval for the proposed Cameron LNG Phase 2 project includes, among other things, a May 2026 deadline to commence commercial exports, for which we expect to request an extension.

Sempra Infrastructure and the other Cameron LNG JV members, namely affiliates of TotalEnergies SE, Mitsui & Co., Ltd. and Japan LNG Investment, LLC, a company jointly owned by Mitsubishi Corporation and Nippon Yusen Kabushiki Kaisha, have entered into a non-binding HOA for the potential development of the Cameron LNG Phase 2 project. The non-binding HOA provides a commercial framework for the proposed project, including the contemplated allocation to SI Partners of 50.2% of the fourth train production capacity and 25% of the debottlenecking capacity from the project under tolling agreements. The non-binding HOA contemplates the remaining capacity to be allocated equally to the existing Cameron LNG Phase 1 facility customers. Sempra Infrastructure plans to sell the LNG corresponding to its allocated capacity from the proposed Cameron LNG Phase 2 project under long-term SPAs prior to making a final investment decision.

After completion of certain value engineering work in the first quarter of 2024, Cameron LNG JV is conducting additional value engineering work to improve the overall value of the project and evaluate other potential EPC contractors. We expect this work will continue through the end of 2024 as we continue to evaluate the timeframe to make a final investment decision, which we no longer expect to occur in the first half of 2025 and which remains subject to satisfactory conclusion on the EPC process as well as negotiation and finalization of definitive offtake agreements and completion of all related financing and permitting activities necessary to align our authorizations with the proposed schedule for the project.

In December 2023, Entergy Louisiana, LLC, a subsidiary of Entergy Corporation, and Cameron LNG JV signed a new electricity service agreement (and related ancillary agreements) for the supply to Cameron LNG JV of up to 950 MW of renewable power from new renewable resources in Louisiana.

Expansion of the Cameron LNG Phase 1 facility beyond the first three trains is subject to certain restrictions and conditions under the JV project financing agreements, including among others, scope restrictions on expansion of the project unless appropriate prior consent is obtained from the existing project lenders. Under the Cameron LNG JV equity agreements, the expansion of the project requires the unanimous consent of all the members, including with respect to the equity investment obligation of each member.

ECA LNG Phase 1 Project. ECA LNG Phase 1 is constructing a one-train natural gas liquefaction facility at the site of Sempra Infrastructure's existing ECA Regas Facility with a nameplate capacity of 3.25 Mtpa and an initial offtake capacity of 2.5 Mtpa. We do not expect the construction or operation of the ECA LNG Phase 1 project to disrupt operations at the ECA Regas Facility. SI Partners owns an 83.4% interest in ECA LNG Phase 1, and an affiliate of TotalEnergies SE owns the remaining 16.6% interest. Sempra holds an indirect interest in the ECA LNG Phase 1 project of 58.4%.

We received authorizations from the DOE to export U.S.-produced natural gas to Mexico and to re-export LNG to non-FTA countries from the ECA LNG Phase 1 project. ECA LNG Phase 1 has definitive 20-year SPAs with an affiliate of TotalEnergies SE for approximately 1.7 Mtpa of LNG and with Mitsui & Co., Ltd. for approximately 0.8 Mtpa of LNG. The customers have a termination right if the ECA LNG Phase 1 project does not commence commercial operations under the SPAs by February 24, 2026, subject to certain additional conditions, for which we expect to request an extension if necessary.

We have an EPC contract with TP Oil & Gas Mexico, S. De R.L. De C.V., an affiliate of Technip Energies N.V., to construct the ECA LNG Phase 1 project. We estimate the total price of the EPC contract to be approximately \$1.6 billion, with capital expenditures approximating \$2.5 billion including capitalized interest at the project level and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ substantially from our estimates. We expect the ECA LNG Phase 1 project to commence commercial operations in the spring of 2026.

ECA LNG Phase 1 has a five-year loan agreement with a syndicate of seven external lenders that matures in December 2025 for an aggregate principal amount of up to \$1.3 billion, of which \$1.0 billion was outstanding at September 30, 2024. Proceeds from the loan are being used to finance the cost of construction of the ECA LNG Phase 1 project.

With respect to the ECA LNG Phase 1 and Phase 2 projects, recent and proposed changes to the law in Mexico and an unfavorable resolution of land disputes and permit challenges, in each case that we discuss in Note 11 of the Notes to Condensed Consolidated Financial Statements, could have a material adverse effect on the development and construction of these projects.

ECA LNG Phase 2 Project. Sempra Infrastructure is developing a second, large-scale natural gas liquefaction project at the site of its existing ECA Regas Facility. We expect the proposed ECA LNG Phase 2 project to be comprised of two trains and one LNG storage tank and produce approximately 12 Mtpa of export capacity. We expect that construction of the proposed ECA LNG Phase 2 project would conflict with the current operations at the ECA Regas Facility, which currently has long-term regasification contracts for 100% of the regasification facility's capacity through 2028. This makes the decisions on whether, when and how to pursue the proposed ECA LNG Phase 2 project dependent in part on whether the investment in a large-scale liquefaction facility would, over the long term, be more beneficial financially than continuing to supply regasification services under our existing contracts.

We received authorizations from the DOE to export U.S.-produced natural gas to Mexico and to re-export LNG to non-FTA countries from the proposed ECA LNG Phase 2 project.

We have non-binding MOUs and/or HOAs with Mitsui & Co., Ltd., an affiliate of TotalEnergies SE, and ConocoPhillips that provide a framework for their potential offtake of LNG from the proposed ECA LNG Phase 2 project and potential acquisition of an equity interest in ECA LNG Phase 2.

PA LNG Phase 1 Project. Sempra Infrastructure is constructing a natural gas liquefaction project on a greenfield site that it owns in the vicinity of Port Arthur, Texas, located along the Sabine-Neches waterway. The PA LNG Phase 1 project will consist of two liquefaction trains, two LNG storage tanks, a marine berth and associated loading facilities and related infrastructure necessary to provide liquefaction services with a nameplate capacity of approximately 13 Mtpa and an initial offtake capacity of approximately 10.5 Mtpa. SI Partners, KKR Denali and an affiliate of ConocoPhillips indirectly own a 28%, 42% and 30% interest, respectively, in the PA LNG Phase 1 project, and Sempra holds a 19.6% indirect interest in the project.

Sempra Infrastructure has received authorizations from the DOE that permit the LNG to be produced from the PA LNG Phase 1 project to be exported to all current and future FTA and non-FTA countries. In April 2019, the FERC approved the siting, construction and operation of the PA LNG Phase 1 project. In June 2023, Port Arthur LNG requested authorization from the FERC to increase its work force and implement a 24-hours-per-day construction schedule to further enhance construction efficiency while reducing temporal impacts to the community and environment in the vicinity of the project. The authorization was granted in May 2024 and provides the EPC contractor with more optionality to meet or exceed the project's construction schedule.

The PA LNG Phase 1 project holds two Clean Air Act, Prevention of Significant Deterioration permits issued by the TCEQ, which we refer to as the "2016 Permit" and the "2022 Permit." The 2022 Permit also governs emissions for the proposed PA LNG Phase 2 project. In November 2023, a panel of the U.S. Court of Appeals for the Fifth Circuit issued a decision to vacate and remand the 2022 Permit to the TCEQ for additional explanation of the agency's permit decision. In February 2024, the court withdrew its opinion and referred the case to the Supreme Court of Texas to resolve the question of the appropriate standard to be applied by the TCEQ. The 2022 Permit is effective during the Texas Supreme Court's review. The 2016 Permit was not the subject of, and is unaffected by, the pending litigation of the 2022 Permit. Construction of the PA LNG Phase 1 project is proceeding uninterrupted under existing permits, and we do not currently anticipate the pending litigation to materially impact the PA LNG Phase 1 project cost, schedule or expected commercial operations at this stage.

Sempra Infrastructure has definitive SPAs for LNG offtake from the PA LNG Phase 1 project with:

- an affiliate of ConocoPhillips for a 20-year term for 5 Mtpa of LNG, as well as a natural gas supply management agreement whereby an affiliate of ConocoPhillips will manage the feed gas supply requirements for the PA LNG Phase 1 project.
- RWE Supply & Trading GmbH, a subsidiary of RWE AG, for a 15-year term for 2.25 Mtpa of LNG.
- INEOS for a 20-year term for approximately 1.4 Mtpa of LNG.
- ORLEN for a 20-year term for approximately 1 Mtpa of LNG.
- ENGIE S.A. for a 15-year term for approximately 0.875 Mtpa of LNG.

We have an EPC contract with Bechtel to construct the PA LNG Phase 1 project. In March 2023, we issued a final notice to proceed under the EPC contract, which has an estimated price of approximately \$10.7 billion. We estimate the capital expenditures for the PA LNG Phase 1 project will be approximately \$13 billion, including capitalized interest at the project level and project contingency. The actual cost of the EPC contract and the actual amount of these capital expenditures may differ substantially from our estimates. We expect the first and second trains of the PA LNG Phase 1 project to commence commercial operations in 2027 and 2028, respectively.

As we discuss in Note 9 of the Notes to Condensed Consolidated Financial Statements, SI Partners and ConocoPhillips have provided guarantees relating to their respective affiliate's commitment to make its pro rata equity share of capital contributions to fund 110% of the development budget of the PA LNG Phase 1 project, in an aggregate amount of up to \$9.0 billion. SI Partners' guarantee covers 70% of this amount plus enforcement costs of its guarantee. As of September 30, 2024, an aggregate amount of \$2.7 billion has been paid by SI Partners' indirect subsidiary in satisfaction of its commitment to fund its portion of the development budget of the PA LNG Phase 1 project.

In March 2023, Port Arthur LNG entered into a seven-year term loan facility agreement with a syndicate of lenders for an aggregate principal amount of approximately \$6.8 billion and an initial working capital facility agreement for up to \$200 million. The facilities mature in March 2030. Proceeds from the loans will be used to finance the cost of construction of the PA LNG Phase 1 project. At September 30, 2024, \$420 million of borrowings were outstanding under the term loan facility agreement.

PA LNG Phase 2 Project. Sempra Infrastructure is developing a second phase of the Port Arthur natural gas liquefaction project that we expect will be a similar size to the PA LNG Phase 1 project. We are progressing the development of the proposed PA LNG Phase 2 project, while continuing to evaluate overall opportunities to develop the entirety of the Port Arthur site.

In September 2023, the FERC approved the siting, construction and operation of the proposed PA LNG Phase 2 project, including the potential addition of up to two liquefaction trains. In February 2020, Sempra Infrastructure filed an application with the DOE to permit LNG produced from the proposed PA LNG Phase 2 project to be exported to all current and future FTA and non-FTA countries. We received the FTA authorization from the DOE in July 2020.

As we discuss above, a U.S. federal court previously issued and subsequently withdrew a decision that would have vacated and remanded the 2022 Permit authorizing emissions from the PA LNG Phase 1 and Phase 2 projects to the TCEQ for additional explanation of the agency's permit decision. The U.S. Court of Appeals for the Fifth Circuit has referred the case to the Supreme Court of Texas to resolve the question of the appropriate standard to be applied by the TCEQ. The 2022 Permit is effective pending the Texas Supreme Court's review.

Sempra Infrastructure has entered into a non-binding HOA for the negotiation and potential finalization of a definitive SPA with INEOS for approximately 0.2 Mtpa of LNG offtake from the proposed PA LNG Phase 2 project. Additionally, Sempra Infrastructure has entered into a non-binding HOA for a 20-year SPA with Aramco for 5 Mtpa of LNG offtake from the proposed PA LNG Phase 2 project. The HOA further contemplates Aramco's 25% participation in the project-level equity of the PA LNG Phase 2 project.

In July 2024, Sempra Infrastructure entered into an \$8.2 billion EPC contract with Bechtel for the proposed PA LNG Phase 2 project. The EPC contract contemplates the construction of two liquefaction trains capable of producing approximately 13 Mtpa, an additional LNG storage tank and marine berth and associated loading facilities and related infrastructure necessary to provide liquefaction services. We have no obligation to move forward on the EPC contract, and we may release Bechtel to perform portions of the work pursuant to limited notices to proceed. The price is subject to change if certain limited notices to proceed and the full notice to proceed are not issued, each by specified dates. We expect to work with Bechtel with respect to such changes based on the ultimate timeline for the project and plan to fully release Bechtel to perform all the work to construct the PA LNG Phase 2 project only after we reach a final investment decision with respect to the project and after certain other conditions are met, including obtaining permits, executing definitive agreements for LNG offtake and equity investments, and securing project financing.

Vista Pacifico LNG Liquefaction Project. Sempra Infrastructure is developing the Vista Pacifico LNG project, a mid-scale natural gas liquefaction export facility proposed to be located in the vicinity of the Port of Topolobampo in Sinaloa, Mexico. In June 2024, we extended the non-binding development agreement with the CFE to December 15, 2024, with an automatic one-year extension to December 15, 2025. We continue to progress with the CFE on the negotiation of definitive agreements, including a natural gas supply agreement. The proposed LNG export terminal would be supplied with U.S. natural gas and would use excess capacity on existing pipelines in Mexico with the intent of helping to meet growing demand for natural gas and LNG in the Mexican and Pacific markets.

Sempra Infrastructure received authorization from the DOE to permit the export of U.S.-produced natural gas to Mexico and for LNG produced from the proposed Vista Pacifico LNG facility to be re-exported to all current and future FTA countries and non-FTA countries.

In March 2022, TotalEnergies SE and Sempra Infrastructure entered into a non-binding MOU that contemplates TotalEnergies SE potentially contracting approximately one-third of the long-term export production of the proposed Vista Pacifico LNG project and potentially participating as a minority partner in the project.

Asset and Supply Optimization. As we discuss in "Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in the Annual Report, Sempra Infrastructure enters into hedging transactions to help mitigate commodity price risk and optimize the value of its LNG, natural gas pipelines and storage, and power-generating assets. Some of these derivatives that we use as economic hedges do not meet the requirements for hedge accounting, or hedge accounting is not elected, and as a result, the changes in fair value of these derivatives are recorded in earnings. Consequently, significant changes in commodity prices have in the past and could in the future result in earnings volatility, which may be material, as the economic offset of these derivatives may not be recorded at fair value.

Off-Balance Sheet Arrangements. Our investment in Cameron LNG JV is a variable interest in an unconsolidated entity. We discuss variable interests in Note 1 of the Notes to Condensed Consolidated Financial Statements.

In June 2021, Sempra provided a promissory note, which constitutes a guarantee, for the benefit of Cameron LNG JV with a maximum exposure to loss of \$165 million. The guarantee will terminate upon full repayment of Cameron LNG JV's debt, scheduled to occur in 2039, or replenishment of the amount withdrawn by Sempra Infrastructure from the SDSRA. We discuss this guarantee in Note 5 of the Notes to Condensed Consolidated Financial Statements.

In July 2020, Sempra entered into a Support Agreement, which contains a guarantee and represents a variable interest, for the benefit of CFIN with a maximum exposure to loss of \$979 million. The guarantee will terminate upon full repayment of the guaranteed debt by 2039, including repayment following an event in which the guaranteed debt is put to Sempra. We discuss this guarantee in Notes 1, 5 and 8 of the Notes to Condensed Consolidated Financial Statements.

Energy Networks

Sonora Pipeline. Sempra Infrastructure's Sonora natural gas pipeline consists of two pipeline segments, the Sasabe-Puerto Libertad-Guaymas segment and the Guaymas-El Oro segment. Each segment has its own service agreement with the CFE. Following the start of commercial operations of the Guaymas-El Oro segment, Sempra Infrastructure reported damage to the pipeline in the Yaqui territory that has made that section inoperable since August 2017. In September 2019, Sempra Infrastructure and the CFE reached an agreement to modify the tariff structure and extend the term of the contract by 10 years. Under the revised agreement, the CFE will resume making payments only when the damaged section of the Guaymas-El Oro segment of the Sonora pipeline is back in service.

Sempra Infrastructure and the CFE have agreed to an amendment to their transportation services agreement and to re-route the portion of the pipeline that is in the Yaqui territory, whereby the CFE would pay for the re-routing with a new tariff. This amendment will terminate if certain conditions are not met, and Sempra Infrastructure retains the right to terminate the transportation services agreement and seek to recover its reasonable and documented costs and lost profit. Sempra Infrastructure continues to acquire and pursue the necessary rights-of-way and permits for the re-routed portion of the pipeline.

The Guaymas-El Oro segment of the Sonora pipeline currently constitutes a Sole Risk Project under the terms of the SI Partners limited partnership agreement. Sole Risk Projects are separated from other SI Partners projects and are conducted at Sempra's sole cost, expense and liability and we receive, through the acquisition of Sole Risk Interests, any economic and other benefits from such projects. At September 30, 2024, Sempra Infrastructure had \$404 million in PP&E, net, related to the Guaymas-El Oro segment of the Sonora pipeline, which could be subject to impairment if Sempra Infrastructure is unable to re-route a portion of the pipeline and resume operations or if Sempra Infrastructure terminates the contract and is unable to obtain recovery, which in each case could have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

Refined Products Terminals. Sempra Infrastructure owns and operates a terminal for the receipt, storage, and delivery of refined products in Topolobampo, which commenced commercial operations in June 2024.

Sempra Infrastructure is also developing terminals for the receipt, storage, and delivery of refined products in the vicinity of Manzanillo and Ensenada. SI Partners holds a 100% indirect interest and Sempra holds a 70% indirect interest in these terminals.

Port Arthur Pipeline Louisiana Connector. Sempra Infrastructure is constructing the Port Arthur Pipeline Louisiana Connector, a 72-mile pipeline connecting the PA LNG Phase 1 project to Gillis, Louisiana, in which SI Partners holds a 100% indirect interest and Sempra holds a 70% indirect interest. In April 2019, the FERC approved the siting, construction and operation of the Port Arthur Pipeline Louisiana Connector, which will be used to supply feed gas to the PA LNG Phase 1 project. In July 2023, Sempra Infrastructure filed a limited amendment application with the FERC to implement construction process enhancements and minor modifications to several discrete sections of the Port Arthur Pipeline Louisiana Connector. These modifications are intended to decrease environmental impacts, accommodate landowner routing requests and enhance construction procedures. In May 2024, the FERC approved the Port Arthur Pipeline Louisiana Connector amendment application. We expect the Port Arthur Pipeline Louisiana Connector to be ready for service ahead of the PA LNG Phase 1 project's gas requirements. We estimate the capital expenditures for the project will be approximately \$1 billion, including capitalized interest at the project level and project contingency. The actual amount of these capital expenditures may differ substantially from our estimates.

Louisiana Storage. Sempra Infrastructure is constructing Louisiana Storage, a 12.5-Bcf salt dome natural gas storage facility to support the PA LNG Phase 1 project, in which SI Partners holds a 100% indirect interest and Sempra holds a 70% indirect interest. The construction includes an 11-mile pipeline that will connect to the Port Arthur Pipeline Louisiana Connector. In September 2022, the FERC approved the development of the project. We expect Louisiana Storage to be ready for service in time to support the needs of the PA LNG Phase 1 project. We estimate the capital expenditures for the project will be approximately \$300 million, including capitalized interest at the project level and project contingency. The actual amount of these capital expenditures may differ substantially from our estimates.

Low Carbon Solutions

Cimarrón Wind. Sempra Infrastructure has made a positive final investment decision on and begun constructing the Cimarrón Wind project, an approximately 320-MW wind generation facility in Baja California, Mexico, in which SI Partners holds a 100% indirect interest and Sempra holds a 70% indirect interest. Sempra Infrastructure has a 20-year PPA with Silicon Valley Power for the long-term supply of renewable energy to the City of Santa Clara, California. Cimarrón Wind will utilize Sempra Infrastructure's existing cross-border high voltage transmission line to interconnect and deliver clean energy to the East County substation in San Diego County. We estimate the capital expenditures for the project will be approximately \$550 million, including capitalized interest at the project level and project contingency. The actual amount of these capital expenditures may differ substantially from our estimates. We expect the Cimarrón Wind project to begin generating energy in late 2025 and commence commercial operations in the first half of 2026.

Hackberry Carbon Sequestration Project. Sempra Infrastructure is developing the potential Hackberry Carbon Sequestration project near Hackberry, Louisiana. This proposed project under development is designed to permanently sequester carbon dioxide from the Cameron LNG Phase 1 facility and the proposed Cameron LNG Phase 2 project. In 2021, Sempra Infrastructure filed an application with the U.S. Environmental Protection Agency (EPA) for a Class VI carbon injection well to advance this project. The permit is pending approval from the State of Louisiana as the EPA has transferred Class VI permitting authority to the state.

Sempra Infrastructure, TotalEnergies SE, Mitsui & Co., Ltd. and Mitsubishi Corporation have entered into a Participation Agreement for the development of the proposed Hackberry Carbon Sequestration project. The Participation Agreement contemplates that the combined Cameron LNG Phase 1 facility and proposed Cameron LNG Phase 2 project would potentially serve as the anchor source for the capture and sequestration of carbon dioxide by the proposed project. It also provides the basis for the parties to acquire an equity interest by entering into a JV with Sempra Infrastructure for the Hackberry Carbon Sequestration project. In May 2023, Sempra Infrastructure and Cameron LNG JV entered into a non-binding HOA, which sets forth a framework for further development of the Hackberry Carbon Sequestration project.

Legal and Regulatory Matters

See Note 11 of the Notes to Condensed Consolidated Financial Statements in this report and "Part I – Item 1A. Risk Factors" in the Annual Report for discussions of the following legal and regulatory matters affecting our operations in Mexico and risks associated with Mexican laws, policies and government influence:

Energía Costa Azul

- [Land Disputes](#)
- [Environmental and Social Impact Permits](#)

One or more unfavorable final decisions on these land disputes or environmental and social impact permit challenges could materially adversely affect our existing natural gas regasification operations and proposed natural gas liquefaction projects at the site of the ECA Regas Facility and have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

Regulatory and Other Actions by the Mexican Government

- [Amendments to Mexico's Hydrocarbons Law](#)
- [Amendments to Mexico's Electricity Industry Law](#)

Sempra Infrastructure and other parties affected by these amendments to Mexican law have challenged them by filing amparo and other claims, some of which remain pending. In particular, Sempra Infrastructure filed one lawsuit concerning the provision of Mexico's Electricity Industry Law permitting revocation of self-supply permits deemed improperly obtained that was dismissed by the court. Consequently, the CRE may be required to seek to revoke such self-supply permits, under a legal standard that is ambiguous and not well defined under the law. An unfavorable decision on one or more of these amparo or other challenges, the impact of the amendments that have become effective (due to unsuccessful amparo challenges or otherwise), or the possibility of future reforms to the energy industry through additional amendments to Mexican laws, regulations or rules (including through amendments to the constitution) may impact our ability to operate our facilities at existing levels or at all, may result in increased costs for Sempra Infrastructure and its customers, may adversely affect our ability to develop new projects, may result in decreased revenues and cash flows, and may negatively impact our ability to recover the carrying values of our investments in Mexico, any of which may have a material adverse effect on Sempra's business, results of operations, financial condition, cash flows and/or prospects.

Subsequent to the federal elections in Mexico, the Mexican government has begun to introduce significant changes to the Constitution, which will require changes in laws, policies, and regulations in order to be implemented. These changes have included constitutional reforms to the judiciary and to the treatment of certain state-owned enterprises. The changes to the judiciary include a requirement that all judges be elected rather than appointed. These reforms and any further constitutional, legal or regulatory changes could affect the Mexican economy, energy sector and our businesses, the extent of which we currently are unable to predict.

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SOURCES AND USES OF CASH

The following tables include only significant changes in cash flow activities for each of the Registrants.

CASH FLOWS FROM OPERATING ACTIVITIES				
<i>(Dollars in millions)</i>				
Nine months ended September 30,	Sempra	SDG&E	SoCalGas	
2024	\$ 3,542	\$ 1,443	\$ 1,370	
2023	5,129	1,484	1,264	
Change	<u>\$ (1,587)</u>	<u>\$ (41)</u>	<u>\$ 106</u>	
Change in net margin posted, current and noncurrent	\$ (1,000)	\$ 77		
Change in fixed-price contracts and other derivatives, current and noncurrent	(361)	(105)	\$ (256)	
(Lower) higher net income, adjusted for noncash items included in earnings	(314)	167	(295)	
Change in income taxes receivable/payable, net	(279)	(58)		
Change in GHG allowances, current and noncurrent	(227)	(41)	(165)	
Change in accounts receivable	(106)	281	(195)	
Change in qualified pension liability	67		49	
Change in legal reserve, current and noncurrent	83		83	
Change in GHG obligations, current and noncurrent	95		66	
Change in accounts payable	145	(39)	77	
Change in regulatory accounts, current and noncurrent	369	(322)	688	
Change in inventories			95	
Other	(59)	(1)	(41)	
	<u>\$ (1,587)</u>	<u>\$ (41)</u>	<u>\$ 106</u>	

CASH FLOWS FROM INVESTING ACTIVITIES

<i>(Dollars in millions)</i>				
Nine months ended September 30,	Sempra	SDG&E	SoCalGas	
2024	\$ (6,296)	\$ (1,793)	\$ (1,491)	
2023	(6,304)	(1,838)	(1,451)	
Change	<u>\$ 8</u>	<u>\$ 45</u>	<u>\$ (40)</u>	
Decrease (increase) in capital expenditures	\$ 309	\$ 55	\$ (40)	
Higher contributions to Oncor Holdings		(308)		
Other	7	(10)		
	<u>\$ 8</u>	<u>\$ 45</u>	<u>\$ (40)</u>	

CASH FLOWS FROM FINANCING ACTIVITIES
(Dollars in millions)

Nine months ended September 30,	Sempra	SDG&E	SoCalGas
2024	\$ 3,066	\$ 315	\$ 121
2023	2,198	593	192
Change	\$ 868	\$ (278)	\$ (71)
Lower payments for short-term debt with maturities greater than 90 days	\$ 3,749		\$ 800
Higher (lower) issuances of long-term debt	489	\$ (795)	97
Settlement of cross-currency swaps in 2023	99		
Higher contributions from NCI	85		
Lower distributions to NCI	54		
Higher advances from unconsolidated affiliates	54		
Lower (higher) payments on long-term debt and finance leases	53	47	(202)
(Lower) higher issuances of short-term debt with maturities greater than 90 days	(963)		500
Proceeds from sales of NCI in 2023, net	(1,238)		
Change in borrowings and repayments of short-term debt, net	(1,558)	589	(1,266)
Higher common dividends paid		(125)	
Other	44	6	
	\$ 868	\$ (278)	\$ (71)

Capital Expenditures and Investments

	Nine months ended September 30,	
	2024	2023
Sempra California ⁽¹⁾	\$ 3,329	\$ 3,344
Sempra Texas Utilities	578	270
Sempra Infrastructure	2,443	2,736
Parent and other	3	5
Total	\$ 6,353	\$ 6,355

⁽¹⁾ Includes expenditures for PP&E of \$1,838 and \$1,893 at SDG&E and \$1,491 and \$1,451 at SoCalGas for 2024 and 2023, respectively.

ERCOT has been experiencing, and expects to continue to experience, growth in power demand. Additionally, pursuant to recently enacted Texas House Bill 2555 and related rules promulgated by the PUCT, Oncor filed for PUCT review and approval a system resiliency plan to help enhance the resiliency of its transmission and distribution system. Oncor anticipates its 2025 through 2029 five-year capital expenditures plan may increase by 40% to 50% compared to its previously announced 2024 through 2028 plan.

An increase in Oncor's 2025 through 2029 five-year capital expenditures plan would likely result in an increase to Sempra's capital expenditures and investments in its 2025 through 2029 five-year plan. The amounts and timing of capital expenditures and certain investments may vary substantially from our estimates and are generally subject to approvals by various regulatory and other governmental and environmental bodies, including the CPUC, the FERC and the PUCT, the cost and availability of financing, changes in tax law and business opportunities providing desirable rates of return, among various other factors described in this MD&A and in "Part I – Item 1A. Risk Factors" in the Annual Report. We intend to finance our capital expenditures and investments in a manner that will maintain our investment-grade credit ratings and capital structure, but there is no guarantee that we will be able to do so.

CRITICAL ACCOUNTING ESTIMATES

Management views certain accounting estimates as critical because their application is the most relevant, judgmental and/or material to our financial position and results of operations, and/or because they require the use of material judgments and estimates. We discuss critical accounting estimates in "Part II – Item 7. MD&A" in the Annual Report.

NEW ACCOUNTING STANDARDS

We discuss any recent accounting pronouncements that have had or may have a significant effect on our financial statements and/or disclosures in Note 2 of the Notes to Condensed Consolidated Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We provide disclosure regarding derivative activity in Note 7 of the Notes to Condensed Consolidated Financial Statements. We discuss our market risk and risk policies in detail in "Part II – Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in the Annual Report.

COMMODITY PRICE RISK

Sempra Infrastructure is exposed to commodity price risk indirectly through its LNG, natural gas pipelines and storage, and power-generating assets. In the first nine months of 2024, a hypothetical 10% change in commodity prices would have resulted in a change in the fair value of our commodity-based natural gas and electricity derivatives of \$15 million at September 30, 2024 compared to \$14 million at December 31, 2023.

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The one-day value at risk for SDG&E's and SoCalGas' commodity positions were \$2 million and \$3 million, respectively, at September 30, 2024 compared to \$2 million and \$4 million, respectively, at December 31, 2023.

INTEREST RATE RISK

The table below shows the nominal amount of our debt:

NOMINAL AMOUNT OF DEBT ⁽¹⁾						
(Dollars in millions)						
	September 30, 2024			December 31, 2023		
	Sempra	SDG&E	SoCalGas	Sempra	SDG&E	SoCalGas
Short-term:						
Sempra California	\$ 884	\$ 384	\$ 500	\$ 947	\$ —	\$ 947
Other	1,305	—	—	1,397	—	—
Long-term:						
Sempra California fixed-rate	\$ 16,309	\$ 8,950	\$ 7,359	\$ 15,109	\$ 8,350	\$ 6,759
Sempra California variable-rate	—	—	—	400	400	—
Other fixed-rate	13,881	—	—	11,317	—	—
Other variable-rate	1,034	—	—	890	—	—

⁽¹⁾ After the effects of interest rate swaps. Before reductions for unamortized discount and debt issuance costs and excluding finance lease obligations.

An interest rate risk sensitivity analysis measures interest rate risk by calculating the estimated changes in earnings attributable to common shares (but disregarding capitalized interest and impacts on equity earnings from debt at our equity method investees) that would result from a hypothetical change in market interest rates. Earnings attributable to common shares are affected by changes in interest rates on short-term debt and variable-rate long-term debt. If weighted-average interest rates on short-term debt outstanding at September 30, 2024 increased or decreased by 10%, the change in earnings attributable to common shares over the 12-month period ending September 30, 2025 would be approximately \$8 million. If interest rates increased or decreased by 10% on all variable-rate long-term debt at September 30, 2024, after considering the effects of interest rate swaps, the change in earnings attributable to common shares over the 12-month period ending September 30, 2025 would be approximately \$3 million.

FOREIGN CURRENCY EXCHANGE RATE RISK AND INFLATION EXPOSURE

We discuss our foreign currency exchange rate risk and inflation exposure in "Part I – Item 2. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations" in this report and in "Part II – Item 7. MD&A – Impact of Foreign Currency and Inflation Rates on Results of Operations" in the Annual Report. At September 30, 2024, there were no significant changes to our exposure to foreign currency exchange rate risk since December 31, 2023.

In 2023 and 2024 to date, SDG&E and SoCalGas have experienced inflationary pressures from increases in various costs, including the cost of natural gas, electric fuel and purchased power, labor, materials and supplies, as well as availability of labor and materials. Sempra Texas Utilities has experienced increased costs, including labor and contractor related costs as well as higher insurance premiums, and does not have specific regulatory mechanisms that allow for recovery of higher non-reconcilable costs due to inflation; rather, recovery is limited to rate updates through capital trackers and base rate reviews, which may result in partial non-recovery due to the regulatory lag. If such costs continue to be subject to significant inflationary pressures and we are not able to fully recover such higher costs in rates or there is a delay in recovery, these increased costs may have a significant effect on Sempra's, SDG&E's and SoCalGas' results of operations, financial condition, cash flows and/or prospects.

Sempra Infrastructure has experienced inflationary pressures from increases in various costs, including the cost of labor, materials and supplies. Sempra Infrastructure generally secures long-term contracts that are U.S. dollar-denominated or referenced and are periodically adjusted for market factors, including inflation, and Sempra Infrastructure generally enters into lump-sum contracts for its large construction projects in which much of the risk during construction is absorbed or hedged by the EPC contractor. If additional costs become subject to significant inflationary pressures, we may not be able to fully recover such higher costs through contractual adjustments for inflation, which may have a significant effect on Sempra's results of operations, financial condition, cash flows and/or prospects.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Sempra, SDG&E and SoCalGas maintain disclosure controls and procedures designed to ensure that information required to be disclosed in their respective reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and is accumulated and communicated to the management of each company, including each respective principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. In designing and evaluating these controls and procedures, the management of each company recognizes that any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives; therefore, the management of each company applies judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Under the supervision and with the participation of the principal executive officers and principal financial officers of Sempra, SDG&E and SoCalGas, each such company's management evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of September 30, 2024, the end of the period covered by this report. Based on these evaluations, the principal executive officers and principal financial officers of Sempra, SDG&E and SoCalGas concluded that their respective company's disclosure controls and procedures were effective at the reasonable assurance level as of such date.

INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in Sempra's, SDG&E's or SoCalGas' internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, any such company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are not party to, and our property is not the subject of, any material pending legal proceedings (other than ordinary routine litigation incidental to our businesses) or environmental proceedings described in Item 103(c)(3) of SEC Regulation S-K except for the matters (1) described in Note 11 of the Notes to Condensed Consolidated Financial Statements in this report and in Note 16 of the Notes to Consolidated Financial Statements in the Annual Report, or (2) referred to in "Part I – Item 2. MD&A" in this report or in "Part I – Item 1A. Risk Factors" or "Part II – Item 7. MD&A" in the Annual Report.

ITEM 1A. RISK FACTORS

When evaluating our company and its consolidated entities and any investment in our or their securities, you should carefully consider the risk factors and all other information contained in this report and the other documents we file with the SEC (including those filed subsequent to this report), including the factors discussed in "Part I – Item 2. MD&A" in this report and "Part I – Item 1A. Risk Factors" and "Part II – Item 7. MD&A" in the Annual Report. This section supplements the risk factors described in our Annual Report by adding the below risk factor under the heading "Risks Related to Sempra – Financial and Capital Stock-Related Risks" in "Part I – Item 1A. Risk Factors." Any of the risks and other information discussed in this report or any of the risk factors discussed in "Part I – Item 1A. Risk Factors" or "Part II – Item 7. MD&A" in the Annual Report, as well as additional risks and uncertainties not currently known to us or that we currently consider immaterial, could materially adversely affect our results of operations, financial condition, cash flows, prospects and/or the trading prices of our securities or those of our consolidated entities.

Settlement provisions contained in the forward sale agreements we may enter into in connection with our ATM program subject us to certain risks.

In November 2024, Sempra established an ATM program, which we discuss in Note 9 of the Notes to Condensed Consolidated Financial Statements and in part (a) of "Part II - Item 5. Other Information" below. We are permitted to sell shares of our common stock in the ATM program pursuant to forward sale agreements, which grant each counterparty (each a forward purchaser) the right to accelerate its forward sale agreement (or, in certain cases, the portion thereof that the forward purchaser determines is affected by the relevant event) and require us to physically settle the forward sale agreement on a date specified by the forward purchaser if, subject to a prior notice requirement:

- the forward purchaser determines in its commercially reasonable judgment that it is unable to hedge in a commercially reasonable manner its exposure to the applicable forward sale agreement because insufficient shares of our common stock are made available for borrowing by securities lenders or that, with respect to borrowing such number of shares of our common stock, it would incur a rate that is greater than the borrow cost specified in the forward sale agreement;
- we declare any dividend, issue or distribution to existing holders of shares of our common stock that constitutes an extraordinary dividend under the forward sale agreement or is payable in (i) cash in excess of specified amounts (unless it is an extraordinary dividend), (ii) securities of another company that we acquire or own (directly or indirectly) as a result of a spin-off or similar transaction or (iii) any other type of securities (other than our common stock), rights, warrants or other assets for payment at less than the prevailing market price;
- an event (i) is announced that, if consummated, would result in an extraordinary event (including certain mergers and tender offers, our nationalization, our insolvency and the delisting of the shares of our common stock) or (ii) occurs that would constitute a hedging disruption or change in law;
- an ownership event (as such term is defined in the forward sale agreement) occurs; or
- certain other events of default, termination events or other specified events occur, including, among other things, a change in law.

A forward purchaser's decision to exercise its right to accelerate all or a portion of the settlement of its forward sale agreement and to require us to physically settle the relevant shares will be made irrespective of our interests, including our need for capital. In such cases, we could be required to issue and deliver shares of our common stock under the terms of the physical settlement.

which would result in dilution to our EPS and may adversely affect the market price of our common stock, Series C preferred stock and any other series of preferred stock we may issue in the future.

The forward price that we expect to receive upon physical settlement of a forward sale agreement will be subject to adjustment on a daily basis based on a floating interest rate factor. If the specified daily rate is less than the applicable spread on any day, this will result in a daily reduction of the forward price. In addition, the forward price will be subject to decrease on certain dates specified in the relevant forward sale agreement by the amount per share of quarterly dividends we expect to declare on our common stock during the term of such forward sale agreement.

We will generally have the right, in lieu of physical settlement of any forward sale agreement, to elect cash or net share settlement in respect of any or all of the shares of our common stock subject to such forward sale agreement. If we elect to cash or net share settle all or any part of any forward sale agreement, we would expect to issue a substantially lower number of shares than if we settled by physical delivery, but would not receive the cash for the shares that would have otherwise been issued if we settled the entire forward sale agreement by physical delivery and, as a result, would not derive the same credit metrics benefits.

If the price of our common stock at which these purchases are made by such forward purchaser (or its affiliate) exceeds the applicable forward price, we will pay such forward purchaser an amount in cash equal to such difference (if we elect to cash settle) or we will deliver to such forward purchaser a number of shares of our common stock having a market value equal to such difference (if we elect to net share settle). Any such difference could be significant and could require us to pay a significant amount of cash or deliver a significant number of shares of our common stock to such forward purchaser.

The purchase of shares of our common stock by a forward purchaser or its affiliate to unwind the forward purchaser's hedge position could cause the price of our common stock to increase above the price that would have prevailed in the absence of those purchases (or prevent a decrease in such price), thereby increasing the amount of cash (in the case of cash settlement) or the number of shares (in the case of net share settlement) that we would owe such forward purchaser upon settlement of the applicable forward sale agreement or decreasing the amount of cash (in the case of cash settlement) or the number of shares (in the case of net share settlement) that such forward purchaser would owe us upon settlement of the applicable forward sale agreement.

ITEM 5. OTHER INFORMATION

(a) On November 6, 2024, we entered into the sales agreement with Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, Scotia Capital (USA) Inc., and Wells Fargo Securities, LLC (each an agent) and the forward purchasers (as defined below), providing for the offer and sale of shares of Sempra common stock having an aggregate gross sales price of up to \$ 3.0 billion through the agents, as our sales agents or, if applicable, as forward sellers, or directly to the agents as principals.

The shares may be offered and sold in amounts and at times to be determined by us from time to time. Actual sales, if any, will depend on a variety of factors to be determined by us and the agents from time to time, including, among other things, market conditions, the trading price of our common stock, capital needs and determinations by us of the appropriate sources of our funding.

Sales of the shares, if any, pursuant to the sales agreement will be made in negotiated transactions, including block trades, or transactions that are deemed to be "at-the-market" offerings as defined in Rule 415 under the Securities Act of 1933, as amended, by means of ordinary brokers' transactions at market prices prevailing at the time of sale, including sales made directly on the NYSE, sales made to or through a market maker and sales made through other securities exchanges or electronic communications networks or by any other method permitted by applicable law as otherwise agreed between the applicable agent and us.

The sales agreement contemplates that, in addition to the issuance and sale by us of shares of our common stock to or through the agents, we may enter into separate forward sale agreements with Barclays Bank PLC, Bank of America, N.A., Citibank, N.A., Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, Mizuho Markets Americas LLC, Morgan Stanley & Co. LLC, MUFG Securities EMEA plc, Royal Bank of Canada, The Bank of Nova Scotia and Wells Fargo Bank, National Association, or one of their respective affiliates (the forward purchasers). If we enter into a forward sale agreement with any forward purchaser, we expect that such forward purchaser (or its affiliate) will attempt to borrow from third parties and sell, through the relevant agent, acting as sales agent for such forward purchaser, shares of our common stock to hedge

such forward purchaser's exposure under such forward sale agreement. We will not receive any proceeds from any sale of shares borrowed by a forward purchaser (or its affiliate) and sold through a forward seller.

A copy of the opinion of Latham & Watkins LLP relating to the validity of the securities to be issued pursuant to the sales agreement is filed hereto as [Exhibit 5.1](#).

We currently expect to fully physically settle each forward sale agreement, if any, on one or more dates specified by us on or prior to the maturity date of such forward sale agreement. However, we will generally have the right, subject to certain exceptions, to elect to cash settle or net share settle all or any portion of our obligations under any such forward sale agreement. If we elect or are deemed to have elected to physically settle any forward sale agreement by delivering shares of our common stock, we will receive an amount of cash from the relevant forward purchaser equal to the product of (1) the initial forward price per share under such forward sale agreement and (2) the number of shares as to which we have elected or are deemed to have elected physical settlement, subject to the price adjustment and other provisions of such forward sale agreement.

The agents are not required to sell any specific number or dollar amount of shares but have agreed to use their commercially reasonable efforts, consistent with their normal trading and sales practices and applicable law and regulations, as our sales agents or as forward sellers, and subject to the terms of the sales agreement and, in the case of shares offered through such agents as forward sellers, the relevant forward sale agreement, to sell shares of our common stock on mutually agreed terms between the agent and us.

The sales agreement provides that an agent will be entitled to a commission that will not exceed 1.0 % of the gross sales price of all shares sold through it as agent pursuant to the sales agreement. We may also sell shares to one or more agents as principal, at a price per share to be agreed upon at the time of sale. If we sell shares to one or more of the agents as principal, we will enter into a separate agreement with such agent or agents setting forth the terms of such transaction. In connection with any forward sale agreement under the sales agreement, the applicable agent, as forward seller, will receive a commission, in the form of a reduction to the initial forward price under the related forward sale agreement, at a mutually agreed rate that will not exceed (subject to certain exceptions) 1.0 % of the volume-weighted average of the gross sales price per share of all of the borrowed shares of our common stock sold through such agent, as forward seller, during the applicable forward selling period for such shares.

We intend to use a substantial portion of the net proceeds we receive from the issuance and sale by us of any shares of our common stock to or through the agents and any net proceeds we receive pursuant to the settlement of any forward sale agreements with the relevant forward purchasers for working capital and other general corporate purposes, including to partly finance anticipated increases to our long-term capital plan and to repay outstanding commercial paper and potentially other indebtedness.

The foregoing description of the sales agreement and any forward sale agreement does not purport to be complete and is qualified in its entirety by reference to the sales agreement and the form of forward sale agreement, which are filed hereto as [Exhibit 10.1](#).

This Quarterly Report on Form 10-Q does not constitute an offer to sell the shares of our common stock subject to the sales agreement or a solicitation of an offer to buy any such shares, nor shall there be any sale of such shares in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

- (b) None.
- (c) During the most recent fiscal quarter, (i) each of the individuals listed below, who were at the time Sempra directors or officers, adopted a Rule 10b5-1 trading arrangement with respect to the securities of Sempra, with the material terms described below; (ii) no Sempra directors or officers terminated a Rule 10b5-1 trading arrangement or adopted or terminated a non-Rule 10b5-1 trading arrangement with respect to the securities of Sempra; and (iii) no SDG&E or SoCalGas directors or officers adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement with respect to the securities of each such Registrant. As used herein, directors and officers are as defined in Rule 16a-1(f) under the Exchange Act, a Rule 10b5-1 trading arrangement is as defined in Item 408(a) of SEC Regulation S-K, and a non-Rule 10b5-1 trading arrangement is as defined in Item 408(c) of SEC Regulation S-K. The Rule 10b5-1 trading arrangement listed below is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act.

RULE 10B5-1 TRADING ARRANGEMENT*(Three months ended September 30, 2024)*

Name and title of the director or officer	Date on which the director or officer adopted or terminated the trading arrangement	Duration of the trading arrangement	Aggregate number of securities to be purchased or sold pursuant to the trading arrangement
Sempra:			
Justin C. Bird , Executive Vice President	September 18, 2024	From April 1, 2025 until all shares are sold or the trading arrangement is otherwise terminated	<ul style="list-style-type: none">35% of the shares of Sempra common stock subject to 4,579 performance-based RSUs vesting in January and February of 2025⁽¹⁾35% of the shares of Sempra common stock subject to 4,756 performance-based RSUs vesting in January and February of 2026⁽¹⁾in each case, less shares to which Mr. Bird would otherwise be entitled that are withheld to satisfy minimum statutory tax withholding requirements
Jeffrey W. Martin , Chairman, Chief Executive Officer and President	August 12, 2024	From January 30, 2025 until all shares are sold or the trading arrangement is otherwise terminated	All shares of Sempra common stock subject to 104,540 performance-based RSUs vesting in January and February of 2025 ⁽¹⁾ , less shares to which Mr. Martin would otherwise be entitled that are withheld to satisfy minimum statutory tax withholding requirements

⁽¹⁾ Shares subject to the performance-based RSUs scheduled to vest in January and February of 2025 and 2026 generally will vest, in whole or in part, or be forfeited in early 2025 or early 2026, as applicable, based on our total shareholder return for the three-year performance period ending on January 2, 2025 and January 2, 2026, as applicable, and EPS growth (as adjusted for long-term incentive plan purposes) for the three-year performance period ending on December 31, 2024 and December 31, 2025, as applicable. The number of shares that will vest may range from 0% to 200% of the target number of shares (plus dividend equivalents) and cannot be ascertained until the performance period has ended and the Compensation and Talent Development Committee of Sempra's board of directors has certified the results.

ITEM 6. EXHIBITS

The exhibits listed below relate to each Registrant as indicated. Unless otherwise indicated, the exhibits that are incorporated by reference herein were filed under File Number 1-14201 (Sempra), File Number 1-40 (Pacific Lighting Corporation), File Number 1-03779 (San Diego Gas & Electric Company) and/or File Number 1-01402 (Southern California Gas Company). All exhibits to which Sempra is a party have been named in this Exhibit Index with Sempra's current legal name (Sempra) rather than its former legal name (Sempra Energy) regardless of the date of the exhibit.

EXHIBIT INDEX						
Exhibit Number	Exhibit Description	Incorporated by Reference				
		Filed or Furnished Herewith	Form	Exhibit or Appendix	Filing Date	
EXHIBIT 3 -- ARTICLES OF INCORPORATION AND BYLAWS						
Sempra						
3.1	Amended and Restated Articles of Incorporation of Sempra effective May 23, 2008.	10-K	3.1	02/27/20		
3.2	Certificate of Determination of Preferences of 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C, of Sempra (including the form of certificate representing the 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C), filed with the Secretary of State of the State of California and effective June 11, 2020.	8-K	3.1	06/15/20		
3.3	Certificate of Amendment of Amended and Restated Articles of Incorporation of Sempra dated May 12, 2023.	8-K	3.1	05/16/23		
3.4	Bylaws of Sempra (as amended through May 12, 2023).	8-K	3.2	05/16/23		
San Diego Gas & Electric Company						
3.5	Amended and Restated Articles of Incorporation of San Diego Gas & Electric Company effective August 15, 2014.	10-K	3.4	02/26/15		
3.6	Bylaws of San Diego Gas & Electric Company (as amended through October 26, 2016).	10-Q	3.1	11/02/16		
Southern California Gas Company						
3.7	Restated Articles of Incorporation of Southern California Gas Company effective October 7, 1996.	10-K	3.01	03/28/97		
3.8	Bylaws of Southern California Gas Company (as amended through January 30, 2017).	8-K	3.1	01/31/17		
EXHIBIT 4 -- INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES						
Certain instruments defining the rights of holders of long-term debt instruments are not required to be filed or incorporated by reference herein pursuant to Item 601(b)(4)(iii)(A) of SEC Regulation S-K. Each Registrant agrees to furnish a copy of such instruments to the SEC upon request.						
Sempra						
4.1	Officers' Certificate of Sempra, dated as of September 9, 2024, including the form of 6.400% Fixed-to-Fixed Reset Rate Junior Subordinated Note due 2054.	8-K	4.1	09/09/24		
Sempra / Southern California Gas Company						
4.2	Supplemental Indenture of Southern California Gas Company to U.S. Bank National Association, dated as of August 14, 2024.	8-K	4.1	08/14/24		
EXHIBIT 5 -- OPINION RE LEGALITY						
Sempra						
5.1	Opinion of Latham & Watkins, LLP	X				

EXHIBIT INDEX (CONTINUED)

			Incorporated by Reference		
Exhibit Number	Exhibit Description	Filed or Furnished Herewith	Exhibit or Form	Appendix	Filing Date

EXHIBIT 10 -- MATERIAL CONTRACTS

Sempra

10.1 [ATM Equity Offering Sales Agreement, dated November 6, 2024, among Sempra and Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, Scotia Capital \(USA\) Inc., and Wells Fargo Securities, LLC, as sales agents and forward sellers, and Barclays Bank PLC, Bank of America, N.A., Citibank, N.A., Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, Mizuho Markets Americas LLC, Morgan Stanley & Co. LLC, MUFG Securities EMEA plc, Royal Bank of Canada, The Bank of Nova Scotia and Wells Fargo Bank, National Association, as forward purchasers.](#) X

Management Contract or Compensatory Plan, Contract or Arrangement

Sempra

10.2 [Form of Sempra 2019 Long-Term Incentive Plan 2024 Time-Based Restricted Stock Unit Award - Four Year Award Vest.](#) X

EXHIBIT 23 -- CONSENTS OF EXPERTS AND COUNSEL

Sempra

23.1 [Consent of Latham & Watkins, LLP \(included in Exhibit 5.1 hereto\)](#) X

EXHIBIT INDEX (CONTINUED)

Exhibit Number	Exhibit Description	Filed or Furnished Herewith
EXHIBIT 31 -- SECTION 302 CERTIFICATIONS		
Sempra		
31.1 Certification of Sempra's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934. X		
31.2 Certification of Sempra's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934. X		
San Diego Gas & Electric Company		
31.3 Certification of San Diego Gas & Electric Company's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934. X		
31.4 Certification of San Diego Gas & Electric Company's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934. X		
Southern California Gas Company		
31.5 Certification of Southern California Gas Company's Principal Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934. X		
31.6 Certification of Southern California Gas Company's Principal Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934. X		
EXHIBIT 32 -- SECTION 906 CERTIFICATIONS		
Sempra		
32.1 Certification of Sempra's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350. X		
32.2 Certification of Sempra's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350. X		
San Diego Gas & Electric Company		
32.3 Certification of San Diego Gas & Electric Company's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350. X		
32.4 Certification of San Diego Gas & Electric Company's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350. X		
Southern California Gas Company		
32.5 Certification of Southern California Gas Company's Principal Executive Officer pursuant to 18 U.S.C. Sec. 1350. X		
32.6 Certification of Southern California Gas Company's Principal Financial Officer pursuant to 18 U.S.C. Sec. 1350. X		
EXHIBIT 101 -- INTERACTIVE DATA FILE		
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document.	X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.	X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.	X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.	X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.	X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.	X
EXHIBIT 104 -- COVER PAGE INTERACTIVE DATA FILE		
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).	

SIGNATURES

Sempra:

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SEMPRA,
(Registrant)

Date: November 6, 2024 By: /s/ Peter R. Wall

Peter R. Wall

Senior Vice President, Controller and Chief Accounting Officer (Duly Authorized Officer)

San Diego Gas & Electric Company:

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SAN DIEGO GAS & ELECTRIC COMPANY,
(Registrant)

Date: November 6, 2024 By: /s/ Valerie A. Bille

Valerie A. Bille

Vice President, Controller and Chief Accounting Officer (Duly Authorized Officer)

Southern California Gas Company:

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SOUTHERN CALIFORNIA GAS COMPANY,
(Registrant)

Date: November 6, 2024 By: /s/ Sara P. Mijares

Sara P. Mijares

Vice President, Controller and Chief Accounting Officer (Duly Authorized Officer)

12670 High Bluff Drive
 San Diego, California 92130
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LATHAM & WATKINS LLP

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Hong Kong	Singapore
Houston	Tel Aviv
London	Tokyo
Los Angeles	Washington, D.C.
Madrid	

November 6, 2024

Sempra
 488 8th Avenue
 San Diego, California 92101

Re: Registration Statement No. 333-272237

To the addressees set forth above:

We have acted as special counsel to Sempra, a California corporation (the **'Company'**), in connection with an ATM Equity Offering Sales Agreement, dated November 6, 2024 (the **"Sales Agreement"**), by and among the Company and BofA Securities, Inc., Barclays Capital Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, Scotia Capital (USA) Inc., and Wells Fargo Securities, LLC, each as a sales agent or principal, as applicable (in such capacity, each a **"Sales Agent"** and collectively, the **"Sales Agents"**), and forward seller (in such capacity, each a **'Forward Seller'** and collectively, the **"Forward Sellers"**), and Barclays Bank PLC, Bank of America, N.A., Citibank, N.A., Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, Mizuho Markets Americas LLC, Morgan Stanley & Co. LLC, MUFG Securities EMEA plc, Royal Bank of Canada, The Bank of Nova Scotia and Wells Fargo Bank, National Association, each as a forward purchaser (in such capacity, each a **"Forward Purchaser"** and, collectively, the **"Forward Purchasers"**), with regard to the sale of shares of common stock of the Company, no par value, (the **"Shares"**), by (i) the Company through or to the Sales Agents (such shares sold by the Sales Agents referred to as the **"Issuance Shares"**) and/or (ii) the Forward Purchasers, through the Sales Agents as forward sellers from time to time, having an aggregate sales price of up to \$3,000,000,000, pursuant to a registration statement on Form S-3 under the Securities Act of 1933, as amended (the **"Act"**), filed with the Securities and Exchange Commission (the

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“**Commission**”) on May 26, 2023 (Registration No. 333-272237) (as so filed and as amended, the **Registration Statement**”), a base prospectus dated May 26, 2023 included in the Registration Statement (the **Base Prospectus**”), and a prospectus supplement dated November 6, 2024 filed with the Commission pursuant to Rule 424(b) under the Act (the **Prospectus Supplement**”, and together with the Base Prospectus, the **Prospectus**”). In connection with the Sales Agreement, the Company may enter into one or more forward sale agreements with the Forward Purchasers (each, a **Confirmation**) in the form attached as Annex II to the Sales Agreement (the **Form of Confirmation**”), relating to the forward sale by the Company of shares of Common Stock (the **Confirmation Shares**”), subject to the Company’s right to elect net share settlement or cash settlement of all or a portion of its obligations under the applicable Confirmation and certain other terms and conditions.

This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related prospectus, other than as expressly stated herein with respect to the issue of the Shares.

As such counsel, we have examined such matters of fact and questions of law as we have considered appropriate for purposes of this letter. With your consent, we have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters. We are opining herein as to the Corporations Code of the State of California (the **Corporations Code**”), and we express no opinion with respect to any other laws.

Subject to the foregoing and the other matters set forth herein, it is our opinion that, as of the date hereof, (i) when the Issuance Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers, and have been issued by the Company against payment therefor in the circumstances contemplated by the Sales Agreement, the issue and sale of the Issuance Shares will have been duly authorized by all necessary corporate action of the Company, and the Issuance Shares will be validly issued, fully paid and nonassessable and (ii) when and to the extent the Confirmation Shares shall have been duly registered on the books of the transfer agent and registrar therefor in the name or on behalf of the purchasers, and have been issued by the Company against payment therefor in the circumstances contemplated by the Confirmation, the issue and sale of the Confirmation Shares will have been duly authorized by all necessary corporate action of the Company, and the Confirmation Shares will be validly issued, fully paid and nonassessable. In rendering the foregoing opinions, we have assumed that the Company will comply with all applicable notice requirements regarding uncertificated shares provided in the Corporations Code.

Our opinion is subject to: (i) the effects of bankruptcy, insolvency, reorganization, preference, fraudulent transfer, moratorium or other similar laws relating to or affecting the rights or remedies of creditors; (ii) the effects of general principles of equity, whether considered in a proceeding in equity or at law (including the possible unavailability of specific performance or injunctive relief), concepts of materiality, reasonableness, good faith, fair dealing and the discretion of the court before which a proceeding is brought; (iii) the invalidity under certain

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circumstances under law or court decisions of provisions for the indemnification or exculpation of, or contribution to, a party with respect to a liability where such indemnification, exculpation or contribution is contrary to public policy; and (iv) we express no opinion with respect to (a) consents to, or restrictions upon, governing law, jurisdiction, venue, service of process, arbitration, remedies or judicial relief, (b) advance waivers of claims, defenses, rights granted by law, or notice, opportunity for hearing, evidentiary requirements, statutes of limitation, trial by jury or at law, or other procedural rights, (c) waivers of rights or defenses contained in Section 515 of the Indenture, and waivers of broadly or vaguely stated rights, (d) provisions for exclusivity, election or cumulation of rights or remedies, (e) provisions authorizing or validating conclusive or discretionary determinations, (f) provisions for the payment of attorneys' fees where such payment is contrary to law or public policy and we call to your attention the provisions of Sections 1717 and 1717.5 of the California Civil Code, which limit and create obligations for the payment of attorneys' fees, (g) provisions prohibiting, restricting, or requiring consent to assignment or transfer of any agreement, right or property, or the effect thereon of California Civil Code Section 711, (h) provisions for liquidated damages, default interest, late charges, monetary penalties, prepayment or make-whole premiums or other economic remedies to the extent such provisions are deemed to constitute a penalty, (i) provisions permitting, upon acceleration of any indebtedness (including the Shares), collection of that portion of the stated principal amount thereof which might be determined to constitute unearned interest thereon, and (j) the severability, if invalid, of provisions to the foregoing effect.

With your consent, except to the extent we have expressly opined as to such matters with respect to the Company herein, we have assumed (a) that the Sales Agreement has been duly authorized, executed and delivered by the parties thereto, (b) the Confirmations shall be duly authorized, executed and delivered by the parties thereto in the form of the Form of Confirmation, (c) that the Sales Agreement and the Confirmations constitute legally valid and binding obligations of the parties thereto, enforceable against each of them in accordance with their respective terms, and (d) that the status of the Sales Agreement and Confirmations as legally valid and binding obligations of the parties is not affected by any (i) breaches of, or defaults under, agreements or instruments, (ii) violations of statutes, rules, regulations or court or governmental orders, or (iii) failures to obtain required consents, approvals or authorizations from, or make required registrations, declarations or filings with, governmental authorities.

This opinion is for your benefit in connection with the Registration Statement and may be relied upon by you and by persons entitled to rely upon it pursuant to the applicable provisions of the Act. We consent to your filing this opinion as an exhibit to the Company's Form 10-Q dated November 6, 2024 and to the reference to our firm contained in the prospectus for the offering of the Shares under the heading "Legal Matters." In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission thereunder.

Sincerely,

/s/ Latham &
Watkins LLP

Sempra

Common Stock
(No Par Value)

ATM EQUITY OFFERING SALES AGREEMENT

November 6, 2024

To the Agents and Forward Purchasers listed on Schedule I

Ladies and Gentlemen:

Sempra, a California corporation (the "Company"), proposes, subject to the terms and conditions stated herein, that shares (the "Shares") of its common stock, no par value (the "Common Stock"), having an aggregate gross sales price not to exceed \$3,000,000,000, be offered and sold from time to time to or through Barclays Capital Inc. ("Barclays"), BofA Securities, Inc. ("BofAS"), Citigroup Global Markets Inc. ("Citigroup"), Goldman Sachs & Co. LLC ("Goldman"), J.P. Morgan Securities LLC ("JPM"), Mizuho Securities USA LLC ("Mizuho"), Morgan Stanley & Co. LLC ("MS"), MUFG Securities Americas Inc. ("MUFG"), RBC Capital Markets, LLC ("RBC"), Scotia Capital (USA) Inc. ("Scotia") and Wells Fargo Securities, LLC ("WFS"), as sales agents, principals and/or forward sellers (in any such capacity, each an "Agent", and collectively, the "Agents") and Barclays Bank PLC, Bank of America, N.A., Citibank, N.A., Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, Mizuho Markets Americas LLC, Morgan Stanley & Co. LLC, MUFG Securities EMEA plc, Royal Bank of Canada, The Bank of Nova Scotia and Wells Fargo Bank, National Association, each as forward purchaser (in such capacity, each a "Forward Purchaser" and, collectively, the "Forward Purchasers"), on the terms set forth in this ATM Equity Offering Sales Agreement. For purposes of clarity, it is understood and agreed by the parties hereto that, if Shares are offered or sold through any Agent acting as forward seller for the applicable Forward Purchaser, then such Agent, as forward seller, shall be acting as sales agent for such Forward Purchaser with respect to the offering and sale of such Shares, and, except in cases where this Agreement (as defined below) expressly refers to an Agent acting as sales agent for the Company or unless otherwise expressly stated or the context otherwise requires, references in this Agreement to any Agent acting as sales agent shall also be deemed to apply to such Agent when acting as forward seller, *mutatis mutandis*. The Company agrees that whenever it determines to sell Shares directly to an Agent as principal it will enter into a separate written Terms Agreement (each, a "Terms Agreement"), in substantially the form of Annex I hereto, relating to such sale in accordance with Section 2(k) hereof. References herein to "this Agreement" or to matters contained "herein" or "hereunder", or words of similar import, mean this ATM Equity Offering Sales Agreement and any applicable Terms Agreement.

The Company agrees that whenever the Company determines to enter into one or more forward stock purchase transactions with any of the Forward Purchasers, the Company and any of the applicable Forward Purchasers will enter into one or more separate letter agreements (each, a "Confirmation" and, collectively, the "Confirmations"), in substantially the form of Annex II hereto, relating to such sale in accordance with Section 2 hereof. Under each Confirmation, the Company will, on the terms and subject to the conditions set forth in such Confirmation and in this Agreement, deliver to the applicable Forward Purchaser, or an affiliate thereof (including the Agent affiliated with such Forward Purchaser), up to the maximum number of shares of Common Stock as may be sold in accordance with this Agreement in connection with such Confirmation. In connection with any Confirmation entered into as contemplated by this Agreement, it is contemplated that the applicable Forward Purchaser will attempt to borrow and then offer, through its affiliated Agent, acting as forward seller and sales agent on behalf of such Forward Purchaser, the applicable Shares for sale on the terms and subject to the conditions set forth in this Agreement and such Confirmation.

The Company has filed with the Securities and Exchange Commission (the "Commission") an automatic shelf registration statement on Form S-3 (File No. 333-272237), which registration statement became effective upon filing under Rule 462(e) of the rules and regulations of the Commission (the "Securities Act Regulations") under the Securities Act of 1933, as amended (the "Securities Act"). The "Registration Statement", as of any time, means

such registration statement as amended by any post-effective amendments thereto at such time, including the exhibits and any schedules thereto at such time, the documents incorporated or deemed to be incorporated by reference therein at such time pursuant to Item 12 of Form S-3 under the Securities Act and the documents otherwise deemed to be a part thereof as of such time pursuant to Rule 430B of the Securities Act Regulations ("Rule 430B"), but excluding any Form T-1 (as defined below), or any subsequent registration statement on Form S-3 filed pursuant to Rule 415(a)(6) under the Securities Act by the Company with respect to the Shares; provided, however, that the "Registration Statement" without reference to a time means such registration statement as amended by any post-effective amendments thereto, or any subsequent registration statement on Form S-3 filed pursuant to Rule 415(a)(6) under the Securities Act by the Company with respect to the Shares, as of the time of the first contract of sale for the Shares, which time shall be considered the "new effective date" of the Registration Statement with respect to the Shares within the meaning of paragraph (f)(2) of Rule 430B ("Rule 430B(f)(2)"), including the exhibits and schedules thereto at such time, the documents incorporated or deemed to be incorporated by reference therein at such time pursuant to Item 12 of Form S-3 under the Securities Act and the documents otherwise deemed to be a part thereof as of such time pursuant to Rule 430B, but excluding any Form T-1. The base prospectus filed as part of such registration statement or any subsequent registration statement on Form S-3 filed pursuant to Rule 415(a)(6) under the Securities Act by the Company with respect to the Shares, as amended in the form in which it has been filed most recently with the Commission in accordance with Section 3(b) or 3(c) hereof, including the documents incorporated or deemed to be incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act, is referred to herein as the "Base Prospectus". Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus supplement relating to the Shares in accordance with the provisions of Rule 424(b) of the Securities Act Regulations ("Rule 424(b)"). Such prospectus supplement, as amended by the prospectus supplement filed most recently with the Commission in accordance with Section 3(b), 3(c) or 3(n) hereof, as the case may be, including the documents incorporated or deemed to be incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act, is referred to herein as the "Prospectus Supplement". The Base Prospectus, as amended by the Prospectus Supplement and any applicable pricing supplement thereto, in the form in which the Base Prospectus, the Prospectus Supplement and any such pricing supplement has been filed most recently with the Commission in accordance with Section 3(b), 3(c) or 3(n) hereof, as the case may be, are collectively referred to herein as the "Prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus or the Prospectus or any amendment or supplement thereto shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system (or any successor system) ("EDGAR").

As used in this Agreement:

Applicable Time means, with respect to any offer and sale of Shares, the time immediately prior to the first contract of sale for such Shares, or such other time as agreed by the Company and the applicable Agents.

General Disclosure Package means each Issuer General Use Free Writing Prospectus, if any, issued prior to the Applicable Time (other than a "road show" that is an Issuer Free Writing Prospectus, but is not required to be filed under Rule 433 under the Securities Act), the most recent Prospectus filed with the Commission in accordance with Section 3(b), 3(c) or 3(n) hereof that is distributed to investors prior to the Applicable Time and the number of Shares and the offering price per Share, all considered together.

Issuer Free Writing Prospectus means any "issuer free writing prospectus," as defined in Rule 433 of the Securities Act Regulations ("Rule 433"), including, without limitation, any "free writing prospectus" (as defined in Rule 405) relating to the Shares that is (i) required to be filed with the Commission by the Company, (ii) a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Shares or of the offering thereof that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"Issuer General Use Free Writing Prospectus" means any Issuer Free Writing Prospectus approved by the Agents or, in the case of a specific offer and sale of Shares, the applicable Agent(s) pursuant to Section 3(l) hereof that is furnished to such Agent(s), as the case may be, for general distribution to investors, as evidenced by communications between the Company and the Agents or such Agent(s), as the case may be.

"Issuer Limited Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

Unless the context otherwise requires, references in this Agreement to documents, financial statements and schedules and other information which is "contained," "included," "made," "stated" or "referred to" (or other references of like import) in the Registration Statement, any preliminary prospectus or the Prospectus (and all other references of like import) shall be deemed to mean and include all such documents, financial statements and schedules and other information incorporated or deemed incorporated by reference in the Registration Statement, any preliminary prospectus or the Prospectus, as the case may be, prior to the Applicable Time relating to the particular Shares; and all references in this Agreement to amendments or supplements to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder (the "Exchange Act Regulations") incorporated or deemed to be incorporated by reference in the Registration Statement, such preliminary prospectus or the Prospectus, as the case may be, after the most recent effective date of such Registration Statement or the filing date of such preliminary prospectus or the Prospectus.

Section 1. **Representations and Warranties.** The Company represents and warrants to the Agents and the Forward Purchasers at the date of this Agreement, each Registration Statement Amendment Date (as defined in Section 3(o) hereof), each Company Periodic Report Date (as defined in Section 3(n) hereof), each Company Earnings Report Date (as defined in Section 3(o) hereof), each Applicable Time and each Settlement Date (as defined in Section 2(h) hereof) (collectively, a "Representation Date"), and agrees with the Agents and the Forward Purchasers, as follows:

(i) **Accurate Disclosure.** At each Applicable Time, (A) the General Disclosure Package and (B) any individual Issuer Limited Use Free Writing Prospectus, when considered together with the General Disclosure Package, did not contain and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (i) shall not apply to statements in or omissions from the General Disclosure Package or any individual Issuer Limited Use Free Writing Prospectus made in reliance upon and in conformity with the Agent Information (as defined in Section 6(b) hereof).

(ii) **Issuer Free Writing Prospectuses.** No Issuer Free Writing Prospectus conflicts or will conflict with the information contained in the Registration Statement, any preliminary prospectus or the Prospectus or any amendment or supplement thereto, including any document incorporated by reference therein, that has not been superseded or modified. Any offer that is a written communication relating to the Shares made prior to the initial filing of the Registration Statement by the Company or any person acting on its behalf (within the meaning, for this paragraph only, of Rule 163(c) of the Securities Act Regulations) has been filed with the Commission in accordance with the exemption provided by Rule 163 of the Securities Act Regulations ("Rule 163") and otherwise complied with the requirements of Rule 163, including, without limitation, the legending requirement, to qualify such offer for the exemption from Section 5(c) of the Securities Act provided by Rule 163.

(iii) **Compliance of the Registration Statement and the Prospectus.** The Company meets the requirements for use of Form S-3 under the Securities Act Regulations. The Registration Statement is an "automatic shelf registration statement" as defined under Rule 405 of the Securities Act Regulations that became effective not earlier than three years prior to the date hereof; and no notice of objection of the Commission to the use of such registration statement or any post-effective amendment thereto pursuant to

Rule 401(g)(2) of the Securities Act Regulations has been received by the Company. The Registration Statement, at the respective times the Registration Statement and any post-effective amendments thereto became effective and as of each deemed effective date with respect to the Agents and Forward Purchasers pursuant to Rule 430B(f)(2), and the Registration Statement, any preliminary prospectus and the Prospectus, as of each Representation Date, complied in all material respects with the requirements of the Securities Act and the Securities Act Regulations (including Rule 415(a) of the Securities Act Regulations), and the Registration Statement at its effective time and at each Representation Date did not, does not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. No order suspending the effectiveness of the Registration Statement has been issued under the Securities Act and no proceedings for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering of the Shares have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with. The Prospectus and any amendment or supplement thereto, as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b) or at any Settlement Date, does not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection (iii) shall not apply to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with the Agent Information or the information contained in any Statement of Eligibility and Qualification of a trustee under the Trust Indenture Act filed as an exhibit to the Registration Statement (a "Form T-1").

(iv) Compliance of the Incorporated Documents. The documents filed by the Company and incorporated or deemed to be incorporated by reference into the Registration Statement, the Prospectus and the General Disclosure Package pursuant to Item 12 of Form S-3 under the Securities Act, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the Exchange Act and Exchange Act Regulations and, when read together and with the other information in the Registration Statement, the Prospectus and the General Disclosure Package, at the respective times the Registration Statement and any amendments thereto became effective, at any Representation Date and at any Settlement Date, did not, do not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(v) Well-Known Seasoned Issuer. (A) At the original effectiveness of the Registration Statement, (B) at the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Securities Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of prospectus), (C) at the time the Company or any person acting on its behalf (within the meaning, for this clause only, of Rule 163(c)) made any offer relating to the Shares in reliance on the exemption of Rule 163, (D) at the date of this ATM Equity Offering Sales Agreement and any Terms Agreement, and (E) at each Applicable Time, the Company was and is a "well-known seasoned issuer," as defined in Rule 405.

(vi) Company Not Ineligible Issuer. (A) At the time of filing the Registration Statement and any post-effective amendment thereto, (B) at the earliest time thereafter that the Company or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) of the Securities Act Regulations) of the Shares, (C) at the date of this ATM Equity Offering Sales Agreement and any Terms Agreement and (D) at each Applicable Time, the Company was not and is not an "ineligible issuer," as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

(vii) No Material Adverse Change of the Company and its Subsidiaries. (A) The Company and its subsidiaries, taken as a whole, have not sustained since the date of the latest audited financial statements included or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus, any material loss or interference with its business from fire, explosion, flood

or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Registration Statement, the General Disclosure Package and the Prospectus and (B) since the date as of which information is given in the General Disclosure Package and the Prospectus, there has not been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management or consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Registration Statement, the General Disclosure Package and the Prospectus. For purposes of Section 5(f) of this Agreement, a "Material Adverse Change" shall consist of the occurrence of any of the items set forth in clauses (A) and (B) of this Section 1(vii).

(viii) Good Standing of the Company and the Significant Subsidiaries. The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of California, with power and authority (corporate and other) to own its properties and conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to be so qualified or in good standing would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole. Each "significant subsidiary" of the Company (as such term is defined in Rule 102 of Regulation S-X) (the "Significant Subsidiaries"), has been duly incorporated or organized and is validly existing as a corporation, limited partnership or other entity, as the case may be, and in good standing under the laws of the jurisdiction of its incorporation or organization.

(ix) Capitalization. The Company has an authorized capitalization as set forth in the Registration Statement, the General Disclosure Package and the Prospectus, and all of the issued shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and conform to the description thereof contained in the Registration Statement, the General Disclosure Package and the Prospectus; and all of the issued shares of capital stock, partnership interests or other equity interests, as applicable, of each Significant Subsidiary have been duly and validly authorized and issued, are (solely in the case of shares of capital stock) fully paid and non-assessable and, except as stated in the Registration Statement, the General Disclosure Package and the Prospectus, are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims.

(x) Authorization of Shares. The Shares have been or will be prior to issuance duly authorized for issuance and sale by the Company and, if and when Shares are issued and delivered pursuant to this Agreement, such Shares will be validly issued, fully paid and non-assessable and the issuance of such Shares will not be subject to any preemptive or similar rights. Any shares of Common Stock to be delivered by the Company pursuant to any Confirmation (the "Confirmation Shares") have been or will be prior to issuance duly authorized and reserved for issuance and sale to the applicable Forward Purchaser or any of its affiliates pursuant to such Confirmation and, if and when Confirmation Shares are issued and delivered by the Company in accordance with such Confirmation upon payment of any consideration required by such Confirmation, will be validly issued, fully paid and non-assessable, and the issuance of such Confirmation Shares will not subject to any preemptive or similar rights. The issuance, sale and/or delivery by the Company of Confirmation Shares to the applicable Forward Purchaser or any of its affiliates pursuant to the terms of any Confirmation in accordance with the terms thereof and the delivery by such Forward Purchaser or any of its affiliates of such Confirmation Shares to close out open borrowings of Common Stock created in the course of the hedging activities by such Forward Purchaser or any of its affiliates relating to such Forward Purchaser's exposure under such Confirmation do not and will not require registration under the Securities Act.

(xi) Authorization of this Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(xii) Authorization of Confirmations. Each Confirmation has been duly authorized and, when executed and delivered by the Company and, assuming due authorization, execution and delivery of each such Confirmation by the applicable Forward Purchaser, will constitute a valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, receivership, liquidation, fraudulent conveyance, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(xiii) Non-Contravention; Absence of Further Requirements. The issue and sale of the Shares, the issue, sale and delivery of shares of Common Stock upon settlement of any Confirmations entered into by the Company and the compliance by the Company with all of the provisions of this Agreement and any such Confirmation, and the consummation of the transactions herein and therein contemplated will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which the Company or any of its Significant Subsidiaries is a party or by which the Company or any of its Significant Subsidiaries is bound or to which any of the properties or assets of the Company or any of its Significant Subsidiaries is subject, (ii) result in any violation of the provisions of the Articles or Certificate of Incorporation or Bylaws or other organizational documents of the Company or any of its Significant Subsidiaries or (iii) result in any violation of any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its Significant Subsidiaries or any of their respective properties, except, solely in the case of clauses (i) and (iii) above, for such conflicts, breaches, violations or defaults that would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Shares or the consummation by the Company of the transactions contemplated by this Agreement and any Confirmations entered into by the Company, except such as have been obtained under the Securities Act and such consents, approvals, authorizations, registrations or qualifications as may be required under the rules of the New York Stock Exchange (the "NYSE"), state securities or Blue Sky laws or the rules of Financial Industry Regulatory Authority, Inc. ("FINRA").

(xiv) Description of the Shares. The statements set forth in the General Disclosure Package and the Prospectus, each as amended or supplemented, if applicable, under the caption "Description of Capital Stock," insofar as they purport to constitute a summary of the terms of the Common Stock, the Company's authorized but unissued preferred stock, no par value (the "Preferred Stock"), the Company's Articles of Incorporation or Bylaws, provisions of the laws of the State of California, the terms of the Company's 4.875% Fixed-Rate Reset Cumulative Redeemable Perpetual Preferred Stock, Series C (the "Series C Preferred Stock") and any other series of Preferred Stock the Company may issue from time to time; and the statements under the caption "Plan of Distribution (Conflicts of Interest)," insofar as they purport to describe the provisions of the Confirmations and the laws and other documents referred to therein, are accurate, complete and fair in all material respects; and the statements under the caption "Description of Capital Stock" in Exhibit 4.2 or any similarly numbered exhibit to the Company's Annual Report on Form 10-K for the most recently completed fiscal year, insofar as they purport to constitute a summary of the Common Stock, the Company's authorized but unissued Preferred Stock, the Company's Articles of Incorporation or Bylaws, provisions of the laws of the State of California, the terms of the Series C Preferred Stock and any other series of Preferred Stock the Company may issue from time to time are accurate, complete and fair in all material respects.

(xv) Absence of Violations and Defaults. Neither the Company nor any of its Significant Subsidiaries is (A) in violation of its Articles or Certificate of Incorporation or, Bylaws or other organizational documents, as amended, or (B) in default in the performance or observance of any material

obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound, except in the case of clause (B) for such defaults which, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(xvi) Absence of Proceedings. Other than as set forth in the Registration Statement, the General Disclosure Package and the Prospectus, (A) there are no legal or governmental proceedings pending to which the Company or any of its subsidiaries is a party or of which any property of the Company or any of its subsidiaries is the subject, except for such proceedings which, if determined adversely to the Company or any of its subsidiaries, would not reasonably be expected individually or in the aggregate to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole and (B) to the Company's knowledge, no such proceedings are threatened in writing or contemplated by governmental authorities or threatened in writing by others.

(xvii) Investment Company Act. The Company is not and after giving effect to the consummation of the transactions contemplated by this Agreement and each Confirmation (if any), will not be, an "investment company," as such term is defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

(xviii) Company Independent Accountants. Deloitte & Touche LLP, who have certified certain financial statements of the Company and its subsidiaries, taken as a whole, is an independent registered public accounting firm as required by the Securities Act and the Securities Act Regulations and the rules and regulations of the Public Company Accounting Oversight Board.

(xix) Oncor Independent Accountants. To the Company's knowledge, Deloitte & Touche LLP, who have certified certain financial statements of Oncor Electric Delivery Holdings Company LLC ("Oncor Holdings") and its subsidiaries, taken as a whole, is an independent registered public accounting firm as required by the Securities Act and the Securities Act Regulations and the rules and regulations of the Public Company Accounting Oversight Board.

(xx) Financial Statements. The financial statements of the Company and its consolidated subsidiaries included (if applicable) and incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus, present fairly in all material respects the consolidated financial position of the Company and its consolidated subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; except as stated therein, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis. To the Company's knowledge, the financial statements of Oncor Holdings and its consolidated subsidiaries incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the consolidated financial position of Oncor Holdings and its consolidated subsidiaries as of the dates indicated and the consolidated results of their operations for the periods specified; and, except as stated therein, to the Company's knowledge, such financial statements have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis. The financial statements of the businesses or properties acquired or proposed to be acquired, if any, included (if applicable) and incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the information set forth therein, have been prepared in conformity with generally accepted accounting principles in the United States applied on a consistent basis (except as stated therein) and otherwise have been prepared in accordance with, in the case of businesses acquired or to be acquired, the applicable financial statement requirements of Rule 3-05 or, in the case of real estate operations acquired or to be acquired, Rule 3-14 of Regulation S-X. Any pro forma financial statements and the related notes thereto included (if applicable) or incorporated by reference in the Registration

Statement, the General Disclosure Package and the Prospectus present fairly in all material respects the information set forth therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. Except as included (if applicable) or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus, no historical or pro forma financial statements or supporting schedules are required to be included in the Registration Statement, any preliminary prospectus or the Prospectus under the Securities Act or the Securities Act Regulations.

(xxi) Accounting Controls. The Company and each of its consolidated subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any material differences.

(xxii) Disclosure Controls. The Company and each of its consolidated subsidiaries maintain "disclosure controls and procedures" (as such term is defined in Rule 13a-15(e) under the Exchange Act); such disclosure controls and procedures are effective.

(xxiii) Possession of Licenses and Permits. The Company and its subsidiaries possess such certificates, authorities or permits issued by the appropriate state, federal, local or foreign regulatory agencies or bodies necessary to conduct their businesses as described in the Registration Statement, the General Disclosure Package and the Prospectus, except where the failure to possess such certificates, authorities or permits, individually or in the aggregate, would not have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole; and neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authority or permit which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(xxiv) Public Utility. The Company and its subsidiaries are in compliance with, and conduct their respective businesses in conformity with, all applicable state, federal, local and foreign laws and regulations relating to the operation and ownership of a public utility, including, without limitation, those relating to the distribution and transmission of natural gas, except to the extent that any failure so to comply or conform would not individually or in the aggregate have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(xxv) Maintenance of Properties. The Company and its subsidiaries hold all franchises, certificates of public convenience and necessity, permits, licenses and easements necessary to own, operate and maintain their properties as described in the Registration Statement, the General Disclosure Package and the Prospectus, except to the extent that such failure, individually or in the aggregate, would not reasonably be expected to have a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole.

(xxvi) Environmental Laws. Except as otherwise described in the Registration Statement, the General Disclosure Package and the Prospectus and except as would not, singly or in the aggregate, result in a material adverse effect on the consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, (A) neither the Company nor any of its

subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or, to the knowledge of the Company, threatened, administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violations, investigations or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xxvii) No Material Adverse Change with respect to Oncor Holdings. Except as stated in the Registration Statement, the General Disclosure Package and the Prospectus, to the knowledge of the Company, since the date of the latest audited financial statements of Oncor Holdings included (if applicable) or incorporated by reference in the Registration Statement, the General Disclosure Package and the Prospectus, there has not been any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management or consolidated financial position, members' equity or results of operations of Oncor Holdings and its subsidiaries (including Oncor Electric Delivery Company LLC), taken as a whole.

(xxviii) Absence of Manipulation. Neither the Company nor any affiliate of the Company has taken, nor will the Company or any such affiliate take, directly or indirectly, any action which is designed, or would reasonably be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any Shares or to result in a violation of Regulation M under the Exchange Act.

(xxix) Actively-Traded Security. The Common Stock is an "actively traded security" exempted from the requirements of Rule 101 of Regulation M under the Exchange Act by subsection (c)(1) of such rule.

Any certificate signed by any officer or other authorized signatory of the Company and delivered to the Agents or to counsel for the Agents pursuant to this Agreement or any Confirmation shall be deemed a representation and warranty by the Company to the Agents as to the matters covered thereby, and the officer(s) or other authorized signatory(ies) signing such certificate shall have no personal liability for any representation or warranty made.

Section 2. Sale and Delivery of Shares.

(a) Subject to the terms and conditions set forth herein, the Company agrees to (i) issue and sell Shares through the applicable Agent acting as sales agent of the Company or directly to the applicable Agent or Agents acting as principal(s) from time to time or (ii) enter into a Confirmation with any Forward Purchaser and, in consultation with such Forward Purchaser and the applicable Agent (which shall be an affiliate of such Forward Purchaser), instruct such Agent, acting as forward seller on behalf of such Forward Purchaser, to offer and sell the Shares borrowed by such Forward Purchaser from third parties as contemplated by such Confirmation. Sales of the Shares, if any, through an Agent acting as sales agent of the Company or directly to an Agent acting as principal or as forward seller on behalf of any Forward Purchaser will be made in (1) negotiated transactions, which may include block trades, as the Company and such Agent may agree or (2) "at the market" offerings (as defined in Rule 415

under the Securities Act Regulations) by means of ordinary brokers' transactions at market prices prevailing at the time of sale, including sales made directly on the NYSE, sales made to or through market makers and sales made through other securities exchanges or electronic communications networks or by any other method permitted by applicable law as otherwise agreed between the applicable Agent and the Company. Sales of Shares, if any, purchased by an Agent as principal will be made as provided in the applicable Terms Agreement and the applicable pricing supplement prepared in connection with the offering of those Shares.

(b) The Shares to be sold to an Agent as sales agent of the Company or as forward seller are to be sold on any day (other than a day on which the NYSE is closed)(each, a "Trading Day") on which (i) the Company has instructed such Agent, as sales agent of the Company or as forward seller, to make such sales, (ii) the Company has satisfied its covenants and conditions specified in Sections 4 and 5 hereof, (iii) the respective Agent has agreed to act as Agent with respect to such sales and (iv) if such Shares are to be sold by such Agent as forward seller, the Company shall have entered into a Confirmation with the applicable Forward Purchaser. On any Trading Day, the Company may sell Shares through only one Agent and, if it determines to do so, shall instruct the applicable Agent by telephone (confirmed promptly by telecopy or email, which confirmation will be promptly acknowledged by such Agent and any applicable Forward Purchaser) as to the maximum number of Shares to be sold on such Trading Day and the minimum price per Share at which such Shares may be sold. Such instruction shall also specify whether such Shares will be borrowed by a Forward Purchaser and sold through the applicable Agent, as forward seller, in connection with hedging a forward stock purchase transaction pursuant to a Confirmation in accordance with clause (ii) of the paragraph above. Subject to the terms and conditions specified herein (including, without limitation, the accuracy of the representations and warranties of the Company and the performance by the Company of its covenants and other obligations contained herein and the satisfaction of the additional conditions specified in Section 5 hereof), such Agent shall use its commercially reasonable efforts, consistent with its normal trading and sales practices and applicable law and regulations, to sell all of the Shares so designated by the Company as sales agent in accordance with such instruction. On any Trading Day, the Company shall give at least one business day's prior written notice by telecopy or email to the applicable Agents or Forward Purchasers as to any change of the Agent or Forward Purchaser through whom sales of Shares as sales agent of the Company or as forward seller will be made. For the avoidance of doubt, the foregoing limitation on sales through only one Agent per Trading Day shall not apply to sales solely to employees or security holders of the Company or its subsidiaries or to a trustee or other person acquiring shares of the Company's Common Stock for the accounts of such persons in which either Barclays, BofAS, Citigroup, Goldman, JPM, Mizuho, MS, MUFG, RBC, Scotia or WFS is acting for the Company in a capacity other than as Agent or Forward Purchaser under this Agreement. The Company, Agents and Forward Purchasers each acknowledge and agree that (A) there can be no assurance that any Agent will be successful in selling any Shares, (B) the Agents (whether acting on behalf of the Company or as forward seller on behalf of the related Forward Purchaser) will not incur any liability or obligation to the Company if they fail to sell Shares for any reason other than a failure to use their respective commercially reasonable efforts, consistent with their respective normal trading and sales practices and applicable law and regulations, to sell such Shares as required by this Agreement and (C) no Agent or Forward Purchaser shall incur any liability for not borrowing, offering or selling any Shares as a result of the circumstances set forth in clause (i) or (ii) of Section 2(l).

(c) The Company or the Agent through whom the sale of Shares are to be made as sales agent of the Company or as forward seller on any Trading Day may, upon notice to the applicable Agent or the Company, respectively, by telephone (confirmed promptly by telecopy or email, which confirmation will be promptly acknowledged by the receiving party), suspend the offering of Shares with respect to which such Agent is acting as sales agent of the Company or as forward seller for any reason and at any time; provided, however, that such suspension shall not affect or impair such parties' respective obligations with respect to the Shares sold, or with respect to Shares that the Company has agreed to sell, hereunder prior to the giving of such notice (provided that, for the avoidance of doubt, the Company shall be able to specify or modify the Hedge Completion Date (as defined in the Confirmations) pursuant to any Confirmation in its discretion as provided therein).

(d) The gross sales price of any Shares sold pursuant to this Agreement by the applicable Agent acting as sales agent shall be equal to, in the discretion of such Agent but subject to the specific instructions of the Company, the market price prevailing at the time of sale for the Shares sold by such Agent on the NYSE or otherwise, at prices related to prevailing market prices or at negotiated prices. The compensation payable to an

Agent for sales of Shares with respect to which such Agent acts as sales agent shall be at a mutually agreed upon rate, not to exceed 1.0% of the gross sales price for such Shares. With respect to sales of Shares by an Agent as sales agent of the Company, the remaining proceeds, after further deduction for any transaction fees, transfer taxes or similar taxes or fees imposed by any governmental entity or self-regulatory organization in respect of such sales, shall constitute the net proceeds to the Company for such sales (the "Net Proceeds"), payment of which shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company against delivery to the applicable Agents of the Shares purchased by them. The applicable Agent shall notify the Company as promptly as practicable if any deduction referenced in the preceding sentence will be made. Notwithstanding the foregoing, in the event the Company engages an Agent as sales agent for the sale of Shares that would constitute a "distribution" within the meaning of Rule 100 of Regulation M under the Exchange Act, the Company and such Agent will agree to compensation for such Agent that is customary for such sales. For the avoidance of doubt, the compensation and commissions payable pursuant to this Section 2(d) all constitute consideration for services rendered and not consideration for the applicable Shares.

(e) If acting as sales agent hereunder, the applicable Agent shall provide written confirmation to the Company following the close of trading on the NYSE on each Trading Day on which Shares are sold under this Agreement setting forth the number of Shares sold on such day, the aggregate gross sales proceeds of the Shares, the aggregate Net Proceeds to the Company or the aggregate net proceeds to the applicable Forward Purchaser and the aggregate compensation payable by the Company to such Agent with respect to such sales.

(f) Under no circumstances shall the aggregate gross sales price for or number of, as the case may be, Shares offered or sold pursuant to this Agreement, or which are the subject of instructions to an Agent as sales agent pursuant to Section 2(b) hereof, exceed the aggregate gross sales price for or number of, as the case may be, Shares (i) referred to in the preamble paragraph of this Agreement, as reduced by prior sales of Shares under this Agreement, (ii) available for sale under the Registration Statement or (iii) duly authorized from time to time to be issued and sold under this Agreement by the Company or approved for listing on the NYSE. In addition, under no circumstances shall any Shares with respect to which the Agent acts as sales agent be offered or sold, or be the subject of instructions to an Agent as sales agent pursuant to Section 2(b) hereof, at a price lower than the minimum price therefor duly authorized from time to time by the Company and notified to the Agent(s) in writing (email shall constitute written notice for this Section 2(f)). The Agents shall have no responsibility for maintaining records with respect to Shares available for sale under the Registration Statement or for determining the aggregate gross sales price, number or minimum price of Shares duly authorized by the Company.

(g) If the exemptive provisions set forth in Rule 101(c)(1) of Regulation M under the Exchange Act are not satisfied with respect to the Company or the Shares, the Company shall promptly notify the Agents and future offers and sales of Shares through the Agents on an agented basis under this ATM Equity Offering Sales Agreement shall be suspended until that or other exemptive provisions have been satisfied in the judgment of each party.

(h) Settlement for sales of Shares will occur on the first business day that is also a Trading Day following the trade date on which such sales are made, unless another date shall be agreed to in writing by the Company and the applicable Agents (each such day, a "Settlement Date"). Notwithstanding the foregoing, the Confirmations shall be settled separately in accordance with their terms. On each Settlement Date for the sale of Shares through an Agent as sales agent of the Company, such Shares shall be delivered by the Company to such Agent in book-entry form to such Agent's account at The Depository Trust Company against payment by such Agent of the Net Proceeds from the sale of such Shares in same day funds delivered to an account designated by the Company. If the Company shall default on its obligation to deliver Shares through an Agent as sales agent of the Company on any Settlement Date, the Company shall (i) indemnify and hold such Agent harmless against any loss, claim or damage arising from or as a result of such default by the Company and (ii) pay such Agent any commission to which it would otherwise be entitled absent such default.

(i) Notwithstanding any other provision of this Agreement, the Company shall not offer or sell, or instruct an Agent to offer or sell, any Shares through an Agent as sales agent of the Company or as forward seller (and, by notice to the applicable Agents given by telephone (confirmed promptly by telex or email), shall cancel

any instructions for any such offer or sale of any Shares prior to the commencement of the periods referenced below), and the Agents shall not be obligated to make any such offer or sale of Shares, during any period in which the Company is in possession of material non-public information.

(j) If the Company wishes to offer or sell Shares to an Agent as sales agent of the Company or as forward seller at any time during the period from and including the time the Company issues a press release containing, or shall otherwise publicly announce, its earnings, revenues or other operating results for a fiscal period or periods (each, an "Earnings Announcement") through and including the time that is 24 hours after the time that the Company files a Quarterly Report on Form 10-Q or an Annual Report on Form 10-K that includes consolidated financial statements as of and for the same fiscal period or periods, as the case may be, covered by such Earnings Announcement, the Company shall first (i) prepare and deliver to such Agent and the applicable Forward Purchaser (with a copy to counsel for the Agents and the Forward Purchasers) a Current Report on Form 8-K that includes substantially the same financial and related information (together with management's discussion and analysis thereof) that was included in such Earnings Announcement (other than any earnings projections and similar forward-looking data and officers' quotations) (each, an "Earnings 8-K"), in form and substance reasonably satisfactory to such Agent and Forward Purchaser, and, prior to its filing, obtain the written consent of such Agent and Forward Purchaser to such filing (which consent shall not be unreasonably withheld, conditioned or delayed), (ii) provide such Agent with the officers' certificate, opinions and letters of counsel and accountants' letter specified in Section 3(o), (p) and (q), respectively, hereof, (iii) afford such Agent and Forward Purchaser the opportunity to conduct a due diligence review in accordance with Section 3(s) hereof prior to filing such Earnings 8-K and (iv) file such Earnings 8-K with the Commission. For purposes of clarity, the parties hereto agree that (A) the delivery of any officers' certificate, opinion or letter of counsel or accountants' letter pursuant to this Section 2(j) shall not relieve the Company from any of its obligations under this Agreement with respect to any Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as the case may be, including, without limitation, the obligation to deliver officers' certificates, opinions and letters of counsel and accountants' letters as provided in Section 3(o), (p) and (q), respectively, hereof unless such obligations have been waived hereunder, and (B) this Section 2(j) shall in no way affect or limit the operation of clause (i) of Section 2(i) hereof, which shall have independent application.

(k) The Agents shall not have any obligation to purchase Shares as principal, whether from the Company or otherwise, unless the Company and the applicable Agent(s) agree as set forth in this Section 2(k). Shares purchased from the Company by the applicable Agent(s), individually or in a syndicate, as principal shall be made in accordance with terms agreed upon between such Agent(s) and the Company as evidenced by a Terms Agreement. The applicable Agents' commitment to purchase Shares from the Company as principal shall be deemed to have been made on the basis of the accuracy of the representations and warranties of the Company, and performance by the Company of its covenants and other obligations, herein contained and shall be subject to the terms and conditions herein set forth. At the time of each Terms Agreement, the applicable Agent(s) shall specify the requirements, if any, for the officers' certificate, opinions and letters of counsel and accountants' letter pursuant to Section 3(o), (p) and (q), respectively, hereof. In the event of a conflict between the terms of this ATM Equity Offering Sales Agreement and a Terms Agreement, the terms of such Terms Agreement shall control.

(l) As set out in the Confirmations and notwithstanding anything herein to the contrary, in the event that either (i) a Forward Purchaser is unable to borrow and deliver any Shares for sale under this Agreement pursuant to the terms of such Confirmation, or (ii) in the commercially reasonable judgment of a Forward Purchaser, it is either impracticable to do so or the Forward Purchaser would incur a stock loan cost that is equal to or greater than the rate per annum set forth in Section 7(f)(i) of the applicable Confirmation, then the applicable Agent, as forward seller, shall be obligated to use commercially reasonable efforts to sell only the aggregate number of Shares that such Forward Purchaser is able to, and that in the commercially reasonable judgment of such Forward Purchaser it is practicable to, so borrow below such cost. For the avoidance of doubt, any obligation hereunder with respect to the borrowing of or offer or sale of any Shares in connection with a forward stock purchase transaction shall be subject to the related Confirmation being effective and not having been terminated.

Section 3. Covenants. The Company agrees with the Agents and the Forward Purchasers:

(a) *Compliance with Securities Regulations and Commission Requests*. The Company, subject to Section 3(b) and 3(c) hereof, will use its commercially reasonable efforts to comply in all material respects with the requirements of Rule 430B, and will notify the Agents and the Forward Purchasers promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement or any new registration statement, in each case relating to the Shares for sale under this Agreement, shall become effective or any amendment or supplement to the Prospectus shall have been filed (other than an amendment or supplement providing solely for the determination of the terms of an offering of securities unless related to an offering of Shares for sale under this Agreement, as to which the Company will only be obligated to notify the applicable Agents and Forward Purchasers, and other than an amendment or supplement through incorporation of any report or other document filed under the Exchange Act), (ii) of the receipt of any comments from the Commission relating to the Registration Statement, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus, including any document incorporated by reference therein, or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto or any notice of objection to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) or of the issuance of any order preventing or suspending the use of any preliminary prospectus relating to an offering of Shares for sale under this Agreement or the Prospectus or any amendment or supplement thereto, or of the suspension of the qualification of any Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the Securities Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with any offering of Shares. In connection with a Terms Agreement, the Company will prepare and file with the Commission, subject to Section 3(c) hereof, a pricing supplement with respect to the offer and sale of Shares covered by such Terms Agreement. The Company will effect all filings required under Rule 424(b), in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)). The Company will make reasonable efforts to prevent the issuance of any stop, prevention or suspension order and, if any such order is issued, to obtain the lifting thereof promptly. In the event of any issuance of a notice of objection by the Commission, the Company shall take all commercially reasonable action to permit offers and sales of Shares by or through the Agents, including, without limitation, amending the Registration Statement or filing a new shelf registration statement relating thereto. Notwithstanding the foregoing, the Company shall not be required to file such amendment or supplement if the Company has not instructed any Agent to sell Shares as provided in Section 2(b) and the Company believes that it is in its best interests not to file such amendment or supplement. The Company shall pay the required Commission filing fees relating to the Shares prior to the time the initial Prospectus Supplement is filed with the Commission or the time any subsequent Prospectus Supplement that increases the aggregate gross sales price or number of Shares that may offered and sold under this Agreement from that referenced in the immediately preceding Prospectus Supplement filed with the Commission.

(b) *Continued Compliance with Securities Laws*. The Company will use its commercially reasonable efforts to comply in all material respects with the Securities Act, the Securities Act Regulations, the Exchange Act and the Exchange Act Regulations so as to permit the completion of sales of Shares as contemplated in this Agreement and in the Registration Statement, the General Disclosure Package and the Prospectus. If at any time when a prospectus is required to be delivered (or but for the exception afforded by Rule 172 of the 1933 Act Regulations would be required to be delivered) under the 1933 Act Regulations in connection with sales of Shares, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Agents or counsel to the Company, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) amend or supplement the General Disclosure Package or the Prospectus in order that the General Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the General Disclosure Package or the Prospectus, as the case may be in order to comply with the requirements of the Securities Act, the Securities Act Regulations, the Exchange Act or the Exchange Act Regulations, the Company will promptly (A) give the Agents and Forward Purchasers or, in the case of an offer and sale of Shares to the applicable Agents as principal, such Agents written notice of such event or condition, (B) prepare any amendment or supplement as may be necessary to correct such

statement or omission or to comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Agents and Forward Purchasers or such Agents, as the case may be, with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement and use its commercially reasonable efforts to have any amendment to the Registration Statement declared effective by the Commission as soon as practicable if the Company is no longer eligible to file an automatic shelf registration statement; provided, however, that, during any period in which the Company has instructed any Agent to sell Shares as provided in Section 2(b), the Company shall not file or use any such amendment or supplement to which the Agents and Forward Purchasers or such Agents, as the case may be, or counsel for the Agents and Forward Purchasers shall reasonably object. Notwithstanding the foregoing, the Company shall not be required to file such amendment or supplement if the Company has not instructed any Agent to sell Shares as provided in Section 2(b) and the Company believes that it is in its best interests not to file such amendment or supplement.

(c) *Filing or Use of Amendments and Supplements*. The Company will give the Agents and Forward Purchasers or, in the case of an offer and sale of Shares to the applicable Agents as principal, such Agents written notice of its intention to file or use (i) any amendment to the Registration Statement or the Prospectus (other than (A) an amendment or supplement thereto relating solely to the offering of securities unless related to an offering of Shares and (B) an amendment through incorporation by reference of any report or document filed under the Exchange Act that contains no more information related to the matters contemplated by this Agreement than is necessary to comply with Section 3(n) hereof), if such proposed amendment or supplement relates to the matters contemplated by this Agreement, (ii) any new Prospectus Supplement that includes information in addition to the information referred to in Section 3(n) hereof or (iii) a pricing supplement disclosing the offer and sale of Shares covered by a Terms Agreement, will furnish the Agents and Forward Purchasers or such Agents, as the case may be, with copies of any such document a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Agents and Forward Purchasers or such Agents, as the case may be, or counsel for the Agents and Forward Purchasers shall reasonably object.

(d) *Delivery of Registration Statements*. The Company has furnished or, to the extent not available on EDGAR, will deliver to the Agents, Forward Purchasers and counsel for the Agents and Forward Purchasers, without charge, upon written request, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) and signed copies of all consents and certificates of experts. The signed copies of the Registration Statement and each amendment thereto furnished to the Agents, Forward Purchasers and counsel for the Agents and Forward Purchasers will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Delivery of Prospectuses*. The Company will furnish to the Agents and Forward Purchasers or, in the case of an offer and sale of Shares to the applicable Agents as principal, such Agents, without charge, upon execution of this Agreement and thereafter during the period in which a prospectus is (or, but for the exception afforded by Rule 172 of the Securities Act Regulations ("Rule 172"), would be) required by the Securities Act to be delivered in connection with any offer or sale of Shares, such number of copies of the Prospectus (as amended or supplemented) as the Agents and Forward Purchasers or such Agents, as the case may be, may reasonably request. The Company will also furnish, upon request of the Agents and Forward Purchasers or such Agents, as the case may be, copies of the Prospectus (as amended or supplemented) to each exchange or market on which sales of Shares were made as may be required by the rules and regulations of such exchange or market. The Prospectus and any amendments or supplements thereto furnished in accordance with this Section 3(e) will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(f) *Reporting Requirements*. The Company, during the period in which a prospectus is (or, but for the exception afforded by Rule 172, would be) required by the Securities Act to be delivered in connection with any offer or sale of Shares, will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods prescribed by, and meeting the requirements of, the Exchange Act and the Exchange Act Regulations.

(g) *Blue Sky Qualifications.* The Company will use its commercially reasonable efforts, in cooperation with the Agents and Forward Purchasers or, in the case of an offer and sale of Shares to the applicable Agents as principal, such Agents to qualify the Shares, including any Confirmation Shares for offering and sale under the applicable securities laws of such states and non-U.S. jurisdictions as the Agents and Forward Purchasers or such Agents, as the case may be, may, from time to time, reasonably designate and to maintain such qualifications in effect so long as required to complete the sale of the Shares contemplated by this Agreement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or not already so subject or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(h) *Earnings Statement.* The Company will timely file such reports pursuant to the Exchange Act as are necessary in order to make generally available to its securityholders as soon as practicable after each effective date of the Registration Statement an earnings statement of the Company and its consolidated subsidiaries (which need not be audited) complying with Section 11(a) of the Securities Act and the Securities Act Regulations (including, at the option of the Company, Rule 158), which requirement may be satisfied by publicly filing the required information on EDGAR.

(i) *Use of Proceeds.* The Company will use the Net Proceeds received by it from the sale of the Shares pursuant to this Agreement in the manner specified in the Registration Statement, the General Disclosure Package and the Prospectus under "Use of Proceeds."

(j) *Listing.* The Company will use its commercially reasonable efforts to effect and maintain the listing of the Shares and any Confirmation Shares on, and satisfy the requirements of, the NYSE.

(k) *Notice of Certain Actions.* During any period in which the Company has instructed any Agent to sell Shares as provided in Section 2(b), the Company will not, without the prior written consent of the Agents, unless it gives the Agents and the Forward Purchasers at least three business days' prior written notice, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock (collectively, "Convertible Securities") or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Stock, any such Convertible Securities or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock, any Convertible Securities or any such other securities, in cash or otherwise or (iii) file any registration statement with the Commission relating to the offering of any shares of Common Stock or Convertible Securities. The foregoing sentence shall not apply to (A) the Shares, if any, sold by the Company hereunder, (B) the issuance by the Company of shares of Common Stock upon the exercise of an option or warrant or the conversion of or exchange for a Convertible Security outstanding on the date hereof, (C) the issuance by the Company of Common Stock or Convertible Securities in connection with any bona fide merger, acquisition, business combination or other strategic or commercial relationship, to a third party or a group of third parties, provided that the aggregate number of shares of Common Stock (including for purposes of such calculation the shares of Common Stock issuable on conversion, exercise, exchange or redemption of any such Convertible Securities) that the Company may sell or issue or agree to sell pursuant to this clause (C) shall not exceed 5% of the total number of shares of Common Stock of the Company outstanding as of the date hereof, (D) the issuance by the Company of any shares of Common Stock or options to purchase Common Stock or units or phantom shares convertible, exchangeable or exercisable for Common Stock currently outstanding or hereafter granted or issued pursuant to benefit plans, long-term incentive plans, savings (e.g. 401(k)) plans and other compensation plans of the Company or any of its subsidiaries in which employees and/or directors of the Company or its subsidiaries participate and which are referred to in the Registration Statement, the General Disclosure Package and the Prospectus or the documents filed with the Commission prior to the date of this Agreement that are incorporated by reference therein, or the filing of a registration statement or a post-effective amendment thereto relating to any such plan, (E) the issuance by the Company of any shares of Common Stock or options to purchase Common Stock or units or phantom shares convertible, exchangeable or exercisable for Common Stock currently outstanding or hereafter granted or issued pursuant to dividend reinvestment or direct stock purchase plans and which are referred to in the

Registration Statement, the General Disclosure Package and the Prospectus, or the filing of a registration statement or a post-effective amendment thereto relating to any such plan, (F) the issuance by the Company of shares of Common Stock upon the settlement of those certain Confirmations of Registered Forward Transaction dated November 7, 2023, by and between Sempra and Morgan Stanley & Co. LLC and Citibank, N.A., or (G) transactions under or pursuant to the Confirmations, including the issuance and transfer of Confirmation Shares pursuant thereto. Upon receipt of any written notice contemplated above, an Agent or Forward Purchaser may suspend its activity under this Agreement for such period of time as deemed appropriate by such Agent or Forward Purchaser.

(l) *Issuer Free Writing Prospectuses*. At all times during such period as the Prospectus is required to be delivered (or but for the exception afforded by Rule 172 of the 1933 Act Regulations would be required to be delivered) in connection with sales of the Shares, the Company represents and agrees that, unless it obtains the prior consent of the applicable Agents and Forward Purchasers, it will not make any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus or that would otherwise constitute a "free writing prospectus," or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to by the applicable Agents and Forward Purchasers as an "issuer free writing prospectus," as defined in Rule 433, and that it will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus any event shall occur or condition shall exist as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement, any preliminary prospectus or the Prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the applicable Agents and Forward Purchasers and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(m) *No Stabilization or Manipulation*. The Company agrees that neither it nor any controlled affiliate of the Company will take, directly or indirectly, any action which is designed, or would reasonably be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any Shares or to result in a violation of Regulation M under the Exchange Act.

(n) *Update of Activity under this Agreement*. The Company shall disclose (i) in each Annual Report on Form 10-K or Quarterly Report on Form 10-Q filed by the Company in respect of any fiscal quarterly period (which, in the case of an Annual Report on Form 10-K, would mean the last quarterly period of the fiscal year) in which sales of Shares were made by or through an Agent under this Agreement (each date on which any such document is filed, a "Company Periodic Report Date"), or (ii) to the extent required by applicable law and/or interpretations of the Commission, in Prospectus Supplements for each such fiscal quarterly period, the number of Shares sold by or through the Agents under this Agreement during such fiscal quarterly period and the net proceeds received by the Company and the aggregate compensation paid by the Company to the Agents with respect to such sales.

(o) *Delivery of Future Officers' Certificates*. Upon commencement of the offering of Shares under this Agreement, (A) each time Shares are delivered to the applicable Agents as principal on a Settlement Date with respect to the sale of Shares under this Agreement, and (B) promptly after each (i) date on which the Registration Statement shall be amended or a new registration statement relating to the offer and sale of Shares pursuant to this Agreement shall become effective or the Prospectus shall be amended or supplemented (other than (1) by an amendment or supplement providing solely for the determination of the terms of securities, including the Shares, (2) in connection with the filing of a Prospectus Supplement that contains solely the information referred to in Section 3(n) hereof, (3) in connection with the filing of any Current Report on Form 8-K (other than an Earnings 8-K and any other Current Report on Form 8-K which contains financial statements, supporting schedules or other financial data, including any Current Report on Form 8-K under Item 2.02 of such form that is considered "filed" under the Exchange Act), (4) any amendment or supplement through incorporation of any report or other document filed under the Exchange Act that contains no more information related to the matters contemplated by this Agreement than is necessary to comply with Section 3(n) hereof, or (5) by a prospectus supplement relating to the offering of securities

other than the Shares pursuant to this Agreement (including, without limitation, other shares of Common Stock)) (each such date, a “ Registration Statement Amendment Date”), (ii) date on which an Earnings 8-K shall be filed with the Commission as contemplated by Section 2(j) hereof (a “ Company Earnings Report Date”) and (iii) Company Periodic Report Date, the Company will furnish or cause to be furnished to the Agents and Forward Purchasers or, in the case of clause (A) above, the applicable Agents an officers’ certificate, dated such Settlement Date, such Registration Statement Amendment Date, such Company Earnings Report Date or such Company Periodic Report Date, as the case may be, in form and substance reasonably satisfactory to the Agents and Forward Purchasers, or, in the case of clause (A) above, such Agents, as the case may be, to the effect that the statements contained in the officers’ certificates referred to in Sections 5(f) and 5(h) hereof that were last furnished to the Agents and Forward Purchasers or, in the case of clause (A) above, such Agents, as the case may be, are true and correct as of the date of such certificates as though made at and as of the date of such certificates (except that such statements shall be deemed to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented at the date of such certificates) or, in lieu of such certificates, a certificate or certificates of the same tenor as the certificate or certificates referred to in Sections 5(f) and 5(h) hereof, but modified as necessary to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented at the date of such certificate. As used in this Section 3(o), to the extent there shall be a sale of Shares on or following any Registration Statement Amendment Date, Company Earnings Report Date or Company Periodic Report Date, “promptly” shall be deemed to be at or prior to the Applicable Time for such sale.

The requirement to cause to be furnished officers’ certificates pursuant to this Section 3(o) shall be waived for any Registration Statement Amendment Date or Company Periodic Report Date occurring at a time at which the Company has not instructed any Agent to sell Shares as provided in Section 2(b), which waiver shall continue until the date on which the Company delivers such an instruction as provided in Section 2(b). Notwithstanding the foregoing, if the Company subsequently decides to sell Shares following any Registration Statement Amendment Date or Company Periodic Report Date when the Company relied on such waiver and did not furnish or cause to be furnished to the Agents and the Forward Purchasers officers’ certificates pursuant to this Section 3(o), then before the Company instructs any Agent to sell any Shares or enters into any Terms Agreement with any Agent or Agents, the Company shall cause to be furnished to the Agents and the Forward Purchasers officers’ certificates pursuant to this Section 3(o) dated as of the date of delivery thereof.

(p) *Delivery of Future Opinions and Letters of Counsel* . Upon commencement of the offering of Shares under this Agreement, (A) each time Shares are delivered to the applicable Agents as principal on a Settlement Date with respect to the sale of Shares under this Agreement and (B) promptly after each Registration Statement Amendment Date, Company Earnings Report Date or Company Periodic Report Date, the Company will, unless the Agents or Forward Purchasers or, in the case of clause (A) above, the applicable Agents agree otherwise, furnish or cause to be furnished to the Agents and the Forward Purchasers or, in the case of clause (A) above, the applicable Agents the written opinions and letters of each of counsel to the Company (who shall be reasonably acceptable to the Agents and the Forward Purchasers) or, in the case of clause (A) above, such Agents, as the case may be,) and counsel to the Agents and the Forward Purchasers, dated such Settlement Date, such Registration Statement Amendment Date, such Company Earnings Report Date or such Company Periodic Report Date, as the case may be, in form and substance reasonably satisfactory to the Agents and the Forward Purchasers, or, in the case of clause (A) above, such Agents, as the case may be, of the same tenor as the respective opinions and letters referred to in Section 5(b) and 5(c), as applicable, hereof but modified as necessary to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented to the date of such opinion and letter or, in lieu of any such opinion and letter, counsel last furnishing such opinion and letter to the Agents and the Forward Purchasers or, in the case of clause (A) above, such Agents, as the case may be, shall furnish the Agents and the Forward Purchasers or, in the case of clause (A) above, such Agents, as the case may be, with a letter substantially to the effect that the Agents and the Forward Purchasers or, in the case of clause (A) above, such Agents, as the case may be, may rely on such counsel’s last opinion and letter to the same extent as though each were dated the date of such letter authorizing reliance (except that statements in such last opinion and letter shall be deemed to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented to the date of such letter authorizing reliance). As used in this Section 3(p), to the extent there shall be a sale of Shares on or following any Registration Statement Amendment Date, Company Earnings

Report Date or Company Periodic Report Date, "promptly" shall be deemed to be at or prior to the Applicable Time for such sale.

The requirement to cause to be furnished the opinions and letters pursuant to this Section 3(p) shall be waived for any Registration Statement Amendment Date or Company Periodic Report Date occurring at a time at which the Company has not instructed any Agent to sell Shares as provided in Section 2(b), which waiver shall continue until the date on which the Company delivers such an instruction as provided in Section 2(b). Notwithstanding the foregoing, if the Company subsequently decides to sell Shares following any Registration Statement Amendment Date or Company Periodic Report Date when the Company relied on such waiver and did not furnish or cause to be furnished to the Agents and the Forward Purchasers the opinions and letters pursuant to this Section 3(p), then before the Company instructs any Agent to sell any Shares or enters into any Terms Agreement with any Agent or Agents, the Company shall cause to be furnished to the Agents and the Forward Purchasers the opinions and letters pursuant to this Section 3(p) dated as of the date of delivery thereof.

(q) *Delivery of Future Accountants' Letters.* Upon commencement of the offering of Shares under this Agreement, (A) each time Shares are delivered to the applicable Agents as principal on a Settlement Date with respect to the sale of Shares under this Agreement and (B) promptly after each Registration Statement Amendment Date, Company Earnings Report Date or Company Periodic Report Date, the Company will, unless the Agents or Forward Purchasers or, in the case of clause (A) above, the applicable Agents agree otherwise, cause each of (i) its independent accountants and (ii) Oncor Holdings' independent accountants to furnish to the Agents and the Forward Purchasers or, in the case of clause (A) above, the applicable Agents a letter, dated such Settlement Date, such Registration Statement Amendment Date, such Company Earnings Report Date or such Company Periodic Report Date, as the case may be, in form and substance reasonably satisfactory to the Agents and the Forward Purchasers, or, in the case of clause (A) above, such Agents, as the case may be, of the same tenor as the letters referred to in Section 5(d) hereof but modified as necessary to relate to the Registration Statement, the General Disclosure Package and the Prospectus as amended and supplemented to the date of such letter. As used in this paragraph, to the extent there shall be a sale of Shares on or following any Registration Statement Amendment Date, Company Earnings Report Date or Company Periodic Report Date, "promptly" shall be deemed to be at or prior to the Applicable Time for such sale.

The requirement to cause to be furnished accountant letters pursuant to this Section 3(q) shall be waived for any Registration Statement Amendment Date or Company Periodic Report Date occurring at a time at which the Company has not instructed any Agent to sell Shares as provided in Section 2(b), which waiver shall continue until the date on which the Company delivers such an instruction as provided in Section 2(b). Notwithstanding the foregoing, if the Company subsequently decides to sell Shares following any Registration Statement Amendment Date or Company Periodic Report Date when the Company relied on such waiver and did not furnish or cause to be furnished to the Agents and the Forward Purchasers accountant letters pursuant to this Section 3(q), then before the Company instructs any Agent to sell any Shares or enters into any Terms Agreement with any Agent or Agents, the Company shall cause to be furnished to the Agents accountant letters pursuant to this Section 3(q) dated as of the date of delivery thereof.

(r) *Trading in the Common Stock.* The Company consents to the Agents and the Forward Purchasers trading in the Company's Common Stock for their own account and for the account of their clients at the same time as sales of Shares occur pursuant to this Agreement. Notwithstanding the foregoing, the Company is not responsible for the compliance by the Agents or the Forward Purchasers or their respective affiliates with laws and regulations (including Regulation M) that apply to them with respect to any such trading.

(s) [Reserved.]

(t) *Due Diligence Review.* The Company will cooperate with any due diligence review reasonably requested by the Agents and the Forward Purchasers or counsel for the Agents and the Forward Purchasers, fully and in a timely manner, in connection with offers and sales of Shares from time to time, including, without limitation, and upon reasonable notice, providing information and making available documents and appropriate corporate officers, during regular business hours and at the Company's principal offices.

(u) *Renewal.* If, immediately prior to the third anniversary of the initial effective date of the Registration Statement (the “Renewal Deadline”), Shares remain unsold hereunder and this Agreement is still in effect and any Shares purchased by an Agent as principal, or to be sold through an Agent as sales agent or as forward seller pursuant to a Company instruction, remain unsold, the Company will, prior to the Renewal Deadline, (i) promptly notify the Agents and the Forward Purchasers, (ii) promptly file, if it is eligible to do so, a new automatic shelf registration statement relating to the Shares, in a form and substance satisfactory to the Agents and the Forward Purchasers, (iii) promptly notify the Agents and the Forward Purchasers of such filing and (iv) prepare a prospectus supplement relating to the Shares and, promptly after the effectiveness of such new registration statement, file such prospectus supplement, together with the base prospectus filed as part of such registration statement, with the Commission in accordance of the provisions of Rule 424(b) of the Securities Act Regulations. If, at the time the Company intends to file such a new automatic shelf registration statement, it is not eligible to do so, the Company will, prior to the Renewal Deadline, (a) promptly notify the Agents and the Forward Purchasers, (b) promptly file a new shelf registration statement on the proper form relating to the Shares, in a form and substance satisfactory to the Agents and the Forward Purchasers, (c) use its best efforts to cause such new shelf registration statement to be declared effective within 60 days after the Renewal Deadline or, if Shares purchased by an Agent as principal remain unsold, use its best efforts to cause such new shelf registration statement to be declared effective as soon as reasonably possible after the Renewal Deadline, (d) promptly notify the Agents and the Forward Purchasers of such effectiveness and (e) prepare a prospectus supplement relating to the Shares and, promptly after the effectiveness of such new registration statement, file such prospectus supplement, together with the base prospectus filed as part of such new registration statement, with the Commission in accordance with the provisions of Rule 424(b) of the Securities Act Regulations. In the event that the Company files a new shelf registration statement pursuant to the immediately preceding sentence, the Company shall not be required to certify or otherwise represent, pursuant to Section 5(f) or otherwise, that the representation contained in Section 1(v) hereof is true and correct with respect to such registration statement. In addition, the Company may, at its option, file a new automatic shelf registration statement relating to the Shares (which, upon effectiveness, shall replace the then-existing shelf registration statement relating to the Shares) for any reason at any time, so long as (1) this Agreement is still in effect and (2) no Shares purchased by any Agent as principal remain unsold or Shares are to be sold through an Agent as sales agent or forward seller pursuant to a Company instruction, and provided that the Company (w) notifies the Agents and the Forward Purchasers prior to filing such new automatic shelf registration statement, (x) files a new automatic shelf registration statement relating to the Shares in a form and substance satisfactory to the Agents and the Forward Purchasers, (y) promptly notifies the Agents and Forward Purchasers of such filing and (z) prepares a prospectus supplement relating to the Shares and, promptly after the effectiveness of such new registration statement, files such prospectus supplement, together with the base prospectus filed as part of such registration statement, with the Commission in accordance with the provisions of Rule 424(b) of the Securities Act Regulations. In each of the foregoing cases, the Company will take all other action necessary or appropriate to permit the offering and sale of the Shares to continue as contemplated in the Registration Statement and the Prospectus in effect immediately prior to the filing of any such new shelf registration statement. From and after the effectiveness of any such new shelf registration statement, references herein to the “Registration Statement” and references to “such registration statement” appearing in the second and third sentences of the fourth paragraph of this Agreement shall be deemed to mean such new registration statement, *mutatis mutandis*, and, from and after the filing of any such new prospectus supplement and base prospectus pursuant to Rule 424(b) of the Securities Act Regulations, references herein to the “Prospectus Supplement” and the “Base Prospectus,” the reference to the “base prospectus” appearing in the third sentence of the fourth paragraph of this Agreement, the reference to “a prospectus supplement” appearing in the fourth sentence of the fourth paragraph of this Agreement, and the reference to “such prospectus supplement” appearing in the fifth sentence of the fourth paragraph of this Agreement, shall be deemed to mean such new prospectus supplement or such new base prospectus, as applicable, *mutatis mutandis*.

(v) *Ceasing Eligibility For Use of Automatic Shelf Registration Statement Form.* If, at any time, during the term of this Agreement or otherwise when Shares purchased by an Agent as principal remain unsold, the Company receives a notice from the Commission pursuant to Rule 401(g) (2) or otherwise ceases to be eligible to use the automatic shelf registration statement form, the Company will (i) promptly notify the Agents and the Forward Purchasers, (ii) promptly file a new shelf registration statement or post-effective amendment on the proper form relating to such Shares, in form and substance reasonably satisfactory to the Agents and the Forward Purchasers, (iii) use its commercially reasonable efforts to cause such new shelf registration statement or post-effective amendment

to be declared effective as soon as practicable and (iv) promptly notify the Agents and the Forward Purchasers of such effectiveness. The Company will take all commercially reasonable action necessary or appropriate to permit the offering and sale of the Shares to continue as contemplated in the Registration Statement that was the subject of the Rule 401(g)(2) notice or for which the Company has otherwise become ineligible.

Section 4. Payment of Expenses.

(a) *Expenses.* The Company will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and each amendment thereto, (ii) the preparation, printing and delivery to the Agents and the Forward Purchasers of copies of any preliminary prospectus, any Issuer Free Writing Prospectus and the Prospectus and any amendments or supplements thereto and any costs associated with electronic delivery of any of the foregoing by the Agents to investors, (iii) the preparation, issuance and delivery of the certificates for the Shares, including any stock or other transfer taxes and any stamp or other duties payable upon the sale, issuance or delivery of the Shares to the Agents or the Forward Purchasers, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Shares, including any Confirmation Shares, under securities laws in accordance with the provisions of Section 3(g) hereof, including filing fees and the reasonable and documented fees and disbursements of counsel for the Agents and the Forward Purchasers in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto in an aggregate amount not to exceed \$10,000, (vi) the fees and expenses of any transfer agent or registrar for the Shares, (vii) the costs and expenses of the Company relating to investor presentations on any "road show" undertaken in connection with the marketing of the Shares, (viii) the filing fees incident to, and the reasonable and documented fees and disbursements of counsel for the Agents and Forward Purchasers in connection with, the review by FINRA of the terms of sales of Shares (up to a maximum aggregate amount of \$5,000), (ix) any fees and expenses incurred in connection with the listing of the Shares on the NYSE, and (x) if the Company has not sold Shares under this Agreement having an aggregate gross sales price of at least \$300 million by the eighteen-month anniversary of this Agreement, inclusive of Confirmation Shares subject to Confirmations entered into prior to the expiration of such eighteen-month anniversary and assuming full physical settlement under such Confirmations, regardless of whether such settlement has occurred prior to such eighteen-month anniversary (or such earlier date at which the Company terminates this Agreement), the reasonable and documented out-of-pocket expenses of the Agents and the Forward Purchasers, including the reasonable and documented fees, disbursements and expenses of counsel for the Agents and the Forward Purchasers in connection with this Agreement and the Registration Statement and ongoing services in connection with the transaction contemplated hereunder (up to a maximum aggregate amount of \$400,000 with respect to this clause (x)).

Section 5. Conditions of Agents' and the Forward Purchasers' Obligations. The obligations of the Agents and the Forward Purchasers hereunder are subject to the accuracy of the representations and warranties of the Company contained herein or in certificates of any officer of the Company or any of its subsidiaries delivered pursuant to the provisions hereof at each Representation Date, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement and Filing of Prospectus.* The Company shall have filed the Registration Statement with the Commission not earlier than three years prior to the date hereof and the Registration Statement became effective upon filing in accordance with Rule 462(e). The Company shall have filed with the Commission the Prospectus on or prior to the date of this Agreement and any subsequent Base Prospectus or Prospectus Supplement prior to any Applicable Time and related Settlement Date, as applicable, in each case in the manner and within the time period required by Rule 424(b), and each Issuer Free Writing Prospectus, if any, in the manner and within the time period required by Rule 433. No stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the Securities Act, no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) has been received by the Company, no order preventing or suspending the use of any preliminary prospectus or the Prospectus or any amendment or supplement thereto has been issued and no proceedings for any of those purposes have been initiated or, to the Company's knowledge, threatened. The Company shall have complied with any and all requests for additional information on the part of the Commission to

the reasonable satisfaction of the Agents and the Forward Purchasers. The Company shall have paid the required Commission filing fees relating to the Shares as specified in Section 3(a) hereof.

(b) *Opinion of Counsel for the Agents and the Forward Purchasers*. On the date of this ATM Equity Offering Sales Agreement, the Agents and the Forward Purchasers shall have received the favorable written opinion or opinions of Sidley Austin LLP, counsel for the Agents and the Forward Purchasers, dated such date, with respect to such matters as the Agents and the Forward Purchasers may reasonably request. In giving such opinion or opinions, such counsel may rely, as to all matters governed by the laws of jurisdictions other than the laws of the State of New York, the State of California, the General Corporation Law of the State of Delaware and the federal securities laws of the United States, upon the opinions of counsel satisfactory to the Agents and the Forward Purchasers. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers and other representatives of the Company and its subsidiaries and certificates of public officials.

(c) *Opinion of Counsel to the Company*. On the date of this ATM Equity Offering Sales Agreement, the Agents and the Forward Purchasers shall have received the favorable written opinion or opinions of Latham & Watkins LLP, counsel to the Company, dated such date, to the effect set forth in Exhibit A hereto and to such further effect as the Agents and the Forward Purchasers may reasonably request.

(d) *Accountants' Letter*. On the date of this ATM Equity Offering Sales Agreement, (i) Deloitte & Touche LLP shall have furnished to the Agents and the Forward Purchasers a letter with respect to the Company, dated the date hereof, in form and substance reasonably satisfactory to the Agents and the Forward Purchasers, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and other financial information included in the Registration Statement, the General Disclosure Package and the Prospectus or any amendment or supplement thereto, and (ii) Deloitte & Touche LLP shall have furnished to the Agents and the Forward Purchasers a letter with respect to the Oncor Holdings, dated the date hereof, in form and substance reasonably satisfactory to the Agents and the Forward Purchasers, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and other financial information included in the Registration Statement, the General Disclosure Package and the Prospectus or any amendment or supplement thereto.

(e) [Reserved.]

(f) *Officers' Certificate for the Company*. On the date of this ATM Equity Offering Sales Agreement, there shall not have been, since the date of the latest audited financial statements included in the Registration Statement, the General Disclosure Package and the Prospectus or since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package and the Prospectus, any Material Adverse Change, and the Agents and the Forward Purchasers shall have received a certificate of a Vice President of the Company and of the Chief Financial Officer, Chief Accounting Officer or Treasurer of the Company, dated such date, to the effect that, to their knowledge, (A) there has been no such Material Adverse Change, (B) the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made on and as of such date, (C) the Company has performed all of its obligations under this Agreement to be performed by it on or prior to such date and (iv) no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the Securities Act, no notice of objection of the Commission to the use of the Registration Statement or any post-effective amendment thereto pursuant to Rule 401(g)(2) has been received by the Company, no order preventing or suspending the use of any preliminary prospectus or the Prospectus or any amendment or supplement thereto has been issued and no proceedings for any of those purposes have been initiated or threatened.

(g) *Listing*. The Shares and any Confirmation Shares shall have been approved for listing, subject to official notice of issuance, on the NYSE.

(h) *Additional Documents*. On the date of this ATM Equity Offering Sales Agreement, counsel for the Agents and the Forward Purchasers shall have been furnished with such documents as they may reasonably

require for the purpose of enabling them to render the opinions or make the statements requested by the Agents and the Forward Purchasers, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the covenants, obligations or conditions, contained herein.

(i) *Termination of this ATM Equity Offering Sales Agreement.* If any condition specified in this Section 5 shall not have been fulfilled when and as required to be fulfilled, this ATM Equity Offering Sales Agreement may be terminated by the applicable Agents or Forward Purchasers (with respect solely to itself) by notice to the Company at any time, and any such termination shall be without liability of any party to any other party except the provisions of Sections 1, 3(h), 4, 6, 8, 13, 14, 15 and 16 hereof shall remain in full force and effect notwithstanding such termination.

Section 6. Indemnification.

(a) *Indemnification of the Agents and Forward Purchasers.* The Company will indemnify and hold harmless each Agent and each Forward Purchaser against any losses, claims, damages or liabilities, joint or several, to which such Agent or Forward Purchaser may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Agent and each Forward Purchaser for any legal or other expenses reasonably incurred by such Agent or Forward Purchaser in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any preliminary prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares or any amendment or supplement thereto in reliance upon and in conformity with the Agent Information.

(b) *Indemnification of Company.* Each Agent and Forward Purchaser, severally and not jointly, will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any preliminary prospectus, the Registration Statement, any Issuer Free Writing Prospectus, the Prospectus or any other prospectus relating to the Shares or any such amendment or supplement thereto in reliance upon and in conformity with the Agent Information and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred. As used in this Agreement with respect to an Agent and a Forward Purchaser and an applicable document, "Agent Information" shall mean the written information furnished to the Company by such Agent or Forward Purchaser expressly for use therein; it being understood and agreed upon that the only such information furnished by any Agent or Forward Purchaser consists of such Agent's or Forward Purchaser's name appearing in the Prospectus.

(c) *Actions against Parties; Notification.* Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party under such subsection to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the

indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation; provided, however, that the Agents and Forward Purchasers shall have the right to employ counsel to represent jointly the Agents and Forward Purchasers and their respective directors, officers, employees, agents and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Agents or Forward Purchasers against the Company under this Section 6 if the Agents and Forward Purchasers shall have reasonably concluded that there may be one or more legal defenses available to the Agents and Forward Purchasers and their respective directors, officers, employees, agents and controlling persons that are different from or additional to those available to the Company and its officers, directors, employees and controlling persons and the Forward Purchasers shall have the right to employ counsel to represent jointly the Forward Purchasers and their respective directors, officers, employees, agents and controlling persons who may be subject to liability arising out of any claim in respect of which indemnity may be sought by the Forward Purchasers against the Company or any Agent under this Section 6 if the Forward Purchasers shall have reasonably concluded that there may be one or more legal defenses available to the Forward Purchasers and their respective directors, officers, employees, agents and controlling persons that are different from or additional to those available to the Company and its officers, directors, employees and controlling persons (if the indemnifying person is the Company) or different from or additional to those available to the Agents and their respective directors, officers, employees, agents and controlling persons (if the indemnifying person is any Agent), and in each case the fees and expenses of a single separate counsel for the Agents and their respective directors, officers, employees, agents and controlling persons (in addition to local counsel) shall be paid by the Company and the fees and expenses of a single separate counsel for the Forward Purchasers and their respective directors, officers, employees, agents and controlling persons (in addition to local counsel) shall be paid by the Company or the applicable Agent or Agents, as the case may be. The indemnifying party shall not be liable for any settlement or compromise of, or the consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification may be sought hereunder effected without the prior written consent of the indemnifying party (which consent shall not be unreasonably withheld), but, if settled or compromised with the indemnifying party's consent, or if judgment shall be entered following consent to the entry of such judgment given with the indemnifying party's consent, or if there shall otherwise be a final judgment for the plaintiff, the indemnifying party agrees to indemnify and hold harmless each indemnified party against any and all losses, claims, damages, liabilities and expenses, joint or several, by reason of such settlement, compromise or judgment, as the case may be. No indemnifying party shall, without the prior written consent of the indemnified party (which consent shall not be unreasonably withheld), effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Contribution.* If the indemnification provided for in this Section 6 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand, and the applicable Agents and Forward Purchasers on the other, from the offering of the Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law, or if the indemnified party failed to give the notice required under subsection (c) above, then in each case each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and the applicable Agents and Forward Purchasers on the other in connection with the statements or omissions which

resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the applicable Agents and Forward Purchasers on the other, in connection with the applicable offering of Shares, shall be deemed to be in the same respective proportions as (x) in the case of the Company, the total net proceeds from the offering of the Shares(before deducting expenses) received by the Company (such total net proceeds shall include the total proceeds that would be received by the Company pursuant to any Confirmations assuming full physical settlement of such Confirmations assuming the aggregate amount payable by such Forward Purchaser to the Company for such Confirmation Shares is equal to the aggregate amount of net proceeds received by such Forward Purchaser from the sale of such Shares through such Agent), (y) in the case of the Agents, the total underwriting discounts and commissions received by the Agents from the offering of the Shares and (z) in the case of the Forward Purchasers, the aggregate Spread (as defined in the Confirmations) retained by the Forward Purchasers under the Confirmations, net of any costs associated therewith, as reasonably determined by the Forward Purchasers, bear to an amount equal to the sum of the amounts set forth in (x), (y) and (z) above. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Agents or Forward Purchasers on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Agents and Forward Purchasers agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Agents and the Forward Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Agent shall be required to contribute any amount in excess of the amount by which the total commissions or underwriting discounts received by such Agent in connection with Shares placed or underwritten by it for sale to the public exceeds the amount of any damages which such Agent has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The obligations of the Agent and Forward Purchasers in this subsection (d) to contribute are several in proportion to their respective obligations and not joint.

(e) *Directors, Officers, Employees and Agents.* The obligations of the Company under this Section 6 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each director, officer, employee and agent of any Agent or Forward Purchaser and each person, if any, who controls any Agent or Forward Purchaser within the meaning of the Securities Act; and the obligations of the Agents and Forward Purchasers under this Section 6 shall be in addition to any liability which the respective Agents and Forward Purchasers may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and employee of the Company, and to each person, if any, who controls the Company within the meaning of the Securities Act.

Section 7. [Reserved.]

Section 8. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of an Agent, a Forward Purchaser or their respective affiliates, selling agents, officers or directors or any person controlling such Agent or Forward Purchaser, or the Company or its officers or directors, or any person controlling the Company and (ii) delivery of and payment for the Shares.

Section 9. Termination.

(a) This ATM Equity Offering Sales Agreement may be terminated for any reason, at any time, by either the Company, an Agent or Forward Purchaser, as to itself, upon giving prior written notice to the other parties hereto.

(b) The applicable Agents may terminate a Terms Agreement to which they are a party, at any time at or prior to the Settlement Date, (i) if, since the time of execution of such Terms Agreement or since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, (a) the Company and its subsidiaries, taken as a whole, have sustained, since the date of the latest audited financial statements included or incorporated by reference in the Registration Statement, the General Disclosure Package or the Prospectus, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Registration Statement, the General Disclosure Package and the Prospectus, or (b) since the respective dates as of which information is given in the General Disclosure Package and the Prospectus, there has been any material change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management or consolidated financial position, shareholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, in each case otherwise than as set forth or contemplated in the General Disclosure Package and the Prospectus, the effect of which, in any such case described in this clause (i)(a) or (i)(b), is in the judgment of the applicable Agents so material and adverse to the Company and its subsidiaries, taken as a whole, as to make it impracticable or inadvisable to proceed with the offering or delivery of the Shares subject to such Terms Agreement, or (ii) if a suspension or material limitation in trading in securities generally on the NYSE or the Nasdaq Global Market occurs, or (iii) if a suspension or material limitation in trading in the Company's securities on the NYSE occurs, or (iv) if a general moratorium on commercial banking activities declared by either Federal or New York or California State authorities or a material disruption in commercial banking or securities settlements or clearance services in the United States occurs, or (v) if the outbreak or escalation of hostilities involving the United States of a national emergency or war, or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions occurs, if the effect of any such event specified in this clause (v) in the judgement of such applicable Agents (A) is material and adverse and (B) makes it impracticable or inadvisable to proceed with the offering or delivery of the Shares subject to such Terms Agreement.

(c) If the Company and two or more Agents enter into a Terms Agreement pursuant to which such Agents agree to purchase Shares from the Company as principal and one or more of such Agents shall fail at the Settlement Date to purchase the Shares which it or they are obligated to purchase (the "Defaulted Shares"), then the nondefaulting Agents shall have the right, within 24 hours thereafter, to make arrangements for one of them or one or more other Agents or underwriters to purchase all, but not less than all, of the Defaulted Shares in such amounts as may be agreed upon and upon the terms set forth herein and in the applicable Terms Agreement; provided, however, that if such arrangements shall not have been completed within such 24-hour period, then:

(i) if the number of Defaulted Shares does not exceed 10% of the number of Shares to be so purchased by all of such Agents on the Settlement Date, the nondefaulting Agents shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective initial purchase obligation bears to the purchase obligations of all nondefaulting Agents; or

(ii) if the number of Defaulted Shares exceeds 10% of the number of Shares to be so purchased by all of such Agents on the Settlement Date, such Terms Agreement shall terminate without liability on the part of any nondefaulting Agent.

No action taken pursuant to this Section 9(c) shall relieve any defaulting Agent from liability in respect of its default. In the event of any such default which does not result in a termination of such Terms Agreement, either the nondefaulting Agents or the Company shall have the right to postpone the Settlement Date for a period not exceeding seven days in order to effect any required changes in the Registration Statement, the General Disclosure Package or the Prospectus or in any other documents or arrangements.

(d) In the event of any termination under this Section 9, no party will have any liability to the other parties hereto, except that (i) the Agents shall be entitled to any commissions earned in accordance with Section 2(b) hereof, (ii) if at the time of termination (a) an Agent shall own any Shares purchased by it as principal or (b) an offer to purchase any Shares has been accepted by the Company but the Settlement Date has not occurred, the covenants set forth in Section 3 hereof shall remain in effect until such Shares are resold or so delivered, as the case may be, and (iii) the covenant set forth in Section 3(h) hereof, the provisions of Section 4 hereof, the indemnity and contribution agreements set forth in Sections 6 and 7 hereof, and the provisions of Sections 8, 13, 14, 15 and 16 hereof shall remain in effect.

Section 10. **Notices.** Except for notices expressly stated herein to be made by telephone, all notices and other communications hereunder shall be in writing and, except for notices expressly permitted herein to be made by email, shall be deemed to have been duly given if mailed or transmitted by overnight courier or telecopy. Notices to the Agents shall be directed to them Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019, Attention: Syndicate Registration, facsimile: (646) 834-8133, or solely with respect to notices expressly stated herein to be made by telephone, (212) 526-3660, or solely with respect to notices expressly permitted herein to be made by email or telecopy, robert.stowe@barclays.com; BofA Securities, Inc., One Bryant Park, New York, New York 10036, Attention: ATM Execution Team, email: dg.atm_execution@bofa.com, facsimile: (646) 855-3073, with a copy to ECM Legal, or solely with respect to notices expressly stated herein to be made by telephone, (646) 855-8901, or solely with respect to notices expressly permitted herein to be made by email or telecopy, dg.atm_execution@bofa.com or (646) 855-3073; Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013, Attention: General Counsel, facsimile: (646) 291-1469, or solely with respect to notices expressly stated herein to be made by telephone, (212) 723-7833, or solely with respect to notices expressly permitted herein to be made by email or telecopy, setg.origination@citi.com; Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Michael Voris, Ryan Cunn, Equity Capital Markets, email: michael.voris@gs.com; ryan.cunn@gs.com and email notification to the following addresses: gs-reecm@ny.email.gs.com; Eq-derivs-notifications@am.ibd.gs.com, facsimile: (212) 291-5027, telephone: 212-902-4895, or solely with respect to notices expressly stated herein to be made by telephone, (212) 902-4895, or solely with respect to notices expressly permitted herein to be made by email or telecopy, michael.voris@gs.com, ryan.cunn@gs.com, gs-reecm@ny.email.gs.com, Eq-derivs-notifications@am.ibd.gs.com and (212) 291-5027; J.P. Morgan Securities LLC, 383 Madison Avenue, 6th Floor, New York, New York 10179, Attention: Sanjeet Dewal, email: sanjeet.s.dewal@jpmorgan.com, facsimile: (212) 622-8783, or solely with respect to notices expressly stated herein to be made by telephone, (212) 622-8783, or solely with respect to notices expressly permitted herein to be made by email or telecopy, sanjeet.s.dewal@jpmorgan.com; Mizuho Securities USA LLC, 1271 Avenue of the Americas, 3rd Floor, New York, New York 10020, Attention: Equity Capital Markets, or solely with respect to notices expressly stated herein to be made by telephone, (212) 205-7600, or solely with respect to notices expressly permitted herein to be made by email or telecopy, ecm@mizuhogroup.com; Morgan Stanley & Co. LLC, 1585 Broadway, 6th Floor, New York, New York 10036, Attention: Ludivine Stein, Scott Finz, and Alexandra Min, email: Ludivine.stein@morganstanley.com, scott.finz@morganstanley.com, and Alexandra.min@morganstanley.com, or solely with respect to notices expressly stated herein to be made by telephone, (212) 761-2165 and (212) 761-5661, or solely with respect to notices expressly permitted herein to be made by email or telecopy, john.boyce@morganstanley.com and Brennan.scanlon@morganstanley.com; MUFG Securities Americas Inc., 1221 Avenue of the Americas, 6th Floor, New York, New York 10020, Attention: Equity Capital Markets, facsimile: (646) 434-3455, or solely with respect to notices expressly stated herein to be made by telephone, (212) 405-7456, or solely with respect to notices expressly permitted herein to be made by email or telecopy, FLOEStransactions@us.sc.mufg.jp and ECM@us.sc.mufg.jp; RBC Capital Markets, LLC, Brookfield Place, 200 Vesey Street, 8th Floor, New York, New York 10281, Attention: TJ Opladen, email: tj.opladen@rbccm.com, telephone: (212) 905-5846, or solely with respect to notices expressly stated herein to be made by telephone, (212) 905-5846, or solely with respect to notices expressly permitted herein to be made by email or telecopy, tj.opladen@rbccm.com; Scotia Capital (USA) Inc., 250 Vesey Street, 24th Floor, New York, New York 10281, Attention: Equity Capital Markets, email: us.ecm@scotiabank.com, with a copy to Chief Legal Officer U.S., email: us.legal@scotiabank.com, or solely with respect to notices expressly stated herein to be made by telephone, (212) 225-6679, or solely with respect to notices expressly permitted herein to be made by email or telecopy, us.ecm@scotiabank.com and us.legal@scotiabank.com; and Wells Fargo Securities, LLC, 500 West 33rd Street, New York, New York 10001, Attention: Equity Syndicate Department, email:

ECMOriginationPower@wellsfargo.com and corporatederivativenotifications@wellsfargo.com, facsimile (212) 214-5918, or solely with respect to notices expressly stated herein to be made by telephone, (212) 214-6122, (212) 214-6127 and (212) 214-6128, or solely with respect to notices expressly permitted herein to be made by email or telecopy, Jennifer.R.Lynch@wellsfargo.com, Fernando.A.Escano@wellsfargo.com, and josie.callanan@wellsfargo.com; and, notices to the Forward Purchasers shall be directed, as applicable, to Barclays Bank PLC, 745 Seventh Avenue, New York, New York 10019, Attention: Kevin Cheng, email:kevin.cheng@barclays.com, telephone: (212) 526-8627; Bank of America, N.A., One Bryant Park, New York, New York 10036, Attention: ATM Execution Team, email: dg.atm_execution@bofa.com, facsimile: (646) 855-3073, with a copy to ECM Legal; Citibank, N.A., 390 Greenwich Street, New York, New York 10013, Attention: Strategic Equity Solutions, email: eq.us.ses.notifications@citi.com; Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282, Attention: Michael Voris, Ryan Cunn, Equity Capital Markets, email: michael.voris@gs.com; ryan.cunn@gs.com and email notification to the following addresses: gs-reecm@ny.email.gs.com; Eq-derivs-notifications@am.ibd.gs.com, facsimile: (212) 291-5027, telephone: 212-902-4895; JPMorgan Chase Bank, National Association, 383 Madison Avenue, New York, New York 10179, Attention: EDG Marketing Support, email: edg_notices@jpmorgan.com and edg_ny_corporate_sales_support@jpmorgan.com, with a copy to Sanjeet Dewal, email: sanjeet.s.dewal@jpmorgan.com; Mizuho Markets Americas LLC, 1271 Avenue of the Americas, 3rd Floor, New York, New York 10020, Attention: Equity Capital Markets; Morgan Stanley & Co. LLC, 1585 Broadway, 6th Floor, New York, New York 10036, Attention: Ludivine Stein, Scott Finz and Alexandra Min, email: Ludivine.stein@morganstanley.com, scott.finz@morganstanley.com and Alexandra.min@morganstanley.com; MUFG Securities EMEA plc, Ropemaker Place, 25 Ropemaker Street, London EC27 9AJ, United Kingdom, Attention: Derivative Confirmations, email: docsconfirms@int.sc.mufg.jp, facsimile: +44 (0) 20 7577 2898/2875, telephone: +44 (0)207 577 4051, with a copy to ECM@us.sc.mufg.jp; Royal Bank of Canada, Brookfield Place, 200 Vesey Street, 8th Floor, New York, New York 10281, Attention: TJ Opladen, email: tj.opladen@rbccm.com, telephone: (212) 905-5846; The Bank of Nova Scotia at 44 King Street West, Toronto, Ontario, M5H 1H1 Canada, c/o Scotia Capital (USA) Inc., 250 Vesey Street, 24th Floor, New York, New York 10281, Attention: U.S. Equity Derivatives; and Wells Fargo Bank, National Association, 500 West 33rd Street, New York, New York 10001, Attention: Corporate Equity Derivatives; and notices to the Company shall be directed to it at Sempra, 488 8th Avenue, San Diego, California 92101, Attention Treasurer, with a copy to the General Counsel or, solely with respect to notices expressly stated herein to be made by telephone, (619) 676-2488, or solely with respect to notices expressly permitted herein to be made by email or telecopy, SempraCorpFin@sempra.com .

Section 11. No Advisory or Fiduciary Relationship. The Company acknowledges and agrees that the Agents and Forward Purchasers are acting solely in the capacity of arm's length contractual counterparties to the Company with respect to the offering of the Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. The Company agrees that it will not claim that the Agents or Forward Purchasers have rendered advisory services of any nature or respect, or owe an agency, fiduciary or similar duty to the Company, in connection with the transactions contemplated hereby or the process leading thereto. Additionally, no Agent or Forward Purchaser is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Agents and the Forward Purchasers shall have no responsibility or liability to the Company with respect thereto. Any review by the Agents or the Forward Purchasers of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Agents or the Forward Purchasers and shall not be on behalf of the Company, and none of the activities of the Agents or the Forward Purchasers in connection with the transactions contemplated herein constitutes a recommendation or investment advice by the Agents or the Forward Purchasers with respect to any entity or natural person.

Section 12. Recognition of the U.S. Special Resolution Regimes.

(a) In the event that any Agent or Forward Purchaser that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Agent or Forward Purchaser of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the

transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(b) In the event that any Agent or Forward Purchaser that is a Covered Entity or a BHC Act Affiliate of such Agent or Forward Purchaser becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Agent or Forward Purchaser are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States

For purposes of this Section 12, a "BHC Act Affiliate" has the meaning assigned to the term "affiliate" in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k). "Covered Entity" means any of the following: (i) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b). "Default Right" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable. "U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

Section 13. Parties. This Agreement shall be binding upon, and inure solely to the benefit of, the Agents, the Forward Purchasers (to the extent provided for herein), the Company and, to the extent provided in Section 6 hereof, the directors, officers, employees and agents of each Agent and each Forward Purchaser, the officers, directors and employees of the Company and each person who controls the Company or any Agent or Forward Purchaser, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Agent or Forward Purchaser shall be deemed a successor or assign by reason merely of such purchase. Notwithstanding the foregoing, in the event that an entity acting as Forward Purchaser (the "Previous Forward Purchaser") is replaced as a party hereunder by its affiliate (the "New Forward Purchaser"), then, from the date of such transfer/assignment, the New Forward Purchaser shall for all purposes of this Agreement be substituted for the Previous Forward Purchaser as a Forward Purchaser party hereto (as assignee of the Previous Forward Purchaser).

Section 14. Trial by Jury. Each of the Company (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates), and the Agents and the Forward Purchasers hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 15. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 16. Consent to Jurisdiction; Waiver of Immunity. Each of the Company, the Forward Purchasers and the Agents agrees that any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("Related Proceedings") shall be instituted in (i) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (ii) the courts of the State of New York located in the City and County of New York, Borough of Manhattan (collectively, the "Specified Courts"), and irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any Specified Court (a "Related Judgment"), as to which such jurisdiction is non-exclusive) of the Specified Courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to a party's address set forth in Section 10 hereof shall be effective service of process upon such party for any suit, action or proceeding brought in any Specified Court. Each of the Company, the Forward Purchasers and the Agents irrevocably and unconditionally waives any objection to the laying of venue of any suit, action or proceeding in the Specified Courts and irrevocably and unconditionally waives and agrees not to plead or claim in any Specified Court that any such suit, action or proceeding brought in any Specified Court has been brought in an inconvenient forum.

Section 17. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

Section 18. Counterparts. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument. The words "execution," "signed," "signature," and words of like import in this Agreement and any Confirmations or in any instruments, agreements, certificates, officers' certificates, Company orders, legal opinions, negative assurance letters or other documents entered into or delivered pursuant to or in connection with this Agreement or any Confirmations shall include images of manually executed signatures transmitted by facsimile or other electronic format (including, without limitation, "pdf," "tif" or "jpg") and electronic signatures (including, without limitation, DocuSign and AdobeSign), and this Agreement and any Confirmations and any instruments, agreements, certificates, officers' certificates, legal opinions, Company orders, negative assurance letters or other documents entered into or delivered pursuant to or in connection with this Agreement or any Confirmations may be executed, attested and transmitted by any of the foregoing electronic means and formats. The use of electronic signatures and electronic records (including, without limitation, any contract or other record created, generated, sent, communicated, received, or stored by electronic means) shall be of the same legal effect, validity and enforceability as a manually executed signature or use of a paper-based record-keeping system to the fullest extent permitted by applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act and any other applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act or the Uniform Commercial Code.

Section 19. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Agents, the Forward Purchasers and the Company in accordance with its terms.

Very truly yours,

Sempra

By: /s/ Patrick S. Billings
Name: Patrick S.
Billings
Title: Vice President
and Treasurer

Accepted as of the date hereof:

Barclays Capital Inc.

By: /s/ Robert Stowe

Name: Robert Stowe

Title: Managing Director

As Agent

Accepted as of the date hereof:

BofA Securities, Inc.

By: /s/ Patrick Boultinghouse

Name: Patrick Boultinghouse

Title: Managing Director

As Agent

Accepted as of the date hereof:

Citigroup Global Markets Inc

By: /s/ Ashwani Khubani

Name: Ashwani Khubani

Title: Managing Director & Vice President

As Agent

Accepted as of the date hereof:

Goldman Sachs & Co. LLC

By: /s/ Ryan Cunn

Name: Ryan Cunn

Title: Managing Director

As Agent

Accepted as of the date hereof:

J.P. Morgan Securities LLC

By: /s/ Sanjeet Dewal

Name: Sanjeet Dewal

Title: Managing Director

As Agent

Accepted as of the date hereof:

Mizuho Securities USA LLC

By: /s/ James Watts

Name: James Watts

Title: Managing Director

As Agent

Accepted as of the date hereof:

Morgan Stanley & Co. LLC

By: /s/ Mauricio Dominguez

Name: Mauricio Dominguez

Title: Vice-President

As Agent

Accepted as of the date hereof:

MUFG Securities Americas Inc.

By: /s/ Geoffrey Paul

Name: Geoffrey Paul

Title: Managing Director

As Agent

Accepted as of the date hereof:

RBC Capital Markets, LLC

By: /s/ Young Kim

Name: Young Kim

Title: Managing Director

As Agent

Accepted as of the date hereof:

Scotia Capital (USA) Inc.

By: /s/ Tim Mann

Name: Tim Mann

Title: Managing Director

As Agent

Accepted as of the date hereof:

Wells Fargo Securities, LLC

By: /s/ Michael Tiedemann
Name: Michael Tiedemann
Title: Managing Director

As Agent

Accepted as of the date hereof:

Barclays Bank PLC

By: /s/ Kevin Cheng

Name: Kevin Cheng

Title: Managing Director

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

Bank of America, N.A.

By: /s/ Rohan Handa

Name: Rohan Handa

Title: Managing Director

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

Citibank, N.A.

By: /s/ Eric Natelson

Name: Eric Natelson

Title: Authorized Signatory

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

Goldman Sachs & Co. LLC

By: /s/ Michael Voris

Name: Michael Voris

Title: Partner Managing Director

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

JPMorgan Chase Bank, National Association

By: /s/ Sanjeet Dewal

Name: Sanjeet Dewal

Title: Managing Director

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

Mizuho Markets Americas LLC

By: /s/ Adam Hopkins

Name: Adam Hopkins

Title: Managing Director

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

Morgan Stanley & Co. LLC

By: /s/ Mark Asteris

Name: Mark Asteris

Title: Managing Director

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

MUFG Securities EMEA plc

By: /s/ Catherine Lucas

Name: Catherine Lucas

Title: Authorized Signatory

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

Royal Bank of Canada

By: /s/ Brian Ward

Name: Brian Ward

Title: Managing Director

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

The Bank of Nova Scotia

By: /s/ Kshamta Kaushik
Name: Kshamta Kaushik
Title: Managing Director

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Accepted as of the date hereof:

Wells Fargo Bank, National Association

By: /s/ Craig McCracken

Name: Craig McCracken

Title: Managing Director

As Forward Purchaser, solely as the recipient and/or beneficiary of certain representations, warranties, covenants and indemnities set forth in this Agreement.

Schedule I

Barclays Bank PLC 5 The North Colonnade Canary Wharf, London E14 4BB	Barclays Capital Inc. 745 Seventh Avenue New York, New York 10019
Bank of America, N.A. c/o BofA Securities, Inc. One Bryant Park New York, New York 10036	BofA Securities, Inc. One Bryant Park New York, New York 10036
Citibank, N.A., 390 Greenwich Street, New York, New York 10013	Citigroup Global Markets Inc. 388 Greenwich Street New York, New York 10013
Goldman Sachs & Co. LLC 200 West Street New York, New York 10282	Goldman Sachs & Co. LLC 200 West Street New York, New York 10282
JPMorgan Chase Bank, National Association 383 Madison Avenue, 6th Floor New York, New York 10179	J.P. Morgan Securities LLC 383 Madison Avenue New York, New York 10179
Mizuho Markets Americas LLC c/o Mizuho Securities USA LLC 1271 Avenue of the Americas New York, New York 10020	Mizuho Securities USA LLC 1271 Avenue of the Americas New York, New York 10020
Morgan Stanley & Co. LLC 1585 Broadway New York, New York 10036	Morgan Stanley & Co. LLC 1585 Broadway New York, New York 10036
MUFG Securities EMEA plc Ropemaker Place, 25 Ropemaker Street London, EC2Y 9AJ	MUFG Securities Americas Inc. 1221 Avenue of the Americas New York, New York 10020
Royal Bank of Canada c/o RBC Capital Markets, LLC 200 Vesey Street New York, New York 10281	RBC Capital Markets, LLC 200 Vesey Street New York, New York 10281
The Bank of Nova Scotia 44 King Street West Central Mail Room Toronto, Ontario, Canada M5H 1H1	Scotia Capital (USA) Inc. 250 Vesey Street, 24th Floor New York, New York 10281
Wells Fargo Bank, National Association 500 West 33rd Street New York, New York 10001	Wells Fargo Securities, LLC 500 West 33rd Street New York, New York 10001
<i>As Forward Purchasers</i>	
<i>As Agents</i>	

FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 5(b)

[Delivered under separate cover]

Sempra

Common Stock
(No Par Value)

TERMS AGREEMENT

[•]
[•]
[•]

Ladies and Gentlemen:

Sempra, a California corporation (the "Company"), proposes, on the basis of the representations and warranties, and subject to the terms and conditions, stated herein and in the ATM Equity Offering Sales Agreement, dated November [•], 2024 (the "Sales Agreement"), between the Company and Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., RBC Capital Markets, LLC, Scotia Capital (USA) Inc. and Wells Fargo Securities, LLC as sales agents, principals and/or, forward sellers (in any such capacity, each an "Agent", and collectively, the "Agents") and Barclays Bank PLC, Bank of America, N.A., Citibank, N.A., Goldman Sachs & Co. LLC, JPMorgan Chase Bank, National Association, Mizuho Markets Americas LLC, Morgan Stanley & Co. LLC, MUFG Securities EMEA plc, Royal Bank of Canada, The Bank of Nova Scotia and Wells Fargo Bank, National Association each as forward purchaser (in such capacity, each a "Forward Purchaser" and, collectively, the "Forward Purchasers") to issue and sell to [•], [•], [•] and [•] as principal for resale (collectively, the "Underwriters"), and the Underwriters severally agree to purchase from the Company, the shares of Common Stock specified in the Schedule A hereto (the "[Initial] Securities") [, and to grant to the Underwriters the option to purchase the additional shares of Common Stock specified in Schedule A hereto (the "Option Securities", and together with the Initial Securities, the "Securities")]*,[in each case]* on the terms specified herein, including Schedule A hereto, and in the Sales Agreement. Capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Sales Agreement.

[The Company grants an option to the Underwriters, severally and not jointly, to purchase up to an additional [•] Option Securities at the price per share set forth in Schedule A hereto, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted may be exercised for 30 days after the date hereof and may be exercised in whole or in part at any time from time to time upon notice by the Underwriters to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a "Date of Delivery") shall be determined by the Underwriters, but shall not be later than seven full business days after the exercise of said option, nor in any event prior to the Settlement Date (as defined below). [If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A hereto opposite the name of such Underwriter bears to the total number of Initial Securities, subject, in each case, to such adjustments as [•] in its sole discretion shall make to eliminate any sales or purchases of fractional shares. For purposes of clarity, the parties hereto agree that the officers' certificate, opinions and letter of counsel and accountants' letter referred to in Section 3(o), (p) and (q), respectively, of the Sales Agreement are required to be delivered by or on behalf of the Company on the Settlement Date.]*

Payment of the purchase price for, and delivery of certificates for, the Initial Securities shall be made at the offices of Sidley Austin LLP, New York, New York, or at such other place as shall be agreed upon by the

Underwriters and the Company, at 9:00 A.M. (New York City time) on the first (or second, if the pricing occurs after 4:30 P.M. (New York City time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 9(c) of the Sales Agreement), or such other time not later than ten business days after such date as shall be agreed upon by the Underwriters and the Company (such time and date of payment and delivery being herein called "Settlement Date").

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Underwriters and the Company, on each Date of Delivery as specified in the notice from the Underwriters to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company against delivery to the Underwriters for their respective accounts of the Securities to be purchased by them. It is understood that each Underwriter has authorized [●] as representative of the Underwriters, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. [●], individually and not as representative of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Settlement Date or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

Each of the provisions of the Sales Agreement not related solely to the Agent as sales agent of the Company or to the sale and issuance of Shares pursuant to forward sale agreements is incorporated herein by reference in its entirety, and shall be deemed to be part of this Terms Agreement to the same extent as if each such provision had been set forth in full herein. Each of the representations and warranties set forth in the Sales Agreement shall be deemed to have been made at and as of the date of this Terms Agreement, the Applicable Time and any Date of Delivery.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Underwriters and the Company in accordance with its terms.

THIS TERMS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS TERMS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Very truly yours,

Sempra

By: _____

Name:

Title:

Accepted as of the date hereof:

[Underwriters]

By: _____

Name:

Title:

* Include only if the Underwriters have an option to purchase additional shares of Common Stock from the Company.

Annex I-3

Annex II

Form of Forward Confirmation

[Attached]

Annex II

From: [DEALER NAME AND NOTICE INFORMATION]

Date: [DATE]

To: Sempra
488 8th Avenue
San Diego, CA 92101

Attention: General Counsel & Treasurer

Re: Registered Share Forward Transaction

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between [DEALER NAME] (" Dealer") and Sempra ("Counterparty") on the Trade Date specified below (the "Transaction"). This letter agreement, as supplemented by the pricing supplement delivered hereunder, constitutes a "Confirmation" as referred to in the ISDA 2002 Master Agreement specified below.

The definitions and provisions contained in the 2002 ISDA Equity Derivatives Definitions (the "Equity Definitions") and the 2006 ISDA Definitions (including the Annex thereto) (the "2006 Definitions" and together with the Equity Definitions, the "Definitions"), as published by the International Swaps and Derivatives Association, Inc. ("ISDA"), are incorporated into this Confirmation. In the event of any inconsistency between the Equity Definitions and the 2006 Definitions, the Equity Definitions will govern. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation shall govern.

Each party is hereby advised, and each such party acknowledges, that the other party has engaged in, or refrained from engaging in, substantial financial transactions and has taken other material actions in reliance upon the parties' entry into the Transaction to which this Confirmation relates on the terms and conditions set forth below.

1. This Confirmation and the pricing supplement delivered hereunder evidence a complete and binding agreement between Dealer and Counterparty as to the terms of the Transaction to which this Confirmation relates. This Confirmation, together with any other Confirmations for registered forward transactions entered into between Dealer and Counterparty (each, an "Additional Confirmation"), shall supplement, form a part of, and be subject to an agreement in the form of the ISDA 2002 Master Agreement (the "Agreement") as if Dealer and Counterparty had executed an agreement in such form (without any Schedule but (i) with the elections set forth in this Confirmation and (ii) with the election that the "Cross Default" provisions of Section 5(a)(vi) of the Agreement will apply to Dealer as if (a) the phrase ", or becoming capable at such time of being declared," were deleted from Section 5(a)(vi)(1) of the Agreement; (b) the "Threshold Amount" with respect to Dealer were three percent of the [shareholders'][members'] equity of [Dealer][Dealer Parent ("Dealer Parent")]; (c) the following language were added to the end of Section 5(a)(vi) of the Agreement: "Notwithstanding the foregoing, a default under subsection (2) hereof shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature; (y) funds were available to enable the party to make the payment when due; and (z) the payment is made within two Local Business Days of such party's receipt of written notice of its failure to pay.;" and (d) the term "Specified Indebtedness" had the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business). In the event of any inconsistency between provisions of the Agreement and this Confirmation, this Confirmation will prevail for the purpose of the Transaction to which this Confirmation relates. The parties

hereby agree that, other than the Transaction to which this Confirmation relates and the Transactions to which the Additional Confirmations, if any, relate (each, an “**Additional Transaction**”), no Transaction shall be governed by the Agreement. For purposes of the Equity Definitions, the Transaction is a Share Forward Transaction.

2. The terms of the particular Transaction to which this Confirmation relates are as follows:

General Terms:

Trade Date:	As set forth in Schedule I.
Effective Date:	The first day occurring on or after the Trade Date on which Shares sold through [AGENT NAME], acting as forward seller for Dealer (in such capacity, the “ Agent ”), pursuant to the ATM Equity Offering Sales Agreement dated November [●], 2024, as may be amended from time to time, among Counterparty, Dealer, the Agent and the other parties thereto (the “ Equity Sales Agreement ”), have settled.
Seller:	Counterparty
Buyer:	Dealer
Shares:	Shares of common stock of Counterparty, without par value (Ticker Symbol: “SRE”)
Number of Shares:	The aggregate number of Shares sold through the Agent pursuant to the Equity Sales Agreement, where such sales have settled during the period from and including the Effective Date through and including the Hedge Completion Date (such Shares, the “ Forward Hedge Shares ”); <i>provided, however</i> , that on each Settlement Date, the Number of Shares shall be reduced by the number of Settlement Shares settled on such date.
Maturity Date:	As set forth in Schedule I.
Hedge Completion Date:	The earliest of (i) the date specified in writing to be the Hedge Completion Date by Counterparty, (ii) any Settlement Date and (iii) [DATE]. Promptly after the Hedge Completion Date, Dealer will furnish Counterparty with a pricing supplement (the “ Pricing Supplement ”) substantially in the form of Annex A hereto specifying the Hedge Completion Date, the Number of Shares as of the Hedge Completion Date (the “ Initial Number of Shares ”), the Initial Forward Price and the other information set forth therein, all determined in accordance with the terms hereof.

Initial Forward Price:	[*]% of the volume-weighted average price at which the Forward Hedge Shares are sold, adjusted by the Calculation Agent in a commercially reasonable manner to (x) reflect on each day during such period (i) the <u>sum of</u> 1 and the Daily Rate for such day <u>multiplied by</u> the then-Initial Forward Price as of such day (which, for the avoidance of doubt, may be based on sales of Forward Hedge Shares that have settled) and (ii) the number of Shares sold on or prior to such day and (y) reduce the then-Initial Forward Price by the relevant Forward Price Reduction Amount on each Forward Price Reduction Date occurring on or before the Hedge Completion Date.
Forward Price:	<p>(a) On the Hedge Completion Date, the Initial Forward Price; and</p> <p>(b) on each calendar day thereafter, (i) the Forward Price as of the immediately preceding calendar day <u>multiplied by</u> (ii) the sum of 1 and the Daily Rate for such day; <i>provided</i> that, on each Forward Price Reduction Date, the Forward Price in effect on such date shall be the Forward Price otherwise in effect on such date, minus the Forward Price Reduction Amount for such Forward Price Reduction Date.</p>
Daily Rate:	For any day, a rate (which may be positive or negative) equal to (i) (a) the Overnight Bank Rate (or if the Overnight Bank Rate is no longer available, a successor rate selected by the Calculation Agent in its commercially reasonable discretion) for such day <u>minus</u> (b) the Spread <u>divided by</u> (ii) 365.
Overnight Bank Rate:	For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate" as displayed on the page "OBFR01 <Index> <GO>" on the BLOOMBERG Professional Service, or any successor page; <i>provided</i> that, if no such rate appears for a particular day on such page, the Overnight Bank Rate for the immediately preceding day for which a rate does so appear shall be used for such day.
Spread:	As set forth in Schedule I.
Prepayment:	Not Applicable
Variable Obligation:	Not Applicable
Forward Price Reduction Dates:	As set forth on Schedule I, subject to adjustment by written notice, no later than [DATE], from Counterparty to Dealer, in respect of one or more originally scheduled Forward Price Reduction Dates, each occurring on or after [DATE] so long as (i) each such adjusted Forward Price Reduction Date corresponds to an actual "ex-dividend" date in respect of a regular cash dividend, (ii) such notice from Counterparty contains a representation to Dealer that Counterparty is not, as of the date of such notice, aware of any material nonpublic information regarding Counterparty or the Shares and (iii) each such "ex-dividend" date occurs no earlier than [DATE].

Forward Price Reduction Amounts:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Exchange:	The New York Stock Exchange
Related Exchange(s):	All Exchanges
Clearance System:	The Depository Trust Company
Market Disruption Event:	Section 6.3(a) of the Equity Definitions is hereby amended by replacing the first sentence in its entirety with the following: "Market Disruption Event" means in respect of a Share or an Index, the occurrence or existence of (i) a Trading Disruption, (ii) an Exchange Disruption, (iii) an Early Closure or (iv) a Regulatory Disruption, in each case that the Calculation Agent determines in its commercially reasonable judgment is material".
Early Closure:	Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term "Scheduled Closing Time" in the fourth line thereof.
Regulatory Disruption:	Any event that Dealer, based on the advice of counsel, determines makes it reasonably necessary or appropriate with regard to any legal, regulatory or self-regulatory requirements or related policies and procedures applicable to the Transaction for Dealer to refrain from or decrease any market activity in connection with the Transaction; <i>provided</i> that such policies and procedures have been adopted by Dealer in good faith and are generally applicable in similar situations and applied in a non-discriminatory manner.
Settlement:	
Settlement Currency:	USD (all amounts shall be converted to the Settlement Currency in good faith and in a commercially reasonable manner by the Calculation Agent)

Settlement Date:

Any Scheduled Trading Day following the date that Pricing Approval (as defined below) is obtained and up to and including the Maturity Date that is either:

- (a) designated by Counterparty as a "Settlement Date" in a written notice (a "**Settlement Notice**") that satisfies the Settlement Notice Requirements, if applicable, and is delivered to Dealer not later than the relevant Settlement Notice Date (as specified in Schedule I); *provided* that, if Dealer shall fully unwind its hedge with respect to the portion of the Number of Shares to be settled during an Unwind Period, Dealer may, by written notice to Counterparty, specify any Scheduled Trading Day prior to such original Settlement Date as the Settlement Date (with prior notice to Counterparty at least one Scheduled Trading Day prior to such specified Settlement Date); or
- (b) designated by Dealer as a "Settlement Date" pursuant to the "Termination Settlement" provisions of Paragraph 7(f) below;

provided that the Maturity Date will be deemed to be designated a Settlement Date if on such date the Number of Shares for which a Settlement Date has not already been designated is greater than zero.

Settlement Shares:

- (a) With respect to any Settlement Date other than the Maturity Date, the number of Shares designated as such by Counterparty in the relevant Settlement Notice or designated as such by Dealer pursuant to the "Termination Settlement" provisions of Paragraph 7(f) below, as applicable; and
- (b) with respect to the Settlement Date on the Maturity Date, a number of Shares equal to the Number of Shares at that time;

in each case with the Number of Shares determined taking into account pending Settlement Shares.

Settlement Method Election:

Physical Settlement, Cash Settlement, or Net Share Settlement, at the election of Counterparty as set forth in a Settlement Notice that satisfies the Settlement Notice Requirements, if applicable; *provided* that Physical Settlement shall apply (i) if no Settlement Method is validly selected, (ii) with respect to any Settlement Shares subject to Cash Settlement or Net Share Settlement in respect of which Dealer is unable, in good faith and in its commercially reasonable discretion (taking into account the unwind of the commercially reasonable hedge related to each other forward or other equity derivative transaction (if any) entered into between Dealer and Counterparty (each, an "**Additional Equity Derivative Transaction**")), to unwind its hedge by the end of the Unwind Period (A) in a manner that, in the reasonable discretion of Dealer, based on advice of counsel, is consistent with the requirements for qualifying for the safe harbor provided by Rule 10b-18 ("**Rule 10b-18**") under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") or (B) due to the occurrence of five or more Disrupted Days or, in its commercially reasonable judgment, due to the lack of sufficient liquidity in the Shares during the Unwind Period, (iii) to any Termination Settlement Date (as defined under "Termination Settlement" in Paragraph 7(f) below), if applicable pursuant to Paragraph 7(f) below, and (iv) if the Maturity Date is a Settlement Date other than as the result of a valid Settlement Notice, in respect of such Settlement Date and for which the provisions of Section 6 of the Agreement do not otherwise apply under the provisions of this Confirmation; *provided, further*, that if Physical Settlement applies under clause (i), (ii) or (iii) immediately above, Dealer shall provide written notice to Counterparty at least one Scheduled Trading Day prior to the applicable Settlement Date.

Settlement Notice Requirements:

Notwithstanding any other provision hereof, a Settlement Notice delivered by Counterparty that specifies Cash Settlement or Net Share Settlement will not be effective to establish a Settlement Date or require Cash Settlement or Net Share Settlement unless Counterparty delivers to Dealer with such Settlement Notice a representation, dated as of the date of such Settlement Notice and signed by Counterparty, containing (x) the provisions set forth in clause (i) under the heading "Additional Representations and Agreements of Counterparty" in Paragraph 7(d) and (y) a representation from Counterparty that neither Counterparty nor any of its subsidiaries has applied, and shall not until after the first date on which no portion of the Transaction remains outstanding following any final exercise and settlement, cancellation or early termination of the Transaction, apply, for a loan, loan guarantee, direct loan (as that term is defined in the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act")) or other investment, or receive any financial assistance or relief under any program or facility (collectively "**Financial Assistance**") that (I) is established under applicable law (whether in existence as of the Trade Date or subsequently enacted, adopted or amended), including without limitation the CARES Act and the Federal Reserve Act, as amended, and (II) (X) requires under applicable law (or any regulation, guidance, interpretation or other pronouncement of a governmental authority with jurisdiction for such program or facility) as a condition of such Financial Assistance, that Counterparty comply with any requirement not to, or otherwise agree, attest, certify or warrant that it has not, as of the date specified in such condition, repurchased, or will not repurchase, any equity security of Counterparty, and that it has not, as of the date specified in the condition, made a capital distribution or will not make a capital distribution, or (Y) where the terms of the Transaction would cause Counterparty under any circumstances to fail to satisfy any condition for application for or receipt or retention of the Financial Assistance (collectively "**Restricted Financial Assistance**"), other than any such applications for Restricted Financial Assistance that were (or would be) made (x) based on the advice of outside counsel of national standing that the terms of the Transaction would not cause Counterparty to fail to satisfy any condition for application for or receipt or retention of such Financial Assistance based on the terms of the program or facility as of the date of such advice or (y) after delivery to Dealer of evidence or other guidance from a governmental authority with jurisdiction for such program or facility that the Transaction is permitted under such program or facility (either by specific reference to the Transaction or by general reference to transactions with the attributes of the Transaction in all relevant respects).

Physical Settlement:	If Physical Settlement is applicable, then Counterparty shall deliver to Dealer through the Clearance System a number of Shares equal to the Settlement Shares for such Settlement Date, and Dealer shall pay to Counterparty, by wire transfer of immediately available funds to an account designated by Counterparty, an amount equal to the Physical Settlement Amount for such Settlement Date.
Physical Settlement Amount:	For any Settlement Date for which Physical Settlement is applicable, an amount in cash equal to the product of (a) the Forward Price in effect on the relevant Settlement Date <u>multiplied by</u> (b) the Settlement Shares for such Settlement Date.
Cash Settlement:	On any Settlement Date in respect of which Cash Settlement applies, if the Cash Settlement Amount is a positive number, Dealer will pay the Cash Settlement Amount to Counterparty. If the Cash Settlement Amount is a negative number, Counterparty will pay the absolute value of the Cash Settlement Amount to Dealer. Such amounts shall be paid on such Settlement Date by wire transfer of immediately available funds.
Cash Settlement Amount:	An amount determined by the Calculation Agent equal to:
	<ul style="list-style-type: none"> (a) (i)(A) the weighted average (weighted on the same basis as clause (B)) of the Forward Prices on each day during the period that begins one Settlement Cycle following the first day of the applicable Unwind Period and ends on the applicable Settlement Date (calculated assuming no reduction to the Forward Price for any Forward Price Reduction Date that occurs during such Unwind Period, which is accounted for in clause (b) below), <u>minus</u> (B) the Unwind Purchase Price, <u>multiplied by</u> (ii) the Settlement Shares for the relevant Settlement Date; <u>minus</u> (b) the product of (i) the Forward Price Reduction Amount for any Forward Price Reduction Date that occurs during such Unwind Period, and (ii) the number of Settlement Shares for such Settlement Date with respect to which Dealer has not unwound its hedge, including the settlement of such unwinds, as of such Forward Price Reduction Date.
Unwind Purchase Price:	The weighted average price at which Dealer purchases Shares during the Unwind Period to unwind its hedge with respect to the portion of the Number of Shares to be settled during the Unwind Period (including, for the avoidance of doubt, purchases on any Disrupted Day in part), taking into account Shares anticipated to be delivered or received if Net Share Settlement applies, and the restrictions of Rule 10b-18 under the Exchange Act agreed to hereunder, plus USD 0.02 per Share.

Net Share Settlement:

On any Settlement Date in respect of which Net Share Settlement applies, if the Cash Settlement Amount is a (i) positive number, Dealer shall deliver a number of Shares to Counterparty equal to the Net Share Settlement Shares, or (ii) negative number, Counterparty shall deliver a number of Shares to Dealer equal to the Net Share Settlement Shares; *provided* that, if Dealer determines in its commercially reasonable judgment that it would be required to deliver Net Share Settlement Shares to Counterparty, Dealer may elect to deliver a portion of such Net Share Settlement Shares on one or more dates prior to the applicable Settlement Date.

Net Share Settlement Shares:

With respect to a Settlement Date in respect of which Net Share Settlement applies, the number of Shares equal to the absolute value of the Cash Settlement Amount divided by the Unwind Purchase Price, with the number of Shares rounded up in the event such calculation results in a fractional number.

Unwind Period:

The period from and including the first Exchange Business Day following the date Counterparty validly elects Cash Settlement or Net Share Settlement in respect of a Settlement Date through the Scheduled Trading Day preceding such Settlement Date, subject to "Termination Settlement" as described in Paragraph 7(f) below. Notwithstanding anything to the contrary herein, in any Settlement Notice specifying Net Share Settlement or Cash Settlement to be applicable with respect to any Settlement Shares, Counterparty may, at its election, specify an Unwind Period Outside Date and, if so, notwithstanding anything to the contrary herein, the Unwind Period relating to such Settlement Shares will not occur on any date later than such Unwind Period Outside Date (and, for the avoidance of doubt, the provisions set forth in clause (ii) of the proviso opposite the caption "Settlement Method Election" above will apply to any such Unwind Period that ends on the Unwind Period Outside Date, as applicable). "**Unwind Period Outside Date**" means, if specified at Counterparty's election in any Settlement Notice, the Scheduled Trading Day immediately preceding the last calendar day of the calendar quarter in which the related Settlement Date is scheduled to occur.

Adjustments:

Method of Adjustment:

Calculation Agent Adjustment. Section 11.2(e) of the Equity Definitions is hereby amended by deleting clauses (iii) and (v) thereof.

Additional Adjustment:

If, in Dealer's commercially reasonable judgment, the actual cost to Dealer (or an affiliate of Dealer) (excluding any balance sheet charges or funding costs incurred by such party), over any 15 consecutive day period, of borrowing a number of Shares equal to the Number of Shares to hedge in a commercially reasonable manner its exposure to the Transaction exceeds a weighted average rate equal to [*] basis points per annum, the Calculation Agent shall reduce the Forward Price to compensate Dealer for the amount by which such cost exceeded a weighted average rate equal to [*] basis points per annum during such period. The Calculation Agent shall notify Counterparty prior to making any such adjustment to the Forward Price.

Extraordinary Events:

Extraordinary Events:

In lieu of the applicable provisions contained in Article 12 of the Equity Definitions, the consequences of any Extraordinary Event (including, for the avoidance of doubt, any Merger Event, Tender Offer, Nationalization, Insolvency, Delisting, or Change In Law) shall be as specified below under the headings "Acceleration Events" and "Termination Settlement" in Paragraphs 7(e) and 7(f), respectively. The definition of "Tender Offer" in Section 12.1(d) of the Equity Definitions is hereby amended by replacing "10%" with "25%."

Failure to Deliver:

Applicable with respect to a Transaction if Dealer is required to deliver Shares under such Transaction; otherwise, Not Applicable

Hedging Party:

For all applicable Additional Disruption Events, Dealer or an affiliate of Dealer if involved in the hedging of the Transaction

Determining Party:

For all applicable Extraordinary Events, Dealer

Non-Reliance:

Applicable

Agreements and Acknowledgments Regarding Hedging Activities:

Applicable

Additional Acknowledgments:

Applicable

Transfer:

Notwithstanding anything to the contrary herein or in the Agreement, Dealer may assign, transfer and set over all rights, title and interest, powers, obligations, privileges and remedies of Dealer under the Transaction, in whole or in part, to (A) a wholly owned direct or indirect subsidiary of Dealer [Parent], whose obligations hereunder are fully and unconditionally guaranteed by Dealer [Parent], or (B) any other wholly owned direct or indirect subsidiary of Dealer [Parent] with a long-term issuer rating equal to or better than the credit rating of Dealer at the time of the transfer; provided that, under all circumstances, Dealer and any transferee of Dealer shall be eligible to provide a United States Internal Revenue Service Form W-9, Form W-8IMY (certifying to qualified derivatives dealer status, exempt from dividend withholding tax) or Form W-8ECI with respect to any payments under the Agreement.

Notwithstanding the foregoing or any other provision of this Confirmation to the contrary requiring or allowing Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer's obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty only to the extent of any such performance.

3. Calculation Agent:

Dealer whose judgments, determinations and calculations shall be made in good faith and in a commercially reasonable manner; *provided* that, following the occurrence and during the continuance of an Event of Default of the type described in Section 5(a)(vii) of the Agreement with respect to which Dealer is the sole Defaulting Party, if the Calculation Agent fails to timely make any calculation, adjustment or determination required to be made by the Calculation Agent hereunder or to perform any obligation of the Calculation Agent hereunder and such failure continues for five Exchange Business Days following notice to the Calculation Agent by Counterparty of such failure, Counterparty shall have the right to designate a nationally recognized third-party dealer in over-the-counter corporate equity derivatives to act, during the period commencing on the date such Event of Default occurred and ending on the Early Termination Date with respect to such Event of Default, as the Calculation Agent. Following any determination or calculation by the Calculation Agent hereunder, upon a request by Counterparty, the Calculation Agent shall promptly (but in any event within five Scheduled Trading Days) provide to Counterparty by e-mail to the e-mail address provided by Counterparty in such request a report (in a commonly used file format for the storage and manipulation of financial data) displaying in reasonable detail the basis for such determination or calculation (including any assumptions used in making such determination or calculation), it being understood that the Calculation Agent shall not be obligated to disclose any proprietary models used by it for such determination or calculation or other information that may be proprietary or subject to contractual, legal or regulatory obligations to not disclose such information.

4. Account Details:

(a) Account for delivery of Shares to Dealer:	To be furnished
(b) Account for delivery of Shares to Counterparty:	To be furnished
(c) Account for payments to Counterparty:	To be advised under separate cover or telephone confirmed prior to each Settlement Date
(d) Account for payments to Dealer:	To be furnished

5. Offices:

The Office of Counterparty for the Transaction is: Inapplicable, Counterparty is not a Multibranch Party

The Office of Dealer for the Transaction is: [*]

6. Notices: For purposes of this Confirmation:

(a) Address for notices or communications to Counterparty:

Sempra
488 8th Avenue
San Diego, CA 92101
Attention: Treasurer

with a copy to:

Sempra
488 8th Avenue
San Diego, CA 92101
Attention: General Counsel

(b) Address for notices or communications to Dealer:

[INSERT DEALER NAME AND NOTICE INFORMATION]

7. Other Provisions:

(a) Conditions to Effectiveness. The Transaction shall be effective if and only if Shares are sold by the Agent on or after the Trade Date and on or before the Hedge Completion Date pursuant to the Equity Sales Agreement. If the Equity Sales Agreement is terminated prior to any such sale of Shares thereunder and hereunder, the parties shall have no further obligations hereunder in connection with the Transaction, other than in respect of breaches of representations or covenants hereunder on or prior to such date.

(b) Interpretive Letter. Counterparty agrees and acknowledges that the Transaction is being entered into in accordance with the October 9, 2003 interpretive letter from the staff of the Securities and Exchange Commission to Goldman, Sachs & Co. (the "**Interpretive Letter**") and agrees to take all actions, and to omit to take any actions, reasonably requested by Dealer for the Transaction to comply with the Interpretive Letter. In addition, Counterparty represents that it is eligible to conduct a primary offering of Shares on Form S-3, the offering contemplated by the Equity Sales Agreement complies with Rule 415 under the Securities Act of 1933, as amended (the "**Securities Act**"), and the Shares are "actively traded" as defined in Rule 101(c)(1) of Regulation M promulgated under the Exchange Act ("**Regulation M**").

(c) Agreements and Acknowledgments Regarding Shares.

(i) Counterparty agrees and acknowledges that, in respect of any Shares delivered to Dealer hereunder, such Shares shall be newly issued (unless mutually agreed otherwise by the parties) and, upon such delivery, duly and validly authorized, issued and outstanding, fully paid and nonassessable, free of any lien, charge, claim or other encumbrance and not subject to any preemptive or similar rights and shall, upon such issuance, be accepted for listing or quotation on the Exchange.

(ii) Counterparty agrees and acknowledges that Dealer (or an affiliate of Dealer) will hedge its exposure to the Transaction by selling Shares borrowed from third party securities lenders or other Shares pursuant to a registration statement, and that, pursuant to the terms of the Interpretive Letter, the Shares (up to the Initial Number of Shares) delivered, pledged or loaned by Counterparty to Dealer (or an

affiliate of Dealer) in connection with the Transaction may be used by Dealer (or an affiliate of Dealer) to return to securities lenders without further registration or other restrictions under the Securities Act, in the hands of those securities lenders, irrespective of whether such securities loan is effected by Dealer or an affiliate of Dealer. Accordingly, subject to Paragraph 7(g) below, Counterparty agrees that the Shares that it delivers, pledges or loans to Dealer (or an affiliate of Dealer) on or prior to the final Settlement Date will not bear a restrictive legend and that such Shares will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

(iii) Counterparty agrees and acknowledges that it has reserved and will keep available at all times until satisfaction in full of Counterparty's obligation to deliver Shares hereunder, free from preemptive or similar rights and free from any lien, charge, claim or other encumbrance, authorized but unissued Shares at least equal to the Share Cap (as defined in Paragraph 7(r) below) as such Share Cap may be reduced from time to time in connection with settlements under the Transaction, solely for the purpose of settlement under the Transaction.

(iv) Unless the provisions set forth below under "Private Placement Procedures" are applicable, Dealer agrees to use any Shares delivered by Counterparty hereunder on any Settlement Date to return to securities lenders to close out open securities loans created by Dealer or an affiliate of Dealer in the course of Dealer's or such affiliate's hedging activities related to Dealer's exposure under the Transaction.

(v) In connection with bids and purchases of Shares in connection with any Cash Settlement or Net Share Settlement of the Transaction, Dealer shall use its reasonable efforts, based on the advice of counsel, to conduct its activities, or cause its affiliates to conduct their activities, as applicable, in a manner consistent with the requirements of the safe harbor provided by Rule 10b-18 under the Exchange Act, as if such provisions were applicable to such purchases and taking into account any applicable Securities and Exchange Commission no-action letters, as appropriate, and subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond Dealer's control.

(d) Additional Representations and Agreements of Counterparty. Counterparty represents, warrants and agrees as follows:

(i) Counterparty represents to Dealer on the Trade Date and on any date that Counterparty notifies Dealer that Cash Settlement or Net Share Settlement applies to the Transaction, that (A) Counterparty is not aware of any material nonpublic information regarding Counterparty or the Shares, (B) each of its filings under the Securities Act, the Exchange Act or other applicable securities laws that are required to be filed have been filed and that, as of the date of this representation, when considered as a whole (with the more recent such filings deemed to amend inconsistent statements contained in any earlier such filings), there is no misstatement of material fact contained therein or omission of a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (C) Counterparty is neither entering into this Confirmation nor making any election hereunder to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares) or otherwise in violation of the Exchange Act.

(ii) Counterparty intends to physically settle the Transaction, and promptly (but in no event later than three Exchange Business Days) following the Hedge Completion Date, (A) Counterparty's board of directors (or a duly constituted committee thereof) shall approve the issuance of any and all Shares issuable pursuant to the Transaction, including upon Physical Settlement (such approval, "Pricing

Approval") and (B) Counterparty shall deliver to Dealer written notice (the " **Approval Notice") that Pricing Approval has been obtained, which notice shall include a copy of the duly adopted resolutions constituting Pricing Approval attached thereto.**

(iii) Counterparty shall, at least one day prior to the first day of any Unwind Period, notify Dealer of the total number of Shares purchased in Rule 10b-18 purchases of blocks pursuant to the once-a-week block exception contained in Rule 10b-18(b)(4) by or for Counterparty or any of its affiliated purchasers during each of the four calendar weeks preceding the first day of the Unwind Period and during the calendar week in which the first day of the Unwind Period occurs ("Rule 10b-18 purchase", "blocks" and "affiliated purchaser" each being used as defined in Rule 10b-18).

(iv) During any Unwind Period, Counterparty shall (A) notify Dealer prior to the opening of trading in the Shares on any day on which Counterparty makes, or use reasonable efforts to notify Dealer by such time if Counterparty expects to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any merger, acquisition, or similar transaction involving a recapitalization relating to Counterparty (other than any such transaction in which the consideration consists solely of cash and there is no valuation period), (B) promptly notify Dealer following any such announcement that such announcement has been made, and (C) promptly deliver to Dealer following the making of any such announcement information indicating (x) Counterparty's average daily Rule 10b-18 purchases (as defined in Rule 10b-18) during the three full calendar months preceding the date of the announcement of such transaction and (y) Counterparty's block purchases (as defined in Rule 10b-18) effected pursuant to paragraph (b)(4) of Rule 10b-18 during the three full calendar months preceding the date of the announcement of such transaction. In addition, Counterparty shall promptly notify Dealer of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders.

(v) Neither Counterparty nor any of its affiliated purchasers (within the meaning of Rule 10b-18 under the Exchange Act) shall take or refrain from taking any action (including, without limitation, any direct purchases by Counterparty or any of its affiliates, or any purchases by a party to a derivative transaction with Counterparty or any of its affiliates), either under this Confirmation, under an agreement with another party or otherwise, that Counterparty reasonably believes would cause any purchases of Shares by Dealer or any of its affiliates in connection with any Cash Settlement or Net Share Settlement of the Transaction not to meet the requirements of the safe harbor provided by Rule 10b-18, determined as if all such foregoing purchases were made by Counterparty.

(vi) Counterparty will not engage in any "distribution" (as defined in Regulation M), other than a distribution meeting the requirements of an exception set forth in each of Rules 101(b) and 102(b) of Regulation M, that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period.

(vii) Counterparty is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

(viii) Counterparty is not insolvent, nor will Counterparty be rendered insolvent as a result of the Transaction or its performance of the terms hereof.

(ix) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that Dealer is not making any representations or warranties or taking any position or expressing any view with respect to the treatment of the Transaction under any accounting standards including ASC Topic 260, Earnings Per Share, ASC Topic 815, Derivatives and Hedging, or ASC Topic

480, Distinguishing Liabilities from Equity and ASC 815-40, Derivatives and Hedging – Contracts in Entity's Own Equity (or any successor issue statements) or under FASB's Liabilities & Equity Project.

(x) Counterparty understands that no obligations of Dealer to it hereunder will be entitled to the benefit of deposit insurance and that such obligations will not be guaranteed by any affiliate of Dealer or any governmental agency.

(xi) To Counterparty's actual knowledge, no federal, state or local (including non-U.S. jurisdictions) law, rule, regulation or regulatory order applicable to the Shares would give rise to any reporting, consent, registration or other requirement (including without limitation a requirement to obtain prior approval from any person or entity) as a result of Dealer or its affiliates owning or holding (however defined) Shares, other than Sections 13 and 16 under the Exchange Act and the Federal Power Act; *provided* that Counterparty makes no representation or warranty regarding any such requirement that is applicable generally to the ownership of equity securities by Dealer or its affiliates solely as a result of their being a financial institution or broker dealer.

(xii) No filing with, or approval, authorization, consent, license, registration, qualification, order or decree of, any court or governmental authority or agency, domestic or foreign, is necessary or required for the execution, delivery and performance by Counterparty of this Confirmation and the consummation of the Transaction (including, without limitation, the issuance and delivery of Shares on any Settlement Date) except (A) such as have been obtained under the Securities Act and (B) as may be required to be obtained under state securities laws.

(xiii) Counterparty (A) has such knowledge and experience in financial and business affairs as to be capable of evaluating the merits and risks of entering into the Transaction, (B) has consulted with its own legal, financial, accounting and tax advisors in connection with the Transaction, and (C) is entering into the Transaction for a bona fide business purpose.

(xiv) Counterparty will, by the next succeeding Scheduled Trading Day following the occurrence thereof, notify Dealer upon obtaining knowledge of the occurrence of any event that would constitute an Event of Default or a Potential Adjustment Event.

(xv) Counterparty (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities, (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing, and (iii) has total assets of at least USD 50 million as of the date hereof.

(e) **Acceleration Events.** Each of the following events shall constitute an "**Acceleration Event**":

(i) **Stock Borrow Event.** In the commercially reasonable judgment of Dealer (A) Dealer (or an affiliate of Dealer) is not able to hedge in a commercially reasonable manner its exposure under the Transaction because insufficient Shares are made available for borrowing by securities lenders or (B) Dealer (or an affiliate of Dealer) would incur a cost (excluding any balance sheet charges or funding costs incurred by such party) to borrow (or to maintain a borrow of) Shares to hedge in a commercially reasonable manner its exposure under the Transaction that is greater than a rate equal to [*] basis points per annum (each, a "**Stock Borrow Event**");

(ii) **Dividends and Other Distributions.** On any day occurring after the Trade Date, Counterparty declares a distribution, issue or dividend to existing holders of the Shares of (A) any cash

dividend (other than an Extraordinary Dividend) for which such cash dividend (x) has an ex-dividend date that occurs before a Forward Price Reduction Date, or (y) for which the amount exceeds, on a per Share basis, the Forward Price Reduction Amount set forth opposite the first date of any such period on Schedule I, (B) any Extraordinary Dividend, (C) any share capital or other securities of another issuer acquired or owned (directly or indirectly) by Counterparty as a result of a spin-off or other similar transaction or (D) any other type of securities (other than Shares), rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price, as determined in a commercially reasonable manner by Dealer; “**Extraordinary Dividend**” means any dividend or distribution (that is not an ordinary cash dividend) declared by Counterparty with respect to the Shares that, in the commercially reasonable determination of Dealer, is (1) a dividend or distribution declared on the Shares at a time at which Counterparty has not previously declared or paid dividends or distributions on such Shares for the prior four quarterly periods, (2) a payment or distribution by Counterparty to holders of Shares that Counterparty announces will be an “extraordinary” or “special” dividend or distribution or (3) any other “special” dividend or distribution on the Shares that is, by its terms or declared intent, outside the normal course of operations or normal dividend policies or practices of Counterparty;

(iii) **ISDA Termination.** Either Dealer or Counterparty has the right to designate an Early Termination Date pursuant to Section 6 of the Agreement, in which case, except as otherwise specified herein and except as a result of an Event of Default under Section 5(a)(i) of the Agreement, the provisions of Paragraph 7(f) below shall apply in lieu of the consequences specified in Section 6 of the Agreement; failure of Counterparty to deliver the Approval Notice by the third Exchange Business Day following the Hedge Completion Date (the “**Approval Deadline Date**”) shall constitute an Additional Termination Event (such event, an “**Approval Deadline Event**”), with (A) Counterparty the sole Affected Party, (B) an Early Termination Date deemed to have been designated by Dealer as of the Approval Deadline Date, and (C) the consequences specified in Section 6 of the Agreement, rather than the provisions of Paragraph 7(f) below, applying, except that Dealer may designate a date for payment of the Early Termination Amount that permits Dealer to effect a commercially reasonable unwind of any hedge position that Dealer may have in the Shares, taking into account relevant legal and regulatory considerations, and such payment date shall be notified by Dealer to Counterparty no later than one Scheduled Trading Day prior to such payment date; for the avoidance of doubt, no Additional Termination Event, Early Termination Date, or date for payment of an Early Termination Amount, in each case, in respect of an Approval Deadline Event, will occur prior to the Approval Deadline Date;

(iv) **Other ISDA Events.** An Announcement Date occurs in respect of any Merger Event, Tender Offer, Nationalization, Insolvency, Delisting or the occurrence of any Hedging Disruption or Change in Law; *provided* that, in case of a Delisting, in addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it will also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); *provided, further*, that (i) the definition of “Change in Law” provided in Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (A) replacing the phrase “the interpretation” in the third line thereof with the phrase “or announcement or statement of the formal or informal interpretation” and (B) immediately following the word “Transaction” in clause (X) thereof, adding the phrase “in the manner contemplated by Dealer on the Trade Date” and (ii) any determination as to whether (A) the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) or (B) the promulgation of or any change in or announcement or statement of the formal or informal interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), in each case, constitutes a “Change in Law” shall be made without regard to Section 739 of the Wall Street Transparency and Accountability Act of 2010 (the “**WSTAA**”) or any similar provision in any legislation enacted on or after the Trade Date; or

(v) **Ownership Event.** In the reasonable judgment of Dealer, on any day, the Share Amount for such day exceeds the Post-Effective Limit for such day (if any applies) (each, an "**Ownership Event**"). For purposes of this clause (v), the "**Share Amount**" as of any day is the number of Shares that Dealer and any person whose ownership position would be aggregated with that of Dealer (Dealer or any such person, a "**Dealer Person**") under any law, rule, regulation or regulatory order or Counterparty constituent document that for any reason is, or after the Trade Date becomes, applicable to ownership of Shares ("**Applicable Provisions**"), owns, beneficially owns, constructively owns, controls, holds the power to vote or otherwise meets a relevant definition of ownership of under the Applicable Provisions, as determined by Dealer in its reasonable discretion. The "**Post-Effective Limit**" means (x) the minimum number of Shares that would give rise to reporting or registration obligations (except for any filing requirements on Form 13F, Schedule 13D or Schedule 13G under the Exchange Act, in each case, as in effect on the Trade Date) or other requirements (including obtaining prior approval from any person or entity) of a Dealer Person, or would result in an adverse effect on a Dealer Person, under the Applicable Provisions, as determined by Dealer in its reasonable discretion, minus (y) 1.0% of the number of Shares outstanding.

(f) **Termination Settlement.** Upon the occurrence of any Acceleration Event, Dealer shall have the right to designate, upon at least one Scheduled Trading Day's notice, any Scheduled Trading Day following such occurrence to be a Settlement Date hereunder (a "**Termination Settlement Date**") to which Physical Settlement shall apply after Pricing Approval has been obtained and Cash Settlement (excluding the application of the proviso in "Settlement Method Election" above) shall apply before such time, and to select the number of Settlement Shares relating to such Termination Settlement Date; *provided* that (i) in the case of an Acceleration Event arising out of an Ownership Event, the number of Settlement Shares so designated by Dealer shall not exceed the number of Shares necessary to reduce the Share Amount to reasonably below the Post-Effective Limit and (ii) in the case of an Acceleration Event arising out of a Stock Borrow Event, the number of Settlement Shares so designated by Dealer shall not exceed the number of Shares as to which such Stock Borrow Event exists. If, upon designation of a Termination Settlement Date by Dealer pursuant to the preceding sentence, Counterparty fails to deliver the Settlement Shares relating to such Termination Settlement Date when due or otherwise fails to perform obligations within its control in respect of the Transaction, it shall be an Event of Default with respect to Counterparty and Section 6 of the Agreement shall apply (without regard to Paragraph 7(e)(iii) above). If an Acceleration Event occurs during an Unwind Period relating to a number of Settlement Shares to which Cash Settlement or Net Share Settlement applies, then on the Termination Settlement Date relating to such Acceleration Event, notwithstanding any election to the contrary by Counterparty, Cash Settlement or Net Share Settlement shall apply to the portion of the Settlement Shares relating to such Unwind Period as to which Dealer has unwound its hedge, and Physical Settlement shall apply in respect of (x) the remainder (if any) of such Settlement Shares and (y) the Settlement Shares designated by Dealer in respect of such Termination Settlement Date. If an Acceleration Event occurs after Counterparty has designated a Settlement Date to which Physical Settlement applies but before the relevant Settlement Shares have been delivered to Dealer, then Dealer shall have the right to cancel such Settlement Date and designate a Termination Settlement Date in respect of such Shares pursuant to the first sentence hereof. Notwithstanding the foregoing, in the case of a Nationalization or Merger Event, if at the time of the related relevant Settlement Date the Shares have changed into cash or any other property or the right to receive cash or any other property, the Calculation Agent shall adjust the nature of the Shares as it determines appropriate to account for such change such that the nature of the Shares is consistent with what shareholders receive in such event.

(g) **Private Placement Procedures.** If Counterparty is unable to comply with the provisions of sub-paragraph (ii) of "Agreements and Acknowledgments Regarding Shares" above because of a change in law or a change in the policy of the Securities and Exchange Commission or its staff, or Dealer otherwise determines that in its reasonable opinion any Shares to be delivered to Dealer by Counterparty may not be freely returned by Dealer or its affiliates to securities lenders as described under such sub-paragraph (ii) or otherwise constitute "restricted securities" as defined in Rule 144 under the Securities Act, then delivery of any such Shares (the "**Restricted Shares**") shall be effected as provided below, unless waived by Dealer.

(i) If Counterparty delivers the Restricted Shares pursuant to this clause (i) (a " **Private Placement Settlement**"), then delivery of Restricted Shares by Counterparty shall be effected in accordance with private placement procedures customary for private placements of equity securities of substantially similar size with respect to such Restricted Shares reasonably acceptable to Dealer; *provided* that Counterparty may not elect a Private Placement Settlement if, on the date of its election, it has taken, or caused to be taken, any action that would make unavailable either the exemption pursuant to Section 4(a)(2) of the Securities Act for the sale by Counterparty to Dealer (or any affiliate designated by Dealer) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Dealer (or any such affiliate of Dealer), and if Counterparty fails to deliver the Restricted Shares when due or otherwise fails to perform obligations within its control in respect of a Private Placement Settlement, it shall be an Event of Default with respect to Counterparty and Section 6 of the Agreement shall apply (without regard to Paragraph 7(e)(iii) above). The Private Placement Settlement of such Restricted Shares shall include customary representations, covenants, blue sky and other governmental filings and/or registrations, indemnities to Dealer, due diligence rights (for Dealer or any designated buyer of the Restricted Shares by Dealer), opinions and certificates, and such other documentation as is customary for private placement agreements of equity securities of a substantially similar size, all reasonably acceptable to Dealer. In the case of a Private Placement Settlement, Dealer shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Dealer hereunder in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Dealer and may only be saleable by Dealer at a discount to reflect the lack of liquidity in Restricted Shares. Notwithstanding the Agreement or this Confirmation, the date of delivery of such Restricted Shares shall be the Clearance System Business Day following notice by Dealer to Counterparty of the number of Restricted Shares to be delivered pursuant to this clause (i). For the avoidance of doubt, delivery of Restricted Shares shall be due as set forth in the previous sentence and not be due on the date that would otherwise be applicable.

(ii) If Counterparty delivers any Restricted Shares in respect of the Transaction, Counterparty agrees that (A) such Shares may be transferred by and among Dealer and its affiliates and (B) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed, Counterparty shall promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Dealer (or such affiliate of Dealer) to Counterparty or such transfer agent of any seller's and broker's representation letters customarily delivered by Dealer or its affiliates in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Dealer (or such affiliate of Dealer).

(h) Rule 10b-5. It is the intent of Dealer and Counterparty that, following any election of Cash Settlement or Net Share Settlement by Counterparty, the purchase of Shares by Dealer during any Unwind Period shall comply with the requirements of Rule 10b5-1(c)(1)(B) under the Exchange Act and that this Confirmation shall be interpreted to comply with the requirements of Rule 10b5-1(c). Counterparty acknowledges that (i) during any Unwind Period Counterparty shall not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares by Dealer (or its agent or affiliate) in connection with this Confirmation and (ii) Counterparty is entering into the Agreement and this Confirmation in good faith and not as part of a plan or scheme to evade compliance with federal securities laws including, without limitation, Rule 10b-5 promulgated under the Exchange Act. Counterparty further agrees to act in good faith with respect to this Confirmation and the Agreement.

(i) Waiver of Trial by Jury. EACH OF COUNTERPARTY AND DEALER HEREBY IRREVOCABLY WAIVES (ON ITS OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF ITS STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM

(WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THE TRANSACTION OR THE ACTIONS OF DEALER OR ITS AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(j) Governing Law/Jurisdiction. This Confirmation and any claim, controversy or dispute arising under or related to this Confirmation shall be governed by the laws of the State of New York without reference to the conflict of laws provisions thereof. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts of the State of New York and the United States Court for the Southern District of New York in connection with all matters relating hereto and waive any objection to the laying of venue in, and any claim of inconvenient forum with respect to, these courts.

(k) Insolvency Filing. Notwithstanding anything to the contrary herein, in the Agreement or in the Definitions, upon any Insolvency Filing or other proceeding under the Bankruptcy Code in respect of Counterparty, the Transaction shall automatically terminate on the date thereof without further liability of either party to this Confirmation to the other party (except for any liability in respect of any breach of representation or covenant by a party under this Confirmation prior to the date of such Insolvency Filing or other proceeding), it being understood that the Transaction is a contract for the issuance of Shares by Counterparty.

(l) Disclosure. Effective from the date of commencement of discussions concerning the Transaction, each of Dealer and Counterparty and each of their employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Transaction and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.

(m) Counterparty Share Repurchases. Counterparty agrees not to repurchase, directly or indirectly, any Shares if, immediately following such purchase, the Outstanding Share Percentage would be equal to or greater than 5%. The "Outstanding Share Percentage" as of any day is the fraction (1) the numerator of which is the aggregate of the Number of Shares for the Transaction and the "Number of Shares" under each Additional Equity Derivative Transaction that is a share forward transaction and (2) the denominator of which is the number of Shares outstanding on such day.

(n) Limit on Beneficial Ownership. Notwithstanding any other provisions hereof, Dealer shall not have the right to acquire Shares hereunder and Dealer shall not be entitled to take delivery of any Shares hereunder (in each case, whether in connection with the purchase of Shares on any Settlement Date or any Termination Settlement Date, any Private Placement Settlement or otherwise) to the extent (but only to the extent) that, after such receipt of any Shares hereunder, (i) the Share Amount would exceed the Post-Effective Limit, (ii) Dealer and each person subject to aggregation of Shares with Dealer under Section 13 or Section 16 of the Exchange Act and the rules promulgated thereunder (the "Dealer Group") would directly or indirectly beneficially own (as such term is defined for purposes of Section 13 or Section 16 of the Exchange Act and the rules promulgated thereunder) in excess of 8% of the then outstanding Shares (the "Threshold Number of Shares"), (iii) Dealer would hold 5% or more of the number of Shares of Counterparty's outstanding common stock or 5% or more of Counterparty's outstanding voting power (the "Exchange Limit") or (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of a number of Shares equal to 8% of the outstanding Shares (the "FPA Limit"). Any purported delivery hereunder shall be void and have no effect to the extent (but only to the extent) that, after such delivery, (i) the Share Amount would exceed the Post-Effective Limit, (ii) the Dealer Group would directly or indirectly so beneficially own in excess of the Threshold Number of Shares, (iii) Dealer would directly or indirectly so hold in excess of the Exchange Limit or (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of the FPA Limit. If any delivery owed to Dealer hereunder is not made, in whole or in part, as a result of this provision, Counterparty's obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Scheduled Trading Day after, Dealer gives notice to Counterparty that, after such delivery, (i) the Share Amount would not exceed the Post-Effective Limit, (ii) the Dealer Group would not directly or indirectly so beneficially own

in excess of the Threshold Number of Shares, (iii) Dealer would not directly or indirectly so hold in excess of the Exchange Limit and (iv) Dealer (including any person subject to aggregation of Shares with Dealer) would not beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership under the Federal Power Act in excess of the FPA Limit.

In addition, notwithstanding anything herein to the contrary, if any delivery owed to Dealer hereunder is not made, in whole or in part, as a result of the immediately preceding paragraph, Dealer shall be permitted to make any payment due in respect of such Shares to Counterparty in two or more tranches that correspond in amount to the number of Shares delivered by Counterparty to Dealer pursuant to the immediately preceding paragraph.

(o) **Commodity Exchange Act.** Each of Dealer and Counterparty agrees and represents that it is an "eligible contract participant" as defined in Section 1a(18) of the U.S. Commodity Exchange Act, as amended (the "**CEA**"), the Agreement and the Transaction are subject to individual negotiation by the parties and have not been executed or traded on a "trading facility" as defined in Section 1a(51) of the CEA.

(p) **Bankruptcy Status.** Subject to Paragraph 7(k) above, Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer rights with respect to the transactions contemplated hereby that are senior to the claims of Counterparty's common stockholders in any U.S. bankruptcy proceedings of Counterparty; *provided, however,* that nothing herein shall be deemed to limit Dealer's right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided, further,* that nothing herein shall limit or shall be deemed to limit Dealer's rights in respect of any transaction other than the Transaction.

(q) **No Collateral or Setoff.** Notwithstanding Section 6(f) or any other provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are not secured by any collateral. Obligations in respect of the Transaction shall not be set off against any other obligations of the parties, whether arising under the Agreement, under any other agreement between the parties hereto, by operation of law or otherwise, and no other obligations of the parties shall be set off against obligations in respect of the Transaction, whether arising under the Agreement, under any other agreement between the parties hereto, by operation of law or otherwise, and each party hereby waives any such right of setoff.

(r) **Share Cap.** Notwithstanding any other provision of the Agreement or this Confirmation, in no event will Counterparty be required to deliver, in the aggregate in respect of all Settlement Dates or other dates on which Shares are delivered under the Transaction a number of Shares greater than 1.5 times the Number of Shares (the "**Share Cap**"). The Share Cap shall be subject to adjustment only on account of (x) Potential Adjustment Events of the type specified in (1) Sections 11.2(e)(i) through (vi) of the Equity Definitions or (2) Section 11.2(e)(vii) of the Equity Definitions so long as, in the case of this sub-clause (2), such event is within Counterparty's control and (y) Merger Events requiring corporate action of Counterparty (or any surviving entity of Counterparty hereunder in connection with any such Merger Event). In the event Counterparty shall not have delivered the full number of Shares otherwise deliverable as a result of this Paragraph 7(r) (the resulting deficit for the Transaction, the "**Deficit Shares**"), Counterparty shall be continually obligated to deliver Shares, from time to time until the full number of Deficit Shares have been delivered pursuant to this Paragraph 7(r), on a pro rata basis between the Transaction and the Other Forward (as defined below), when, and to the extent that, (A) Shares are repurchased, acquired or otherwise received by Counterparty or any of its subsidiaries after the date hereof (whether or not in exchange for cash, fair value or any other consideration), (B) authorized and unissued Shares reserved for issuance in respect of other transactions prior to such date which prior to the relevant date become no longer so reserved or (C) Counterparty additionally authorizes any unissued Shares that are not reserved for transactions other than the Transaction (such events as set forth in clauses (A), (B) and (C) above, collectively, the "**Share Issuance Events**"). Counterparty shall promptly notify Dealer of the occurrence of any of the Share Issuance Events (including the number of Shares subject to clause (A), (B) or (C) and the corresponding number of Shares to be delivered for the Transaction) and, as promptly as reasonably practicable, deliver such Shares thereafter. Counterparty shall not, until Counterparty's obligations under the Transaction have been satisfied in full, use any Shares that become available for potential delivery to Dealer as a result of any Share Issuance Event

for the settlement or satisfaction of any transaction or obligation other than the Transaction (or the Other Forward on a pro rata basis as set forth above) or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Dealer under the Transaction (or the Other Forward on a pro rata basis as set forth above).

(s) Wall Street Transparency and Accountability Act of 2010. The parties hereby agree that none of (i) Section 739 of the WSTA, (ii) any similar legal certainty provision included in any legislation enacted, or rule or regulation promulgated, on or after the Trade Date, (iii) the enactment of the WSTA or any regulation under the WSTA, (iv) any requirement under the WSTA or (v) any amendment made by the WSTA shall limit or otherwise impair either party's right to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased cost, regulatory change or similar event under this Confirmation, the Definitions or the Agreement (including, but not limited to, any right arising from any Acceleration Event).

(t) Other Forward. Dealer acknowledges that Counterparty has entered or may in the future enter into one or more substantially similar forward transactions for the Shares (each, an "**Other Forward**" and collectively, the "**Other Forwards**") with one or more other dealers. Dealer and Counterparty agree that if Counterparty designates a "Settlement Date" with respect to one or more Other Forwards for which "Cash Settlement" or "Net Share Settlement" is applicable and for which the resulting "Unwind Period" for any such Other Forwards coincides for any period of time with an Unwind Period for the Transaction (the "**Overlap Unwind Period**"), Counterparty shall notify Dealer at least one Scheduled Trading Day prior to the commencement of such Overlap Unwind Period of the first Scheduled Trading Day and the length of such Overlap Unwind Period, and Dealer shall be permitted to purchase Shares to unwind its hedge in respect of the Transaction only on alternating Scheduled Trading Days during such Overlap Unwind Period, commencing on the first, second, third or later Scheduled Trading Day of such Overlap Unwind Period (which alternating Scheduled Trading Days, for the avoidance of doubt, may be every other Scheduled Trading Day if there is only one other dealer, every third Scheduled Trading Day if there are two other dealers, etc.).

(u) Indemnity. Counterparty agrees to indemnify Dealer and its affiliates and their respective directors, officers, employees, agents and controlling persons (Dealer and each such affiliate or person being an "**Indemnified Party**") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party arising out of, in connection with, or relating to, any breach of any covenant or representation made by Counterparty in this Confirmation or the Agreement and will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) as they are incurred in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto, except to the extent determined in a final and non-appealable judgment by a court of competent jurisdiction to have resulted from Dealer's gross negligence, fraud, bad faith and/or willful misconduct. Promptly after receipt by an Indemnified Party of notice of the commencement of any such claim, action or proceeding, such Indemnified Party shall, if a claim in respect thereof is to be made against Counterparty hereunder, notify Counterparty in writing of the commencement thereof; but the omission so to notify Counterparty shall not relieve it from any liability which it may have to any Indemnified Party hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability otherwise. In case any such action shall be brought against any Indemnified Party and it shall notify Counterparty of the commencement thereof, Counterparty shall be entitled to participate therein and, to the extent that it shall wish, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party (who shall not, except with the consent of the Indemnified Party, be counsel to Counterparty), and, after notice from Counterparty to such Indemnified Party of its election so to assume the defense thereof, Counterparty shall not be liable to such Indemnified Party under this Paragraph 7(u) for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such Indemnified Party, in connection with the defense thereof other than reasonable costs of investigation. Counterparty shall not have liability for any settlement or compromise of, or the consent to the entry of any judgment with respect to, any claim, action or proceeding contemplated by this Paragraph 7(u) that is effected without its prior written consent, which shall not be unreasonably withheld. The foregoing provisions shall survive any termination or completion of the Transaction.

(v) Tax Matters.

(i) Payer Tax Representations. For the purpose of Section 3(e) of the Agreement, each of Dealer and Counterparty makes the following representation: It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 9(h) of the Agreement or amounts payable hereunder that may be considered to be interest for U.S. federal income tax purposes) to be made by it to the other party under the Agreement. In making this representation, it may rely on (A) the accuracy of any representations made by the other party pursuant to Section 3(f) of the Agreement, (B) the satisfaction of the agreement contained in Section 4(a)(i) or Section 4(a)(iii) of the Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or Section 4(a)(iii) of the Agreement and (C) the satisfaction of the agreement of the other party contained in Section 4(d) of the Agreement, except that it will not be a breach of this representation where reliance is placed on clause (B) above and the other party does not deliver a form or document under Section 4(a)(iii) of the Agreement by reason of material prejudice to its legal or commercial position.

(ii) Payee Tax Representations. For the purpose of Section 3(f) of the Agreement:

(1) Dealer makes the following representations:¹

- a. [It is a "U.S. person" (as that term is used in United States Treasury Regulations Section 1.1441-4(a)(3)(ii)) for U.S. federal income tax purposes.]
- b. [It is a national banking association organized and existing under the laws of the United States of America and is an exempt recipient under United States Treasury Regulation Section 1.6049-4(c)(1)(ii)(M)][It is a broker-dealer firm registered with the Commission under the Exchange Act and is an exempt recipient under United States Treasury Regulation Section 1.6049-4(c)(1)(ii)(I).]
- c. [(i) It is a "U.S. person" (as that term is used in Treasury Regulation Section 1.1441-4(a)(3)(ii)) for U.S. federal income tax purposes. (ii) It is a corporation organized and existing under the laws of the State of North Carolina and is an exempt recipient within the meaning of Treasury Regulation Section 1.6049-4(c)(1)(ii).]
- d. [It is acting through a dependent agent located in the United States (including only the States thereof and the District of Columbia), it is a "foreign person" (as that term is used in United States Treasury Regulation Section 1.6041-4(a)(4)) for U.S. federal income tax purposes and each payment received or to be received by it in connection with this Agreement will be effectively connected with its conduct of a trade or business in the United States.]
- e. [(i) It is a bank organized under the laws of Canada. (ii) It is a corporation for U.S. federal income tax purposes. (iii) Each payment received or to be received by Dealer in connection with this Confirmation will be effectively connected with its conduct of a trade or business in the United States.]

¹ Exact representation will be updated for Dealers.

- f. [(i) It is a "foreign person" as that term is used in United States Treasury Regulation Section 1.6041-4(a)(4). (ii) It is a chartered bank organized under the laws of Canada. (iii) Each payment received or to be received by it in connection with this Agreement will be effectively connected with its conduct of a trade or business in the United States. (iv) It is fully eligible for the benefits of the "Business Profits", "Interest" and "Other Income" provisions of the Canada-United States Income Tax Convention (1980).]
- g. [It is a U.S. limited liability company organized under the laws of the State of Delaware. For U.S. Federal income tax purposes, it is a Disregarded Entity of Mizuho Americas LLC, a limited liability company organized under the laws of the State of Delaware. For U.S. federal income tax purposes, Mizuho Americas LLC has elected to be classified as a corporation.]
- h. [(i) It is a state banking corporation organized under the laws of the State of Alabama. (ii) It is a "U.S. person" (as that term is defined in United States Treasury Regulations Section 1.1441-4(a)(3)(ii)) for U.S. federal income tax purposes.]
- i. [It is a chartered bank organized under the laws of Canada and is treated as a corporation for United States federal income tax purposes. It is a "foreign person" (as that term is used in United States Treasury Regulation Section 1.6041-4(a)(4)) for U.S. federal income tax purposes and each payment received or to be received by it in connection with this Confirmation will be effectively connected with its conduct of a trade or business in the United States.]

(2) Counterparty makes the following representations:

- a. It is a "U.S. person" (as that term is used in section 1.1441-4(a)(3)(ii) of U.S. Treasury Regulations) for U.S. federal income tax purposes.
- b. It is a corporation for U.S. federal income tax purposes and is an exempt recipient under section 1.6049-4(c)(1)(ii)(J) of U.S. Treasury Regulations.

(iii) Withholding Tax imposed on payments to non-U.S. counterparties under the United States Foreign Account Tax Compliance Act. "Tax", and "Indemnifiable Tax", each as defined in Section 14 of the Agreement, shall not include any FATCA Withholding Tax. For the avoidance of doubt, a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**FATCA Withholding Tax**" means any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

(iv) **HIRE ACT.** To the extent that either party to the Agreement with respect to the Transaction is not an adhering party to the ISDA 2015 Section 871(m) Protocol published by ISDA on November 2, 2015 and available at www.isda.org, as may be amended, supplemented, replaced or superseded from time to time (the "**871(m) Protocol**"), the parties agree that the provisions and amendments contained in the Attachment to the 871(m) Protocol are incorporated into and apply to the Agreement with respect to the Transaction as if set forth in full herein. The parties further agree that, solely for purposes of applying such provisions and amendments to the Agreement with respect to the Transaction, references to "each Covered Master Agreement" in the 871(m) Protocol will be deemed to be references to the Agreement with respect to the Transaction, and references to the "Implementation Date" in the 871(m) Protocol will be deemed to be references to the Trade Date of the Transaction. For greater certainty, if there is any inconsistency between this provision and the provisions contained in any other agreement between the parties with respect to the Transaction, this provision shall prevail unless such other agreement expressly overrides the provisions of the Attachment to the 871(m) Protocol.

(v) **Tax Documentation.** For the purposes of Sections 4(a)(i) and 4(a)(ii) of the Agreement, Counterparty shall provide to Dealer a valid and duly executed U.S. Internal Revenue Service Form W-9, or any successor thereto, completed accurately and in a manner reasonably acceptable to Dealer and, in particular, with the "C Corporation" box checked on line 3 thereof (i) on or before the date of execution of this Confirmation; (ii) promptly upon reasonable demand by Dealer; and (iii) promptly upon learning that any such tax form previously provided by Counterparty has become inaccurate or incorrect.

For the purposes of Sections 4(a)(i) and 4(a)(ii) of the Agreement, Dealer shall provide to Counterparty a valid and duly executed U.S. Internal Revenue Service Form W-9, W-8IMY (certifying to qualified derivatives dealer status, exempt from dividend withholding tax) or W-8ECI, or any successor thereto, completed accurately and in a manner reasonably acceptable to Counterparty and, in particular, with the "C Corporation" or "Corporation" box checked on line 3 or 4 thereof, respectively, (i) on or before the date of execution of this Confirmation; (ii) promptly upon reasonable demand by Counterparty; and (iii) promptly upon learning that any such tax form previously provided by Dealer has become inaccurate or incorrect.

(vi) **Deduction or Withholding for Tax.** Sections 2(d)(i), 2(d)(i)(4), 2(d)(ii)(1) of the Agreement and the definition of "Tax" are hereby amended by replacing the words "pay", "paid", "payment" or "payments" with the words "pay or deliver", "paid or delivered", "payment or delivery" or "payments or deliveries", respectively.

(w) **Counterparts:**

- a. Counterparts may be delivered via facsimile, electronic mail or transmission (including any electronic signature covered by the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act, the Electronic Signatures and Records Act or other applicable law, e.g., DocuSign and AdobeSign) (any such signature, an "**Electronic Signature**") or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. The words "execution," "signed," "signature" and words of like import in this Confirmation or in any other certificate, agreement or document related to this Confirmation shall include any Electronic Signature, except to the extent electronic notices are expressly prohibited under this Confirmation or the Agreement.

(x) U.S. Stay Regulations.

- a. [To the extent that the QFC Stay Rules are applicable hereto, then the parties agree that (i) to the extent that prior to the date hereof both parties have adhered to the 2018 ISDA U.S. Resolution Stay Protocol (the “**Protocol**”), the terms of the Protocol are incorporated into and form a part of this Confirmation, and for such purposes this Confirmation shall be deemed a Protocol Covered Agreement and each party shall be deemed to have the same status as “Regulated Entity” and/or “Adhering Party” as applicable to it under the Protocol; (ii) to the extent that prior to the date hereof the parties have executed a separate agreement the effect of which is to amend the qualified financial contracts between them to conform with the requirements of the QFC Stay Rules (the “**Bilateral Agreement**”), the terms of the Bilateral Agreement are incorporated into and form a part of this Confirmation and each party shall be deemed to have the status of “Covered Entity” or “Counterparty Entity” (or other similar term) as applicable to it under the Bilateral Agreement; or (iii) if clause (i) and clause (ii) do not apply, the terms of Section 1 and Section 2 and the related defined terms (together, the “**Bilateral Terms**”) of the form of bilateral template entitled “Full-Length Omnibus (for use between U.S. G-SIBs and Corporate Groups)” published by ISDA on November 2, 2018 (currently available on the 2018 ISDA U.S. Resolution Stay Protocol page at www.isda.org and, a copy of which is available upon request), the effect of which is to amend the qualified financial contracts between the parties thereto to conform with the requirements of the QFC Stay Rules, are hereby incorporated into and form a part of this Confirmation, and for such purposes this Confirmation shall be deemed a “Covered Agreement,” Dealer shall be deemed a “Covered Entity” and Counterparty shall be deemed a “Counterparty Entity.” In the event that, after the date of this Confirmation, both parties hereto become adhering parties to the Protocol, the terms of the Protocol will replace the terms of this Paragraph 7(x). In the event of any inconsistencies between this Confirmation and the terms of the Protocol, the Bilateral Agreement or the Bilateral Terms (each, the “**QFC Stay Terms**”), as applicable, the QFC Stay Terms will govern. Terms used in this Paragraph 7(x) without definition shall have the meanings assigned to them under the QFC Stay Rules. For purposes of this Paragraph 7(x), references to “this Confirmation” include any related credit enhancements entered into between the parties or provided by one to the other. In addition, the parties agree that the terms of this Paragraph 7(x) shall be incorporated into any related covered affiliate credit enhancements, with all references to Dealer replaced by references to the covered affiliate support provider.]
- b. [“**QFC Stay Rules**” mean the regulations codified at 12 C.F.R. 252.2, 252.81–8, 12 C.F.R. 382.1-7 and 12 C.F.R. 47.1-8, which, subject to limited exceptions, require an express recognition of the stay-and-transfer powers of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and the Orderly Liquidation Authority under Title II of the Dodd Frank Wall Street Reform and Consumer Protection Act and the override of default rights related directly or indirectly to the entry of an affiliate into certain insolvency proceedings and any restrictions on the transfer of any covered affiliate credit enhancements.]

(y) [INSERT ANY ADDITIONAL DEALER-SPECIFIC PROVISIONS]

[Signature Page Follows]

Please confirm your agreement to be bound by the terms stated herein by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely,

[DEALER NAME]

By: _____

Name:

Title:

Confirmed as of the date first above written:

SEMPRA

By: _____

Name: [*]

Title: [*]

For purposes of the Transaction, the following terms shall have the applicable values or meanings:

Trade Date:

[*]

[DATE] (or, if such date is not a Scheduled Trading Day, the next following Scheduled Trading Day).

Maturity Date:

[*]

Spread:

[*]

Settlement Notice Date:

(i) 8:00 p.m. New York City time, one Scheduled Trading Day prior to the related Settlement Date, which may be the Maturity Date, if Physical Settlement applies, or (ii) [45] Scheduled Trading Days prior to the related Settlement Date, which may be the Maturity Date, if Cash Settlement or Net Share Settlement applies.

Forward Price Reduction Date

Trade Date

[*]

[*]

[*]

[*]

[*]

Maturity Date

Forward Price Reduction Amount

USD 0.000

USD [*]

USD [*]

USD [*]

USD [*]

USD [*]

USD 0.000

PRICING SUPPLEMENT

Date: [*], 20[*]

To: Sempra
488 8th Avenue
San Diego, CA 92101
Attention: General Counsel & Treasurer

From: [DEALER NAME AND NOTICE INFORMATION]

Ladies and Gentlemen:

This Pricing Supplement is the Pricing Supplement contemplated by the Registered Share Forward Transaction dated as of [], 20[] (the "Confirmation") between Sempra ("Counterparty") and [DEALER NAME] ("Dealer").

For all purposes under the Confirmation,

- (a) the Hedge Completion Date is [];
- (b) the Number of Shares shall be [], subject to further adjustment in accordance with the terms of the Confirmation; and
- (c) the Initial Forward Price shall be USD []; and
- (d) the quotient of the aggregate gross proceeds received by Dealer from the sale of Forward Hedge Shares divided by the number of Forward Hedge Shares equals USD [].

Yours sincerely
[DEALER NAME]

By: _____
Name: [*]
Title: [*]

[Confirmed as of the date first above written:

SEMPRA

By: _____

Name: [*]

Title: [*]]

SEMPRA
<YEAR> LONG TERM INCENTIVE PLAN
YEAR <YEAR> RESTRICTED STOCK UNIT AWARD

You have been granted a restricted stock unit award representing the right to receive the number of shares of Sempra Common Stock set forth below, subject to the vesting conditions set forth below. The restricted stock units, and dividend equivalents with respect to the restricted stock units, under your award may not be sold or assigned. They will be subject to forfeiture unless and until they vest in accordance with the terms and conditions of the award. Shares of Common Stock will be distributed to you after the completion of the service periods ending in <MONTH> <YEAR>, <YEAR>, <YEAR> and <YEAR>, if the restricted stock units vest under the terms and conditions of your award.

The terms and conditions of your award are set forth in the attached Year <YEAR> Restricted Stock Unit Award Agreement (the "Award Agreement") and in the Sempra <YEAR> Long Term Incentive Plan (the "Plan"), which has been provided to you. The summary below highlights selected terms and conditions but it is not complete and you should carefully read the Award Agreement and the Plan to fully understand the terms and conditions of your award.

SUMMARY

Date of Award: <DATE>, <YEAR>
Name of Recipient: NAME
Recipient's Employee Number: EE ID
Number of Restricted Stock Units (prior to any dividend equivalents): # RSU

Restricted Stock Units:

Your restricted stock units represent the right to receive shares of Common Stock in the future, subject to the terms and conditions of your award. Your restricted stock units are not shares of Common Stock.

Vesting/Forfeiture of Restricted Stock Units:

If not previously forfeited, your restricted stock units will vest in equal annual installments of one-fourth of the original number of units covered by this award (together with related dividend equivalents) on each of the <"first New York Stock Exchange trading days of <YEAR>, <YEAR>, <YEAR> and <YEAR>" [for awards granted on the first New York Stock Exchange trading day of the year] or "first four anniversaries of the award date" [for awards not granted on the first New York Stock Exchange trading day of the year, unless a different vesting schedule is approved by the Compensation and Talent Development Committee]>, subject to your continued employment by Sempra or its Subsidiaries through the applicable Vesting Date. Subject to certain exceptions set forth in the Award Agreement, if your employment terminates prior to the applicable Vesting Date, your restricted stock units will be forfeited effective immediately following such termination.

Transfer Restrictions:

Your restricted stock units may not be sold or otherwise transferred and will remain subject to forfeiture conditions until they vest.

Termination of Employment:

Subject to certain exceptions set forth in the Award Agreement, your restricted stock units will be forfeited if your employment terminates before such units vest effective immediately following such termination.

Recoupment:

Sempra reserves the right to recoup the compensation received in connection with your award of restricted stock units (i) as required by applicable law or the rules or requirements of the primary national securities exchange on which Sempra's common stock is listed, (ii) as required by the compensation recovery policy implemented or maintained by Sempra ("Compensation Recovery Policy") or (iii) if your fraudulent or intentional misconduct is found, in the sole discretion of the Compensation and Talent Development Committee, to have materially affected the operations or financial results of Sempra or its Subsidiaries.

Dividend Equivalents:

You also have been awarded dividend equivalents with respect to your restricted stock units. Your dividend equivalents represent the right to receive additional shares of Common Stock in the future, subject to the terms and conditions of your award. Your dividend equivalents will be determined based on the dividends that you would have received had you held shares of Common Stock equal to the vested number of your restricted stock units from the date of your award to the date of the distribution of shares of Common Stock following the vesting of your restricted stock units, and assuming that the dividends were reinvested in Common Stock (and any dividends on such shares were reinvested in Common Stock). The dividends will be deemed reinvested in Common Stock in the same manner as dividends reinvested pursuant to the terms of the Sempra Direct Stock Purchase Plan (also known as the Sempra Dividend Reinvestment Plan). Your dividend equivalents will be subject to the same transfer restrictions, forfeiture and recoupment provisions, and vesting conditions as the shares represented by your restricted stock units.

Distribution of Shares:

Shares of Common Stock will be distributed to you to the extent your restricted stock units (and accompanying dividend equivalents) vest. Except as provided otherwise in the Award Agreement, the shares will be distributed to you after the completion of the applicable service period. The shares of Common Stock will include the additional shares to be distributed pursuant to your vested dividend equivalents.

Taxes:

Upon distribution of shares of Common Stock to you, you will be subject to income taxes on the value of the distributed shares at the time of distribution and must pay applicable withholding taxes.

By your acceptance of this award, you agree to all of the terms and conditions set forth in this Cover Page/Summary, the Award Agreement and the Plan. You will be deemed to have accepted this award unless you affirmatively reject the award in accordance with the procedures described herein.

Sempra:

<SIGNATURE>

<NAME>

Title:

<CEO or CHRO (however designated)>

SEMPRA
<YEAR> LONG TERM INCENTIVE PLAN

Year <YEAR> Restricted Stock Unit Award Agreement

Award:

You have been granted a restricted stock unit award under Sempra's <YEAR> Long Term Incentive Plan (the "Plan"). The award consists of the number of restricted stock units set forth on the Cover Page/Summary to this Award Agreement, and dividend equivalents with respect to the restricted stock units (described below). Capitalized terms used in this Award Agreement and not defined shall have the meaning set forth in the Plan.

Your restricted stock units represent the right to receive shares of Common Stock in the future, subject to the terms and conditions of your award. Your restricted stock units are not shares of Common Stock.

Each restricted stock unit represents the right to receive one share of Common Stock upon the vesting of the unit.

Unless and until they vest, your restricted stock units and any dividend equivalents will be subject to transfer restrictions and forfeiture and vesting conditions.

Subject to certain exceptions set forth herein, your restricted stock units (and dividend equivalents) will be forfeited effective immediately following such termination if your employment terminates before they vest; provided, however, that the Compensation and Talent Development Committee of Sempra's Board of Directors (the "Compensation Committee"), in its sole discretion, may determine to vest you in all or a portion of such restricted stock units (subject to Code Section 409A requirements and the terms of the Plan).

See "Vesting/Forfeiture," "Transfer Restrictions," and "Termination of Employment" below.

Vesting/Forfeiture:

Subject to the provisions below relating to the treatment of your restricted stock units in connection with a Change in Control, your restricted stock units (and dividend equivalents) will vest in equal annual installments of one-fourth of the original number of units covered by this award (together with related dividend equivalents) on each of the <"first New York Stock Exchange trading days of <YEAR>, <YEAR>, <YEAR> and <YEAR>" [for awards granted on the first New York Stock Exchange trading day of the year] or "first four anniversaries of the award date" [for awards not granted on the first New York Stock Exchange trading day of the year, unless a different vesting schedule is approved by the Compensation Committee]>, subject to your continued employment by Sempra or its Subsidiaries through the applicable vesting date and the terms of this Award Agreement.

Certificates for the shares will be transferred to your brokerage account unless you specifically instruct otherwise. When the shares of Common Stock are issued to you, your restricted stock units (vested and unvested) and your dividend equivalents will terminate.

Transfer Restrictions:

You may not sell or otherwise transfer or assign your restricted stock units (or your dividend equivalents).

Dividend Equivalents & Capitalization Adjustments:

You also have been awarded dividend equivalents with respect to your restricted stock units. Your dividend equivalents represent the right to receive additional shares of Common Stock in the future, subject to the terms and conditions of your award. Your dividend equivalents will be determined based on the dividends that you would have received had you held shares of Common Stock equal to the vested number of your restricted stock units from the date of your award to the date of the distribution of shares of Common Stock following the vesting of your restricted stock units, and assuming that the dividends were reinvested in Common Stock (and any dividends on such shares were reinvested in Common Stock). The dividends will be deemed reinvested in Common Stock in the same manner as dividends reinvested pursuant to the terms of the Sempra Direct Stock Purchase Plan (also known as the Sempra Dividend Reinvestment Plan).

Your dividend equivalents will be subject to the same transfer restrictions, forfeiture and recoupment provisions, and vesting conditions as your restricted stock units. They will vest when and to the extent that your restricted stock units vest.

Also, your restricted stock units (and dividend equivalents), including the terms and conditions thereof, will, in the sole discretion of the Compensation Committee, be substituted or adjusted, as applicable, in accordance with the terms and conditions of the Plan. Any additional restricted stock units (and dividend equivalents) awarded to you as a result of such substitution or adjustment also will be subject to the same transfer restrictions, forfeiture and recoupment provisions, and vesting conditions and other terms and conditions that are applicable to your restricted stock units (and dividend equivalents).

No Shareholder Rights:

Your restricted stock units (and dividend equivalents) are not shares of Common Stock. You will have no rights as a shareholder unless and until shares of Common Stock are issued to you following the vesting of your restricted stock units (and dividend equivalents) as provided in this Award Agreement and the Plan.

Distribution of Shares:

Following the vesting of your restricted stock units, you will receive the number of shares of Common Stock equal to the number of your restricted stock units that have vested. However, in no event will you receive under this award, and other awards granted to you under the Plan in the same fiscal year of Sempra, more than the maximum number of shares of Common Stock permitted under the Plan. Also, you will receive the number of shares of Common Stock equal to your vested dividend equivalents.

You will receive the shares as soon as reasonably practicable following each vesting date (and in no event later than March 15 of the year following the applicable vesting date). Once you receive the shares of Common Stock, your restricted stock units (and dividend equivalents) will terminate.

Termination of Employment:

Termination:

If your employment with Sempra and its Subsidiaries terminates for any reason other than by reason of your death or in connection with a Change in Control prior to the vesting of your restricted stock units (and dividend equivalents), all of your restricted stock units (and dividend equivalents) will be forfeited effective immediately following such termination; provided, however, that the Compensation Committee in its sole discretion may determine to vest you in all or a portion of such restricted stock units (subject to Code Section 409A requirements and the terms of the Plan). If your employment terminates by reason of your death prior to the vesting of your restricted stock units (and dividend equivalents), all of your restricted stock units (and dividend equivalents) will vest upon your death.

Termination for Cause:

If your employment with Sempra and its Subsidiaries terminates for cause, or your employment would have been subject to termination for cause, prior to the vesting of your restricted stock units (and dividend equivalents), all of your restricted stock units (and dividend equivalents) will be forfeited effective immediately following such termination.

Prior to the consummation of a Change in Control, a termination for cause is (i) the willful failure by you to substantially perform your duties with Sempra or your employer (other than any such failure resulting from your incapacity due to physical or mental illness), (ii) the grossly negligent performance of such obligations referenced in clause (i) of this definition, (iii) your gross insubordination; and/or (iv) your commission of one or more acts of moral turpitude that constitute a violation of applicable law (including but not limited to a felony) which have or result in an adverse effect on Sempra, monetarily or otherwise, or one or more significant acts of dishonesty. For purposes of clause (i), no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your act, or failure to act, was in the best interests of Sempra and its Subsidiaries. If your restricted stock units remain outstanding following a Change in Control pursuant to a Replacement Award, a termination for cause following such Change in Control shall be determined in accordance with the provisions of the Plan that define "Cause", including reasonable notice and, if possible, a reasonable opportunity to cure as provided therein.

Taxes:**Withholding Taxes:**

When you become subject to withholding taxes upon distribution of the shares of Common Stock or otherwise, Sempra or its Subsidiary is required to withhold taxes. Unless you instruct otherwise and pay or make arrangements satisfactory to Sempra to pay these taxes, upon the distribution of your shares, Sempra will withhold a sufficient number of shares of common stock that you would otherwise be entitled to receive to cover the minimum required withholding taxes and transfer to you only the remaining balance of your shares. In the event that, following a Change in Control, your restricted stock units become eligible for a distribution upon your Retirement by reason of your combined age and service, your restricted stock units may become subject to employment tax withholding prior to the distribution of shares with respect to such units.

Code Section 409A:

Your restricted stock units are subject to provisions of the Plan which set forth terms to comply with Code Section 409A.

Recoupment:

Sempra reserves the right to recoup the compensation received in connection with your award of restricted stock units (i) as required by applicable law or the rules or requirements of the primary national securities exchange on which Sempra's common stock is listed, (ii) as required by the compensation recovery policy implemented or maintained by Sempra ("Compensation Recovery Policy") or (iii) if your fraudulent or intentional misconduct is found, in the sole discretion of the Compensation Committee, to have materially affected the operations or financial results of Sempra or its Subsidiaries.

Retention Rights:

Neither your restricted stock unit award nor this Award Agreement gives you any right to be retained by Sempra or any of its Subsidiaries in any capacity and your employer reserves the right to terminate your employment at any time, with or without cause. The value of your award will not be included as compensation or earnings for purposes of any other benefit plan offered by Sempra or any of its Subsidiaries.

Change in Control:

In the event of a Change in Control, the following terms shall apply:

- If (i) you have achieved age 55 and have completed at least five years of continuous service with Sempra and its Subsidiaries as of the date of a Change in Control and your restricted stock units have not been forfeited prior to the Change in Control, (ii) your outstanding restricted stock units as of the date of a Change in Control are not subject to a "substantial risk of forfeiture" within the meaning of Code Section 409A and/or (iii) your outstanding restricted stock units are not assumed or substituted with one or more Replacement Awards (as defined in the Plan), then in each case your outstanding restricted stock units and any associated dividend equivalents will vest immediately prior to the Change in Control. If the foregoing terms apply, immediately prior to the date of the Change in Control you will receive a number of shares of Common Stock equal to the number of your restricted stock units and dividend equivalents that have vested.
- If your outstanding restricted stock awards are assumed or substituted with one or more Replacement Awards, then, except as provided otherwise in an individual severance agreement or employment agreement to which you are a party, the terms set forth in the Plan shall apply with respect to such Replacement Award following the Change in Control. If the foregoing terms apply and the Replacement Award vests upon your separation from service or death, on such date, you will receive a number of shares or other property in settlement of the Replacement Awards.

Further Actions:

You agree to take all actions and execute all documents appropriate to carry out the provisions of this Award Agreement.

You shall be deemed to have accepted this award unless you affirmatively reject it in writing addressed to the Corporate Secretary of Sempra no later than 90 days following the Date of Award.

You also appoint as your attorney-in-fact each individual who at the time of so acting is the Secretary or an Assistant Secretary of Sempra with full authority to effect any transfer of any shares of Common Stock distributable to you, including any transfer to pay withholding taxes, that is authorized by this Award Agreement.

Applicable Law:

This Award Agreement will be interpreted and enforced under the laws of the State of California.

Other Agreements:

In the event of any conflict between the terms of this Award Agreement and any written employment, severance or other employment-related agreement between you and Sempra, the terms of this Award Agreement, or the terms of such other agreement, whichever are more favorable to you, shall prevail, provided that in each case a conflict shall be resolved in a manner consistent with the intent that your restricted stock units comply with Code Section 409A. In the event of a conflict between the terms of this Award Agreement and the Plan, the Plan document shall prevail. In the event of a conflict between the terms of this Award Agreement and Sempra's Compensation Recovery Policy, the terms of the Compensation Recovery Policy shall prevail.

By your acceptance of this award, you agree to all of the terms and conditions set forth in the Cover Page/Summary, this Award Agreement and the Plan. You will be deemed to have accepted this award unless you affirmatively reject the award in accordance with the procedures described herein.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, J. Walker Martin, certify that:

1. I have reviewed this report on Form 10-Q of Sempra;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2024 /s/ J. Walker Martin

J. Walker Martin

Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Karen L. Sedgwick, certify that:

1. I have reviewed this report on Form 10-Q of Sempra;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2024 /s/ Karen L. Sedgwick

Karen L. Sedgwick

Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Caroline A. Winn, certify that:

1. I have reviewed this report on Form 10-Q of San Diego Gas & Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2024 /s/ Caroline A. Winn

Caroline A. Winn

Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14**

I, Bruce A. Folkmann, certify that:

1. I have reviewed this report on Form 10-Q of San Diego Gas & Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2024 /s/ Bruce A. Folkmann

Bruce A. Folkmann

Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14

I, Scott D. Drury, certify that:

1. I have reviewed this report on Form 10-Q of Southern California Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2024 /s/ Scott D. Drury

Scott D. Drury

Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14 AND 15d-14**

I, Mia L. DeMontigny, certify that:

1. I have reviewed this report on Form 10-Q of Southern California Gas Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 6, 2024 /s/ Mia L. DeMontigny

Mia L. DeMontigny

Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of Sempra (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended September 30, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 6, 2024 /s/ J. Walker Martin

J. Walker Martin

Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of Sempra (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended September 30, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 6, 2024 /s/ Karen L. Sedgwick

Karen L. Sedgwick

Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of San Diego Gas & Electric Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended September 30, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 6, 2024 /s/ Caroline A. Winn

Caroline A. Winn

Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of San Diego Gas & Electric Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended September 30, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 6, 2024 /s/ Bruce A. Folkmann

Bruce A. Folkmann

Chief Financial Officer

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal executive officer of Southern California Gas Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended September 30, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 6, 2024 /s/ Scott D. Drury

Scott D. Drury

Chief Executive Officer

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

Pursuant to 18 U.S.C. Sec 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned principal financial officer of Southern California Gas Company (the "Company") certifies that:

- (i) the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission for the quarter ended September 30, 2024 (the "Quarterly Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 6, 2024 /s/ Mia L. DeMontigny

Mia L. DeMontigny

Chief Financial Officer