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June 29, 2010

ADVICE LETTER 2181-E/1962-G
(U 902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

SUBJECT: 2010 AFFILIATE TRANSACTIONS COMPLIANCE PLAN

PURPOSE

San Diego Gas & Electric Company (SDG&E) hereby submits the 2010 Affiliate Transactions Compliance Plan (Compliance Plan) in accordance with Ordering Paragraph (OP) 2 of the California Public Utilities Commission's (Commission) Decision (D.) 97-12-088, as modified by D.06-12-029. The attached Compliance Plan presents the most current information for SDG&E regarding its affiliate transaction compliance efforts.

BACKGROUND

The Commission's affiliate transaction rules (Rules) adopted by D.97-12-088, as modified by D.06-12-029, govern the relationship between California's major energy utilities and their holding companies and non-regulated affiliates. For purposes of a combined gas and electric utility, such as SDG&E, the Commission's Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or electricity, or the provision of services that relate to the use of gas or electricity, except where also explicitly provided as applicable to the holding company and/or "non-covered affiliates."

Section VI.A of Appendix A of D.97-12-088, as modified by D.06-12-029, requires SDG&E to file a Compliance Plan by Advice Letter no later than June 30, 2010. Consequently, attached is SDG&E's 2010 Affiliate Transactions Compliance Plan. The significant changes to the Compliance Plan and the appendices thereto are described below.

Compliance Plan

The Compliance Plan was modified from the version filed in Advice Letter 2095–E/1873-G dated June 30, 2009 as follows:

- 1) Introduction - This plan reflects that Sempra Energy has undergone an internal reorganization that resulted in the shifting of some shared services from Sempra Energy Corporate Center to its underlying business units.
- 2) Affiliate Compliance Function - Removed the reference to Sempra Global Corporate Center herein referred to as the "Covered Affiliates' Business Units." Notes change in personnel responsible for signing the utilities' Compliance Plans – Sempra Energy's President and Chief Operating Officer. Also, each business units' president serves as entity's chief compliance officer. The Federal Regulatory Affairs group which now resides in the Sempra Pipelines and Storage business unit is responsible for providing compliance to the "Covered Affiliates' Business Units." Each business unit will address their compliance issues regularly at Business Unit board meetings. Also, notes changes to Affiliate Compliance Department staffing levels.
- 3) Rule IV.F., Record Keeping - Added language requiring utility officers to maintain sufficient documentation to support intercompany transactions with affiliates, not limited to the following records: electronic calendars, meeting summaries, manual telephone logs and e-mail correspondence.
- 4) Rule V.E., Corporate Support - Added language to state that MARP (Management Accounting Rotation Program) and Financial Leadership (FLP) representatives may participate in career events together to explain their individual programs. Also, as a result of the reorganization during the first quarter of 2010, some employees at Corporate Center now report to the utility, but they will remain on the Sempra Energy payroll until the end of the year. To the extent that these employees still perform corporate support functions, their costs will be charged to Corporate Center accordingly. These employees will be moved to the utility's payroll as of January, 2011. SDG&E will not file a new Compliance Plan once Corporate Center employees officially transfer to their respective business units.
- 5) Rule V.G., Employee - Updates indicate the General Counsel, Secretary/Assistant Secretary, CFO, Controller and Director are the officer positions shared between the parent, SDG&E and the affiliates.
- 6) Rule V.H., Transfer of Goods and Services - Removed redundant language related to Rule V.G.
- 7) Rule VIII.C.2., Complaints Procedures and Remedies – Clarified that the Affiliate Compliance Officer (SDG&E VP – CFO & Controller) delegates responsibility for addressing complaint-related issues.

Appendices were modified to reflect the following changes:

- Appendix 2 – Corporate Oversight & Governance Committees – reflects personnel changes. In addition, the following Committees were eliminated: Management Committee, Environmental & Safety Executive Council, and State and Federal Affiliate Compliance Council. The following Committees were added: Benefits Committee (subcommittee of Pensions and Benefits Committee) and the Plan Funding Committee.
- Appendix 3 – Listing of Covered and Non-covered Affiliates. Provides a current list as of June 1, 2010 of all covered and non-covered affiliates, their purpose/activities, and whether SDG&E claims that Rule II.B makes the Rules applicable as required by Rule VI.A.

SDG&E believes that all of the compliance actions set forth in the attached revised Compliance Plan are consistent with the Commission's Rules. SDG&E remains committed to upholding both the letter and spirit of the Rules, and respectfully requests that the Commission approve its 2010 Compliance Plan.

This filing will not result in an increase or decrease in any rate or charge, conflict with any schedules or rules, nor cause the withdrawal of service.

EFFECTIVE DATE

Pursuant to Rule VI.A of Appendix A of D.97-12-088, as modified by D.06-12-029, this Advice Letter shall be in effect between July 1, 2010 and a Commission staff approval of this Tier 1 Advice Letter. Therefore, SDG&E requests that its 2010 Compliance Plan become effective July 1, 2010.

PROTEST

Anyone may protest this advice letter to the California Public Utilities Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the Commission, or July 19, 2010. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies should also be sent via e-mail to the attention of Honesto Gatchallian (ijnj@cpuc.ca.gov) and Maria Salinas (mas@cpuc.ca.gov) of the Energy Division. It is also requested that a copy of the protest be sent via electronic mail and facsimile to SDG&E on the same date it is mailed or delivered to the Commission (at the addresses shown below).

Attn: Megan Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile No. (858) 654-1788
E-mail: mcaulson@SempraUtilities.com

NOTICE

In accordance with Section III.G of General Order No. 96-B, a copy of this Advice Letter has been served on the utilities and interested parties shown on the attached list by either providing them a copy electronically or via the U.S. mail, properly stamped and addressed. The Compliance Plan referenced herein has been provided to the Commission staff only. Other parties may request a copy of this Agreement by e-mail to SDG&ETariffs.com.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail to SDG&ETariffs@semprautilities.com.

CLAY FABER
Director — Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Megan Caulson

Phone #: (858) 654-1748

E-mail: mcaulson@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2181-E/1962-G

Subject of AL: 2010 Affiliate Transactions Compliance Plan

Keywords (choose from CPUC listing): Affiliate, Compliance

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.06-12-029

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: N/A

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date 7/1/2010

No. of tariff sheets: _____

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: _____

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: _____

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

San Diego Gas & Electric

Attention: Megan Caulson

8330 Century Park Ct, Room 32C

San Diego, CA 92123

mcaulson@semprautilities.com

¹ Discuss in AL if more space is needed.

General Order No. 96-B
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

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S. Cauchois
J. Greig
R. Pocta
W. Scott

Energy Division

P. Clanon
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CA. Energy Commission

F. DeLeon
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Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

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Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

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California Farm Bureau Federation

K. Mills

California Wind Energy

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Children's Hospital & Health Center

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Constellation New Energy

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D. Liddell
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Duke Energy North America

M. Gillette

Dynegy, Inc.

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Ellison Schneider & Harris LLP

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Energy Policy Initiatives Center (USD)

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Energy Price Solutions

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Energy Strategies, Inc.

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B. Cragg
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Goodrich Aerostructures Group

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J.B.S. Energy

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Luce, Forward, Hamilton & Scripps LLP

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E. Kelly

R. W. Beck, Inc.

C. Elder

San Diego Regional Energy Office

S. Freedman
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School Project for Utility Rate Reduction

M. Rochman

Shute, Mihaly & Weinberger LLP

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Solar Turbines

F. Chiang

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Southern California Edison Co.

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K. Gansecki

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TURN

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M. Hawiger

UCAN

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U.S. Dept. of the Navy

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L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

San Diego Gas & Electric

Advice Letter 2181-E/1962-G

Attachment A

2010 Affiliate Transactions Compliance Plan

**SAN DIEGO GAS & ELECTRIC COMPANY'S ("SDG&E")
2010 AFFILIATE TRANSACTIONS COMPLIANCE PLAN
IMPLEMENTING D.97-12-088 AS MODIFIED BY D.06-12-029**

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**SAN DIEGO GAS & ELECTRIC COMPANY’S (“SDG&E”)
2010 AFFILIATE TRANSACTIONS COMPLIANCE PLAN
IMPLEMENTING D.97-12-088 AS MODIFIED BY D.06-12-029**

INTRODUCTION

In accordance with Rule VI.A of the California Public Utilities Commission’s (“CPUC”) Affiliate Transaction Rules (“Rules”) adopted in D.97-12-088, as amended by subsequent CPUC decisions and orders,¹ and in conformance with Resolution E-3548, San Diego Gas & Electric Company (“SDG&E”) hereby submits a Compliance Plan apprising the CPUC of the current status of its compliance efforts and programs. This 2010 Compliance Plan (“Plan”) is effective as of July 1, 2010 and supersedes SDG&E’s previous June 30, 2009 filing (Advice Letter No. 2095-E/1873-G).

Filing this Plan and implementing the procedures and mechanisms delineated herein is not meant to constitute a waiver of any legal rights that SDG&E might have to file for rehearing or judicial review of any CPUC decision promulgating, interpreting, or applying the Rules. While the Rules are at times ambiguous and susceptible to multiple interpretations, this Plan brings SDG&E into compliance with reasonable interpretations wherever such vagueness or ambiguity prevails.

The Introduction to this Plan summarizes the compliance mechanisms and guidelines central to SDG&E’s affiliate compliance effort. Thereafter, the Plan presents a rule-by-rule discussion of the procedures and mechanisms that SDG&E has developed to ensure compliance with the Rules. Finally, Appendices 1-3 to this Plan provide SDG&E’s: (1) Officer Verifications; (2) Corporate Oversight & Governance Committees; and (3) Listing of Covered and Non-Covered Affiliates. Since SDG&E’s last compliance filing, Sempra Energy, SDG&E’s parent company, has undergone an internal reorganization that resulted in some shared services organizations at

¹ D.97-12-088 was amended in D.98-08-035 where the Affiliate Transaction Rules were modified. D.98-11-027 clarified Rule V.F.1’s disclaimer requirement. D.98-12-075 added enforcement provisions to the Affiliate Transaction Rules. D.99-04-069 granted limited exemption from the disclaimer requirements of Rule V.F.1. D.99-09-033 adopted a revised disclaimer for SDG&E and SoCalGas. D.02-02-046 extended the applicability of the revised disclaimer to all utilities covered by the Affiliate Transaction Rules. D.06-12-029 amended the Affiliate Transaction Rules by adopting the Affiliate Transaction Rules Applicable to Large California Energy Utilities.

Sempra Energy Corporate Center reporting to its underlying business units. This Compliance Plan reflects these changes.

A. AFFILIATE COMPLIANCE FUNCTION

To execute diligent, thorough, and systematic implementation of the Rules throughout the company, Sempra Energy has affiliate compliance personnel assigned in both the utilities – San Diego Gas & Electric (“SDG&E”), Southern California Gas Company (“SoCalGas”) and the covered affiliates. Each Business Unit President/CEO is the Chief Compliance Officer of their respective business units. Additionally, each business unit will report affiliate compliance issues to their respective Business Unit Board of Directors.

Sempra Energy Corporate Center

Sempra Energy’s President and Chief Operating Officer oversees Sempra Energy’s key compliance resources and activities, including legal-compliance programs. Sempra Energy’s management participates in various corporate oversight and governance committees to ensure sufficient oversight of the entire enterprise (refer to Appendix 2 for a listing of corporate oversight and governance committees). There is a Corporate Compliance Committee which ensures corporate compliance with legal and regulatory requirements and oversees corporate compliance and ethics programs. This Committee is comprised of the Chief Compliance Officer, Sempra Energy’s Chief Ethics Officer, General Counsel, Vice President Audit Services and the Business Units’ Presidents. The Corporate Compliance Committee meets twice a year. Each business unit will address their compliance issues regularly at Business Unit board meetings. Utility affiliate compliance is managed by the Affiliate Compliance department at the utilities; covered affiliate compliance is managed by the Federal Regulatory Affairs department at Sempra Pipelines & Storage. Corporate Center affiliate compliance is managed by either the affiliate compliance group at the utility or Pipelines & Storage.

All Sempra Energy employees can access information on the Corporate Center Affiliate Compliance Website related to the Rules.

SDG&E / SoCalGas

The utilities' Affiliate Compliance Department ("ACD") is responsible for managing the utilities' and Corporate Center's compliance with the Rules. The ACD provides education, direction, and oversight of all matters pertaining to the Rules. Additionally, ACD is responsible for timely filing of reports related to the Rules.

ACD resolves policy issues and directs the utilities' compliance efforts on a day-to-day basis. Compliance policy matters may be brought to the Corporate Compliance Committee for final determination.

ACD provides guidance and/or interpretations and responds to inquiries related to the Rules, including providing assistance in the resolution of affiliate compliance issues received through Helplines, e-mail, internal publications, intranet and Internet Web sites to facilitate compliance efforts. The information available includes a verbatim copy of the Rules, CPUC decisions, SDG&E's Compliance Plan, a listing of compliance coordinators, and compliance-related procedures, forms, training materials, and recent filings. The Advice Letter containing SDG&E's Plan is also posted on SDG&E's Internet Web site under the "Rates and Regulations" link.

To facilitate affiliate compliance at the division or department level, "affiliate compliance coordinators" may act as the first point of contact for compliance efforts within their division or department. These coordinators may also serve as liaisons by addressing compliance issues with ACD related to their division or department and relaying ACD guidance to their groups. At least twice a year, coordinators representing Sempra Energy Corporate Center, SDG&E and SoCalGas meet with ACD staff to discuss areas of concern, share best practices, and gain further knowledge of compliance matters.

ACD personnel currently consist of: the Affiliate Compliance Manager; Project Manager, three Affiliate Compliance Advisors; and an Affiliate Compliance Specialist. ACD reports to the Director - FERC, CAISO & Compliance, who in turn, reports directly to the Senior Vice President - Finance, Regulatory and Legislative Affairs and also indirectly to the Vice President

– Chief Financial Officer & Controller. The VP – CFO & Controller is the Affiliate Compliance Officer for SDG&E, SDG&E’s VP – CFO & Controller reports to the Senior VP – Finance, Regulatory and Legislative Affairs.

Covered Affiliates Businesses

The Federal Regulatory Affairs Department is responsible for managing and coordinating affiliate compliance efforts for the covered affiliate businesses as well as Sempra Energy Corporate Center employees. This department resides in the Sempra Pipelines and Storage business unit. The department continues to respond to inquiries, provides education, guidance and/or interpretations related to the Rules and internal policies and procedures including providing assistance in the resolution of affiliate compliance issues related to covered affiliates.

All covered affiliate employees can access information related to the Rules on the SempraNet homepage.

B. AFFILIATE COMPLIANCE TRAINING

Affiliate Compliance Training (“Training”) is administered annually to all SDG&E non-represented personnel and recommended annually for all represented personnel. Training for non-represented employees is distributed using a Web-based format that automatically tracks and records training records in a database. Additionally, training is provided to all Sempra Energy Corporate Center employees and covered affiliates employees that have California market interactions.

During New Employee Orientation, represented and non-represented SDG&E employees, as well as Corporate Center and covered affiliates employees, are given a Participant’s Guide and are made aware of the affiliate companies and informed that there are rules governing transactions with these companies. Most employees (with the exceptions made for certain represented employees) that are granted company network access are required to complete the

Affiliate Compliance training within a specified time period. Sempra Energy's Code of Business Conduct is also provided, which outlines corporate standards of conduct and provides direction in the event that ethical or compliance issues arise. The Code of Business Conduct includes a statement about compliance with the Rules.

C. AFFILIATE COMPLIANCE GUIDELINES

The Affiliate Compliance Guidelines ("ACG") are compiled in an internal manual that sets forth detailed procedures for compliance with the CPUC and FERC Affiliate Compliance Rules governing affiliate transactions. The ACG are updated periodically and are available to all on Sempra Energy's Affiliate Compliance Web site. A copy of the ACG is available on the ACD Web site. The ACG are filed annually with the CPUC as part of SDG&E's Affiliate Transactions Report per Ordering Paragraph 2 of CPUC Rulemaking 92-08-008 and Appendix A of D.93-02-019.

I. DEFINITIONS²

Unless the context otherwise requires, the following definitions govern the construction of these Rules:

I.A. *"Affiliate" means any person, corporation, utility, partnership, or other entity 5% or more of whose outstanding securities are owned, controlled, or held with power to vote, directly or indirectly, either by a utility or any of its subsidiaries, or by that utility's controlling corporation and/or any of its subsidiaries as well as any company in which the utility, its controlling corporation, or any of the utility's affiliates exert substantial control over the operation of the company and/or indirectly have substantial financial interests in the company exercised through means other than ownership. For purposes of these Rules, "substantial control" includes, but is not limited to, the possession, directly*

² The Commission's Rules, which are italicized for ease of reference, are followed by SDG&E's Procedures and Mechanisms for Ensuring Compliance, which are not italicized.

or indirectly and whether acting alone or in conjunction with others, of the authority to direct or cause the direction of the management or policies of a company. A direct or indirect voting interest of 5% or more by the utility in an entity's company creates a rebuttable presumption of control.

For purposes of this Rule, “affiliate” shall include the utility’s parent or holding company, or any company which directly or indirectly owns, controls, or holds the power to vote 10% or more of the outstanding voting securities of a utility (holding company), to the extent the holding company is engaged in the provision of products or services as set out in Rule II B. However, in its compliance plan filed pursuant to Rule VI, the utility shall demonstrate both the specific procedures and mechanisms that the utility and holding company have in place to assure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules. Examples include but are not limited to specific mechanisms and procedures to assure the Commission that the utility will not use the holding company or another utility affiliate not covered by these Rules, or a consultant or contractor as a vehicle to (1) disseminate information transferred to them by the utility to an affiliate covered by these Rules in contravention of these Rules, (2) provide services to its affiliates covered by these Rules in contravention of these Rules or (3) to transfer employees to its affiliates covered by these Rules in contravention of these Rules. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of the specific mechanisms and procedures to ensure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules.

Regulated subsidiaries of a utility, defined as subsidiaries of a utility, the revenues and expenses of which are subject to regulation by the Commission and are included by the Commission in establishing rates for the utility, are not included within the definition of affiliate. However, these Rules apply to all interactions any regulated subsidiary has with other affiliated entities covered by these rules.

- I.B.** *“Commission” means the California Public Utilities Commission or its succeeding state regulatory body.*
- I.C.** *“Customer” means any person or corporation, as defined in Sections 204, 205 and 206 of the California Public Utilities Code, that is the ultimate consumer of goods and services.*
- I.D.** *“Customer Information” means non-public information and data specific to a utility customer which the utility acquired or developed in the course of its provision of utility services.*
- I.E.** *“FERC” means the Federal Energy Regulatory Commission.*
- I.F.** *“Fully Loaded Cost” means the direct cost of good or service plus all applicable indirect charges and overheads.*
- I.G.** *“Utility” means any public utility subject to the jurisdiction of the Commission as an Electric Corporation or Gas Corporation, as defined in California Public Utilities Code Sections 218 and 222, and with gross annual operating revenues in California of \$1 billion or more.*
- I.H.** *“Resource Procurement” means the investment in and the production or acquisition of the energy facilities, supplies, and other energy products or services necessary for California public utility gas corporations and California public utility electrical corporations to meet their statutory obligation to serve their customers.*

Procedures and Mechanisms for Ensuring Compliance

Rule I.A through Rule I.H require no compliance action.

II. APPLICABILITY OF RULES

II.A. These Rules shall apply to California public utility gas corporations and California public utility electrical corporations, subject to regulation by the California Public Utilities Commission and with gross annual operating revenues in California of \$1 billion or more.

II.B. For purposes of a combined gas and electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, unless specifically exempted below. For purposes of an electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses electricity or the provision of services that relate to the use of electricity. For purposes of a gas utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses gas or the provision of services that relate to the use of gas. However, regardless of the foregoing, where explicitly provided, these Rules also apply to a utility's parent holding company and to all of its affiliates, whether or not they engage in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity.

Procedures and Mechanisms for Ensuring Compliance

These Rules apply only to transactions between SDG&E and its **“covered” affiliates**, except where also explicitly provided as applicable to the holding company and/or “non-covered affiliates.” **Therefore, any reference to an “affiliate” in this Plan is intended to mean a “covered affiliate,” unless otherwise stated.**

SDG&E classifies “covered” affiliates as those affiliates that engage in the marketing or provision of natural gas and/or electricity as follows: trading natural gas and/or electricity; offering products that use natural gas or electricity; or offering a service that relates to the use of natural gas and/or electricity. Further, SDG&E classifies “covered” affiliates that actively broker

commodities (natural gas and/or electricity) on a competitive basis as “energy marketing” affiliates. Energy marketing affiliates actively broker gas and/or electricity on a competitive basis, meaning a company that buys and sells gas and/or electricity in the open market. This does not include a local distribution company that sells gas at retail under state-approved tariffs (e.g. Mobile Gas Service Corporation) or a company that buys and sells gas for operational reasons (e.g. Liberty Gas Storage LLC).

Affiliates that do not meet these criteria are classified as “non-covered” affiliates. Non-covered affiliates include, but are not limited to: holding companies, companies that offer temporary employment services, employee recruitment services, financial or consulting type services, and janitorial services regardless of whether these affiliates offer their services to companies in the natural gas or electric industry. Sempra Energy, the holding company for SDG&E, does not provide products or services as defined in Rule II.B, and are therefore classified as “non-covered affiliates.”

A complete listing of SDG&E’s covered and non-covered affiliates, as of June 1, 2010, is provided in Appendix 3 to this Plan. This listing is also maintained on the utility and Corporate Center Web sites. The listing provides the affiliate’s name, a brief description of the affiliate’s business, and indicates whether the affiliate is “covered” or “not covered” under the Rules as well as whether it is an “energy marketing affiliate.” No less than annually, ACD compares its affiliate listing to the Sempra Energy Corporate Secretary’s database of companies to ensure consistency and accurate reporting.

II.C. No holding company nor any utility affiliate, whether or not engaged in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, shall knowingly:

- 1. direct or cause a utility to violate or circumvent these Rules, including but not limited to the prohibitions against the utility providing preferential treatment, unfair competitive advantages or non-public information to its affiliates;*
- 2. aid or abet a utility’s violation of these Rules; or*

3. *be used as a conduit to provide non-public information to a utility's affiliate.*

Procedures and Mechanisms for Ensuring Compliance

Sempra Energy Corporate Center provides much of the corporate oversight and governance that is shared between the utility and affiliates pursuant to Rule V.E. These employees are responsible for safeguarding nonpublic utility information in their possession and must not share or transfer any information that is subject to the restrictions imposed by the anti-conduit provisions and the Rules.

Sempra Energy Corporate Center and the covered affiliates' (employees if they have California market interactions) and SDG&E employees complete training, which includes instruction on anti-conduit provisions to prevent circumvention or direct or indirect violation of the Rules. As part of training, employees, contractors and consultants must affirm their understanding of the Rules and acknowledge that they must not: (1) provide a means for the transfer of confidential information from the utility to an affiliate, or vice versa; (2) create the opportunity for preferential treatment or unfair competitive advantage; or (3) create significant opportunities for cross-subsidization of affiliates by the utilities.

II.D. These Rules apply to transactions between a Commission-regulated utility and another affiliated utility, unless specifically modified by the Commission in addressing a separate application to merge or otherwise conduct joint ventures related to regulated services.

Procedures and Mechanisms for Ensuring Compliance

The PE/Enova Merger Decision (D.98-03-073, *mimeo* at 107) largely exempted transactions between SDG&E and SoCalGas from the Rules in order to preserve the merger synergies. The CPUC held that affiliate issues with respect to utility-to-utility transactions are to be governed by the rules set forth in the Merger Decision.

II.E. These Rules do not apply to the exchange of operating information, including the disclosure of customer information to its FERC-regulated affiliate to the extent such information is required by the affiliate to schedule and confirm nominations for the

interstate transportation of natural gas, between a utility and its FERC-regulated affiliate, to the extent that the affiliate operates an interstate natural gas pipeline. These Rules do not apply to transactions between an electric utility and an affiliate providing broadband over power lines (BPL).

Procedures and Mechanisms for Ensuring Compliance

SDG&E's FERC-regulated affiliates (covered by these Rules) do not interconnect with the SDG&E system. In D.04-09-022, the CPUC authorized the establishment of Otay Mesa as a common SDG&E/SoCalGas natural gas receipt point from Transportadora de Gas Natural de Baja California, S. de R.L. de C.V. ("TGN"), an affiliate in Mexico. Receipts at Otay Mesa include natural gas sourced from the Energía Costa Azul ("ECA") LNG facility in Mexico, an affiliate of SDG&E and SoCalGas. Although neither TGN nor ECA is regulated by the FERC, deliveries of natural gas to the SDG&E/SoCalGas system requires the exchange of operating information in the same manner as would be done with any upstream interconnecting pipeline. Therefore, SDG&E's gas operations group will exchange such information with TGN and ECA in accordance with this Rule and established SDG&E/SoCalGas protocols.

II.F. Existing Rules: Existing Commission rules for each utility and its parent holding company shall continue to apply except to the extent they conflict with these Rules. In such cases, these Rules shall supersede prior rules and guidelines, provided that nothing herein shall supersede the Commission's regulatory framework for broadband over power lines (BPL) adopted in D. 06-04-070 nor shall preclude (1) the Commission from adopting other utility-specific guidelines; or (2) a utility or its parent holding company from adopting other utility-specific guidelines, with advance Commission approval.

Procedures and Mechanisms for Ensuring Compliance

SDG&E continues to comply with existing Commission rules that have not been superseded, such as the annual affiliate transactions reporting requirements pursuant to D.93-02-019. If rules are modified or superseded, SDG&E will update its training and internal guidelines appropriately.

II.G. *Civil Relief: These Rules shall not preclude or stay any form of civil relief, or rights or defenses thereto, that may be available under state or federal law.*

II.H. *These Rules should be interpreted broadly, to effectuate our stated objectives of fostering competition and protecting consumer interests. If any provision of these Rules, or the application thereof to any person, company, or circumstance, is held invalid, the remainder of Rules, or the application of such provision to other persons, companies, or circumstances, shall not be affected thereby.*

Procedures and Mechanisms for Ensuring Compliance

Rules II.G and II.H require no compliance action.

III.

NONDISCRIMINATION STANDARDS

III.A. No Preferential Treatment Regarding Services Provided By The Utility

Unless otherwise authorized by the Commission or the FERC, or permitted by these Rules, a utility shall not:

III.A.1. represent that as a result of the affiliation with the utility, its affiliates or customers of its affiliates will receive any different treatment by the utility than the treatment the utility provides to other, unaffiliated companies or their customers; or

III.A.2. provide its affiliates, or customers of its affiliates, any preference (including but not limited to terms and conditions, pricing, or timing) over non-affiliated suppliers or their customers in the provision of services provided by the utility.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will not provide preferential treatment to its affiliates and will view its affiliates in a manner consistent with its unaffiliated companies and/or customers. The Sempra Energy and

SDG&E internal control environment, which includes the training program, reinforces the nondiscrimination and non-preferential treatment standards required by the Rules.

III.B. Affiliate Transactions

Transactions between a utility and its affiliates shall be limited to tariffed products and services, to the sale of goods, property, products or services made generally available by the utility or affiliate to all market participants through an open, competitive bidding process, to the provision of information made generally available by the utility to all market participants, to Commission-approved resource procurement by the utility, or as provided for in Rules V. D. (joint purchases), V. E. (corporate support) and VII (new products and services) below.

Procedures and Mechanisms for Ensuring Compliance

For utility and affiliate transactions (non-resource procurement) covered by this Rule:

1. Tariffed products and services – SDG&E implements its tariffs in a nondiscriminatory fashion. Tariffed discretions are addressed in Rule III.B.4.
2. Open competitive bidding process – SDG&E makes the opportunity and process available to all market participants.
3. Information made generally available by SDG&E to all market participants.
4. Shared services – as described under Rules V.D, V.E.
5. Non-tariffed products and services – see Rule VII and existing offerings in VII.F.

For commission-approved resource procurement covered by this Rule - see Rule III.B.1.

III.B.1. Resource Procurement

No utility shall engage in resource procurement, as defined in these Rules, from an affiliate without prior approval from the Commission. Blind transactions between a utility and its affiliate, defined as those transactions in which neither party knows the identity of the counterparty until the transaction is consummated, are exempted from this Rule. A transaction shall be deemed to have prior Commission approval (a) before the effective date of this Rule, if authorized by

the Commission specifically or through the delegation of authority to Commission staff or (b) after the effective date of this Rule, if authorized by the Commission generally or specifically or through the delegation of authority to Commission staff.

Procedures and Mechanisms for Ensuring Compliance

For natural gas procurement for electric generation and for electricity procurement, SDG&E generally relies upon a variety of procurement methods including:

1. open, competitive bidding solicitation processes, such as RFOs;
2. double-blind transactions (electronic or through a broker) where the buyer and seller do not know their respective identities until after an agreement has been reached (D.03-06-076; D.06-12-029);
3. anonymous transactions with affiliates conducted through the Independent System Operator (“ISO”) (see D.03-06-076, Ordering Paragraph 5 and 6);
4. processes described in Commission-approved procurement and supply plans;
5. bilateral contracting (not used with affiliates), typically for a non-standard, structured product negotiated with a single counterparty, may be used to transact with potential natural gas and electric suppliers or buyers to secure reliable sources of energy and natural gas for SDG&E's customers’ benefit in a manner that reflects efficient procurement and operating practices and hedges price volatility consistent with SDG&E and regulatory guidelines;
6. SDG&E (and PG&E and SCE) must utilize an “Independent Evaluator” in utility resource solicitations where there are affiliates, IOU-built, or IOU-turnkey bidders. SDG&E has implemented this requirement and will continue to do so, subject to any modification that may be adopted (D.07-12-052).
7. “affiliates” refers to those affiliates not regulated by the CPUC and does not include CPUC jurisdictional affiliates, although certain restrictions have also been applied to transactions between SDG&E and SoCalGas, such that they are subject to the Rules (see Resolution E-3838, D.04-01-050); and

8. a preexisting moratorium on affiliate transactions has been partially lifted and no longer applies to long-term affiliate transactions under certain conditions, such as Commission pre-approval (D.04-12-048).

SDG&E sometimes contracts as agent for the California Department of Water Resources (DWR). In a series of decisions issued in R.01-10-024, the CPUC ordered SDG&E (and PG&E and SCE) to assume, as a limited agent, the operational, dispatch and administrative functions for certain long-term power supply contracts entered into by the DWR. SDG&E was also ordered to assume operational (but not financial) responsibility for the natural gas tolling provisions of the allocated DWR contracts (D.02-09-053, pp. 49-50). Thus, SDG&E is the limited agent for DWR with respect to DWR's transactions with SoCalGas for the sole purpose of fulfilling DWR's contract needs. Therefore, SDG&E does not treat such transactions as "affiliate" activity between SoCalGas and SDG&E, but rather as activity between SoCalGas and DWR. In this context, SDG&E and SoCalGas are permitted to engage in "gas and transportation and storage services" in managing the DWR contracts, subject to the Rules as outlined by the CPUC in Resolution E-3838 and D.04-01-050, which may include transactions between SDG&E and affiliates (including SoCalGas).

For natural gas transactions for core customers, SDG&E's purchases and sales of natural gas are included as part of single gas supply portfolio administered by SoCalGas³

III.B.2. Provision of Supply, Capacity, Services or Information

Except as provided for in Rules V. D, V. E, and VII, a utility shall provide access to utility information, services, and unused capacity or supply on the same terms for all similarly situated market participants. If a utility provides supply, capacity, services, or information to its affiliate(s), it shall contemporaneously make the offering available to all similarly situated market participants, which include all competitors serving the same market as the utility's affiliates.

³ D.07-12-19 approved the consolidation of the natural gas supply portfolios for SDG&E's and SoCalGas' core customers into a single natural gas supply portfolio is administered by SoCalGas effective April 1, 2008.

Procedures and Mechanisms for Ensuring Compliance

When SDG&E provides supply, capacity, services, or information, it makes the offering available to all similarly-situated market participants by posting it contemporaneously on SDG&E's Internet Web site.

For transactions that are part of internal operations and integral to a permitted transaction with an affiliate, these items will not be posted. For example, if SDG&E provides non-public right-of-way information to an affiliate pursuant to its Rule No. 28, this information would not be posted since this is a tariffed service and the information is integral to providing the service. Or if, SDG&E provides non-public information regarding the capability of its gas transmission system to accept regasified LNG affiliate in an "Interconnection Capacity Study" as required by its Rule 39.B, it would not post this information since this is a tariffed product and the information is an integral part of this product. In both of these examples, SDG&E is treating its affiliate exactly the same as any unaffiliated third party requesting the tariffed product or service, since the information would not be posted if provided to an unaffiliated entity. This is consistent with Rule III.B.2 because the information provided to an affiliate pursuant to the tariff rules is provided "on the same terms for all similarly-situated market participants."

When postings are required, procedures are in place specifying the form and content of the information to be posted on the Web site. ACD personnel use a form located on SDG&E's Affiliate Compliance intranet site to post this information. Once the data is entered into the form, the information immediately posts to the appropriate category on SDG&E's Internet Web site.

Interested parties will find the posted information on SDG&E's Internet home page at <www.sdge.com>. From the home page, the information is accessed by selecting the "**Rates & Regulations**" link, then selecting the "**Affiliate Transactions**" link, and then scrolling to the bottom of the page, where the "**Supply, Capacity, Services, or Information**" category is found.

III.B.3. Offering of Discounts

Except when made generally available by the utility through an open, competitive bidding process, if a utility offers a discount or waives all or any part of any other charge or fee to its affiliates, or offers a discount or waiver for a transaction in which its affiliates are involved, the utility shall contemporaneously make such discount or waiver available to similarly situated market participants. The utilities should not use the “similarly situated” qualification to create such a unique discount arrangement with their affiliates such that no competitor could be considered similarly situated. All competitors serving the same market as the utility’s affiliates should be offered the same discount as the discount received by the affiliates. A utility shall document the cost differential underlying the discount to its affiliates in the affiliate discount report described in Rule III F 7 below.

Procedures and Mechanisms for Ensuring Compliance

When SDG&E offers a discount or waiver to its affiliates, it makes the offering available to all similarly-situated market participants by posting it contemporaneously on SDG&E’s Internet Web site. SDG&E considers uniform discounts provided to all competitors as well as vendor discounts provided by suppliers to all market participants that are passed through to affiliates as not required to be posted.

Procedures are in place specifying the form and content of the information to be posted on the Web site. ACD personnel use a form located on SDG&E’s Affiliate Compliance intranet site to post this information. Once the data is entered into the form, the information immediately posts to the appropriate category on SDG&E’s Internet Web site.

Interested parties will find the posted information on SDG&E’s Internet home page at <www.sdge.com>. From the home page, the information is accessed by selecting the “**Rates & Regulations**” link, then selecting the “**Affiliate Transactions**” link, and then scrolling to the bottom of the page, where the “**Discounts, Rebates, Tariff Deviations, or Fee Waivers**” category is found.

III.B.4. Tariff Discretion

If a tariff provision allows for discretion in its application, a utility shall apply that tariff provision in the same manner to its affiliates and other market participants and their respective customers.

III.B.5. No Tariff Discretion

If a utility has no discretion in the application of a tariff provision, the utility shall strictly enforce that tariff provision.

III.B.6. Processing Requests for Services Provided by the Utility

A utility shall process requests for similar services provided by the utility in the same manner and within the same time for its affiliates and for all other market participants and their respective customers.

Procedures and Mechanisms for Ensuring Compliance

SDG&E understands that the Rules are intended to ensure that SDG&E implements its tariffs in a nondiscriminatory fashion. In the event a tariff provision allows for discretion in its application, SDG&E will apply that tariff provision in the same manner to its affiliates as it does to all other market participants and their respective customers. SDG&E will strictly enforce tariff provisions when discretion is not permitted. Any tariff deviation provided to an affiliate will be posted on SDG&E's Internet Web site.

Procedures are in place specifying the form and content of the information to be posted on the Web site. ACD personnel use a form located on SDG&E's Affiliate Compliance intranet site to post this information. Once the data is entered into the form, the information immediately posts to the appropriate category on SDG&E's Internet Web site.

Interested parties will find the posted information on SDG&E's Internet home page at <www.sdge.com>. From the home page, the information is accessed by selecting the "**Rates &**

Regulations” link, then selecting the **“Affiliate Transactions”** link, and then scrolling to the bottom of the page, where the **“Discounts, Rebates, Tariff Deviations, or Fee Waivers”** category is found.

III.C. Tying of Services Provided by a Utility Prohibited

A utility shall not condition or otherwise tie the provision of any services provided by the utility, nor the availability of discounts of rates or other charges or fees, rebates, or waivers of terms and conditions of any services provided by the utility, to the taking of any goods or services from its affiliates.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will comply with Rule III.C’s requirements. Training specifically addresses that SDG&E must not condition or otherwise tie the provision of any service provided by the utility or the availability of any discount, charge, fee, rebate, or waiver to the taking of any affiliate goods or services.

III.D. No Assignments Of Customers

A utility shall not assign customers to which it currently provides services to any of its affiliates, whether by default, direct assignment, option or by any other means, unless that means is equally available to all competitors.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will comply with Rule III.D’s requirements. Training specifically addresses that SDG&E must not refer or assign customers to affiliates.

III.E. Business Development and Customer Relations

Except as otherwise provided by these Rules, a utility shall not:

- (1) provide leads to its affiliates;*
- (2) solicit business on behalf of its affiliates;*
- (3) acquire information on behalf of or to provide to its affiliates;*

- (4) share market analysis reports or any other types of proprietary or non-publicly available reports, including but not limited to market, forecast, planning or strategic reports, with its affiliates;*
- (5) request authorization from its customers to pass on customer information exclusively to its affiliates;*
- (6) give the appearance that the utility speaks on behalf of its affiliates or that the customer will receive preferential treatment as a consequence of conducting business with the affiliates; or*
- (7) give any appearance that the affiliate speaks on behalf of the utility.*

Procedures and Mechanisms for Ensuring Compliance

SDG&E will comply with Rule III.E's requirements. Training specifically addresses that:

- Customer leads are not to be provided to affiliates;
- Business is not to be solicited on affiliates' behalf;
- No business information is to be acquired on behalf of affiliates;
- No market analysis report or other proprietary information is to be shared with affiliates, except as otherwise permitted by these Rules; and
- Employees must not give any indication that they represent or speak on behalf of any affiliate, or that an affiliate represents the utility.

Furthermore, corporate policy prohibits the release of customer specific information to any entity without the customer's explicit written consent or as otherwise permissible or required by law (for example, in circumstances pursuant to subpoena or as part of a regulatory program).

III.F. Affiliate Discount Reports

If a utility provides its affiliates a discount, rebate, or other waiver of any charge or fee associated with products or services provided by the utility, the utility shall, within 24 hours of the time at which the product or service provided by the utility is so provided, post a notice on its electronic bulletin board providing the following information:

- 1. the name of the affiliate involved in the transaction;*

2. *the rate charged;*
3. *the maximum rate;*
4. *the time period for which the discount or waiver applies;*
5. *the quantities involved in the transaction;*
6. *the delivery points involved in the transaction;*
7. *any conditions or requirements applicable to the discount or waiver, and a documentation of the cost differential underlying the discount as required in Rule III B 2 above; and*
8. *procedures by which a nonaffiliated entity may request a comparable offer.*

A utility that provides an affiliate a discounted rate, rebate, or other waiver of a charge or fee associated with services provided by the utility shall maintain, for each billing period, the following information:

9. *the name of the entity being provided services provided by the utility in the transaction;*
10. *the affiliate's role in the transaction (i.e., shipper, marketer, supplier, seller);*
11. *the duration of the discount or waiver;*
12. *the maximum rate;*
13. *the rate or fee actually charged during the billing period; and*
14. *the quantity of products or services scheduled at the discounted rate during the billing period for each delivery point.*

All records maintained pursuant to this provision shall also conform to FERC rules where applicable.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will comply with requirements 1-14 of this Rule. If SDG&E provides its affiliates a discount, rebate, or waives all or any part of a fee, SDG&E maintains the records required by this Rule and posts the required information on SDG&E's Internet Web site within one calendar day.

Procedures are in place specifying the form and content of the information to be posted on the Web site. ACD personnel use a form located on SDG&E's Affiliate Compliance intranet site to post this information. Once the data is entered into the form, the information immediately posts to the appropriate category on SDG&E's Internet Web site.

Interested parties will find the posted information on SDG&E's Internet home page at <www.sdge.com>. From the home page, the information is accessed by selecting the "**Rates & Regulations**" link, then selecting the "**Affiliate Transactions**" link, and then scrolling to the bottom of the page, where the "**Discounts, Rebates, Tariff Deviations, or Fee Waivers**" category is found.

IV. DISCLOSURE AND INFORMATION

IV.A. Customer Information

A utility shall provide customer information to its affiliates and unaffiliated entities on a strictly nondiscriminatory basis, and only with prior affirmative customer written consent.

Procedures and Mechanisms for Ensuring Compliance

SDG&E obtains written consent for the release of any customer specific information. Direct access requests are processed pursuant to SDG&E's Electric Service Rule 25, as filed with the CPUC on December 1, 1997, in Advice Letter Number 1057-E. Section C of that letter addresses the procedures that will be followed in providing direct access to customer specific information to requesting parties. Customer written consent is obtained and kept available on file through the use of the State of California's Customer Information Release Form. SDG&E maintains a customer information log that records requests for customer-specific data. The log identifies who requested and received the customer specific information.

In order to make this information available on a nondiscriminatory basis, notice is posted contemporaneously when SDG&E provides customer specific information to its affiliate. This notice includes: the name of the affiliate to receive the information; a description of the information; the time period covered; the date the information is given, and the contact person at

SDG&E. For confidentiality reasons, this notice does not include the name of the customer or the specific information released.

Procedures are in place specifying the form and content of the information to be posted on the Web site. ACD personnel use a form located on SDG&E's Affiliate Compliance intranet site to post this information. Once the data is entered into the form, the information immediately posts to the appropriate category on SDG&E's Internet Web site.

Interested parties will find the posted information on SDG&E's Internet home page at <www.sdge.com>. From the home page, the information is accessed by selecting the "**Rates & Regulations**" link, then selecting the "**Affiliate Transactions**" link, and then scrolling to the bottom of the page, where the "**Customer Information Provided to Affiliate(s)**" category is found.

IV.B. Non-Customer Specific Non-Public Information

A utility shall make non-customer specific non-public information, including but not limited to information about a utility's natural gas or electricity purchases, sales, or operations or about the utility's gas-related goods or services and electricity-related goods or services, available to the utility's affiliates only if the utility makes that information contemporaneously available to all other service providers on the same terms and conditions, and keeps the information open to public inspection. Unless otherwise provided by these Rules, a utility continues to be bound by all Commission-adopted pricing and reporting guidelines for such transactions. A utility is also permitted to exchange proprietary information on an exclusive basis with its affiliates, provided the utility follows all Commission-adopted pricing and reporting guidelines for such transactions, and it is necessary to exchange this information in the provision of the corporate support services permitted by Rule V.E. below. The affiliate's use of such proprietary information is limited to use in conjunction with the permitted corporate support services, and is not permitted for any other use. Nothing in this Rule precludes the exchange of information pursuant to D.97-10-031. Nothing in this Rule is intended to limit the Commission's right to information under the Public Utilities Code Sections 314 and 581.

Procedures and Mechanisms for Ensuring Compliance

Non-customer specific, non-public utility information may be shared on an exclusive basis with affiliates, subject to their obligation to not act as a conduit to other affiliates, if the information is: (1) necessary to perform shared corporate support or corporate oversight or governance and where such information is only used for that limited purpose; and (2) does not create an opportunity for an unfair competitive advantage. Any non-public utility information that does not meet the above criteria can not be shared with an affiliate unless such information is contemporaneously posted.

To reduce the risk of sharing non-public utility information, ACD has implemented the following descriptive e-mail suffixes for employees in certain areas of SDG&E and SoCalGas from receiving such information:

- Electric & Fuel Procurement – E&FP
- Energy Supply & Dispatch – Mktg Affil-E&FP
- Gas Acquisition – Gas Acq
- Gas Control – Gas Cntrl
- Gas Scheduling – Gas Schdlg
- Grid Operations – Elec Transmission
- Storage Products – Storage Prdcts

Sempra Energy Corporate Center officers and employees responsible for shared corporate oversight and governance may receive all information from the utility and affiliates that is used for the purpose of providing such oversight and governance. Such information may be used only for that purpose and is subject to established anti-conduit provisions.

When SDG&E provides non-customer specific, non-public information to its affiliates that does not meet the above exception criteria, SDG&E will post this information contemporaneously on SDG&E's Internet Web site. This site offers the information under the same terms and conditions as described in the preceding Rule.

As noted in the procedures for Rule III.B, transactions that are part of internal operations and integral to a permitted transaction with an affiliate, these items need not be posted. For example,

if SDG&E provides non-public right-of-way information to an affiliate pursuant to its Rule No. 28, this information would not be posted since this is a tariffed service and the information is integral to providing the service. Or, if SDG&E provides non-public information regarding the capability of its gas transmission system to accept regasified LNG volumes from its LNG affiliate in an “Interconnection Capacity Study” as required by its Rule 39.B, it would not post this information since this is a tariffed product and the information is an integral part of the product. In both of these examples, SDG&E is treating its affiliate exactly the same as any unaffiliated third party requesting the tariffed product or service. This is consistent with Rule III.B.2 since the information is provided to an affiliate pursuant to the tariff rules.” on the same terms for all similarly-situated market participants.”

If postings are required, procedures are in place specifying the form and content of the information to be posted on the Web site. ACD personnel use a form located on SDG&E’s Affiliate Compliance intranet site to post this information. Once the data is entered into the form, the information immediately posts to the appropriate category on SDG&E’s Internet Web site.

Interested parties will find the posted information on SDG&E’s Internet home page at <www.sdge.com>. From the home page, the information is accessed by selecting the “**Rates & Regulations**” link, then selecting the “**Affiliate Transactions**” link, and then scrolling to the bottom of the page, where the “**Non-Customer Specific, Non-Public Information**” category is found.

IV.C. Service Provider Information

Except upon request by a customer or as otherwise authorized by the Commission, or another governmental body, a utility shall not provide its customers with any list of service providers, which includes or identifies the utility's affiliates, regardless of whether such list also includes or identifies the names of unaffiliated entities.

Procedures and Mechanisms for Ensuring Compliance

SDG&E uses a non-discriminatory process for suppliers to be included on the service provider list, which is included on SDG&E's Internet Web site. SDG&E provides this list to customers only upon their request, as a convenience. As stated on SDG&E's Internet Web site, the utility does not recommend, endorse or represent any listed supplier.

IV.D. Supplier Information

A utility may provide non-public information and data which has been received from unaffiliated suppliers to its affiliates or non-affiliated entities only if the utility first obtains written affirmative authorization to do so from the supplier. A utility shall not actively solicit the release of such information exclusively to its own affiliate in an effort to keep such information from other unaffiliated entities.

Procedures and Mechanisms for Ensuring Compliance

The Supply Management Department trains its contracting agents to first obtain written authorization from an unaffiliated supplier before providing non-public information and data received from the supplier to the utility's affiliates or non-affiliated entities.

Affiliate requests for supplier information are centrally processed by Supply Management through use of Supplier Disclosure Forms. Supplier Disclosure Forms are not required to disclose contract data for allowable shared goods and services.

Supply Management maintains a log of all instances in which it provides supplier information to an affiliate for *non*-shared goods and services. The log lists the affiliate name, the supplier, the date that the form is received, and indicates that the required written affirmative authorization was obtained from the supplier.

IV.E. Affiliate-Related Advice Or Assistance

Except as otherwise provided in these Rules, a utility shall not offer or provide customers advice or assistance with regard to its affiliates or other service providers.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will comply with Rule IV.E's requirements. SDG&E employees are trained to refrain from providing advice or assistance regarding any service provider (including its affiliates) or any proposal of a service provider.

SDG&E's primary interest is meeting the needs of its customers. Resolution E-3548 recognizes SDG&E's right to provide general technical advice not related to a specific service provider or proposal. SDG&E will offer customers general technical advice that is not linked to a specific service provider or proposal and will, under Rule V.F.4.a, meet with customers when requested to "discuss technical and operational subjects regarding the utility's provision of transportation service to the customer."

IV.F. Record Keeping

A utility shall maintain contemporaneous records documenting all tariffed and nontariffed transactions with its affiliates, including but not limited to, all waivers of tariff or contract provisions, all discounts, and all negotiations of any sort between the utility and its affiliates whether or not they are consummated. A utility shall maintain such records for a minimum of three years and longer if this Commission or another government agency so requires. For consummated transactions, the utility shall make such final transaction documents available for third party review upon 72 hours' notice, or at a time mutually agreeable to the utility and third party.

If D.97-06-110 is applicable to the information the utility seeks to protect, the utility should follow the procedure set forth in D.97-06-110, except that the utility should serve the third party making the request in a manner that the third party receives the utility's D.97-06-110 requests for confidentiality within 24 hours of service.

Procedures and Mechanisms for Ensuring Compliance

Records are maintained so that they can be released within three calendar days from the receipt of the request. Records are kept for at least three years as required by the Rules. Utility officers and directors are required to maintain sufficient documentation to support intercompany

transactions with affiliates, not limited to the following records: electronic calendars, meeting summaries, manual telephone logs and e-mail correspondence.

It should be noted that the billing records are processed in aggregate, on a monthly billing cycle. SDG&E's current accounting system does not process billings to affiliates on a real-time basis.

All requests from third parties for affiliate transaction information must be made to the Affiliate Compliance Manager, who will, for all reasonable requests arrange for retrieval and presentation of the information within the time required. All requests pursuant to this Rule should be submitted in writing to:

Catherine M. St Marie
Affiliate Compliance Manager
San Diego Gas & Electric Co.
8315 Century Park Court, ML-CP21J
San Diego, CA 92123-1548

IV.G. Maintenance of Affiliate Contracts and Related Bids

A utility shall maintain a record of all contracts and related bids for the provision of work, products or services between the utility and its affiliates for no less than a period of three years, and longer if this Commission or another government agency so requires.

Procedures and Mechanisms for Ensuring Compliance

Relevant records will be retained for three years or in accordance with the official retention cycle as established by Sempra Energy's Records Management Policy, whichever is longer, by the department involved with the transaction.

IV.H. FERC Reporting Requirements

To the extent that reporting rules imposed by the FERC require more detailed information or more expeditious reporting, nothing in these Rules shall be construed as modifying the FERC rules.

Procedures and Mechanisms for Ensuring Compliance

No additional compliance action is required.

V.

SEPARATION

V.A. Corporate Entities

A utility, its parent holding company, and its affiliates shall be separate corporate entities.

Procedures and Mechanisms for Ensuring Compliance

SDG&E, Sempra Energy, and its affiliates are separate entities.

V.B. Books and Records

A utility, its parent holding company, and its affiliates shall keep separate books and records.

V.B.1. Utility books and records shall be kept in accordance with the applicable Uniform System of Accounts (“USOA”) and Generally Accepted Accounting Procedures (“GAAP”).

V.B.2. The books and records of a utility’s parent holding company and affiliates shall be open for examination by the Commission and its staff consistent with the provisions of Public Utilities Code Sections 314 and 701, the conditions in the Commission’s orders authorizing the utilities’ holding companies and/or mergers and these Rules.

Procedures and Mechanisms for Ensuring Compliance

SDG&E, Sempra Energy, and its affiliates maintain separate accounting books and records.

SDG&E follows and will continue to follow USOA and GAAP standards. The accounting books

and records of SDG&E, Sempra Energy and its affiliates are open for examination by the CPUC pursuant to Public Utilities Code Sections 314(b) and 701.

V.C. *Sharing of Plant, Facilities, Equipment or Costs*

A utility shall not share office space, office equipment, services, and systems with its affiliates, nor shall a utility access the computer or information systems of its affiliates or allow its affiliates to access its computer or information systems, except to the extent appropriate to perform shared corporate support functions permitted under Rule V.E. of these Rules. Physical separation required by this rule shall be accomplished preferably by having office space in a separate building, or, in the alternative, through the use of separate elevator banks and/or security-controlled access. This provision does not preclude a utility from offering a joint service provided this service is authorized by the Commission and is available to all non-affiliated service providers on the same terms and conditions (e.g., joint billing services pursuant to D.97-05-039).

Procedures and Mechanisms for Ensuring Compliance

Facilities Separation:

As of the filing of this report, SDG&E's headquarters are located at the Century Park facility in San Diego. No covered affiliate personnel share this facility. The Century Park facility has workspace for Sempra Energy Corporate Center and SoCalGas shared service employees.

SDG&E shared service facilities employees and contractors occupy a separate suite (restricted card access) in Sempra Energy's Headquarters ("HQ") building. Additionally, SDG&E's maintenance personnel and equipment area are located at the HQ building. Maintenance personnel and porters occupy the service and equipment area of the HQ building in a locked area (no card readers). On occasion, SDG&E personnel may be assigned workspace temporarily in the HQ building or may be performing loaned labor/shared services functions at that location. Access throughout the HQ facility is card-key controlled to support separation.

SDG&E occupies space in other buildings in downtown San Diego. SDG&E shared services employees are segregated from affiliate employees and access to these areas is card-key controlled.

Workspace at SoCalGas' headquarters, located at the Gas Company Tower in downtown Los Angeles, has been designated for use by SDG&E shared service employees; Sempra Energy Corporate Center shared service employees and utility officers. Access throughout the entire Gas Company Tower facility is card-key controlled. At the present time, no covered affiliate personnel occupy office space in the Gas Company Tower.

Information Technology:

The SDG&E Data Center houses the majority of Information Technology ("IT") production processing operations. Consolidation of the SDG&E and SoCalGas IT systems is a "utility-to-utility" transaction that was approved and priced in the Merger Decision (D.98-03-073).

The SDG&E Data Center is a stand-alone facility, specifically constructed and maintained to house computer technology services and related activities in a high security environment. The utility-operated facility provides computer technology services for the utilities and Corporate Center. The SDG&E Data Center provides support for permissible shared services (under Rule V.E), such as employee timekeeping, payroll, materials management and accounting functions.

To ensure compliance with the Rules for utility and affiliate separation, the Utility/Corporate Center information systems adhere to the following measures:

Office Space:

Affiliate personnel are not allowed physical access to the SDG&E Data Center without escort. The covered affiliates operates its own independent IT organization and data center for affiliate information systems. The covered affiliates' Data Center is located at Sempra Energy's Headquarters building. With the exception of shared service Facilities Management staff, utility employees cannot access the covered affiliates Data Center without escort.

Shared Services:

The Utility/Corporate Center network maintains physical and logical security controls to ensure that affiliates can only view, input and export permissible information.

Utility employees do not have access to the covered affiliates' network.

Systems:

The Utility/Corporate Center IT network is separated from the covered affiliates' network by security controls designed to physically and logically isolate the Utility/Corporate Center and the covered affiliates' systems and information.

Utility employees do not have access to the covered affiliates' network.

The utilities and the covered affiliates each maintain their own systems including separate contracts and licenses, directories, server hardware and software, and desktop hardware and software. Communications systems such as e-mail, directories and collaboration tools are also separated. Certain permissibly shared, corporate-wide infrastructure systems served under a single Master Agreement can also be used for all Sempra Energy companies.

Utility and the covered affiliates' IT organizations may communicate intermittently in the administration of technology issues associated with company-wide oversight and governance activities, e.g. training, IT employee development initiatives, etc.

Internal guidelines are in place to manage the limited connectivity between the Utility/Corporate Center network and the covered affiliates' network for access to allowable shared services. These guidelines are approved by representatives of SDG&E

IT, covered affiliates' IT and ACD and are subject to audit by the Sempra Energy Audit Services Department.

V.D. Joint Purchases

To the extent not precluded by any other Rule, the utilities and their affiliates may make joint purchases of goods and services, but not those associated with the traditional utility merchant function. For purpose of these Rules, to the extent that a utility is engaged in the marketing of the commodity of electricity or natural gas to customers, as opposed to the marketing of transmission and distribution services, it is engaging in merchant functions. Examples of permissible joint purchases include joint purchases of office supplies and telephone services. Examples of joint purchases not permitted include gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, systems operations, and marketing. The utility must insure that all joint purchases are priced, reported, and conducted in a manner that permits clear identification of the utility and affiliate portions of such purchases, and in accordance with applicable Commission allocation and reporting rules.

Procedures and Mechanisms for Ensuring Compliance

The utilities' Supply Management Department procures products and services (other than those associated with the traditional merchant function) as a Rule V.E shared service for SDG&E, SoCalGas, and affiliates. Resolution G-3238 stated that Rule V.D forbids the joint purchase of "pipe and equipment" by utilities and affiliates because it is "more closely associated with the 'traditional utility merchant function'" (*mimeo* at 31). Supply Management trains its contracting agents that they may not jointly procure goods and services associated with the traditional merchant function.

V.E. Corporate Support

As a general principle, a utility, its parent holding company, or a separate affiliate created solely to perform corporate support services may share with its affiliates joint corporate oversight, governance, support systems and personnel, as further specified below. Any shared support shall be priced, reported and conducted in accordance with the Separation and Information

Standards set forth herein, as well as other applicable Commission pricing and reporting requirements.

As a general principle, such joint utilization shall not allow or provide a means for the transfer of confidential information from the utility to the affiliate, create the opportunity for preferential treatment or unfair competitive advantage, lead to customer confusion, or create significant opportunities for cross-subsidization of affiliates. In the compliance plan, a corporate officer from the utility and holding company shall verify the adequacy of the specific mechanisms and procedures in place to ensure the utility follows the mandates of this paragraph, and to ensure the utility is not utilizing joint corporate support services as a conduit to circumvent these Rules.

Examples of services that may be shared include: payroll, taxes, shareholder services, insurance, financial reporting, financial planning and analysis, corporate accounting, corporate security, human resources (compensation, benefits, employment policies), employee records, regulatory affairs, lobbying, legal, and pension management. However, if a utility and its parent holding company share any key officers after 180 days following the effective date of the decision adopting these Rule modifications, then the following services shall no longer be shared: regulatory affairs, lobbying, and all legal services except those necessary to the provision of shared services still authorized. For purposes of this Rule, key officers are the Chair of the entire corporate enterprise, the President at the utility and at its holding company parent, the chief executive officer at each, the chief financial officer at each, and the chief regulatory officer at each, or in each case, any and all officers whose responsibilities are the functional equivalent of the foregoing.

Examples of services that may not be shared include: employee recruiting, engineering, hedging and financial derivatives and arbitrage services, gas and electric purchasing for resale, purchasing of gas transportation and storage capacity, purchasing of electric transmission, system operations, and marketing. However, if a utility and its parent holding company share any key officers (as defined in the preceding paragraph) after 180 days following the effective date of the decision adopting these Rule modifications, then the following services shall no

longer be shared: regulatory affairs, lobbying, and all legal services except those necessary to the provision of shared services still authorized.

Procedures and Mechanisms for Ensuring Compliance

Officer Verifications for SDG&E and Sempra Energy are included in Appendix 1. These verifications attest to the adequacy of the procedures and mechanisms in place to ensure that SDG&E and Sempra Energy follow the Rules, and that SDG&E and Sempra Energy are not utilizing joint corporate support services as a conduit to circumvent the Rules.

As of June 12, 2007, 180 days following the effective date of the decision adopting these Rule modifications, and through the filing date of this Plan, SDG&E and Sempra Energy do not share any key officers as defined in this Rule. Each of the key officer positions at SDG&E and Sempra Energy are held by different individuals. Therefore, the following shared services may continue to be shared: regulatory affairs lobbying, and all legal services.

As allowed by this Rule, SDG&E's MARP (Management Accounting Rotation Program) and Corporate Center's FLP (Financial Leadership Program) representatives may participate in career events together to explain their individual programs. SDG&E and Corporate Center may share the same table at these events. SDG&E and Corporate Center employees (including shared service employees) may be enlisted to represent either of the programs. There is no covered affiliate involved in recruiting under these programs.

Allowable Rule V.E shared services are listed in the following tables. Shared services that are currently shared with affiliates are charged to affiliates via an allocation at month-end.

Allowable shared services that are not currently shared will be direct-charged to affiliates on an as-needed basis.

Most of the shared services listed in the following tables have been recognized by the CPUC as permissible under Rule V.E, and all of these services meet Rule V.E's standards. The CPUC acknowledged in D.98-08-035 that the list of permissible shared services presented in Rule V.E was not exhaustive. The CPUC now expressly recognizes communications and public affairs as

permissible shared services as long as these services do not become conduits to circumvent the Rules. Sempra Energy has established anti-conduit provisions to ensure that Rule V.E shared services do not become a means to circumvent the Rules.

As a result of the reorganization during the first quarter of 2010, some Corporate Center employees now report to the utilities. Their labor hours are charged to the utility, but they will remain on the Sempra Energy payroll until the end of the calendar year. To the extent that these employees may still perform corporate support functions, Corporate Center and the covered affiliates will be charged for these services. These employees will be moved to the utility's payroll as of January, 2011.

SDG&E will not file an amended Compliance Plan once Corporate Center employees officially transfer to their respective business units effective January, 2011.

SDG&E understands Rule V.E's prohibition on shared "hedging and financial derivatives and arbitrage services," to apply to hedging electric and natural gas commodities, and not to the use of hedging and financial derivatives in support of SDG&E's long term financings. The Sempra Energy Treasurer and Finance shared service departments listed below may assist SDG&E with planning and arranging hedging and financial derivative use in support of SDG&E's long-term financing plan.

Rule V.E explicitly recognizes that oversight and governance are permissible shared services. In this Plan, SDG&E presents considerable detail about how this function has been implemented consistent with the Rules and the anti-conduit measures set forth in Rule V.E.

There need not be any conflict between oversight and governance responsibilities of officers and directors, on the one hand, and compliance with the Rules on the other. The procedures put forth in this Plan are designed to harmonize these objectives without compromising compliance with the Rules. The board of directors and officers of SDG&E and its holding company, Sempra Energy, must be confident that effective oversight and governance procedures are in place to enable the directors to discharge their legal obligations and fiduciary responsibilities as

representatives of the shareholders. Directors have a duty to make informed judgments, question officers, and avail themselves of all material information reasonably available. Officers are regularly requested to gather material information and they must observe a high duty of care in discharging their delegated responsibilities. Appendix 2 provides a listing of meetings held to facilitate these oversight and governance objectives.

Properly structuring the shared services to ensure separation between the utilities and affiliates is a significant step in ensuring compliance with the Rules, however, the utilities do not rely upon structure alone. Each shared services employee must affirm their understanding of the Rules and acknowledge that they will comply with the anti-conduit provisions as part of annual training. Taken together, these actions demonstrate full compliance with the requirements of Rule V.E.

CORPORATE CENTER
SHARED SERVICE DEPARTMENTS

AREA	DEPARTMENT	SERVICES PROVIDED
CORPORATE OVERSIGHT & GOVERNANCE	Corporate Center Officers	Corporate Governance is responsible for ensuring that the Sempra Energy Board of Directors' fiduciary responsibilities are properly discharged. As a shared service under Rule V.E., Corporate Governance provides oversight and governance to ensure consistent and coordinated leadership of the enterprise-wide organization. The principal functions include: directing corporate resources to meet regulatory and market needs; setting Sempra Energy's overall strategic direction; reporting to the Board of Directors; and ensuring efficiency and effectiveness of shared corporate support services.
	*Corporate & Commercial *Litigation *Regulatory & *Environmental	The Law Department provides all legal support for the Sempra Energy companies. The Law Department is responsible for the delivery, quality and cost of those legal services. The Law Department, in consultation with internal clients, also selects, retains and supervises outside counsel. The Law Department also helps to develop and coordinate policy positions. The Law Department is headed by a General Counsel, who is ultimately responsible for legal services provided to the Sempra Energy companies.
LEGAL	Corporate Secretary	The Office of the Corporate Secretary coordinates notice and distribution of all packages and material for board meetings, committee meetings, drafts board and committee meeting minutes, arranges for review and approval of the minutes and coordinates the annual meeting of shareholders. For Sempra Energy, SoCalGas and SDG&E, the Office of the Corporate Secretary maintains an annual calendar of scheduled board meetings, an annual calendar of recurring board meeting events, and coordinates development of the board meeting agendas. Other duties include review of corporate governance issues, certification of documents and regulatory filings and acting as the agent for service of legal process.
	Audit Services	The Audit Services Department performs financial, operational, and information technology audits for all Sempra Energy companies. This includes SOX testing performed on behalf of management on which the external auditor also places reliance. Additionally, the Audit Department performs an annual risk assessment and executes various compliance audits, including audits with affiliate compliance objectives.
EXECUTIVE VICE PRESIDENT – CORPORATE	Corporate Economics	Corporate Economics provides various decision-support functions to the management of Sempra Energy and its business units. These functions primarily entail identifying, evaluating, and making recommendations on market, policy, technology, financial, operational and commercial issues.
	Corporate Planning	Corporate Planning (CP) facilitates the planning and performance measurement process for all Sempra Energy companies, reporting primarily to Sempra management and the Sempra Board of Directors. CP tracks and reports on consolidated and business unit performance versus budgets, and facilitates the five-year financial plans for all business units and for Sempra Energy on a consolidated basis. CP Corporate Center shared service allocations to all business units, and tracks their results. In addition, CP provides support for economic evaluation, ensuring projects from all business units are evaluated on a consistent basis, and it also provides financial systems administration.
	<ul style="list-style-type: none"> ▪ Corporate Business Planning ▪ Financial Planning ▪ Financial Systems & Reporting 	

*As a result of the reorganization during the first quarter of 2010, some employees at Corporate Center now report to the utility. Their labor hours are charged to the utility but they will remain on the Sempra Energy payroll until the end of the year. To the extent that these employees still perform corporate support functions, their costs will be charged to Corporate Center accordingly. These employees will be moved to the utility's payroll as of January, 2011.

CORPORATE CENTER
SHARED SERVICE DEPARTMENTS

AREA	DEPARTMENT	SERVICES PROVIDED
EXECUTIVE VICE PRESIDENT – CORPORATE	CORPORATE RELATIONS	
	Corporate Communications	The Corporate Communications Department is responsible for financial communications. Corporate Communications also provides communications support during emergencies.
	<ul style="list-style-type: none"> • Corporate HR & Business Conduct • Compensation & Benefits • My Info Services • Sempra Energy Foundation & Employee Programs 	Sempra Energy Human Resources develops, manages and communicates policies and procedures for management of people resources. HR provides staffing policies to meet competitive labor market conditions, analyzes current compensation market conditions and trends, provides incentive plan review and conducts pay equity audits for regulatory compliance. HR manages third party administrators who provide outsourced payroll and benefit services. HR/My Info also designs, develops, and manages all HR Information Systems. HR designs and administers benefit plans (pension, 401k, medical, dental, life insurance, etc.) consistent with business unit direction and union agreements. HR houses the Chief Ethics Officer and the Chief HIPPA Compliance Officer roles. The Sempra Energy Foundation is a private foundation founded by Sempra Energy that provides funding support for programs primarily in the areas of environmental stewardship, education, health and safety. The employee giving programs support employee volunteerism, foster giving and provide college scholarship opportunities.
	Federal Energy Regulatory Commission (FERC) Relations	The FERC Relations Department, located in Washington, D.C., maintains communications with the FERC and key federal agencies and departments. The Washington, D.C. office focuses on regulatory issues that will impact the Company and works with collateral organizations to build alliances that benefit Sempra Energy.
	Government Program Compliance & Corporate Responsibility	Government Program Compliance & Corporate Responsibility is responsible for budgeting and coordinating political activity across all business units, as well as processing and reporting all political contributions, lobbying and gifts, and managing all related compliance activities at the local, state and federal level. In addition, the department is responsible for responsible for corporate-wide sustainability planning and reporting.
FINANCE	CONTROLLER & CORPORATE TAXES	
	Assistant Controller	
	Accounting Research & Policies	Accounting Research & Policy provides enterprise-wide accounting services and support in researching new and unique technical accounting matters, supporting the implementation of new and amended accounting standards, and researching and developing accounting policy necessary to support financial reporting and internal control requirements.

CORPORATE CENTER
SHARED SERVICE DEPARTMENTS

AREA	DEPARTMENT	SERVICES PROVIDED	
FINANCE	Corporate Financial Accounting	Parent & Sundry Accounting performs monthly, quarterly and annual accounting, including the preparation of all financial statements, for Sempra Energy Corporate Center, Enova, Pacific Enterprises, Sempra Energy Enterprises, Sempra Broadband, Sempra Consolidated Parent, certain Sempra Global holding companies and Sempra Consolidated Sundry Companies.	
	Corporate Tax	Corporate Tax Department provides enterprise-wide comprehensive tax services, including tax compliance, tax accounting, tax audits, research, and planning. Compliance with legal and regulatory reporting necessarily lead to shared responsibilities for accumulating and generating utility and affiliate tax information within a centralized tax function.	
	Financial Reporting	The Corporate Financial Reporting department provides enterprise-wide accounting services and reports financial information pertaining to Sempra Energy and its regulated and non-regulated business units to meet internal and external accounting and reporting requirements.	
	Investor Relations	The Investor Relations Department maintains the fair value of Sempra Energy's publicly traded securities by communicating Sempra Energy's goals and strategies, and identifying trends or events that may affect the value of the securities. The department holds meetings with shareholders, security analysts and others to establish and maintain the credibility of the Company's senior management.	
	SOX Compliance	SOX Compliance is responsible for planning and coordinating SOX 404 compliance process; managing the progress of the SOX evaluation and reporting results to the Sempra Energy SOX Steering Committees and Disclosure Committee.	
	Records Management	Records Management (RM) is responsible for managing and coordinating the Records Management program at Corporate Center, for coordinating efforts with all the business units (BUs) to ensure consistence and compliance and for coordinating the Sempra Energy Records Management Steering Committee meetings. Additionally corporate RM is accountable for maintaining the records management retention database for all the BUs and related web-pages.	
	TREASURER		
	Cash Management	The Cash Management Department is responsible for planning, implementing, and administering short-term debt as well as managing Sempra Energy's short-term investments. The department aims to provide for safety of principal and adequate liquidity, while attaining the highest reasonable return on investment. The department discharges these responsibilities by engaging in short-term investing and borrowing electric funds transfers, bank negotiations, and bank balance reporting.	
	Finance	The Finance Department provides support for long-term financing requirements to all Sempra Energy entities.	
	Pension & Trust Investments	Pension & Trust Investments provides investment management services for long-term corporate, taxable and tax-exempt assets including, pensions, employee 401k savings, post-retirement medical benefits, other non-qualified retirement plans and nuclear plant decommissioning trusts.	

CORPORATE CENTER
SHARED SERVICE DEPARTMENTS

AREA	DEPARTMENT	SERVICES PROVIDED
FINANCE	Risk Management	Risk Management is responsible for designing, procuring, and administering insurance programs to manage the adverse consequences of large, accidental losses. This department does not perform the energy risk management function.
*FINANCIAL REGULATORY & LEGISLATIVE AFFAIRS	Regulatory Policy and Legislative Analysis	Regulatory Policy and Legislative Analysis is responsible for developing and coordinating national and state legislative and environmental regulatory policy positions for issues in which San Diego Gas & Electric or Southern California Gas Company have business interests.
	State Agency Affairs - Sacramento	State Agency Affairs maintains communications with California key state agencies and departments. The department focuses on legislation and regulations that will impact the company and works with collateral organizations to build alliances that benefit Sempra Energy.
	Strategic Analysis	The Strategic Analysis Department heads strategic initiative efforts within the Sempra Energy Utilities; monitors changes in the energy industry including those triggered by efforts to reduce emissions and those triggered by new low emitting technologies; and provides strategic analysis to help better position the utilities to deliver lower emitting and technology driven solutions that are valued by customers and the communities served by the Sempra Energy Utilities.
*EXTERNAL AFFAIRS & GENERAL COUNSEL - SDG&E	Customer Communications	The Customer Communications Department produces a variety of communications using online media, mass media and collateral. We coordinate and conduct research, and manage the public facing aspects of the SDG&E Web site. We coordinate paid communications for the company directed toward residential and commercial customers.
	SDG&E Community Relations	SDG&E's Community Relations coordinates community relations by involving Sempra Energy companies and employees in matters important to the well-being of customers and neighborhoods. Community Relations' functions include: management of the corporate and SDG&E charitable contributions budget; employee volunteerism and; development of contribution policies and community outreach plans; and the determination of sponsorship for programs, project and events in communities in the greater San Diego region.
	Media & Employee Communications	The Media & Employee Communications department creates proactive media opportunities to favorably position SDG&E. The department works to mitigate adverse articles/stories to ensure the company's customer favorability was not adversely affected. Responds to media during crisis situations throughout the service territory. Develops and execute crisis communications strategies and plans for internal and external issues. Focusing on employee engagement, the department also coordinates internal communications to company employees in order to promote employee awareness of milestones, achievements and key business objectives for the company's 5,000 employees.

*As a result of the reorganization during the first quarter of 2010, some employees at Corporate Center now report to the utility. Their labor hours are charged to the utility, but they will remain on the Sempra Energy payroll until the end of the year. To the extent that these employees still perform corporate support functions, their costs will be charged to Corporate Center accordingly. These employees will be moved to the utility's payroll as of January, 2011.

**CORPORATE CENTER
SHARED SERVICE DEPARTMENTS**

AREA	DEPARTMENT	SERVICES PROVIDED
*EXTERNAL AFFAIRS & GENERAL COUNSEL - SoCalGas	Communications	As a result of the recent reorganization, the Communications Department now only supports Southern California Gas Company. It builds and maintains a positive relationship for the utility in the media. Employees are responsible for educating and communicating with key external audiences about issues of importance to the utility and its customers by developing and implementing effective media communications programs. Communications also provides communications support during emergencies. Additionally, internal communications, communicate issues of importance to employees.
	Community Relations	The Community Relations Department oversees all community involvement and charitable contributions strategy and programs in support of business goals and fostering and maintaining a positive company image. The Department also supports business units and executives in their community involvement efforts. In addition, the Department plans, implements, and coordinates employee involvement programs.

*As a result of the reorganization during the first quarter of 2010, some employees at Corporate Center now report to the utility. Their labor hours are charged to the utility, but they will remain on the Sempra Energy payroll until the end of the year. To the extent that these employees still perform corporate support functions, their costs will be charged to Corporate Center accordingly. These employees will be moved to the utility's payroll as of January, 2011.

UTILITY

SHARED SERVICE DEPARTMENTS

AREA	DEPARTMENT	SERVICES PROVIDED
CONTROLLER	Financial Systems <ul style="list-style-type: none"> • Accounts Payable • Business Controls 	The Financial Systems organization provides several services. The Financial System section assists SDG&E and SCG users of the Accounting and Budgeting Systems to get information into and out of these systems, assists the organization to identify and implement system or business process improvements, and also assists in performing regression testing when implementing system upgrades. The Accounts Payable section provides invoice processing for the utilities and Sempra Energy Corporate Center. The Business Controls section provides process management and compliance over utility Sarbanes-Oxley efforts and the Records Management process, as well as performs accounting research and review contracts to determine if Variable Interest Equity treatment is applicable and maintains company policies/ procedures. The Business Planning section assists in the review of Corporate charges to the utilities assists in the review of utilities' A&G costs for the GRC process and in reviewing and explaining the utilities' O&M impact to earnings.
	Accounting Operations <ul style="list-style-type: none"> • Affiliate Billing & Costing • Sundry Services 	The Affiliate Billing & Costing group performs cost accounting studies that support the allocation of overheads to internal costs and costs billed for services rendered to Sempra Energy - Corporate Center and affiliates. The Sundry Services group supports both utilities with CPUC compliance, policies and procedures relating to non-tariffed products and services. The group is responsible for billing third parties for property damages and for the provision of products and services (i.e., sundry services) other than commodity, transportation and delivery costs.
	Planning & Analysis <ul style="list-style-type: none"> • Budgets • Claims Management • Financial Planning 	The Planning & Analysis organization works with all utility divisions and departments to coordinate, develop and consolidate the detail annual (and high-level multi-year) operating cost and project level capital plans; establishes policies, procedures, and guidelines for the budgeting process; prepares monthly and quarterly operating costs and capital performance reports; monitors and reports cost allocation/shared services performances. The Claims Management Department administers all Sempra Energy casualty and property damage claims. The Financial Planning organization works with all utility divisions and departments to coordinate, develop, and consolidate the high-level multi-year financial plan; establishes policies, procedures, and guidelines for the financial plan budget process; monitors and reports monthly performance compared to the financial plan; coordinates, develops and consolidates the detail outlook of the current year financial plan.
	Utility Accounting	Utility Accounting provides financial and regulatory information to meet internal and external reporting requirements of the utilities. In addition, Utility Accounting assists in the maintenance of the Accounting System and coordinates the enterprise-wide system side of the monthly closing process

UTILITY
SHARED SERVICE DEPARTMENTS

AREA	DEPARTMENT	SERVICES PROVIDED
ENVIRONMENTAL, SAFETY & SUPPORT SERVICES	Business Planning & Budgets	Business Planning & Budgets provides business planning and budgeting services to Environmental, Safety, Facilities and Fleet, Information Technology, Supply Management and Diversified Business Enterprises divisions. The department also provides coordination with utility business planning and support for general rate case applications. Although involvement with affiliates is limited, Business Planning may provide support to various departments in the two divisions for assistance in shared service activities with unregulated affiliates or evaluation of specific service initiatives.
	Environmental Services	Environmental Services provides policy direction and operational guidance to support compliance with federal, state, regional and local environmental statutes and regulations. Services provided by Environmental Services include: guidance and permitting support for air quality, water quality, natural and cultural resources, land planning, hazardous waste management and disposal; the preparation and delivery of related compliance training material; providing site assessment and mitigation services for the clean up of contaminated company facilities; conducting hazmat clean-up activities; running a California State Certified environmental laboratory; and managing TSD facility operations. The department also provides legislative and regulatory analysis related to environmental issues.
	Fleet Services	Fleet Services provides cost-effective support for vehicle transportation and equipment requirements by collaborating with internal clients and external vendors to acquire and deliver the appropriate vehicles and equipment for work needs. Fleet Services provides the maintenance services for these vehicles and equipment to ensure minimal downtime. Fleet Services also provides fueling services and manages the disposal of older and underutilized units to keep the fleet running smoothly every day.
	Real Estate, Land, & Facilities	The Real Estate and Land Departments manage business unit real estate and facility assets, including buildings, real properties, land rights, lease interests and common plant capital for facilities-related improvements and projects. The department has five primary functions: Strategic Planning (portfolio planning and employee space management); Corporate Real Estate (property acquisition and lease administration); Facility & Capital Programs (capital facility improvements); Land Right of Way (acquisition and management of SCG property rights); and Land Services (acquisition and management of property rights, land records management, and survey and mapping services for SDG&E). Facilities provides facility maintenance, asset management and work management (both contracted and in-house) for most company facilities and various communication/telecomm sites within the SCG and SDG&E service territories as well as at the Sempra Energy Headquarters building and 110 Plaza building.

UTILITY
SHARED SERVICE DEPARTMENTS

AREA	DEPARTMENT	SERVICES PROVIDED
ENVIRONMENTAL, SAFETY & SUPPORT SERVICES	Safety & Emergency Services	Safety & Emergency Services promotes compliance with safe and healthy work practices. Services provided by Safety & Emergency Services include: communicating with employees on safety and health issues; identifying and evaluating work hazards; investigating occupational injuries and illnesses; recommending corrective actions to abate unsafe or unhealthy conditions, work practices, and procedures; providing safety training, programs, and policies; and maintaining OSHA records for the company. In addition, Safety & Emergency Services provides emergency response and recovery evaluation services, including plan and procedural consultation, emergency plan and procedural audits.
EXTERNAL RELATIONS	Legislative Analysis & Policy	Legislative Analysis & Policy identifies key public affairs issues that could affect the utilities and their customers and develops and manages strategies and action plans to respond appropriately. The department develops communication materials and provides support so that Regional Public Affairs can achieve its objectives. Also, the department provides support and guidance to Regional Public Affairs on franchise tax and fees issues involving local municipalities and participates in negotiation of franchise renewals.
	Regional Public Affairs	The mission is to provide effective communication to regional and local elective officials, governmental officials, and civic leaders regarding energy issues impacting the customers and governmental entities throughout the region served by SDG&E and SoCalGas. The department representatives provide timely information to county supervisors, city council members, government officials, staff members for local legislators and civic leaders.
REGULATORY & FINANCE	Rates, Revenues & Tariffs	The Rates, Revenues & Tariffs Department develops gas and electric rates, provides demand and sales forecasts, and prepares economic forecasts and analysis that support regulatory proceedings as well as other Company planning activities. This group is also responsible for the administration of California tariffs as well as the proceeding and managing of the utilities' general rate cases.
	Financial Analysis	Financial Analysis provides financial analysis, evaluations and revenue requirement calculations in support of regulatory filings and large utility projects. In addition Financial Analysis provides treasury services to the utilities through the analysis of cash flows and the development and implementation of financial solutions through Corporate Treasury and via regulatory channels to maintain liquidity to meet the company's cash needs. Financial Analysis also develops implements and maintains the utilities' regulatory balancing accounts in support of regulatory proceedings and in compliance with financial and regulatory accounting standards.
	Regulatory Case Management (CPUC & FERC)	Regulatory Affairs division provides case management, advocacy, and regulatory accounts services. Regulatory Affairs manages regulatory cases, administers tariffs, manages regulatory accounts, and manages the relationship between the company and its energy regulators.
	Affiliate Compliance	Affiliate Compliance is responsible for facilitating compliance with state and federal affiliate transaction-type rules, such as the CPUC's Affiliate Rules and the FERC Standards of Conduct.

UTILITY
SHARED SERVICE DEPARTMENTS

AREA	DEPARTMENT	SERVICES PROVIDED
HUMAN RESOURCES	<ul style="list-style-type: none"> ● Business Partner ● HR Services & Analysis ● Labor Relations ● Labor & Business Partner ● Organizational Effectiveness ● Staffing ● Workforce Readiness ● Diversity 	<p>The Human Resources (HR) Diversity & Inclusion Department develops and communicates utility and shared services policies and procedures for broad and strategic management of people resources. Services to the SE Corporate Center are provided by the HR Services & Analysis section and they include: Employee Care, workers' compensation, disability, sickness, DOT and pre-employment drug testing and leave management. Compensation assessment and analysis of current compensation market conditions and trends, development of employee competency profiles, and specific learning resources that involve administration of HR system and succession planning reports. Research for HR process improvement projects, to include analysis, workforce planning, selection test assessment and validation. Wellness programs including flu shots, educational programs, health screenings. HR is responsible for reviewing employee transfers and temporary assignments in accordance with the Affiliate Transaction Rules. HR Diversity is responsible for developing the official, federally-required Affirmative Action Plans, ensuring compliance with federal and state laws, investigating formal and informal complaints and problems related to Title VII issues, training on harassment/discrimination prevention for all employees and partnering within HR and other Business Units on strategic diversity initiatives.</p>
INFORMATION TECHNOLOGY	Business Planning & Budgets	The Business Planning & Budgets department provides business planning and budgeting services to all Information Technology Departments and coordinates with utility business planning. This department also processes wireline, wireless and network vendor payments.
	Client Services & Enterprise Support	Client Services & Enterprise Support (CSES) share application services of SAP, BW and database services across SEU. CSES also provides enterprise training, organizational change management and communication services. Lastly, CSES provides enterprise architecture services.
	Infrastructure Engineering & Operations	Information Technology provides flexible, scalable, and cost effective network, telecommunications, and infrastructure-related services, and software development for allowable shared services. The Infrastructure Engineering and Operations Department provides the following services: computing infrastructure and related IT engineering and operations services, storage management, server management, PC/client technology management, information security, middleware, help desk, service management, and project management.
	Information Security & IS Compliance	The Information Security and IS Compliance provides overall governance and strategic direction for Sempra Energy's enterprise security program and a combination of engineering, operational and project management support to ensure that appropriate technical and administrative mechanisms are in place to safeguard the confidentiality, integrity and availability of information assets used by SCG, SDG&E and the Corporate Center.
	Network & Communication Services	The Network & Communication Services Department provides flexible, scalable, and cost effective network, telecommunications and infrastructure-related services, including: intranet data service, unified communications service, mobile communications service, collaboration service, conferencing service, and secure network access service. The department provides centralized monitoring problem resolution and operational control for all services.

UTILITY
SHARED SERVICE DEPARTMENTS

AREA	DEPARTMENT	SERVICES PROVIDED
INFORMATION TECHNOLOGY	Utility Operations & Shared Systems	The Utility Operations and Shared Systems department provides business application software development, enhancement, maintenance and system support as non-shared services for the utilities and as shared services for business processes, such as financial accounting, accounts payable, purchasing, supply management, and other corporate shared service functions. Development and support responsibilities for shared and non-shared systems are separated at the manager level.
DIVERSE BUSINESS ENTERPRISES	Diverse Business Enterprises	The Diverse Business Strategy Team and a comprehensive data base of Diverse Business Enterprises (DBE's) enable Sempra Energy and its affiliates to utilize suppliers who meet our high standards. Sempra Energy is committed to maximizing opportunities and establishing annual procurement goals for women, minority, and service disabled veteran's business enterprises.
SUPPLY MANAGEMENT	Supply Management	The Supply Management Department provides supply management strategy, policy, processes, technology and services to support the Corporation in procuring goods and services.

V.F. Corporate Identification and Advertising

V.F.1. A utility shall not trade upon, promote, or advertise its affiliate's affiliation with the utility, nor allow the utility name or logo to be used by the affiliate or in any material circulated by the affiliate, unless it discloses in plain legible or audible language, on the first page or at the first point where the utility name or logo appears that:

V.F.1.a. the affiliate “is not the same company as [i.e. PG&E, Edison, the Gas Company, etc.], the utility”;

V.F.1.b. the affiliate is not regulated by the California Public Utilities commission; and

V.F.1.c. “you do not have to buy [the affiliate’s] products in order to continue to receive quality regulated services from the utility.”

The application of the name/logo disclaimer is limited to the use of the name or logo in California.

Procedures and Mechanisms for Ensuring Compliance

If SDG&E mentions the name of an affiliate in its materials, SDG&E will disclose the required disclaimer language as prescribed by the Rules.

The use of the “Sempra” name or logo by any covered affiliate for communications in California or those that could reasonably be expected to migrate to California would require the following disclaimer on such materials in accordance with D. 02-02-046:

Affiliates will use...

[The affiliate] is not the same company as the utility, SDG&E, and [the affiliate] is not regulated by the California Public Utilities Commission.

To the extent material such as business cards or brochures may contain the name of more than one affiliate, the primary affiliate's name will be utilized in the disclaimer text.

Disclaimer Exceptions:

D.98-11-027 provided that the disclaimer requirement does not apply in certain limited instances as follows:

1. Communications with governmental bodies, where the parties involved either know, or should have reason to know, the legal status and interrelationship of the utility and affiliates, and the communications are not related to product sales. This is interpreted to include: (i) communications with governmental entities in legal or regulatory proceedings, written communications with governmental bodies regarding actual or proposed legislation, and written communications to federal, state or municipal agencies which relate to an agency requirement or power (other than the power of the agency to buy products and services); (ii) legal documents, such as contracts and real property instruments; and (iii) communications with security holders and other members of the investment community, where, in each of the foregoing instances, the parties involved either know, or should have reason to know, the legal status and interrelationship of the utility and affiliates;
2. Annual/statistical/financial reports to shareholders; and
3. Internal written communications between the holding company, the utilities, and any of the affiliates, provided that the internal communications are not also sent to third parties outside of the company.

In D.99-04-069, the Commission approved limited exemptions from the disclaimer requirement with regard to:

1. Building signage;
2. Company vehicles;
3. Employee uniforms; and
4. Installed equipment on customer premises.

Disclaimer Position and Size:

When the disclaimer is required, it will appear either on the first page of the communication, or at the first point that the utility name or logo appears. In accordance with the requirements set forth in D.98-11-027, the disclaimer will be sized and displayed commensurate with the

“signature” (i.e., the logo or name identification), so that the disclaimer is no smaller than the larger of: (a) ½ the size of the type which first displays the name or logo, or (b) 6-point type, and is positioned so that the reader will naturally focus on the disclaimer as easily as the “signature.”

Press Releases:

Sempra Energy, SDG&E, and its affiliates include the appropriate disclaimer on press releases or educational information provided to the public whenever the requirement is triggered by one of the following: (1) mention of an affiliate whose name includes the word “Sempra;” or (2) mention of SDG&E and an affiliate within the same press release or educational information. However, providing general information about Sempra Energy and its business projects without mentioning an affiliate, does not trigger the use of the disclaimer. The removal of such disclaimer by the press at publication is not considered a violation.

Internet:

The appropriate disclaimer appears at the bottom of the home pages of the Sempra.com and applicable Sempra Global Web sites just below the page “frame.” It is understood that the disclaimer’s placement on the home page of each site indicates that the disclaimer covers the entire site. Additionally, documents posted on these Web sites that mention the utility and an affiliate will include the disclaimer.

Business Cards:

Due to the length of the disclaimer, business cards will include the full disclaimer on the back, and a summary disclaimer on the front. The summary reads: “*The California Public Utilities Commission does not regulate this company (see back).*”

Promotional Items Distributed in California:

When an item’s small size or irregular shape (e.g., golf balls, golf tees, caps) does not facilitate printing an appropriately sized disclaimer on its face, the disclaimer will be inserted or applied by using stickers on the item or the packaging and positioned so that the statement is visible to the prospective customer before or at the same time the name or logo becomes visible.

V.F.2. A utility, through action or words, shall not represent that, as a result of the affiliate's affiliation with the utility, its affiliates will receive any different treatment than other service providers.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will neither claim to represent an affiliate, nor provide preferential treatment to its affiliates or its affiliates' customers.

V.F.3. A utility shall not offer or provide to its affiliates advertising space in utility billing envelopes or any other form of utility customer written communication unless it provides access to all other unaffiliated service providers on the same terms and conditions.

Procedures and Mechanisms for Ensuring Compliance

Billing envelope space or advertising space in other written communications, if offered to affiliates, will be made available to all competitors on a nondiscriminatory basis.

V.F.4. A utility shall not participate in joint advertising or joint marketing with its affiliates. This prohibition means that utilities may not engage in activities which include, but are not limited to the following:

V.F.4.a. A utility shall not participate with its affiliates in joint sales calls, through joint call centers or otherwise, or joint proposals (including responses to requests for proposals ("RFPs")) to existing or potential customers. At a customer's unsolicited request, a utility may participate, on a nondiscriminatory basis, in non-sales meetings with its affiliates or any other market participant to discuss technical or operational subjects regarding the utility's provision of transportation service to the customer;

Procedures and Mechanisms for Ensuring Compliance

Training emphasizes that utility employees must not raise marketing issues in any customer technical meetings conducted in conjunction with any affiliate. Should marketing issues be raised at any such meeting, employees must excuse themselves from the meeting. SDG&E employees will not participate in the marketing aspect of any such meeting.

V.F.4.b. Except as otherwise provided for by these Rules, a utility shall not participate in any joint activity with its affiliates. The term “joint activities” includes, but is not limited to, advertising, sales, marketing, communications and correspondence with any existing or potential customer;

Procedures and Mechanisms for Ensuring Compliance

SDG&E interprets this Rule as permitting separately purchased advertisements and communications by the utility and affiliates in a publication or at a facility where communications are also solicited and accepted from non-affiliated parties. For instance, advertising may be separately purchased by SDG&E and an affiliate in the same magazine or broadcast program as long as SDG&E and the affiliate are not the only advertisers in that magazine or broadcast program.

Additionally, a shared services group may jointly purchase advertising time and space for the entire organization. These costs are directly allocated to the affiliate using the advertising time or space to prevent cross-subsidization.

Sempra Energy may include information on SDG&E, SoCalGas and its affiliates in its communications when the principal purpose of the communication is to inform and educate the public, including investors, about Sempra Energy’s businesses and operations and does not promote or market specific products or services nor solicit other business.

Separate utility and affiliate sponsorship at a community/charitable event or industry conference is interpreted to be in compliance with the Rules if additional sponsors are also represented.

These types of events are not considered “marketing” in nature. Frequently, the events entail the presence of employees, customers and elected officials. These sponsorships involve the opportunity for signage, listing in the event program, recognition from the podium, table recognition, etc. Separation between utility and affiliate employees is maintained.

V.F.4.c. A utility shall not participate with its affiliates in trade shows, conferences, or other information or marketing events held in California.

Procedures and Mechanisms for Ensuring Compliance

Trade show exhibits at the same event are understood to be permissible as long as a booth, table, exhibit or advertisement sponsored by SDG&E will not be contiguous with any such exhibits sponsored by an affiliate. In no case will the affiliate’s affiliation with SDG&E be promoted. SDG&E promotional events within California that are open to all competitors on a nondiscriminatory basis will also be open to affiliates.

Participation by both utility and affiliate employees at non-industry conferences, such as accounting or legal professional conferences is interpreted to be in compliance with the Rules. These types of events are not considered “marketing” in nature.

Similarly, participation by both utility and affiliate employees in community service or charitable events that are open to the public, such as community clean-up events or charity walks is interpreted to be in compliance with the Rules, as these events are also not considered “marketing” in nature.

V.F.5. A utility shall not share or subsidize costs, fees, or payments with its affiliates associated with research and development activities or investment in advanced technology research.

Procedures and Mechanisms for Ensuring Compliance

SDG&E does not share R&D activities or subsidize costs, fees or payments with affiliates for such activities or investment. This does not apply to affiliates that are formed as part of CPUC-funded utility R&D program activities.

V.G.1. Employees

Except as permitted in Rule V E (corporate support), a utility and its affiliates shall not jointly employ the same employees. This Rule prohibiting joint employees also applies to Board Directors and corporate officers, except for the following circumstances: In instances when this Rule is applicable to holding companies, any board member or corporate officer may serve on the holding company and with either the utility or affiliate (but not both) to the extent consistent with Rule V E (corporate support). Where the utility is a multi-state utility, is not a member of a holding company structure, and assumes the corporate governance functions for the affiliates, the prohibition against any board member or corporate officer of the utility also serving as a board member or corporate officer of an affiliate shall only apply to affiliates that operate within California. In the case of shared directors and officers, a corporate officer from the utility and holding company shall describe and verify in the utility's compliance plan required by Rule VI the adequacy of the specific mechanisms and procedures in place to ensure that the utility is not utilizing shared officers and directors as a conduit to circumvent any of these Rules. In its compliance plan, the utility shall list all shared directors and officers between the utility and affiliates. No later than 30 days following a change to this list, the utility shall notify the Commission's Energy Division and the parties on the service list of R.97-04-011/I.97-04-012 of any change to this list.

Procedures and Mechanisms for Ensuring Compliance

SDG&E interprets Rule V.G to apply to employees of SDG&E, and not to consultants/contractors or employees of temporary third-party agencies. SDG&E includes an anti-conduit provisions in all contracting templates to address consultants/contractors or temporary agency personnel who perform work for both the utility and its affiliates.

Consistent with the exemptions permitted in D.98-08-035 (modified D.97-12-088) and

later confirmed in Resolution E-3548, the positions of General Counsel, Secretary/Assistant Secretary, CFO, Controller, and Treasurer. may be shared among SDG&E, Sempra Energy and the affiliates. The CPUC permits the sharing of Officers and/or Directors in the above positions.

At present, Randall L. Clark is Vice President – Corporate Relations and Corporate Secretary of Sempra Energy and Secretary of several other affiliates. He is also Assistant Secretary of SDG&E and SoCalGas. Jennifer F. Jett is Assistant Secretary of Sempra Energy and Assistant Secretary of several other affiliates. She is also Secretary of SDG&E and SoCalGas.

Javade Chaudhri, Executive Vice President & General Counsel, Joseph A. Householder, Senior Vice President – Controller & Chief Accounting Officer and Mark A. Snell, Executive Vice President & Chief Financial Officer are officers at Sempra Energy. They are Directors of several of the affiliates and also at SDG&E and SoCalGas. The Treasurer position is currently not shared among SDG&E, Sempra Energy and the affiliates.

SDG&E has anti-conduit provisions in place to ensure that these officers and board members are not used as a conduit to circumvent these Rules. SDG&E will notify the CPUC's Energy Division and the parties on the service list of R.97-04-011/I.97-04-012 no later than 30 days following any change to directors and officers shared between SDG&E and affiliates.

Sempra Energy's senior management continues to conduct meetings to maintain adequate oversight of the entire enterprise, while preserving business unit autonomy and accountability. Employees refrain from discussing matters that would be inconsistent with the Rules, such as operational matters and customer-specific information. A listing of these corporate oversight and governance committees is included in Appendix 2.

Periodically, a meeting is held with the leadership team (director level and above) from all of Sempra Energy's business units. These meetings permit high-level discussions regarding publicly available financial information, corporate strategy and business-unit specific information. Non-public information is not exchanged.

At the start of these meetings, participants are reminded by an officer that the meeting will be conducted in accordance with state and federal affiliate compliance rules during all aspects of the meeting, both business and social, and the Affiliate Rules Information Sharing Guidelines are provided to participants. A member of the affiliate compliance team reviews the agenda and presentation materials prior to the meetings and presentation content is reviewed with individual or group presenters, if warranted, and monitored throughout the meeting by Affiliate Compliance personnel.

In addition, periodic informal gatherings are held at each Sempra Energy business unit to keep employees abreast of significant initiatives throughout the Company. These meetings address information that is in the public domain, yet package the information in a condensed format. While non-public utility information is not revealed, participants are reminded to not discuss company specific, non-public utility information while in attendance.

V.G.2. All employee movement between a utility and its affiliates shall be consistent with the following provisions:

V.G.2.a. A utility shall track and report to the Commission all employee movement between the utility and affiliates. The utility shall report this information annually pursuant to our Affiliate Transaction Reporting Decision, D93-02-016, 48 CPUC 2d 163, 171-172 and 180 (Appendix A, Section I and Section II H.).

V.G.2.b. Once an employee of a utility becomes an employee of an affiliate, the employee may not return to the utility for a period of one year. This Rule is inapplicable if the affiliate to which the employee transfers goes out of business during the one-year period. In the event that such employee returns to the utility, such employee cannot be retransferred, reassigned, or otherwise employed by the affiliate for a period of two years. Employees transferring from the utility to the affiliate are

expressly prohibited from using information gained from the utility in a discriminatory or exclusive fashion, to the benefit of the affiliate or to the detriment of other unaffiliated service providers.

Procedures and Mechanisms for Ensuring Compliance

SDG&E tracks all employees who transfer between SDG&E and its affiliates and reports this information annually to the Commission in its Affiliate Transactions Report.

SDG&E complies with Rule V.G.2.b's "residency" requirements. When an affiliate "goes out of business" under this Rule, the definition also includes job losses resulting from reorganizations and downsizing.

V.G.2.c. When an employee of a utility is transferred, assigned, or otherwise employed by the affiliate, the affiliate shall make a one-time payment to the utility in an amount equivalent to 25% of the employee's base annual compensation, unless the utility can demonstrate that some lesser percentage (equal to at least 15%) is appropriate for the class of employee included. In the limited case where a rank-and-file (non-executive) employee's position is eliminated as a result of electric industry restructuring, a utility may demonstrate that no fee or a lesser percentage than 15% is appropriate. All such fees paid to the utility shall be accounted for in a separate memorandum account to track them for future ratemaking treatment (i.e. credited to the Electric Revenue Adjustment Account or the Core and Non-core Gas Fixed Cost Accounts, or other ratemaking treatment, as appropriate), on an annual basis, or as otherwise necessary to ensure that the utility's ratepayers receive the fees. This transfer payment provision will not apply to clerical workers. Nor will it apply to the initial transfer of employees to the utility's holding company to perform corporate support functions or to a separate affiliate performing corporate support functions, provided that the transfer is made during the initial implementation period of

these rules or pursuant to a §851 application or other Commission proceeding. However, the rule will apply to any subsequent transfers or assignments between a utility and its affiliates of all covered employees at a later time.

V.G.2.d. Any utility employee hired by an affiliate shall not remove or otherwise provide information to the affiliate which the affiliate would otherwise be precluded from having pursuant to these Rules.

Procedures and Mechanisms for Ensuring Compliance

SDG&E tracks all employee movement between the utility and affiliates and monitors that transfer fees are paid in accordance with this Rule. SDG&E has established a distinct account for recording all transfer fees pursuant to Rule V.G.2.c.

SDG&E conducts exit interviews with all employees that transfer from SDG&E to an affiliate. During the exit interview, employees are required to sign a statement acknowledging that they will not use certain information gained at the utility to benefit the affiliate. In addition to the exit interview, an “asset inventory” is conducted to review material that the employee requests to take to the affiliate. SDG&E retains the assets that may not be transferred pursuant to the Rules. Assets permitted to be transferred are priced pursuant to the Rules.

SDG&E’s Human Resources Department is responsible for ensuring that exit interviews and related asset inventories take place and are documented. ACD follows up with HR to ensure exit interview forms are completed. Transferring employees are provided a copy of these documents and a verbatim copy of Rule V.G. A description of this process is included in the Affiliate Compliance Guidelines (ACG).

V.G.2.e. A utility shall not make temporary or intermittent assignments, or rotations to its energy marketing affiliates. Utility employees not involved in marketing may be used on a temporary basis (less than 30%

of an employee's chargeable time in any calendar year) by affiliates not engaged in energy marketing only if:

V.G.2.e.i. All such use is documented, priced and reported in accordance with these Rules and existing Commission reporting requirements, except that when the affiliate obtains the services of a non-executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 10% of direct labor cost, or fair market values. When the affiliate obtains the services of an executive employee, compensation to the utility should be priced at a minimum of the greater of fully loaded cost plus 15% of direct labor cost, or fair market value.

V.G.2.e.ii. Utility needs for utility employees always take priority over any affiliate requests;

V.G.2.e.iii. No more than 5% of full time equivalent utility employees may be on loan at a given time;

V.G.2.e.iv. Utility employees agree, in writing, that they will abide by these Affiliate Transaction Rules; and

V.G.2.e.v. Affiliate use of utility employees must be conducted pursuant to a written agreement approved by appropriate utility and affiliate officers.

Procedures and Mechanisms for Ensuring Compliance

SDG&E complies with this Rule when loaning employees on a temporary basis to affiliates not engaged in energy marketing. SDG&E does not make temporary or intermittent assignments or rotations to its energy marketing affiliates. SDG&E maintains a list of its "energy marketing

affiliates” on the ACD’s intranet Web site and SDG&E’s Internet Web site at <www.sdge.com>. SDG&E defines a “marketing employee” as: any utility employee in a marketing, customer service or account management section, who is actively engaged in marketing functions. This includes employees selling (approaching, presenting, or closing sales), developing marketing programs and services, non-technical consultative services regarding new utility products & services, market research, prospecting for new customers, or growing business with existing customers.

V.H. Transfer of Goods and Services

To the extent that these Rules do not prohibit transfers of goods and services between a utility and its affiliates, and except for as provided by Rule V.G.2.e., all such transfers shall be subject to the following pricing provisions:

- 1. Transfers from the utility to its affiliates of goods and services produced, purchased or developed for sale on the open market by the utility will be priced at fair market value.*
- 2. Transfers from an affiliate to the utility of goods and services produced, purchased or developed for sale on the open market by the affiliate shall be priced at no more than fair market value.*
- 3. For goods or services for which the price is regulated by a state or federal agency, that price shall be deemed to be the fair market value, except that in cases where more than one state commission regulated the price of goods or services, this Commission’s pricing provisions govern.*
- 4. Goods and services produced, purchased or developed for sale on the open market by the utility will be provided to its affiliates and unaffiliated companies on a nondiscriminatory basis, except as otherwise required or permitted by these Rules or applicable law.*
- 5. Transfers from the utility to its affiliates of goods and services not produced, purchased or developed for sale by the utility will be priced at fully loaded cost plus 5% on fully loaded labor.*

6. *Transfers from an affiliate to the utility of goods and services not produced, purchased or developed for sale by the affiliate will be priced at the lower of fully loaded cost or fair market value.*

Procedures and Mechanisms for Ensuring Compliance

When transferring goods and services, between SDG&E and an affiliate, SDG&E will follow the pricing provisions in Rule V.H.

VI. REGULATORY OVERSIGHT

VI.A. Compliance Plans

No later than June 30, 2007, each utility shall file a compliance plan by advice letter with the Energy Division of the Commission. The compliance plan shall include:

1. *A list of all affiliates of the utility, as defined in Rule I A of these Rules, and for each affiliate, its purpose or activities, and whether the utility claims that Rule II.B makes these Rules applicable to the affiliate;*
2. *A demonstration of the procedures in place to assure compliance with these Rules.*

The utility's compliance plan shall be in effect between the filing and a Commission determination of the advice letter. A utility shall file a compliance plan annually thereafter by advice letter where there is some change in the compliance plan (i.e., where there has been a change in the purpose or activities of an affiliate, a new affiliate has been created, or the utility has changed the compliance plan for any other reason).

Procedures and Mechanisms for Ensuring Compliance

This Plan represents SDG&E's compliance with this Rule. Appendix 3 to this Plan provides a listing of SDG&E's covered and non-covered affiliates, as of June 1, 2010, as required by this Rule.

VI.B. New Affiliate Compliance Plans

Upon the creation of a new affiliate, the utility shall immediately notify the Commission of the creation of the new affiliate, as well as posting notice on its electronic bulletin board. No later than 60 days after the creation of this affiliate, the utility shall file an advice letter with the Energy Division of the Commission. The advice letter shall state the affiliate's purpose or activities, whether the utility claims that Rule II B makes these Rules applicable to the affiliate, and shall include a demonstration to the Commission that there are adequate procedures in place that will ensure compliance with these Rules.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will comply with this Rule as new covered and non-covered affiliates are created.

Within two calendar days of notification to SDG&E, SDG&E will notify the CPUC of: (1) any newly formed U.S. domestic covered or non-covered affiliate; or (2) the confirmation of registration with foreign governmental authorities for covered or non-covered affiliates located outside the U.S.; and then post this information on its Internet Web site.

SDG&E will file an advice letter with the Energy Division within 60 calendar days of the creation of: (1) any new U.S. domestic covered or non-covered affiliate; or (2) the confirmation of registration with foreign governmental authorities for covered or non-covered affiliates located outside the U.S. The advice letter will provide the information required by this Rule for the new covered or non-covered affiliate.

The ACD will conduct an annual review of all affiliate business descriptions to assess each affiliate's designation as "non-covered," "covered," and/or "energy marketing." Under this process, the ACD will provide each affiliate's business description to designated affiliate contact personnel to confirm whether the business description remains applicable or whether it has changed. Based upon these responses, the ACD will evaluate whether an affiliate should be reclassified, and then notify the CPUC in accordance with this Rule.

The list of affiliate companies is located on SDG&E's Internet home page at <www.sdge.com>. It is accessed by selecting the "**Rates & Regulations**" link, then selecting the "**Affiliate Transactions**" link, and then scrolling to the bottom of the page, where the "**List of SDG&E's Affiliates**" category is found.

VI.C. Affiliate Audit

The Commission's Energy Division shall have audits performed biennially by independent auditors. The audits shall cover the last two calendar years which ends on December 31, and shall verify that the utility is in compliance with the Rules set forth herein. The Energy Division shall post the audit reports on the Commissioner's Web site. The audits shall be at shareholder expense.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will comply with Rule VI.C's requirements upon notification from the Commission's Energy Division of commencement for the audit. The cost of the audits has been and will continue to be charged to shareholders. The last audit conducted, covering the calendar year 2006, was completed and filed on April 27, 2007 with the CPUC.

VI.D. Witness Availability

Affiliate officers and employees shall be made available to testify before the Commission as necessary or required, without subpoena, consistent with the provisions of Public Utilities Code Sections 314 and 701, the conditions in the Commission's orders authorizing the utilities' holding companies and/or mergers and these Rules.

Procedures and Mechanisms for Ensuring Compliance

SDG&E and its affiliates will comply with Code Sections 314 and 701.

VI.E. Officer Certification

No later than March 31 of each year, the key officers of a utility and its parent holding company, as defined in Rule V E (corporate support), shall certify to the Energy Division of the

Commission in writing under penalty of perjury that each has personally complied with these Rules during the prior calendar year. The certification shall state:

I, [name], hold the office of [title] at [name of utility or holding company], and occupied this position from January 1, [year] to December 31, [year].

I hereby certify that I have reviewed the Affiliate Transaction Rules Applicable to Large California Energy Utilities of the California Public Utilities Commission and I am familiar with the provisions therein. I further certify that for the above period, I followed the Rules and am not aware of any violations of them, other than the following: [list or state "none"].

I swear/affirm these representations under penalty of perjury of the laws of the State of California.

_____ [Signature]

Executed at _____ [City], County of _____, on _____ [Date]

Procedures and Mechanisms for Ensuring Compliance

No later than March 31st of each year, the key officers of SDG&E and Sempra Energy, as defined in Rule V.E, file written certifications with the Energy Division of the Commission. The certifications included the following clarification:

“This certificate is based upon information and belief and does not include violations, if any, already reported to the Commission and/or publicly posted during the reporting period consistent with the utilities’ CPUC affiliate compliance plans. This certificate also excludes audits or investigations, if any, still in progress at the end of the reporting period. If violations are ultimately found, they will be posted and/or reported consistent with the utilities’ CPUC affiliate compliance plans.”

VII.

UTILITY PRODUCTS AND SERVICES

VII.A. General Rule

Except as provided for in these Rules, new products and services shall be offered through affiliates.

VII.B. Definitions

The following definitions apply for the purposes of Rule VII:

- VII.B.1. *“Category” refers to a factually similar group of products and services that use the same type of utility assets or capacity. For example, “leases of land under utility transmission lines” or “use of a utility repair shop for third party equipment repair” would each constitute a separate product or service category.*
- VII.B.2. *“Existing” products and services are those which a utility is offering on the effective date of these Rules.*
- VII.B.3. *“Products” include use of property, both real and intellectual, other than those uses authorized under General Order 69-C.*
- VII.B.4. *“Tariff” or “tariffed” refers to rates, terms and conditions of services as approved by this Commission or the Federal Energy Regulatory Commission (FERC), whether by traditional tariff, approved contract or other such approval process as the Commission or the FERC may deem appropriate.*

Procedures and Mechanisms for Ensuring Compliance

SDG&E’s nontariffed products and services meet the criteria set forth in Rules VII.A and B.

VII.C. Utility Products and Services

Except as provided in these Rules, a utility shall not offer nontariffed products and services. In no event shall a utility offer natural gas or electricity commodity service on a nontariffed basis. A utility may only offer for sale the following products and services:

- VII.C.1. *Existing products and services offered by the utility pursuant to tariff;*

- VII.C.2 *Unbundled versions of existing utility products and services, with the unbundled versions being offered on a tariffed basis;*
- VII.C.3 *New products and services that are offered on a tariffed basis; and*
- VII.C.4. *Products and services which are offered on a nontariffed basis and which meet the following conditions:*
- VII.C.4.a. *the nontariffed product or service utilizes a portion of a utility asset or capacity;*
 - VII.C.4.b. *such asset or capacity has been acquired for the purpose of and is necessary and useful in providing tariffed utility services;*
 - VII.C.4.c. *the involved portion of such asset or capacity may be used to offer the product or service on a nontariffed basis without adversely affecting the cost, quality or reliability of tariffed utility products and services;*
 - VII.C.4.d. *the products and services can be marketed with minimal or no incremental ratepayer capital, minimal or no new forms of liability or business risk being incurred by utility ratepayers, and no undue diversion of utility management attention; and*
 - VII.C.4.e. *the utility's offering of such nontariffed product or service does not violate any law, regulation, or Commission policy regarding anticompetitive practices.*

Procedures and Mechanisms for Ensuring Compliance

Nontariffed products and services offered by SDG&E meet the criteria set forth in Rule VII.C.

VII.D. Conditions Precedent to Offering New Products and Services

This Rule does not represent an endorsement by the Commission of any particular nontariffed utility product or service. A utility may offer new nontariffed products and services only if the Commission has adopted and the utility has established:

VII.D.1. A mechanism or accounting standard for allocating costs to each new product or service to prevent cross-subsidization between services a utility would continue to provide on a tariffed basis and those it would provide on a nontariffed basis;

VII.D.2. A reasonable mechanism for treatment of benefits and revenues derived from offering such products and services, except that in the event the Commission has already approved a performance-based ratemaking mechanism for the utility and the utility seeks a different sharing mechanism, the utility should petition to modify the performance-based ratemaking decision if it wishes to alter the sharing mechanism, or clearly justify why this procedure is inappropriate, rather than doing so by application or other vehicle.

VII.D.3. Periodic reporting requirements regarding pertinent information related to nontariffed products and services; and

VII.D.4. Periodic auditing of the costs allocated to and the revenues derived from nontariffed products and services.

Procedures and Mechanisms for Ensuring Compliance

SDG&E has accounting procedures and standards in place that track costs and revenues of each product and service and prevent cross-subsidization between tariffed and nontariffed services. A report of nontariffed products and services, covering the prior year, is filed annually with the CPUC no later than June. Periodic internal audits for the costs allocated to and revenues derived from nontariffed products and services are performed by the Sempra Energy Audit Services department.

VII.E. Requirement to File an Advice Letter

Prior to offering a new category of nontariffed products or services as set forth in Rule VII.C above, a utility shall file an advice letter in compliance with the following provisions of this paragraph.

VII.E.1. The advice letter shall:

VII.E.1.a. demonstrate compliance with these rules;

VII.E.1.b. address the amount of utility assets dedicated to the non-utility venture, in order to ensure that a given product or service does not threaten the provision of utility service, and show that the new product or service will not result in a degradation of cost, quality, or reliability of tariffed goods and services;

VII.E.1.c. address the potential impact of the new product or service on competition in the relevant market, including but not limited to the degree in which the relevant market is already competitive in nature and the degree to which the new category of products or services is projected to affect that market.

VII.E.1.d. be served on the service list of Rulemaking 97-04-011/Investigation 97-04-012, as well as on any other party appropriately designated by the rules governing the Commission's advice letter process.

VII.E.2. For categories of nontariffed products or services targeted and offered to less than 1% of the number of customers in the utility's customer base, in the absence of a protest alleging non-compliance with these Rules or any law, regulation, decision, or Commission policy, or allegations of harm, the utility may commence offering the product or service 30 days after submission of the

advice letter. For categories of nontariffed products or services targeted and offered to 1% or more of the number of customers in the utility's customer base, the utility may commence offering the product or service after the Commission approves the advice letter through the normal advice letter process.

VII.E.3. A protest of an advice letter filed in accordance with this paragraph shall include:

VII.E.3.a. An explanation of the specific Rules, or any law, regulation, decision, or Commission policy the utility will allegedly violate by offering the proposed product or service, with reasonable factual detail; or

VII.E.3.b. An explanation of the specific harm the protestant will allegedly suffer.

VII.E.4. If such a protest is filed, the utility may file a motion to dismiss the protest within 5 working days if it believes the protestant has failed to provide the minimum grounds for protest required above. The protestant has 5 working days to respond to the motion.

VII.E.5. The intention of the Commission is to make its best reasonable efforts to rule on such a motion to dismiss promptly. Absent a ruling granting a motion to dismiss, the utility shall begin offering that category of products and services only after Commission approval through the normal advice letter process.

Procedures and Mechanisms for Ensuring Compliance

If SDG&E considers a new category of nontariffed product and services, it will file an advice letter with the provisions described in Rule VII.E.

VII.F. Existing Offerings

Unless and until further Commission order to the contrary as a result of the advice letter filing or otherwise, a utility that is offering tariffed or nontariffed products and services, as of the effective date of this decision, may continue to offer such products and services, provided that the utility complies with the cost allocation and reporting requirements in this rule. No later than January 30, 1998, each utility shall submit an advice letter describing the existing products and services (both tariffed and nontariffed) currently being offered by the utility and the number of the Commission decision or advice letter approving this offering, if any, and requesting authorization or continuing authorization for the utility's continued provision of this product or service in compliance with the criteria set forth in Rule VII. This requirement applies to both existing products and services explicitly approved and not explicitly approved by the Commission.

Procedures and Mechanisms for Ensuring Compliance

As required by Rule VII.F, SDG&E submitted Advice Letter No. 1077-E/1081-G describing the existing products and services as of January 30, 1998. This Advice Letter was approved by the CPUC on April 21, 2004.

VII.G. Section 851 Application

A utility must continue to comply fully with the provisions of Public Utilities Code Section 851 when necessary or useful utility property is sold, leased, assigned, mortgaged, disposed of, or otherwise encumbered as part of a nontariffed product or service offering by the utility. If an application pursuant to Section 851 is submitted, the utility need not file a separate advice letter, but shall include in the application those items which would otherwise appear in the advice letter as required in this Rule.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will continue to file Public Utilities Code Section 851 applications as required under that statute.

VII.H. Periodic Reporting of Nontariffed Products and Services

Any utility offering nontariffed products and services shall file periodic reports with the Commission's Energy Division twice annually for the first two years following the effective date of these Rules, then annually thereafter unless otherwise directed by the Commission. The utility shall serve periodic reports on the service list of this proceeding. The periodic reports shall contain the following information:

VII.H.1. A description of each existing or new category of nontariffed products and services and the authority under which it is offered;

VII.H.2. A description of the types and quantities of products and services contained within each category (so that, for example, "leases for agricultural nurseries at 15 sites" might be listed under the category "leases of land under utility transmission lines," although the utility would not be required to provide the details regarding each individual lease);

VII.H.3. The costs allocated to and revenues derived from each category; and

VII.H.4. Current information on the proportion of relevant utility assets used to offer each category of product and service.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will file its annual report no later than June of the year following the report year.

VII.I. Offering of Nontariffed Products and Services to Affiliates

Nontariffed products and services which are allowed by this Rule may be offered to utility affiliates only in compliance with all other provisions of these Affiliate Rules. Similarly, this Rule does not prohibit affiliate transactions which are otherwise allowed by all other provisions of these Affiliate Rules.

Procedures and Mechanisms for Ensuring Compliance

SDG&E makes nontariffed products and services available to affiliates on the same terms and conditions as offered to others.

VIII.

COMPLAINT PROCEDURES AND REMEDIES

VIII.A. The Commission Shall Strictly Enforce These Rules

Each act or failure to act by a utility in violation of these rules may be considered a separate occurrence.

VIII.B.1. Any person or corporation as defined in Sections 204, 205, and 206 of the California Public Utilities Code may complain to the Commission or to a utility in writing, setting forth any act or thing done or omitted to be done by any utility or affiliate in violation or claimed violation of any rule set forth in this document.

VIII.B.2. “Whistleblower complaints” will be accepted and the confidentiality of complainant will be maintained until conclusion of an investigation or indefinitely, if so requested by the whistleblower. When a whistleblower requests anonymity, the Commission will continue to pursue the complaint only where it has elected to convert it into a Commission-initiated investigation. Regardless of the complainant’s status, the defendant shall file a timely answer to the complaint.

VIII.C.1. All complaints shall be filed as formal complaints with the Commission and complainants shall provide a copy to the utility’s designated officer (as described below) on the same day that the complaint is filed.

Procedures and Mechanisms for Ensuring Compliance

No specific compliance action is required under Rules VIII.A through VIII.C.1.

VIII.C.2. Each utility shall designate an Affiliate Compliance Manager who is responsible for compliance with these affiliate rules and the utility's compliance plan adopted pursuant to these rules. Such officer shall also be responsible for receiving, investigating, and attempting to resolve complaints. The Affiliate Compliance Manager may, however, delegate responsibilities to other officers and employees.

VIII.C.2.a. The utility shall investigate and attempt to resolve the complaint. The resolution process shall include a meet-and-confer session with the complainant. A Commission staff member may, upon request by the utility or the complainant, participate in such meet-and-confer sessions and shall participate in the case of a whistleblower complaint.

A party filing a complaint may seek a temporary restraining order at the time the formal complaint is filed. The defendant utility and other interested parties may file responses to a request for a temporary restraining order within 10 days of the filing of the request. An assigned commissioner or administrative law judge may shorten the period for responses, where appropriate. An assigned commissioner or administrative law judge, or the Commission shall act on the request for a temporary restraining order within 30 days. The request may be granted when: (1) the moving party is reasonably likely to prevail on the merits, and (2) a temporary restraining order relief is necessary to avoid irreparable

injury, will not substantially harm other parties, and is consistent with the public interest.

A notice of temporary restraining order issued by an assigned commissioner or administrative law judge will only stay in effect until the end of the day of the next regularly-scheduled Commission meeting at which the Commission can issue a temporary restraining order or a preliminary injunction. If the Commission declines to issue a temporary restraining order or a preliminary injunction, the notice of temporary restraining order will be immediately lifted. Whether or not a temporary restraining order or a preliminary injunction is issued, the underlying complaint may still move forward.

VIII.C.2.b. The utility shall prepare and preserve a report on each complaint, all relevant dates, companies, customers and employees involved, and if applicable, the resolution reached, the date of the resolution and any actions taken to prevent further violations from occurring. The report shall be provided to the Commission and all parties within four weeks of the date the complaint was filed. In addition, to providing hard copies, the utility shall also provide electronic copies to the Commission and to any party providing an e-mail address.

VIII.C.2.c. Each utility shall file annually with the Commission a report detailing the nature and status of all complaints.

VIII.C.2.d. The Commission may, notwithstanding any resolution reached by the utility and the complainant, convert a complaint to an investigation and determine whether the utility violated these rules, and impose any appropriate penalties under Section VIII.D or any other

remedies provided by the Commission's rules or the Public Utilities Code.

VIII.C.3. The utility will inform the Commission's Energy Division and Consumer Services Division of the results of this dispute resolution process. If the dispute is resolved, the utility shall inform the Commission staff of the actions taken to resolve the complaint and the date the complaint was resolved.

VIII.C.4. If the utility and the complainant cannot reach a resolution of the complaint, the utility will so inform the Commission's Energy Division. It will also file an answer to the complaint within 30 days of the issuance by the Commission's Docket Office of instructions to answer the original complaint. Within 10 business days of notice of failure to resolve the complaint, Energy Division staff will meet and confer with the utility and the complainant and propose actions to resolve the complaint. Under the circumstances where the complainant and the utility cannot resolve the complaint, the Commission shall strive to resolve the complaint within 180 days of the date the instructions to answer are served on the utility.

Procedures and Mechanisms for Ensuring Compliance

ACD is responsible for monitoring compliance with the Rules and SDG&E's Compliance Plan. The Affiliate Compliance Officer (SDG&E VP – CFO & Controller) is responsible for compliance with the Rules and SDG&E's Compliance Plan. The Affiliate Compliance Officer delegates to the Affiliate Compliance Manager responsibility for receiving, investigating, and attempting to resolve complaints. SDG&E will follow the procedures delineated in Rule VIII.C.2 through VIII.C.4 when a complaint is received and processed for resolution.

VIII.C.5. The Commission shall maintain on its Web site a public log of all new, pending and resolved complaints. The Commission shall update the log at least once every week. The log shall specify, at a minimum, the date the

complaint was received, the specific allegations contained in the complaint, the date the complaint was resolved and the manner in which it was resolved, and a description of any similar complaints, including the resolution of such similar complaints.

Procedures and Mechanisms for Ensuring Compliance

No additional compliance action is required.

VIII.C.6.a. Prior to filing a formal complaint, a potential complainant may contact the responsible utility officer and/or the Energy Division to inform them of the possible violation of the affiliate rules. If the potential complainant seeks an informal meeting with the utility to discuss the complaint, the utility shall make reasonable efforts to arrange such a meeting. Upon mutual agreement, Energy Division staff and interested parties may attend any such meeting.

VIII.C.6.b. If a potential complainant makes an informal contact with a utility regarding an alleged violation of the affiliate transaction rules, the utility officer in charge of affiliate compliance shall respond in writing to the potential complainant within 15 business days. The response would state whether or not the issues raised by the potential complainant require further investigation. (The potential complainant does not have to rely on the responses in deciding whether to file a formal complaint.)

Procedures and Mechanisms for Ensuring Compliance

If a potential complainant seeks an informal meeting to discuss the complaint, SDG&E will make reasonable efforts to arrange such meeting. If informal contact with SDG&E is made by a potential complainant, SDG&E will respond in writing within 15 calendar days.

VIII.D.1. When enforcing these rules or any order of the Commission regarding these rules, the Commission may do any or all of the following:

VIII.D.1.a. Order a utility to stop doing something that violates these rules;

VIII.D.1.b. Prospectively limit or restrict the amount, percentage, or value of transactions entered into between the utility and its affiliate(s);

VIII.D.1.c. Assess fines or other penalties;

VIII.D.1.d. Prohibit the utility from allowing its affiliate(s) to utilize the name and logo of the utility, either on a temporary or a permanent basis;

VIII.D.1.e. Apply any other remedy available to the Commission.

VIII.D.2. Any public utility which violates a provision of these rules is subject to a fine of not less than five hundred dollars (\$500), nor more than \$20,000 for each offense. The remainder of this subsection distills the principles that the Commission has historically relied upon in assessing fines and restates them in a manner that will form the analytical foundation for future decisions in which fines are assessed. Before discussing those principles, reparations are distinguished.

VIII.D.2.a. *Reparations are not fines and conceptually should not be included in setting the amount of a fine. Reparations are refunds of excessive or discriminatory amounts collected by a public utility. PU Code §734. The purpose is to return funds to the victim which were unlawfully collected by the public utility. Accordingly, the statute requires that all reparation amounts are paid to the victims. Unclaimed reparations generally escheat to the state, Code of Civil Procedure §1519.5, unless equitable or other authority directs otherwise, e.g., Public Utilities Code §394.9.*

VIII.D.2.b. *The purpose of a fine is to go beyond restitution to the victim and to effectively deter further violations by this perpetrator or others. For this reason, fines are paid to the State of California, rather than to victims.*

Effective deterrence creates an incentive for public utilities to avoid violations. Deterrence is particularly important against violations which could result in public harm, and particularly against those where severe consequences could result. To capture these ideas, the two general factors used by the Commission in setting fines are: (1) severity of the offense and (2) conduct of the utility. These help guide the Commission in setting fines which are proportionate to the violation.

VIII.D.2.b.i. *The severity of the offense includes several considerations. Economic harm reflects the amount of expense which was imposed upon the victims, as well as any unlawful benefits gained by the public utility. Generally, the greater of these two amounts will be used in establishing the fine. In comparison, violations which*

caused actual physical harm to people or property are generally considered the most severe, with violations that threatened such harm closely following.

The fact that the economic harm may be difficult to quantify does not itself diminish the severity or the need for sanctions. For example, the Commission has recognized that deprivation of choice of service providers, while not necessarily imposing quantifiable economic harm, diminishes the competitive marketplace such that some form of sanction is warranted.

Many potential penalty cases before the Commission do not involve any harm to consumers but are instead violations of reporting or compliance requirements. In these cases, the harm may not be to consumers but rather to the integrity of the regulatory processes. For example, compliance with Commission directives is required of all California Public Utilities:

“Every public utility shall obey and comply with every order, decision, direction, or rule made or prescribed by the Commission in the matters specified in this part, or any other matter in any way relating to or affecting its business as a public utility, and shall do everything necessary or proper to secure compliance therewith by all of its officers, agents, and employees.” Public Utilities Code §702.

Such compliance is absolutely necessary to the proper functioning of the regulatory process. For this reason,

disregarding a statutory or Commission directive, regardless of the effects on the public, will be accorded a high level of severity.

The number of the violations is a factor in determining the severity. A series of temporally distinct violations can suggest an on-going compliance deficiency which the public utility should have addressed after the first instance. Similarly, a widespread violation which affects a large number of consumers is a more severe offense than one which is limited in scope. For a “continuing offense,” PU Code §2108 counts each day as a separate offense.

Procedures and Mechanisms for Ensuring Compliance

No specific compliance action is required for Rules VIII.D.1 through VIII.D.2.b.i.

VIII.D.2.b.ii. This factor recognizes the important role of the public utility’s conduct in (1) preventing the violation, (2) detecting the violation, and (3) disclosing and rectifying the violation. The public utility is responsible for the acts of all its officers, agents, and employees:

“In construing and enforcing the provisions of this part relating to penalties, the act, omission, or failure of any officer, agent or employee of any public utility, acting within the scope of his [or her] official duties or employment, shall in every case be the act, omission, or failure of such public utility.” Public Utilities Code §2109.

VIII.D.2.b.ii.(1) Prior to a violation occurring, prudent practice requires that all public utilities take reasonable steps to ensure compliance with Commission directives. This includes becoming familiar with applicable laws and regulations, and most critically, the utility regularly reviewing its own operations to ensure full compliance. In evaluating the utility's advance efforts to ensure compliance, the Commission will consider the utility's past record of compliance with Commission directives.

VIII.D.2.b.ii.(2) The Commission expects public utilities to monitor diligently their activities. Where utilities have for whatever reason failed to meet this standard, the Commission will continue to hold the utility responsible for its actions. Deliberate as opposed to inadvertent wrong-doing will be considered an aggravating factor. The Commission will also look at the management's conduct during the period in which the violation occurred to ascertain particularly the level and extent of involvement in or tolerance of the offense by management personnel. The Commission will closely scrutinize any attempts by management to attribute wrong-doing to rogue employees. Managers will be considered, absent clear evidence to the contrary, to have condoned day-to-day actions by employees and agents under their supervision.

VIII.D.2.b.ii.(3) When a public utility is aware that a violation has occurred, the Commission expects the public utility to promptly bring it to the attention of the Commission. The precise timetable that constitutes "prompt" will

vary based on the nature of the violation. Violations which physically endanger the public must be immediately corrected and thereafter reported to the Commission staff. Reporting violations should be remedied at the earliest administratively feasible time.

Prompt reporting of violations furthers the public interest by allowing for expeditious correction. For this reason, steps taken by a public utility to promptly and cooperatively report and correct violations may be considered in assessing any penalty.

Procedures and Mechanisms for Ensuring Compliance

SDG&E utilizes web-based training, the Affiliate Compliance Guidelines (ACG), SDG&E's Compliance Plan, and Sempra Energy's Code of Business Conduct, which are all available to employees on SDG&E's intranet, to ensure that employees are knowledgeable of the Rules.

Training directs employees to contact ACD, the Affiliate Compliance Helpline or the Ethics Helpline, or their Affiliate Compliance Coordinator to report any potential violation of the Rules. They also allow the employee to report potential weaknesses in internal controls. The Ethics Helpline allows for the reporting of an issue with or without identifying the source. Affiliate transactions issues reported to the Ethics Helpline are forwarded to the Affiliate Compliance Manager. It is the Company's obligation to ensure that any such concerns, raised in good faith, can be done so without retaliation and are appropriately investigated and resolved.

Upon notification of an alleged violation, the Affiliate Compliance Manager, or any employee designated by the Affiliate Compliance Manager, will immediately begin an investigation into the alleged violation and notify the Affiliate Compliance Officer and the Law Department of the investigation. The Affiliate Compliance Officer will be kept apprised of the investigation until a resolution is reached. The investigation shall consist of gathering all relevant facts and data concerning the event(s) in question and reviewing those facts and data to determine whether, and

to what extent, a violation has occurred. Corrective action will be taken and steps to prevent further violations will be implemented.

ACD will maintain records of facts gathered in conjunction with the investigation. SDG&E will evaluate the nature of the violation and will notify the CPUC either through written communication or by notifying the external auditors during the course of the audit, depending on the timing and severity of the offense as outlined in the Rules.

VIII.D.2.b.iii. Effective deterrence also requires that the Commission recognize the financial resources of the public utility in setting a fine which balances the need for deterrence with the constitutional limitations on excessive fines. Some California utilities are among the largest corporations in the United States and others are extremely modes, one-person operations. What is accounting rounding error to one company is annual revenue to another. The Commission intends to adjust fine levels to achieve the objective of deterrence, without becoming excessive, based on each utility's financial resources.

VIII.D.2.b.iv. Setting a fine at a level which effectively deters further unlawful conduct by the subject utility and others requires that the Commission specifically tailor the package of sanctions, including any fine, to the unique facts of the case. The Commission will review facts which tend to mitigate the degree of wrongdoing as well as any facts which exacerbate the wrongdoing. In all cases, the harm will be evaluated from the perspective of the public interest.

VIII.D.2.b.v. The Commission adjudicates a wide range of cases which involve sanctions, many of which are cases of first impression. As such, the outcomes of cases are not usually directly comparable. In future decisions which impose sanctions the parties and, in turn, the Commission will be expected to explicitly address those previously issued decisions which involve the most reasonably comparable factual circumstances and explain any substantial differences in outcome.

Procedures and Mechanisms for Ensuring Compliance

No specific compliance action is required for Rules VIII.D.2.b.iii through VIII.D.2.b.v.

IX.

PROTECTING THE UTILITY'S FINANCIAL HEALTH

IX.A. Information from Utility on Necessary Capital.

Each utility shall provide to the Commission on the last business day of November of each year a report with the following information:

- 1. the utility's estimate of investment capital needed to build or acquire long-term assets (i.e. greater than one year), such as operating assets and utility infrastructure, over each of the next five years;*
- 2. the utility's estimate of capital needed to meet resource procurement goals over each of the next five years;*
- 3. the utility's policies concerning dividends, stock repurchase and retention of capital for each year;*
- 4. the names of individuals involved in deciding corporate policies for the utility's dividends, stock repurchase and retention of capital;*

5. *the process by which corporate policies concerning dividends, stock repurchase and retention of capital are implemented; and*
6. *how the utility expects or intends to meet its investment capital needs.*

Procedures and Mechanisms for Ensuring Compliance

SDG&E initiates a long term planning process in the third quarter of each calendar year. The planning process yields projections of investment capital requirements to meet long term infrastructure and procurement needs, the methods and policies used to meet these needs, and the approximate implementation period for such policies. SDG&E will file a report with the information required by 1-6 above on an annual basis no later than the last business day of November.

IX.B. Restrictions on Deviations from Authorized Capital Structure.

A utility shall maintain a balanced capital structure consistent with that determined to be reasonable by the Commission in its most recent decision on the utility's capital structure. The utility's equity shall be retained such that the Commission's adopted capital structure shall be maintained on average over the period the capital structure is in effect for rulemaking purposes. Provided, however, that a utility shall file an application for a waiver, on a case by case basis and in a timely manner, of this Rule if an adverse financial event at the utility reduces the utility's equity ratio by 1% or more. In order to assure that regulatory staff has adequate time to review and assess the application and to permit the consideration of all relevant facts, the utility shall not be considered in violation of this Rule during the period the waiver is pending resolution. Nothing in this provision creates a presumption of either reasonableness or unreasonableness of the utility's actions which may have caused the adverse financial event.

Procedures and Mechanisms for Ensuring Compliance

SDG&E will maintain a balanced capital structure in accordance with the provisions set forth in this Rule.

IX.C. Ring-Fencing.

Within three months of the effective date of the decision adopting this amendment to the Rules, a utility shall obtain a non-consolidation opinion that demonstrates that the ring-fencing around the utility is sufficient to prevent the utility from being pulled into bankruptcy of its parent holding company. The utility shall promptly provide the opinion to the Commission. If the current ring-fencing provisions are insufficient to obtain a non-consolidation opinion, the utility shall promptly undertake the following actions:

- 1. notify the Commission of the inability to obtain a non-consolidation opinion;*
- 2. propose and implement, upon Commission approval, such ring-fencing provisions that are sufficient to prevent the utility from being pulled into bankruptcy of its parent holding company; and then*
- 3. obtain a non-consolidation opinion.*

Procedures and Mechanisms for Ensuring Compliance

On March 14, 2007, Sempra Energy filed with the Commission a non-consolidation opinion, on behalf of SDG&E, demonstrating that the ring-fencing around the utility is sufficient to prevent the utility from being pulled into bankruptcy of its parent holding company. No additional compliance action is required.

IX.D. Changes to Ring-Fencing Provisions.

A utility shall notify the Commission of any changes made to its ring-fencing provisions within 30 days.

Procedures and Mechanisms for Ensuring Compliance

If material changes are made to SDG&E's ring-fencing provisions, SDG&E will notify the Commission within 30 calendar days in accordance with this Rule.


Appendix 1

Officer Verifications

OFFICER VERIFICATION

In order to comply with the requirements set forth in D.97-12-088, as modified by D.06-12-029, I make the following verifications:

1. Pursuant to Rule 1.A., I verify that the procedures and mechanisms described in SDG&E's revised Affiliate Compliance Plan are adequate to ensure that the holding company or any of its affiliates not covered by these Rules do not serve as a conduit to circumvent any of these Rules.
2. Pursuant to Rule V.E., I verify that the procedures and mechanisms described in SDG&E's revised Affiliate Compliance Plan, specifically the procedures and mechanisms for Rule V.E. and the measures set forth by the Anti-Conduit provisions are adequate to ensure that SDG&E follows the mandate of Rule V.E. and to ensure that SDG&E is not utilizing joint corporate support services as a conduit to circumvent these Rules.
3. Pursuant to Rule V.G.1., I verify that the procedures and mechanisms described in SDG&E's revised Affiliate Compliance Plan, specifically the procedures and mechanisms for Rules V.E. and V.G. and the measures set forth by the Anti-Conduit provisions are adequate to ensure that SDG&E is not utilizing shared officers and directors as a conduit to circumvent any of these Rules.



Neal E. Schmale
President & Chief Operating Officer
Sempra Energy

OFFICER VERIFICATION

In order to comply with the requirements set forth in D.97-12-088, as modified by D.06-12-029, I make the following verifications:

1. Pursuant to Rule 1.A., I verify that the procedures and mechanisms described in SDG&E's revised Affiliate Compliance Plan are adequate to ensure that the utility is not utilizing the holding company or any of its affiliates not covered by these Rules as a conduit to circumvent any of these Rules.
2. Pursuant to Rule V.E., I verify that the procedures and mechanisms described in SDG&E's revised Affiliate Compliance Plan, specifically the procedures and mechanisms for Rule V.E. and the measures set forth by the Anti-Conduit provisions, are adequate to ensure that SDG&E follows the mandate of Rule V.E. and to ensure that SDG&E is not utilizing joint corporate support services as a conduit to circumvent these Rules.
3. Pursuant to Rule V.G.1., I verify that the procedures and mechanisms described in SDG&E's revised Affiliate Compliance Plan, specifically the procedures and mechanisms for Rules V.E. and V.G. and the measures set forth by the Anti-Conduit provisions are adequate to ensure that SDG&E is not utilizing shared officers and directors as a conduit to circumvent any of these Rules.



Robert M. Schfax
Vice President – Chief Financial Officer & Controller
San Diego Gas & Electric

Appendix 2

Corporate Oversight & Governance Committees

Sempra Energy Corporate Oversight & Governance Committees

Sempra Energy's Management participates in various recurring Corporate Oversight & Governance Committees to ensure sufficient oversight of the entire enterprise, while preserving business unit autonomy and accountability. These committee meetings are all conducted consistent with applicable state and federal affiliate transaction rules and other relevant guidelines.

COMMITTEE	MEMBERS	PURPOSE	FREQUENCY
Corporate Compliance Committee	<ul style="list-style-type: none"> • Chief Compliance Officer (Sempra Energy) • Executive VP (Sempra Energy) • Chief Ethics Officer (Sempra Energy) • VP Audit Services (Sempra Energy) • Chief Environmental Officer/General Counsel (Sempra Energy) • CEO (SDG&E) • President & CEO (SoCalGas) • President & CEO (Sempra Generation) • President & CEO (Sempra LNG) • President & CEO (Sempra Pipelines & Storage) <p>(Chair: Chief Compliance Officer – Sempra Energy)</p>	Ensures corporate compliance with legal and regulatory requirements and oversees corporate compliance and ethics programs.	Semi Annually
Pension and Benefits Committee	<ul style="list-style-type: none"> • Executive VP & CFO (Sempra Energy) • SVP - HR Diversity & Inclusion (Sempra Energy) • Senior VP & Treasurer (Sempra Energy) • SVP - Controller & Chief Accounting Officer (Sempra Energy) • President & CEO (SoCalGas) <p>(Chair: Executive VP & CFO (Sempra Energy))</p>	Exercises named fiduciary and settlor authority and responsibility over retirement, pension and welfare plans of Sempra Energy and its subsidiaries. Exercises settlor duties only over savings plans of Sempra Energy and its subsidiaries and Sempra Energy's ESOP.	Quarterly

Sempra Energy Corporate Oversight & Governance Committees

<p>Benefits Committee (subcommittee of the Pension and Benefits Committee)</p>	<ul style="list-style-type: none"> • SVP – HR, Diversity and Inclusion (Sempra Energy) • VP – HR Diversity and Inclusion (SDG&E) • VP – HR Diversity and Inclusion (SoCalGas) • Director - Human Resources of Sempra LNG • Director - Corporate Human Resources and Business Conduct <p>(Chair: SVP – HR Diversity and Inclusion (Sempra Energy))</p>	<p>Exercises primary fiduciary and administrative responsibility over claims brought under the retirement, pension and health and welfare plans of Sempra Energy and its subsidiaries.</p>	
<p>Plan Funding Committee</p>	<ul style="list-style-type: none"> • Executive VP & CFO (Sempra Energy) • SVP - HR Diversity & Inclusion (Sempra Energy) • Senior VP & Treasurer (Sempra Energy) • SVP - Controller & Chief Accounting Officer (Sempra Energy) • President & CEO (SoCalGas) <p>(Chair: Executive VP & CFO (Sempra Energy))</p>	<p>Establishes a funding policy and method for pension plans, savings plans and retiree health plans of Sempra Energy and its subsidiaries; approves the amount and timing of contributions to defined benefit plans and defined contribution plans.</p>	

Sempra Energy Corporate Oversight & Governance Committees

<p>Disclosure Committee</p>	<ul style="list-style-type: none"> • SVP - Controller & Chief Accounting Officer (Sempra Energy) • Chairman & CEO (Sempra Energy) • President & COO (Sempra Energy) • Executive VP (Sempra Energy) • Executive VP & General Counsel (Sempra Energy) • Executive VP & CFO (Sempra Energy) • VP - Audit Services (Sempra Energy) • VP - Investor Relations (Sempra Energy) • Chief Corporate Counsel (Sempra Energy) • Director - Financial Reporting (Sempra Energy) • Director - Accounting Research & Policies (Sempra Energy) • SVP - Regulatory & Finance (SDG&E/SoCalGas) • VP - CFO & Controller (SDG&E) • VP - CFO & Controller (SoCalGas) • CEO (SDG&E) • President & CEO (SoCalGas) • President & CEO (Sempra Generation) • President & CEO (Sempra LNG) • President & CEO (Sempra Pipelines & Storage) • VP & Business Unit Controller (Sempra Generation) • VP & Business Unit Controller (Sempra Pipelines & Storage) • Business Unit Controller (Sempra LNG) <p>(Chair: SVP - Controller & Chief Accounting Officer - Sempra Energy)</p>	<p>Reviews and approves all filings of Sempra Energy and its subsidiaries with the Securities & Exchange Commission and other federal or state agencies requiring officer certifications. The purpose of the review is to insure that all appropriate and necessary disclosures are made about the company's operations and financial condition.</p>	<p>Quarterly</p>
<p>*Savings Plan Fiduciary Committee</p>	<ul style="list-style-type: none"> • Lee M. Stewart (SoCalGas) • J. B. Lane (SoCalGas) • Vicki L. Zeiger (SDG&E) • William B. Keller (Sempra LNG) • Dale Kelly-Cochrane (Sempra LNG) <p>(Chair: Lee M. Stewart - SoCalGas)</p>	<p>Exercises authority and fiduciary responsibility over investments for all qualified savings plans maintained by Sempra Energy and its subsidiaries and Sempra Energy's Employee Stock Ownership Plan.</p>	<p>Quarterly</p>

* Committee members appointed by name.

Sempra Energy Corporate Oversight & Governance Committees

<p>Human Resources Advisory Group</p>	<ul style="list-style-type: none"> • SVP - Human Resources Diversity & Inclusion (Sempra Energy) • Chief Employment Counsel (Sempra Energy) • Director - Compensation & Benefits (Sempra Energy) • Director - Corporate HR & Business Conduct (Sempra Energy) • Director - MyInfo Services (Sempra Energy) • Regional Manager - Employee Programs (Sempra Energy) • VP - HR Diversity & Inclusion (SDG&E) • Director - Communications (SDG&E) • Director - Organization Effectiveness (SDG&E) • Director - Labor Relations (SDG&E) • Director - Services & Analysis (SDG&E/SoCalGas) • Manager - Staffing – Human Resources (SDG&E) • VP - Diversity & Inclusion (SoCalGas) • Director - Labor Relations (SoCalGas) • Director - Diversity (SoCalGas) • HR - Business Partner (SoCalGas) • HR - Research & Analysis Manager (SDG&E) • Manager - Organization Development (SoCalGas) • Manager, Communications (SoCalGas) • Director - Human Resources (Sempra Generation) • Director - Human Resources (Sempra LNG) • Manager - HR & Staffing (Sempra Pipelines & Storage) <p>(Chair: SVP - Human Resources Diversity & Inclusion – Sempra Energy)</p>	<p>Meets to discuss compliance with labor/equal employment opportunity laws and regulations and to review Human Resource policies, shared payroll, benefit processes and employee development programs.</p>	<p>Monthly</p>
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Sempra Energy Corporate Oversight & Governance Committees

<p>Sempra Energy SOX Steering Committee</p>	<ul style="list-style-type: none"> • SVP - Controller & Chief Accounting Officer (Sempra Energy) • Executive VP & CFO (Sempra Energy) • VP - Audit Services (Sempra Energy) • Director - Financial Reporting (Sempra Energy) • Sarbanes-Oxley Compliance Manager (Sempra Energy) • Assistant Controller (Sempra Energy) • VP - CFO & Controller (SDG&E) • VP - CFO & Controller (SoCalGas) • Director - Financial Systems & Business Controls (SDG&E/SoCalGas) • VP - Information Technology (SDG&E/SoCalGas) • VP & Business Unit Controller (Sempra Generation) • VP & Business Unit Controller (Sempra Pipelines & Storage) • Business Unit Controller (Sempra LNG) <p>(Chair: SVP - Controller & Chief Accounting Officer - Sempra Energy)</p>	<p>Oversees and monitors the annual SOX compliance efforts of Sempra Energy.</p>	<p>Quarterly</p>
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Appendix 3

Listing of Covered and Non-Covered Affiliates

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
1369202 Alberta ULC	Holding Company	Non-Covered
Atascocita Power, L.L.C.	Inactive. Holding Company.	Non-Covered
Auwahi Wind	Develop a wind power project in Hawaii.	Covered
Bay Gas Storage Company, Ltd.	Operation of facilities for storage and transmission of natural gas	Covered
BBPC, LLC	To purchase and resell natural gas and electricity	Covered
Big Sandy SynFuel, L.L.C.	General partner (1%) of Somerset SynFuel.	Non-Covered
Blue Grass SynFuel, L.L.C.	Owns coal synthetic fuel processing plant.	Non-Covered
Califia Company	Inactive- Company provided computer leasing services.	Non-Covered
Cameron Interstate Pipeline, LLC	Construct, maintain and operate a natural gas pipeline in Louisiana. Previously Cameron Pipeline, LLC	Covered
Cameron LNG, LLC	To engage in the operation of a liquefied natural gas storage facility located in Hackberry, LA.	Covered
CamPipe Corp.	Holding Company	Non-Covered
Camuzzi Gas del Sur S.A.	Natural gas distribution utility company.	Covered
Camuzzi Gas Pampeana S.A.	Natural gas distribution utility company.	Covered
Canadian Choice Energy Corp.	Inactive - Selling natural gas to residential and small commercial customers in the Province of Ontario.	Covered
Caney Creek Energy, L.L.C.	Inactive - Holding Company	Non-Covered
Catoctin Power, LLC.	Develop a gas-fired combined cycle project near Fredrick, MD. The facility has not been constructed.	Covered
Cedar Bayou Energy, L.L.C.	Inactive. Holding company.	Non-Covered
Chilquinta Energia Finance Co. LLC	Inactive - Bond financing Holding company.	Non-Covered
Chilquinta Energia, S.A.	Transmission and distribution of electricity to industrial, commercial and residential customers in Chile.	Covered
City Shipping Services Ltd.	Previously known as TTMI Limited. Shipper of oil, coal and gas on and through third party pipelines and facilities in Europe.	Covered
Clean Energy Systems, Inc.	Develops high-efficiency, zero emission power plants that operate on both fossil and renewable fuels in California. The research focuses on oxy-combustion, high temperature steam turbines and CO2 sequestration.	Covered
Compañía Electrica Del Litoral S.A.	Distribution of electricity to industrial, commercial and residential customers in Chile.	Covered
Copper Mountain Power, LLC	Develop a gas-fired combined cycle project in Boulder City, NV. The facility was not constructed and the project was cancelled.	Covered
Copper Mountain Solar I LLC	Develop, own, and operate a solar power project in Boulder City, NV. The project was instead developed under the entity El Dorado Energy, LLC.	Covered
CS Sur S.A.	Inactive - Trading of liquid gas in bottles and/or tubes or in bulk either directly or indirectly or associated with third parties	Covered

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
	within Argentina; rendering of administrative, commercial and technical services.	
Cumberland SynFuel, L.L.C.	Limited partner in coal synthetic fuel processing plant (80.25% interest).	Non-Covered
Distribuidora Gesell Gas S.A.	Gas distribution utility company.	Covered
Ecogas Mexico S. de R.L. de C.V.	Natural gas distribution company operating in Mexico.	Covered
El Dorado Energy, LLC	Development, ownership and operation of power plant in Nevada	Covered - Energy Marketing Affiliate
El Paso Compression Services de Mexico, S. de R.L. de C.V.	TBD	Non-Covered
El Paso Energía Servicios, S. de R.L. de C.V.	TBD	Non-Covered
El Paso Gas Transmission de Mexico, S. de R.L. de C.V.	TBD	Non-Covered
El Paso Mexico Management, S. de R.L. de C.V.	TBD	Non-Covered
Elk Hills Power, LLC	Owns and operates a power plant near Bakersfield, California.	Covered - Energy Marketing Affiliate
Empresa de Distribucion Electrica de Canete S.A.	Distribution of electricity to industrial, commercial and residential customers in Peru.	Covered
Energia Costa Azul, S. de R.L. de C.V.	Operates a liquefied natural gas storage facility in Baja California, Mexico.	Covered
Energia de Casablanca S.A.	Distribution of electricity to industrial, commercial and residential customers in Chile.	Covered
Energia Sierra Juarez Holding, S. de R.L. de C.V.	Holding Company.	Non-Covered
Energia Sierra Juarez II U.S., LLC	Develop a wind power project.	Covered
Energia Sierra Juarez II, S. de R.L. de C.V.	Develop a wind power project.	Covered
Energia Sierra Juarez III U.S., LLC	Develop a wind power project.	Covered
Energia Sierra Juarez III, S. de R.L. de C.V.	Develop a wind power project.	Covered
Energia Sierra Juarez IV U.S., LLC	Develop a wind power project.	Covered
Energia Sierra Juarez IV, S. de R.L. de C.V.	Develop a wind power project.	Covered
Energia Sierra Juarez U.S. Holdings, LLC	Holding Company	Non-Covered
Energia Sierra Juarez U.S.	Develop, own, and operate transmission lines extending from	Covered

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
Transmission, LLC	the US-Mexico border to grid interconnection facilities in the US.	
Energia Sierra Juarez U.S., LLC	Owns power lines that connect from the U.S. border to a U.S. substation.	Covered
Energia Sierra Juarez, S. de R.L. de C.V.	Wind power project development.	Covered
Energy Business International S.R.L.	Holding Company.	Non-Covered
EnergySouth, Inc.	Holding Company	Non-Covered
Enova Corporation	Holding company.	Non-Covered
Enova International	Holding company.	Non-Covered
EPGM Gasoductos, S. de R.L. de C.V.		Non-Covered
Fowler II Holdings LLC	Holding Company	Non-Covered
Fowler Ridge II Wind Farm LLC	Joint Venture Wind Farm in Indiana	Covered
Fowler Ridge II Wind, LLC	Holding Company for wind power project development in Indiana	Non-Covered
Gasoducto Bajanorte, S. de R.L. de C.V.	Construction, maintenance and operation of natural gas pipeline in northern Mexico.	Covered
Gasoducto Rosarito, S.de R.L. de C.V.	Gas trading and transportation entity. Currently provides natural gas to several Mexican power plants.	Covered - Energy Marketing Affiliate
Gasoductos de Chihuahua, S. de R.L. de C.V.	TBD	Non-Covered
Gasoductos de la Sierra, S. de R.L. de C.V.	TBD	Non-Covered
Gasoductos de Tamaulipas, S. de R.L. de C.V.	TBD	Non-Covered
Gasoductos Servicios, S. de R.L. de C.V.	TBD	Non-Covered
Gateway Energy Services Corporation	An energy service company that markets and sells gas and electricity to mostly residential customers located primarily in North East	Covered
Generadora Electrica Sauce Los Andes S.A.	Production, acquisition, transportation and distribution of electricity and building and acquiring power stations and substations in Chile	Covered
Granite Fox Power, LLC	Inactive. Develop, own and operate a power generation facility in Nevada	Covered
Granite Mountain Development, LLC	Develop a wind power project.	Covered
Grupo El Paso, S. de R.L. de C.V.	TBD	Non-Covered
H2Gen Innovations, Inc.	Inactive. Assets sold 11/20/2009 but we still own a percentage of the company. Formerly manufactured on-site hydrogen systems.	Covered

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
Henry Bath & Son Limited	Engaged in the metals and soft commodities warehouse business in the United Kingdom.	Non-Covered
Henry Bath Ardiye Hizmetleri Limited Sirketi	Commodities warehousing operations in Turkey.	Non-Covered
Henry Bath BV	Engaged in the metals, soft commodities, plastics and warehousing business in the Netherlands and Belgium.	Non-Covered
Henry Bath Italia Srl	Engaged in the metals and soft commodities warehousing business in Italy.	Non-Covered
Henry Bath LLC	A company to engage in the metal and general goods warehousing business in the United States.	Non-Covered
Henry Bath Singapore, Pte Ltd.	Engaged in the metals, soft commodities, plastics and warehousing business in Singapore.	Non-Covered
Hillgrove Resources Limited	Copper/gold/garnet exploration at Kanmantoo mine and Gawler Craton in South Australia and coal seam gas exploration in the Gunnedah Basin in NSW.	Covered
I.V. Invergas S.A.	Holding Company.	Non-Covered
Inmobiliaria de Litoral S.A.	Rental service and real estate investments in Chile	Non-Covered
Inmobiliaria Luz Del Sur S.A.	Sale, purchase and lease real properties in Peru	Non-Covered
Inversiones en Servicios Eléctricos S.R.L.	Holding company.	Non-Covered
Inversiones Sempra Chile Holdco Limitada	Holding company.	Non-Covered
Jacume Wind S. de R.L. de C.V.	Develop a pilot wind project in Baja, California. The facility was not constructed and the project was cancelled.	Covered
Kentucky Energy, L.L.C.	Operator of coal synthetic fuel plants owned by Blue Grass and Somerset SynFuel.	Non-Covered
Lake Creek Power, L.L.C.	Holding company.	Non-Covered
Liberty Gas Storage LLC	Engages in developing an underground natural gas storage facility.	Covered
Liberty Pilot, LLC	Financing special purpose entity	Non-Covered
Linaga, B.V. (Cayman)	Dormant- holding company. (Joint Venture)	Non-Covered
Luz del Sur S.A.A.	Inactive - Aruba investment company related to electricity business. Owned 100% by Luz del Sur S.A.A.	Covered
Luzlinares S.A.	Distribution of electricity to industrial, commercial and residential customers in Chile.	Covered
Luzparral S.A.	Distribution of electricity to industrial, commercial and residential customers in Chile.	Covered
Mesquite Power, LLC	Own and operate a power plant in Arizona.	Covered - Energy Marketing Affiliate

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
Mesquite Solar Interconnection, LLC.	Develop a solar power project.	Covered
MGS Marketing Services, Inc.	Inactive. Natural gas marketing services	Non-Covered
Mississippi Hub Acquisition Company, LLC	Acquisition and development of gas storage facility and related pipelines	Covered
Mississippi Hub, LLC	7 (c) storage facility and related pipelines	Covered
Mobile Gas Service Corporation	Acquisition, accumulation, storage and distribution of natural gas and/or artificial gas and/or by products thereof	Covered
MS Hub Bond Company, LLC	Financing special purpose entity	Non-Covered
NanoProducts Corporation	Inactive (all assets sold Jan. 2008 but we still own percentage of company) - formerly did research and development of advanced hydrogen reformation systems as well as the engineering, manufacturing and distribution of nano-scale powders for catalysts and other applications.	Non-Covered
Navajo Renewable Holdings, LLC	Holding Company	Non-Covered
Navajo Solar I, LLC	Develop a solar power project.	Covered
Navajo Wind I, LLC	Develop a wind power project.	Covered
Negev Solar Ltd.	Develop, own, and operate solar power projects in Israel.	Covered
Northeast Express Pipeline, LLC	The Company has been dormant since formed. It will be used going forward in connection with the development, ownership and operation of a proposed natural gas pipeline in the northeastern United States.	Covered
Ontario-Quinta S.R.L.	Holding company for Luz del Sur S.A.A.	Non-Covered
P&S Project I, LLC	Holding Company and member in a joint venture company relating to expansion of the Rockies Express Pipeline.	Non-Covered
P&S Project II, LLC	Inactive-pipeline project development	Non-Covered
Pacific Diversified Capital Company	Inactive. Real estate financing and investment.	Non-Covered
Pacific Enterprises	Holding company.	Non-Covered
Pacific Enterprises Energy Management Services	Holding company.	Non-Covered
Pacific Enterprises International	Holding Company.	Non-Covered
Pacific Enterprises Leasing Company	Leasing of commercial and industrial equipment. Owns one airplane leased to United Airlines.	Non-Covered
Pacific Enterprises Oil Company (USA)	Inactive. Exploration and production of oil and gas.	Non-Covered
Pacific Enterprises Oil Company (Western)	Owns shallow oil rights under Aliso Canyon Gas Storage field	Non-Covered
Pacific Enterprises Oil Company LLC	Holding company	Non-Covered
Pacific Interstate Company	Dormant. Holding Company	Non-Covered
Pacific Lighting Corporation	Inactive.	Non-Covered
Pacific Lighting Gas Development Company	Inactive. Oil & Gas working interest in Point Thompson, Alaska which is managed by Exxon.	Covered

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
Palomar Energy, LLC	Inactive. Developed a power plant in California.	Covered
Pay'N Save Drug Stores, Incorporated	Inactive.	Non-Covered
PE International Canada, S. de R.L. de C.V.	Holding Company	Non-Covered
PEOC Santa Fe Springs, LLC	Will own property in Santa Fe Springs, California.	Non-Covered
Peruvian Opportunity Company S.A.C.	Holding Company	Non-Covered
Peruvian Services Company II, S.R.L.	Holding Company	Non-Covered
Peruvian Services Company, S.R.L.	Holding Company	Non-Covered
Port Arthur LNG Holdings, LLC	Holding Company	Non-Covered
Port Arthur LNG, LLC	Development, construction, and operation of a liquefied natural gas storage project in Texas.	Covered
Port Arthur Pipeline Holdings, LLC	Holding Company	Non-Covered
Port Arthur Pipeline, LLC	Construction, maintenance and operation of a natural gas pipeline	Covered
Rabley Holdings, Inc.	Holding Company	Non-Covered
RBS SC LLC.	Entity whose purpose is to hold loan assets and equity investments primarily in the metals and mining industry. Presently, it holds one loan asset and no equity investments.	Non-Covered
RBS Sempra Atlantic Energy Holdings Limited	Dormant- Holding company	Non-Covered
RBS Sempra Commodities Holdings I B.V.	Holding company	Non-Covered
RBS Sempra Commodities Holdings IV B.V.	Holding Company	Non-Covered
RBS Sempra Commodities LLP	Holding Company	Non-Covered
RBS Sempra Commodities PTE. LTD.	Supplies, distributes, and trades petroleum and crude oil products on behalf of Sempra Oil Trading Sarls	Non-Covered
RBS Sempra Commodities Sarl	Trades and stores crude oil and petroleum products	Non-Covered
RBS Sempra Energy Coöperatief W.A.	Holding Company	Non-Covered
RBS Sempra Energy Europe d.o.o.	Engages in wholesale natural gas and electric trading in Serbia.	Covered
RBS Sempra Energy Europe España, S.L.	Acts as licensed company for wholesale trading of electricity and gas in Spain.	Covered - Energy Marketing Affiliate
RBS Sempra Energy Europe Kft	Limited Liability - electricity trading and wholesale activities in Hungary.	Covered - Energy Marketing Affiliate
RBS Sempra Energy Europe Limited	Physical and financial trading and marketing on wholesale level of natural gas, electricity, coal, emissions allowances; financial trading of oil and oil products.	Covered - Energy Marketing Affiliate

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
RBS Sempra Energy Europe s.r.o.	Electricity trading and wholesale activities in the Czech Republic and (via its Slovak branch) in Slovakia.	Covered - Energy Marketing Affiliate
RBS Sempra Energy Trading (UK) Limited *	An entity which arranges certain financial trades on the wholesale level for Sempra Energy Europe Limited	Covered - Energy Marketing Affiliate
RBS Sempra Energy Trading Holding Sàrl	Holding Company	Non-Covered
RBS Sempra Energy Trading Holdings Limited	Holding Company	Non-Covered
RBS Sempra Energy Trading Mexico, S. de R.L. de C.V.	Acts as agent in Mexico to affect gas deliveries to Termoelectrica de Mexicali and the Mexican CFE as well as provide other services.	Covered - Energy Marketing Affiliate
RBS Sempra Metals & Concentrates LLC	Trades metals and metals concentrates.	Non-Covered
RBS Sempra Metals & Concentrates Ltd	Trading of metals concentrates.	Non-Covered
RBS Sempra Metals Far East Limited	Metals marketing company focusing on the Far East.	Non-Covered
RBS Sempra Metals Group Limited	Holding Company	Non-Covered
RBS Sempra Metals Limited	Trades metal commodities and commodity derivatives.	Non-Covered
RBS Sempra Metals Services LLC	The corporation acts as an introducing broker for the Sempra Energy Metals Business	Non-Covered
RBS Sempra Metals Trading (Shanghai) Co. Ltd.	Inactive- metals trading.	Non-Covered
RBS Sempra Oil Trading (Ireland) Limited	Dormant- Engaged in crude oil and fuel oil trading.	Non-Covered
RBS Sempra Petrochemicals LLC	Engaged in the marketing and trading of petrochemicals in the US and worldwide.	Non-Covered
RBS Sempra Plastics Limited	Engages in physical plastics trading	Non-Covered
RBS Sempra Plastics LLC	Engaged in physical plastics trading.	Non-Covered
RBS Sempra Products Limited	Trades metal commodity derivatives.	Non-Covered
Rockies Express Pipeline, LLC (Merged into Entrega Gas Pipeline, LLC on 4/1/06) surviving entity's name is REX	Construct, maintain and operate the Rockies Express Pipeline, an interstate pipeline which will ultimately run from Colorado and Wyoming to eastern Ohio.	Covered
SEBCP, Inc.	Holding Company	Non-Covered
SECMP, LLC	Holding company	Non-Covered
SECP, LLC	Holding Company	Non-Covered

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
SEI Storage Corp.	Holding Company	Non-Covered
Sempra	Inactive - name holding company.	Non-Covered
Sempra Alaska Holding Corp.	Holding company	Non-Covered
Sempra Alaska, LLC	Project development in Alaska.	Covered
Sempra Broadband	Inactive. In wind-down and dissolution.	Non-Covered
Sempra Commodities, Inc.	Holding company.	Non-Covered
Sempra Corporation	Inactive. Name holding company	Non-Covered
Sempra Ecogas Holdings, LLC	Holding Company	Non-Covered
Sempra Employee Giving Network	Encourage, organize and facilitate the support of community based charitable organization and activities on the part of the employees of Sempra Energy, its subsidiaries and affiliates.	Non-Covered
Sempra Energy	Holding company.	Non-Covered
Sempra Energy (Denmark-1) ApS	Holding company.	Non-Covered
Sempra Energy (Switzerland) Holdings Sarl	Inactive - in liquidation.	Non-Covered
Sempra Energy Capital Trust I	Inactive. Financing special purpose entity.	Non-Covered
Sempra Energy Capital Trust II	Inactive. Financing special purpose entity.	Non-Covered
Sempra Energy Capital Trust III	Inactive. Financing special purpose entity.	Non-Covered
Sempra Energy Elk Hills Power Corp.	Holding company	Non-Covered
Sempra Energy Enterprises	Holding Company	Non-Covered
Sempra Energy Environmental Green, LLC	Develop natural gas vehicle business options	Covered
Sempra Energy Foundation	To operate exclusively for charitable purposes within the meaning of 501(c)(3) of the Internal Revenue Code (the "Code"), including making grants to individuals and non-profit organizations or by making program-related investments as defined in Section 4944(c) of the Code.	Non-Covered
Sempra Energy Holdings III B.V.	Inactive. Holding Company	Non-Covered
Sempra Energy Holdings IX B.V.	Holding Company	Non-Covered
Sempra Energy Holdings V B.V.	Holding Company	Non-Covered
Sempra Energy Holdings VI B.V.	Holding Company	Non-Covered
Sempra Energy Holdings VII B.V.	Holding Company	Non-Covered
Sempra Energy Holdings VIII B.V.	Holding Company	Non-Covered
Sempra Energy Holdings X B.V.	Holding Company	Non-Covered
Sempra Energy Holdings XI B.V.	Holding Company	Non-Covered
Sempra Energy International	Holding company	Non-Covered
Sempra Energy International (Cayman) CEP	Holding Company	Non-Covered
Sempra Energy International (Chile) Servicios Limitada	Provides technical support to Chilean asset compliance.	Non-Covered

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
Sempra Energy International (Espana), LLC	Holding Company	Non-Covered
Sempra Energy International (Espana), S.L.	Holding Co	Non-Covered
Sempra Energy International Argentina	Holding Company	Non-Covered
Sempra Energy International Cayman Holding Co.	Holding Company	Non-Covered
Sempra Energy International Chile Holdings I B.V.	Holding company.	Non-Covered
Sempra Energy International Holdings B.V.	Holding Company	Non-Covered
Sempra Energy International US Capital Holding Co.	Holding Company	Non-Covered
Sempra Energy International US LLC	Holding Company	Non-Covered
Sempra Energy LNG Marketing Mexico, S. de R.L. de C.V.	Formed for the purpose of holding capacity contracts with LNG terminals, including, but not limited to buy, sell natural gas as well as any other projects with electricity and natural gas areas as permitted by Mexican law.	Covered
Sempra Energy Name Co.	Inactive	Non-Covered
Sempra Energy Partners, LLC	Inactive. Holding Company	Non-Covered
Sempra Energy Power I	Holding Company	Non-Covered
Sempra Energy Sales, LLC	Inactive- formerly provided energy management and power marketing services. Energy commodity (gas, electricity, other) marketing, sales and management services for industrial, commercial, and residential customers.	Covered
Sempra Energy Solutions LLC	Energy management services and power marketing services.	Covered - Energy Marketing Affiliate
Sempra Energy Trading (Calgary) ULC	Wholesale trading company that participates in marketing and trading of commodities related to natural gas, power, crude oil and other associated commodities.	Covered - Energy Marketing Affiliate
Sempra Energy Trading (Canada) ULC	Agent in Canada to introduce energy trading business to Sempra Energy Trading.	Covered - Energy Marketing Affiliate
Sempra Energy Trading LLC	Provides worldwide marketing and risk-management services to wholesale and retail customers for natural gas, power, petroleum products and base metals.	Covered - Energy Marketing Affiliate
Sempra Financial	Holding company for Sempra Section 42, LLC.	Non-Covered

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

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Sempra Generation	Holding Company. Acquires, develops and operates power plants for the wholesale market throughout North America. Previously Sempra Energy Resources	Covered - Energy Marketing Affiliate
Sempra Global	Holding Company	Non-Covered
Sempra Global Services, Inc.	Service Company that provides engineering, construction and other services for Sempra Global and its subsidiaries.	Non-Covered
Sempra LNG	Holding company. Develops, builds and operates LNG receiving terminals.	Non-Covered as of 10/01/08
Sempra LNG International, LLC	To contract for the shipping of LNG cargos.	Covered
Sempra LNG Marketing, LLC	Marketing company for LNG capacity	Covered - Energy Marketing Affiliate
Sempra Mexico, S. de R.L. de C.V.	Holding Company	Non-Covered
Sempra Midstream Services, Inc.	Natural gas transmission and related services	Covered
Sempra Midstream, Inc.	Natural gas storage and related pipelines and services	Covered - Energy Marketing Affiliate
Sempra Oil Trading (Suisse) Sarl	Financing and holding company	Non-Covered
Sempra Pipelines & Storage Corp.	Holding company. Builds, owns and operates natural gas pipelines and storage facilities in Mexico and in the United States.	Covered
Sempra Rockies Marketing, LLC	Will attempt to acquire and hold capacity on the proposed Rockies Express Pipeline.	Covered - Energy Marketing Affiliate
Sempra Sahara OKLNG Holdings Limited	Holds a minority interest in a proposed Nigerian liquefaction facility.	Covered
Sempra Section 42, LLC	Formed in connection with a joint venture with Bank of America for holding low-income housing credit portfolio	Non-Covered
Sempra Services Company, S. de R.L. de C.V.	Provides technical, consulting and administrative services to Sempra Mexico.	Non-Covered
Sempra Servicios Baja, S. de R.L. de C.V.	Provides technical, consulting and administrative services to Gasoducto Bajanorte.	Non-Covered
Sempra Servicios Energeticos, S. de R.L. de C.V.	Mexican Marketing Company	Covered - Energy Marketing Affiliate
Sempra Ventures	Inactive. Makes investments in privately held startup companies related to network, software, and communications.	Non-Covered

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

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SEP II, LLC	Holding Company	Non-Covered
SEPE, LLC	Holding Company	Non-Covered
Servicios DGN de Chihuahua, S.A. de C.V.	Provides technical, consulting and administrative services to Ecogas Mexico or to any person or entity Mexican or foreign within Mexico	Non-Covered
Servicios Energia Costa Azul S. de R. L. de C.V. (fka Sempra LNG Mexico, S. de R.L. de C.V.)	Provide technical, consulting and administrative services to Energia Costa Azul.	Non-Covered
Servicios Termoelectrica de Mexicali S. de R.L. de C.V.	Provides technical, consulting and administrative services to Termoelectrica de Mexicali power plant.	Non-Covered
SETOP I, LLC	Holding company	Non-Covered
SETOP II, LLC	Holding Company	Non-Covered
SETOP III, LLC	Holding company	Non-Covered
SETOP IV, LLC	Holding Company	Non-Covered
SGS Antelope Valley Development, LLC.	Develop a solar power project.	Covered
SGS Calipatria Development, LLC	Develop a solar power project. The facility was not constructed and the project was cancelled.	Covered
SGS-1, LLC	Develop a solar power project.	Covered
Sodigas Pampeana S.A.	Holding company	Non-Covered
Sodigas Sur S.A.	Holding company	Non-Covered
Somerset Newco, LLC	Holding Company	Non-Covered
Somerset SynFuel, LP	Limited partner interest in a synthetic fuel production facility that combines coal fines with a binder material to create synthetic fuel. This entity owns coal machinery.	Non-Covered
Southern Gas Transmission Company	Operation of intrastate natural gas pipeline in Alabama	Covered
Tanglewood Storage & Transportation LLC	Holding Company. Owns interest in property in Milford, CT held for benefit of Sempra Energy Resources.	Non-Covered
TDF, S. de R.L. de C.V.		Non-Covered
TecnoRed S.A.	Provides construction and infrastructure related to Chilquinta and Energia, S.A., and other unaffiliated Chilean entities.	Non-Covered
Tecsur S.A.	Engage in the preparation and execution of studies, projects, works and service activities in Peru related to energy, mining, industry and construction as well as the commercialization of materials and equipment in relation to such sectors.	Covered
Terminal GNL de Sonora, S. de R.L. de C.V.		Non-Covered
Termoelectrica de Mexicali, S. de R.L. de C.V.	Plan, design, build and perform all activities needed to operate and maintain a facility for electric energy generation located in Mexicali, Mexico.	Covered - Energy Marketing Affiliate

Listing of Covered and Non-Covered Affiliates
As of June 1, 2010

Company Name	Purpose/Activity	Does Rule II.B Make the Rules Applicable? (Covered/ Non-Covered)
Termoelectrica U.S., LLC	Develop, own, and operate a generation-tie electric transmission line between the U.S. border and an U.S. substation.	Covered - Energy Marketing Affiliate
TOP Project III, LP	Inactive. Develops, owns, and operates a power generation facility	covered
TOP Project, LP	Inactive. Operation of electric generating plant.	Covered
Topaz Power Group GP, LLC	Inactive. Holding company	Non-Covered
Topaz Power Group LP, LLC	Inactive. Holding Company	Non-Covered
Topaz Power Partners, LLC	Inactive. Holding Company	Non-Covered
Trading & Transportation Management LLC	Shipper of gas and oil on third party pipelines and facilities.	Covered
Transportadora de Gas Natural de Baja California, S. de R.L. de C.V.	Construction, maintenance and operation of natural gas pipeline in northern Mexico.	Covered
Transportadora del Norte SH, S. de R.L. de C.V.		Non-Covered
TTMI Sarl	Provides transportation of crude oil and petroleum products for Sempra Oil Trading Sarl and Sempra Energy Trading Corp.	Non-Covered
Unitary GH&C Products, L.L.C.	Provides research and development of heating and cooling products and services.	Non-Covered
Wright Strategies, Inc.	Inactive. Owns certain patents but has no operation.	Non-Covered