SEMPRA ENERGY
Form 10-Q
August 04, 2015

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

(Mark One)

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

For the quarterly period ended June 30, 2015

or

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

For the transition period from to

Commission File No.	Exact Name of Registrants as Specified in their Charters, Address and Telephone Number	States of Incorporation	I.R.S. Employer Identification Nos.	Former name, former address and former fiscal year, if changed since last report
1-14201	SEMPRA ENERGY 488 8th Avenue San Diego, California 92101 (619)696-2000	California	33-0732627	101 Ash Street San Diego, California 92101
1-03779	SAN DIEGO GAS & ELECTRIC COMPANY 8326 Century Park Court San Diego, California 92123 (619)696-2000	California	95-1184800	No change
1-01402	SOUTHERN CALIFORNIA GAS COMPANY 555 West Fifth Street Los Angeles, California 90013 (213)244-1200	California	95-1240705	No change

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

Yes	X	No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Sempra Energy	Yes	X	No
San Diego Gas & Electric Company	Yes	X	No
Southern California Gas Company	Yes	X	No

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

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
Sempra Energy	[X]	[ ]	[ ]	[ ]
San Diego Gas & Electric Company	[ ]	[ ]	[X]	[ ]
Southern California Gas Company	[ ]	[ ]	[X]	[ ]

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

Sempra Energy	Yes	No	X
San Diego Gas & Electric Company	Yes	No	X
Southern California Gas Company	Yes	No	X

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

Common stock outstanding on July 29, 2015:

Sempra Energy	247,915,696 shares
San Diego Gas & Electric Company	Wholly owned by Enova Corporation, which is wholly owned by Sempra Energy
Southern California Gas Company	Wholly owned by Pacific Enterprises, which is wholly owned by Sempra Energy

SEMPRA ENERGY FORM 10-Q
SAN DIEGO GAS & ELECTRIC COMPANY FORM 10-Q
SOUTHERN CALIFORNIA GAS COMPANY FORM 10-Q
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This combined Form 10-Q is separately filed by Sempra Energy, San Diego Gas & Electric Company and Southern California Gas Company. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company makes representations only as to itself and makes no other representation whatsoever as to any other company.

You should read this report in its entirety as it pertains to each respective reporting company. No one section of the report deals with all aspects of the subject matter. Separate Part I – Item 1 sections are provided for each reporting company, except for the Notes to Condensed Consolidated Financial Statements. The Notes to Condensed Consolidated Financial Statements for all of the reporting companies are combined. All Items other than Part I – Item 1 are combined for the reporting companies.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this report that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are necessarily based upon assumptions with respect to the future, involve risks and uncertainties, and are not guarantees of performance. These forward-looking statements represent our estimates and assumptions only as of the filing date of this report. We assume no obligation to update or revise any forward-looking statement as a result of new information, future events or other factors.

In this report, when we use words such as “believes,” “expects,” “anticipates,” “plans,” “estimates,” “projects,” “forecasts,” “contemplates,” “intends,” “depends,” “should,” “could,” “would,” “will,” “confident,” “may,” “potential,” “possible,” “propo “pursue,” “goals,” “outlook,” “maintain,” or similar expressions, or when we discuss our guidance, strategy, plans, goals, opportunities, projections, initiatives, objectives or intentions, we are making forward-looking statements.

Factors, among others, that could cause our actual results and future actions to differ materially from those described in forward-looking statements include

§ local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments;

§ actions and the timing of actions, including issuances of permits to construct and licenses for operation, by the California Public Utilities Commission, California State Legislature, U.S. Department of Energy, Federal Energy Regulatory Commission, Nuclear Regulatory Commission, Atomic Safety and Licensing Board, California Energy Commission, U.S. Environmental Protection Agency, California Air Resources Board, and other regulatory, governmental and environmental bodies in the United States and other countries in which we operate;

§ the timing and success of business development efforts and construction, maintenance and capital projects, including risks in obtaining, maintaining or extending permits, licenses, certificates and other authorizations on a timely basis and risks in obtaining adequate and competitive financing for such projects;

§ energy markets, including the timing and extent of changes and volatility in commodity prices, and the impact of any protracted reduction in oil prices from historical averages;

§ the impact on the value of our natural gas storage assets from low natural gas prices, low volatility of natural gas prices and the inability to procure favorable long-term contracts for natural gas storage services;

§ delays in the timing of costs incurred and the timing of the regulatory agency authorization to recover such costs in rates from customers;

§ deviations from regulatory precedent or practice that result in a reallocation of benefits or burdens among shareholders and ratepayers;

§ capital markets conditions, including the availability of credit and the liquidity of our investments;

§ inflation, interest and currency exchange rates;

§ the impact of benchmark interest rates, generally Moody’s A-rated utility bond yields, on our California Utilities’ cost of capital;

§ the availability of electric power, natural gas and liquefied natural gas, and natural gas pipeline and storage capacity, including disruptions caused by failures in the North American transmission grid, pipeline explosions and equipment failures and the decommissioning of San Onofre Nuclear Generating Station (SONGS);

§ cybersecurity threats to the energy grid, natural gas storage and pipeline infrastructure, the information and systems used to operate our businesses and the confidentiality of our proprietary information and the personal information of our customers, terrorist attacks that threaten system operations and critical infrastructure, and wars;

§ the ability to win competitively bid infrastructure projects against a number of strong competitors willing to aggressively bid for these projects;

- § weather conditions, conservation efforts, natural disasters, catastrophic accidents, and other events that may disrupt our operations, damage our facilities and systems, and subject us to third-party liability for property damage or personal injuries;
- § risks that our partners or counterparties will be unable or unwilling to fulfill their contractual commitments;
- § risks posed by decisions and actions of third parties who control the operations of investments in which we do not have a controlling interest;
- § risks inherent with nuclear power facilities and radioactive materials storage, including the catastrophic release of such materials, the disallowance of the recovery of the investment in, or operating costs of, the nuclear facility due to an extended outage and facility closure, and increased regulatory oversight, including motions to modify settlements;
- § business, regulatory, environmental and legal decisions and requirements;
- § expropriation of assets by foreign governments and title and other property disputes;
- § the impact on reliability of San Diego Gas & Electric Company's (SDG&E) electric transmission and distribution system due to increased amount and variability of power supply from renewable energy sources;
- § the impact on competitive customer rates of the growth in distributed and local power generation and the corresponding decrease in demand for power delivered through SDG&E's electric transmission and distribution system;
- § the inability or determination not to enter into long-term supply and sales agreements or long-term firm capacity agreements due to insufficient market interest, unattractive pricing or other factors;
- § the resolution of litigation; and
- § other uncertainties, all of which are difficult to predict and many of which are beyond our control.

We caution you not to rely unduly on any forward-looking statements. You should review and consider carefully the risks, uncertainties and other factors that affect our business as described herein and in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission.

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SEMPRA ENERGY

CONDENSED CONSOLIDATED
STATEMENTS OF OPERATIONS
(Dollars in millions, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
		(unaudited)		
REVENUES				
Utilities	$ 2,133	$ 2,370	$ 4,555	$ 4,855
Energy-related businesses	234	308	494	618
Total revenues	2,367	2,678	5,049	5,473
EXPENSES AND OTHER INCOME				
Utilities:				
Cost of natural gas	(239)	(395)	(585)	(1,015)
Cost of electric fuel and purchased power	(498)	(571)	(979)	(1,081)
Energy-related businesses:				
Cost of natural gas, electric fuel and purchased power	(73)	(126)	(171)	(264)
Other cost of sales	(42)	(42)	(77)	(80)
Operation and maintenance	(713)	(729)	(1,371)	(1,405)
Depreciation and amortization	(307)	(288)	(610)	(574)
Franchise fees and other taxes	(96)	(92)	(203)	(197)
Plant closure adjustment			21	13
Gain on sale of equity interest and assets	62	2	62	29
Equity earnings, before income tax	27	23	46	40
Other income, net	37	49	76	89
Interest income	10	5	17	9
Interest expense	(139)	(138)	(273)	(274)
Income before income taxes and equity earnings of certain unconsolidated subsidiaries	396	376	1,002	763
Income tax expense	(98)	(93)	(261)	(220)
Equity earnings, net of income tax	22	9	37	15
Net income	320	292	778	558
Earnings attributable to noncontrolling interests	(24)	(22)	(45)	(41)
Preferred dividends of subsidiary	(1)	(1)	(1)	(1)
Earnings	$ 295	$ 269	$ 732	$ 516
Basic earnings per common share	$ 1.19	$ 1.10	$ 2.95	$ 2.10
Weighted-average number of shares outstanding, basic (thousands)	248,108	245,688	247,916	245,484
Diluted earnings per common share	$ 1.17	$ 1.08	$ 2.91	$ 2.07
Weighted-average number of shares outstanding, diluted (thousands)	251,491	250,061	251,264	249,816
Dividends declared per share of common stock	$ 0.70	$ 0.66	$ 1.40	$ 1.32

See Notes to Condensed Consolidated Financial Statements.

SEMPRA ENERGY
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in millions)

	Sempra Energy shareholders' equity				
	Pretax amount	Income tax (expense) benefit	Net-of-tax amount	Noncontrolling interests (after-tax)	Total
	Three months ended June 30, 2015 and 2014 (unaudited)				
2015:					
Net income	$ 394	$ (98)	$ 296	$ 24	$ 320
Other comprehensive income (loss):					
Foreign currency translation adjustments	(43)		(43)	(5)	(48)
Pension and other postretirement benefits	2	(1)	1		1
Financial instruments	95	(36)	59	6	65
Total other comprehensive income	54	(37)	17	1	18
Comprehensive income	448	(135)	313	25	338
Preferred dividends of subsidiary	(1)		(1)		(1)
Comprehensive income, after preferred dividends of subsidiary	$ 447	$ (135)	$ 312	$ 25	$ 337
2014:					
Net income	$ 363	$ (93)	$ 270	$ 22	$ 292
Other comprehensive income (loss):					
Foreign currency translation adjustments	2		2	1	3
Pension and other postretirement benefits	8	(3)	5		5
Financial instruments	(12)	5	(7)	(1)	(8)
Total other comprehensive loss	(2)	2			
Comprehensive income	361	(91)	270	22	292
Preferred dividends of subsidiary	(1)		(1)		(1)
Comprehensive income, after preferred dividends of subsidiary	$ 360	$ (91)	$ 269	$ 22	$ 291
	Six months ended June 30, 2015 and 2014 (unaudited)				
2015:					
Net income	$ 994	$ (261)	$ 733	$ 45	$ 778
Other comprehensive income (loss):					
Foreign currency translation adjustments	(105)		(105)	(13)	(118)
Pension and other postretirement benefits	4	(2)	2		2
Financial instruments	6	(2)	4	1	5
Total other comprehensive loss	(95)	(4)	(99)	(12)	(111)
Comprehensive income	899	(265)	634	33	667
Preferred dividends of subsidiary	(1)		(1)		(1)
Comprehensive income, after preferred dividends of subsidiary	$ 898	$ (265)	$ 633	$ 33	$ 666

2014:					
Net income	$ 737	$ (220)	$ 517	$ 41	$ 558
Other comprehensive income (loss):					
Foreign currency translation adjustments	(41)		(41)	(1)	(42)
Pension and other postretirement benefits	13	(5)	8		8
Financial instruments	(20)	8	(12)	(1)	(13)
Total other comprehensive loss	(48)	3	(45)	(2)	(47)
Comprehensive income	689	(217)	472	39	511
Preferred dividends of subsidiary	(1)		(1)		(1)
Comprehensive income, after preferred dividends of subsidiary	$ 688	$ (217)	$ 471	$ 39	$ 510

See Notes to Condensed Consolidated Financial Statements.

SEMPRA ENERGY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	June 30, 2015 (unaudited)	December 31, 2014(1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 636	$ 570
Restricted cash	8	11
Trade accounts receivable, net	990	1,242
Other accounts and notes receivable, net	164	152
Due from unconsolidated affiliates	4	38
Income taxes receivable	100	45
Deferred income taxes	99	305
Inventories	266	396
Regulatory balancing accounts – undercollected	798	746
Fixed-price contracts and other derivatives	85	93
Asset held for sale, power plant		293
Other	356	293
Total current assets	3,506	4,184
Investments and other assets:		
Restricted cash	17	29
Due from unconsolidated affiliates	169	188
Regulatory assets	3,095	3,031
Nuclear decommissioning trusts	1,145	1,131
Investments	2,929	2,848
Goodwill	885	931
Other intangible assets	410	415
Dedicated assets in support of certain benefit plans	483	512
Sundry	674	561
Total investments and other assets	9,807	9,646

Property, plant and equipment:				
Property, plant and equipment		36,523		35,407
Less accumulated depreciation and amortization		(9,830)		(9,505)
Property, plant and equipment, net ($396 and $410 at June 30, 2015 and December 31, 2014, respectively, related to VIE)		26,693		25,902
Total assets	$	40,006	$	39,732

(1) Derived from audited financial statements.

See Notes to Condensed Consolidated Financial Statements.

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

	June 30, 2015 (unaudited)		December 31, 2014(1)	
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term debt	$	738	$	1,733
Accounts payable – trade		890		1,198
Accounts payable – other		124		155
Due to unconsolidated affiliate				2
Dividends and interest payable		300		282
Accrued compensation and benefits		271		373
Current portion of long-term debt		1,273		469
Fixed-price contracts and other derivatives		55		55
Customer deposits		150		153
Other		598		649
Total current liabilities		4,399		5,069
Long-term debt ($310 and $315 at June 30, 2015 and December 31, 2014, respectively, related to VIE)		12,626		12,167
Deferred credits and other liabilities:				
Customer advances for construction		144		144
Pension and other postretirement benefit plan obligations, net of plan assets		1,101		1,064
Deferred income taxes		3,016		3,003
Deferred investment tax credits		35		37
Regulatory liabilities arising from removal obligations		2,762		2,741
Asset retirement obligations		2,067		2,048
Fixed-price contracts and other derivatives		300		255
Deferred credits and other		1,081		1,104
Total deferred credits and other liabilities		10,506		10,396

Commitments and contingencies (Note 11)

Equity:				
Preferred stock (50 million shares authorized; none issued)				
Common stock (750 million shares authorized; 248 million and 246 million shares outstanding at June 30, 2015 and December 31, 2014, respectively; no par value)		2,555		2,484
Retained earnings		9,724		9,339
Accumulated other comprehensive income (loss)		(596)		(497)
Total Sempra Energy shareholders' equity		11,683		11,326
Preferred stock of subsidiary		20		20
Other noncontrolling interests		772		754
Total equity		12,475		12,100
Total liabilities and equity	$	40,006	$	39,732

(1) Derived from audited financial statements.
See Notes to Condensed Consolidated Financial Statements.

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

	Six months ended June 30,			
	2015		2014	
	(unaudited)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	778	$	558
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		610		574
Deferred income taxes and investment tax credits		203		105
Gain on sale of equity interest and assets		(62)		(29)
Plant closure adjustment		(21)		(13)
Equity earnings		(83)		(55)
Fixed-price contracts and other derivatives				(17)
Other		(8)		(6)
Net change in other working capital components		(116)		(125)
Changes in other assets		(89)		21
Changes in other liabilities		7		21
Net cash provided by operating activities		1,219		1,034
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures for property, plant and equipment		(1,466)		(1,513)
Expenditures for investments and acquisition of business		(161)		(160)
Proceeds from sale of equity interest and assets, net of cash sold		347		66
Distributions from investments		9		6
Purchases of nuclear decommissioning and other trust assets		(229)		(356)
Proceeds from sales by nuclear decommissioning and other trusts		221		350
Decrease in restricted cash		49		87
Increase in restricted cash		(34)		(87)
Advances to unconsolidated affiliates		(20)		(24)

Repayments of advances to unconsolidated affiliates	74	
Other	9	10
Net cash used in investing activities	(1,201)	(1,621)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common dividends paid	(308)	(301)
Preferred dividends paid by subsidiary	(1)	(1)
Issuances of common stock	31	28
Repurchases of common stock	(66)	(37)
Issuances of debt (maturities greater than 90 days)	1,547	2,345
Payments on debt (maturities greater than 90 days)	(846)	(1,475)
Decrease in short-term debt, net	(339)	(54)
Net distributions to noncontrolling interests	(14)	(23)
Other	46	(10)
Net cash provided by financing activities	50	472
Effect of exchange rate changes on cash and cash equivalents	(2)	
Increase (decrease) in cash and cash equivalents	66	(115)
Cash and cash equivalents, January 1	570	904
Cash and cash equivalents, June 30	$ 636	$ 789

See Notes to Condensed Consolidated Financial Statements.

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

	Six months ended June 30,	
	2015	2014
	(unaudited)	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest payments, net of amounts capitalized	$ 260	$ 269
Income tax payments, net of refunds	72	148
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of business:		
Assets acquired	$ 10	$
Liabilities assumed	(2)	
Accrued purchase price	(6)	
Cash paid	$ 2	$
Accrued capital expenditures	$ 302	$ 287
Redemption of industrial development bonds	79	
Increase in capital lease obligations for investment in property, plant and equipment		60
Dividends declared but not paid	178	165
Financing of build-to-suit property	39	32

See Notes to Condensed Consolidated Financial Statements.

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

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
	(unaudited)			
Operating revenues				
Electric	$ 874	$ 948	$ 1,679	$ 1,759
Natural gas	98	115	259	291
Total operating revenues	972	1,063	1,938	2,050
Operating expenses				
Cost of electric fuel and purchased power	251	329	479	595
Cost of natural gas	31	51	85	126
Operation and maintenance	255	256	472	508
Depreciation	149	131	294	261
Franchise fees and other taxes	59	54	120	110
Plant closure adjustment			(21)	(13)
Total operating expenses	745	821	1,429	1,587
Operating income	227	242	509	463
Other income, net	9	7	18	20
Interest expense	(52)	(51)	(104)	(101)
Income before income taxes	184	198	423	382
Income tax expense	(54)	(69)	(142)	(152)
Net income	130	129	281	230
Earnings attributable to noncontrolling interest	(4)	(6)	(8)	(8)
Earnings attributable to common shares	$ 126	$ 123	$ 273	$ 222

See Notes to Condensed Consolidated Financial Statements.

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

	SDG&E shareholder's equity				
	Pretax amount	Income tax expense	Net-of-tax amount	Noncontrolling interest (after-tax)	Total
	Three months ended June 30, 2015 and 2014 (unaudited)				
2015:					
Net income	$ 180	$ (54)	$ 126	$ 4	$ 130
Other comprehensive income:					

Financial instruments								3		3
Total other comprehensive income								3		3
Comprehensive income	$	180	$	(54)	$	126	$	7	$	133
2014:										
Net income	$	192	$	(69)	$	123	$	6	$	129
Other comprehensive income (loss):										
Pension and other postretirement benefits		2		(1)		1				1
Financial instruments								(1)		(1)
Total other comprehensive income (loss)		2		(1)		1		(1)		
Comprehensive income	$	194	$	(70)	$	124	$	5	$	129
	Six months ended June 30, 2015 and 2014 (unaudited)									
2015:										
Net income	$	415	$	(142)	$	273	$	8	$	281
Other comprehensive income:										
Financial instruments								1		1
Total other comprehensive income								1		1
Comprehensive income	$	415	$	(142)	$	273	$	9	$	282
2014:										
Net income	$	374	$	(152)	$	222	$	8	$	230
Other comprehensive income (loss):										
Pension and other postretirement benefits		2		(1)		1				1
Financial instruments								(1)		(1)
Total other comprehensive income (loss)		2		(1)		1		(1)		
Comprehensive income	$	376	$	(153)	$	223	$	7	$	230

See Notes to Condensed Consolidated Financial Statements.

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

		June 30, 2015 (unaudited)		December 31, 2014(1)
ASSETS				
Current assets:				
Cash and cash equivalents	$	23	$	8
Restricted cash		7		8
Accounts receivable – trade, net		314		285
Accounts receivable – other, net		21		35

Due from unconsolidated affiliates		1		1
Income taxes receivable		59		
Inventories		67		73
Regulatory balancing accounts – net undercollected		626		711
Regulatory assets		116		54
Fixed-price contracts and other derivatives		40		44
Other		86		125
Total current assets		1,360		1,344
Other assets:				
Restricted cash		12		11
Deferred taxes recoverable in rates		848		824
Other regulatory assets		1,026		1,086
Nuclear decommissioning trusts		1,145		1,131
Sundry		368		282
Total other assets		3,399		3,334
Property, plant and equipment:				
Property, plant and equipment		15,882		15,478
Less accumulated depreciation		(4,008)		(3,860)
Property, plant and equipment, net ($396 and $410 at June 30, 2015 and December 31, 2014, respectively, related to VIE)		11,874		11,618
Total assets	$	16,633	$	16,296

(1) Derived from audited financial statements.

See Notes to Condensed Consolidated Financial Statements.

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

	June 30, 2015 (unaudited)		December 31, 2014(1)	
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term debt	$	40	$	246
Accounts payable		361		441
Due to unconsolidated affiliates		7		21
Income taxes payable				30
Deferred income taxes		185		53
Interest payable		41		40
Accrued compensation and benefits		74		124
Current portion of long-term debt		470		365
Asset retirement obligations		100		120
Fixed-price contracts and other derivatives		45		40
Customer deposits		70		71
Other		203		237
Total current liabilities		1,596		1,788

Long-term debt ($310 and $315 at June 30, 2015 and December 31, 2014, respectively, related to VIE)		4,498		4,319
Deferred credits and other liabilities:				
Customer advances for construction		42		41
Pension and other postretirement benefit plan obligations, net of plan assets		225		216
Deferred income taxes		2,133		2,121
Deferred investment tax credits		20		22
Regulatory liabilities arising from removal obligations		1,584		1,557
Asset retirement obligations		745		754
Fixed-price contracts and other derivatives		179		153
Deferred credits and other		345		333
Total deferred credits and other liabilities		5,273		5,197
Commitments and contingencies (Note 11)				
Equity:				
Common stock (255 million shares authorized; 117 million shares outstanding; no par value)		1,338		1,338
Retained earnings		3,879		3,606
Accumulated other comprehensive income (loss)		(12)		(12)
Total SDG&E shareholder's equity		5,205		4,932
Noncontrolling interest		61		60
Total equity		5,266		4,992
Total liabilities and equity	$	16,633	$	16,296

(1) Derived from audited financial statements.
See Notes to Condensed Consolidated Financial Statements.

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

	Six months ended June 30,			
	2015		2014	
	(unaudited)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	281	$	230
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		294		261
Deferred income taxes and investment tax credits		103		132
Plant closure adjustment		(21)		(13)
Fixed-price contracts and other derivatives		(2)		(3)
Other		(9)		(24)
Net change in other working capital components		(40)		(231)

Changes in other assets		(59)		37
Changes in other liabilities		3		19
Net cash provided by operating activities		550		408
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures for property, plant and equipment		(600)		(543)
Purchases of nuclear decommissioning trust assets		(227)		(354)
Proceeds from sales by nuclear decommissioning trusts		221		350
Decrease in restricted cash		19		62
Increase in restricted cash		(19)		(64)
Net cash used in investing activities		(606)		(549)
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuances of long-term debt		388		100
Payments on long-term debt		(105)		(20)
(Decrease) increase in short-term debt, net		(206)		68
Capital distributions made by Otay Mesa VIE		(6)		(13)
Net cash provided by financing activities		71		135
Increase (decrease) in cash and cash equivalents		15		(6)
Cash and cash equivalents, January 1		8		27
Cash and cash equivalents, June 30	$	23	$	21
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest payments, net of amounts capitalized	$	99	$	98
Income tax payments, net of refunds		99		12
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Accrued capital expenditures	$	118	$	103
Increase in capital lease obligations for investment in property, plant and equipment				60

See Notes to Condensed Consolidated Financial Statements.

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

	Three months ended June 30,				Six months ended June 30,			
	2015		2014		2015		2014	
			(unaudited)					
Operating revenues	$	780	$	917	$	1,828	$	2,002
Operating expenses								
Cost of natural gas		196		321		463		829
Operation and maintenance		346		337		660		642
Depreciation		113		107		226		212
Franchise fees and other taxes		31		30		65		68

Total operating expenses	686	795	1,414	1,751
Operating income	94	122	414	251
Other income, net	9	3	17	7
Interest income	3		3	
Interest expense	(19)	(16)	(38)	(33)
Income before income taxes	87	109	396	225
Income tax expense	(16)	(28)	(111)	(66)
Net income	71	81	285	159
Preferred dividend requirements	(1)	(1)	(1)	(1)
Earnings attributable to common shares	$ 70	$ 80	$ 284	$ 158

See Notes to Condensed Consolidated Financial Statements.

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

	Pretax amount	Income tax expense	Net-of-tax amount
	Three months ended June 30, 2015 and 2014 (unaudited)		
2015:			
Net income/Comprehensive income	$ 87	$ (16)	$ 71
2014:			
Net income/Comprehensive income	$ 109	$ (28)	$ 81
	Six months ended June 30, 2015 and 2014 (unaudited)		
2015:			
Net income/Comprehensive income	$ 396	$ (111)	$ 285
2014:			
Net income/Comprehensive income	$ 225	$ (66)	$ 159

See Notes to Condensed Consolidated Financial Statements.

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

	June 30, 2015 (unaudited)	December 31, 2014(1)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 231	$ 85
Accounts receivable – trade, net	348	586
Accounts receivable – other, net	76	51
Due from unconsolidated affiliates	273	4

Income taxes receivable		5
Inventories	57	181
Regulatory balancing accounts – net undercollected	172	35
Regulatory assets	7	5
Temporary LIFO liquidation	41	
Other	28	36
Total current assets	1,233	988
Other assets:		
Regulatory assets arising from pension obligations	650	617
Other regulatory assets	539	472
Other postretirement benefit plan assets, net of plan obligations	5	4
Sundry	146	136
Total other assets	1,340	1,229
Property, plant and equipment:		
Property, plant and equipment	13,403	12,886
Less accumulated depreciation	(4,767)	(4,642)
Property, plant and equipment, net	8,636	8,244
Total assets	$ 11,209	$ 10,461

(1) Derived from audited financial statements.
See Notes to Condensed Consolidated Financial Statements.

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

	June 30, 2015 (unaudited)	December 31, 2014(1)
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	$	$ 50
Accounts payable – trade	305	532
Accounts payable – other	66	88
Due to unconsolidated affiliate		13
Income taxes payable	13	
Deferred income taxes	146	53
Accrued compensation and benefits	118	129
Current portion of long-term debt	9	
Customer deposits	73	75
Other	142	149
Total current liabilities	872	1,089
Long-term debt	2,498	1,906
Deferred credits and other liabilities:		
Customer advances for construction	102	102
Pension obligation, net of plan assets	666	633
Deferred income taxes	1,267	1,212
Deferred investment tax credits	14	16

Regulatory liabilities arising from removal obligations		1,160		1,167
Asset retirement obligations		1,281		1,255
Deferred credits and other		284		300
Total deferred credits and other liabilities		4,774		4,685
Commitments and contingencies (Note 11)				
Shareholders' equity:				
Preferred stock		22		22
Common stock (100 million shares authorized; 91 million shares outstanding; no par value)		866		866
Retained earnings		2,195		1,911
Accumulated other comprehensive income (loss)		(18)		(18)
Total shareholders' equity		3,065		2,781
Total liabilities and shareholders' equity	$	11,209	$	10,461

(1) Derived from audited financial statements.
See Notes to Condensed Consolidated Financial Statements.

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

	Six months ended June 30,			
	2015		2014	
	(unaudited)			
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	285	$	159
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation		226		212
Deferred income taxes and investment tax credits		76		59
Other		(15)		(2)
Net change in other working capital components		(58)		61
Changes in other assets		(30)		(27)
Changes in other liabilities		(1)		1
Net cash provided by operating activities		483		463
CASH FLOWS FROM INVESTING ACTIVITIES				
Expenditures for property, plant and equipment		(603)		(500)
Increase in loans to affiliates, net		(279)		
Net cash used in investing activities		(882)		(500)
CASH FLOWS FROM FINANCING ACTIVITIES				
Preferred dividends paid		(1)		(1)
Issuances of long-term debt		599		248
Repayment of long-term debt				(250)
(Decrease) increase in short-term debt, net		(50)		31
Other		(3)		(2)

Net cash provided by financing activities		545		26
Increase (decrease) in cash and cash equivalents		146		(11)
Cash and cash equivalents, January 1		85		27
Cash and cash equivalents, June 30	$	231	$	16
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION				
Interest payments, net of amounts capitalized	$	36	$	32
Income tax payments, net		14		19
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITY				
Accrued capital expenditures	$	143	$	102

See Notes to Condensed Consolidated Financial Statements.

SEMPRA ENERGY AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL

IMPACT OF SEASONALIZATION AT SEMPRA ENERGY AND SOUTHERN CALIFORNIA GAS COMPANY

In the first quarter of 2015, Southern California Gas Company (SoCalGas) adopted a California Public Utilities Commission (CPUC) decision in the Triennial Cost Allocation Proceeding (TCAP) requiring SoCalGas to recognize annual authorized revenue for core natural gas customers using seasonal factors established in the TCAP, instead of recognizing such revenue ratably over the year as was previously required. This “seasonalization” resulted in $72 million lower operating revenues and $48 million lower earnings for both Sempra Energy and SoCalGas for the three months ended June 30, 2015 compared to the same period in 2014, and $91 million higher operating revenues and $65 million higher earnings for both Sempra Energy and SoCalGas for the first six months of 2015 compared to the same period in 2014. While this seasonalization will cause variability in comparable revenue and earnings from quarter to quarter within the year, it will not impact full-year 2015 results nor have any impact on cash flow. Accordingly, substantially all of SoCalGas’ annual earnings will be recognized in the first and fourth quarters of the year. We discuss the CPUC decision further in Note 10.

PRINCIPLES OF CONSOLIDATION

Sempra Energy

Sempra Energy’s Condensed Consolidated Financial Statements include the accounts of Sempra Energy, a California-based Fortune 500 energy-services holding company, and its consolidated subsidiaries and variable interest entities (VIEs). Sempra Energy's principal operating units are

§ San Diego Gas & Electric Company (SDG&E) and SoCalGas, which are separate, reportable segments;

§ Sempra International, which includes our Sempra South American Utilities and Sempra Mexico reportable segments; and

§ Sempra U.S. Gas & Power, which includes our Sempra Renewables and Sempra Natural Gas reportable segments.

We provide descriptions of each of our segments in Note 12.

We refer to SDG&E and SoCalGas collectively as the California Utilities, which do not include the utilities in our Sempra International and Sempra U.S. Gas & Power operating units. Sempra Global is the holding company for most of our subsidiaries that are not subject to California utility regulation. All references in these Notes to "Sempra International," "Sempra U.S. Gas & Power" and their respective reportable segments are not intended to refer to any legal entity with the same or similar name.

Our Sempra Mexico segment includes the operating companies of our subsidiary, Infraestructura Energética Nova, S.A.B. de C.V. (IEnova), as well as certain holding companies and risk management activity. We discuss IEnova further in Note 1 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2014 (the Annual Report), which includes the combined reports for Sempra Energy, SDG&E and SoCalGas.

Sempra Energy uses the equity method to account for investments in affiliated companies over which we have the ability to exercise significant influence, but not control. We discuss our investments in unconsolidated entities in Notes 3 and 4 herein and in the Notes to Consolidated Financial Statements in the Annual Report.

SDG&E

SDG&E's Condensed Consolidated Financial Statements include its accounts and the accounts of a VIE of which SDG&E is the primary beneficiary, as we discuss in Note 5 under "Variable Interest Entities." SDG&E's common stock is wholly owned by Enova Corporation, which is a wholly owned subsidiary of Sempra Energy.

SoCalGas

SoCalGas' Condensed Consolidated Financial Statements include its accounts and the de minimis accounts of inactive subsidiaries. SoCalGas' common stock is wholly owned by Pacific Enterprises, which is a wholly owned subsidiary of Sempra Energy.

BASIS OF PRESENTATION

This is a combined report of Sempra Energy, SDG&E and SoCalGas. We provide separate information for SDG&E and SoCalGas as required. References in this report to "we," "our" and "Sempra Energy Consolidated" are to Sempra Energy and its consolidated entities, unless otherwise indicated by the context. We have eliminated intercompany accounts and transactions within the consolidated financial statements of each reporting entity.

We have prepared the Condensed Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and in accordance with the interim-period-reporting requirements of Form 10-Q. Results of operations for interim periods are not necessarily indicative of results for the entire year. We evaluated events and transactions that occurred after June 30, 2015 through the date the financial statements were issued and, in the opinion of management, the accompanying statements reflect all adjustments necessary for a fair presentation. These adjustments are only of a normal, recurring nature.

All December 31, 2014 balance sheet information in the Condensed Consolidated Financial Statements has been derived from our audited 2014 Consolidated Financial Statements in the Annual Report. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the interim-period-reporting provisions of U.S. GAAP and the Securities and Exchange Commission.

We describe our significant accounting policies in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report. We follow the same accounting policies for interim reporting purposes, except for the adoption of new accounting standards as we discuss in Note 2.

You should read the information in this Quarterly Report in conjunction with the Annual Report.

Regulated Operations

Sempra South American Utilities has controlling interests in two electric distribution utilities in South America, Chilquinta Energía S.A. (Chilquinta Energía) in Chile and Luz del Sur S.A.A. (Luz del Sur) in Peru. Sempra Natural Gas owns Mobile Gas Service Corporation (Mobile Gas) in southwest Alabama and Willmut Gas Company (Willmut Gas) in Mississippi, and Sempra Mexico owns Ecogas México, S. de R.L. de C.V. (Ecogas) in northern Mexico, all natural gas distribution utilities. The California Utilities, Sempra Natural Gas' Mobile Gas and Willmut Gas, and Sempra Mexico's Ecogas prepare their financial statements in accordance with U.S. GAAP provisions governing regulated operations, as we discuss in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

NOTE 2. NEW ACCOUNTING STANDARDS

We describe below recent pronouncements that have had or may have a significant effect on our financial statements. We do not discuss recent pronouncements that are not anticipated to have an impact on or are unrelated to our financial condition, results of operations, cash flows or disclosures.

SEMPRA ENERGY, SDG&E AND SOCALGAS

Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers” (ASU 2014-09): ASU 2014-09 provides accounting guidance for revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods or services to their customers. The guidance also provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property and equipment, including real estate. This guidance must be adopted using either a full retrospective approach for all periods presented in the period of adoption or a modified retrospective approach.

ASU 2014-09 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

ASU 2015-03, “Interest – Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs” (ASU 2015-03): ASU 2015-03 provides guidance on the financial statement presentation of debt issuance costs and requires an entity to present debt issuance costs in the balance sheet as a direct deduction from the carrying amount of the related long-term debt liability. This guidance must be applied using a full retrospective approach for all periods presented in the period of adoption.

We will adopt ASU 2015-03 for our annual reporting period ending December 31, 2015. The adoption will not affect our results of operations or cash flows. Deferred debt issuance costs that are the subject of ASU 2015-03 are included in Sundry on the Sempra Energy, SDG&E and SoCalGas Condensed Consolidated Balance Sheets and total $88 million, $34 million, and $18 million at June 30, 2015, respectively, and $84 million, $33 million, and $15 million at December 31, 2014, respectively.

NOTE 3. ACQUISITION AND DIVESTITURE ACTIVITY

SEMPRA RENEWABLES

In March 2014, Sempra Renewables formed a joint venture with Consolidated Edison Development (Con Edison Development), a non-related party, by selling a 50-percent interest in its 250-megawatt (MW) Copper Mountain Solar 3 solar power facility for $66 million in cash, net of $2 million cash sold. Sempra Renewables recognized a pretax gain on the sale of $27 million ($16 million after-tax), included in Gain on Sale of Equity Interest and Assets on our Condensed Consolidated Statement of Operations for the six months ended June 30, 2014. Our remaining 50-percent interest in Copper Mountain Solar 3 is accounted for under the equity method. Based on the nature of the underlying assets, this investment is considered in-substance real estate. Therefore, in accordance with applicable U.S. GAAP, the Copper Mountain Solar 3 equity method investment was measured at historical cost and no portion of the gain was attributable to a remeasurement of the retained investment to fair value.

The following table summarizes the deconsolidation:

DECONSOLIDATION OF SUBSIDIARY

(Dollars in millions)		
	Copper Mountain Solar 3 At March 13, 2014	
Proceeds from sale, net of negligible transaction costs	$	68
Cash		(2)
Property, plant and equipment, net		(247)
Other assets		(11)
Accounts payable and accrued expenses		82
Long-term debt, including current portion		97
Other liabilities		3
Accumulated other comprehensive income		(2)
Gain on sale of equity interest		(27)
(Increase) in equity method investment upon deconsolidation	$	(39)

In May 2014, Sempra Renewables invested $109 million (and an additional $12 million in November 2014, as adjusted for financial position at closing) to become a 50-percent partner with Con Edison Development in four fully operating solar facilities in California. We discuss our investment in the California solar partnership further in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report.

In March 2015, Sempra Renewables acquired a 100-percent interest in the Black Oak Getty Wind project, a 78-MW wind farm under development in Stearns County, Minnesota. The wind farm has a 20-year power purchase agreement with Minnesota Municipal Power Agency. The total acquisition cost for the project is $8 million, a portion of which was paid in the first quarter of 2015.

SEMPRA NATURAL GAS

Mesquite Power Sale

In April 2015, Sempra Natural Gas sold the remaining 625-MW block of the Mesquite Power plant, together with a related power sales contract, for net cash proceeds of $347 million. We recognized a pretax gain on the sale of $61 million ($36 million after-tax), included in Gain on Sale of Equity Interest and Assets on our Condensed Consolidated Statement of Operations. The asset was classified as held for sale at December 31, 2014.

NOTE 4. INVESTMENTS IN UNCONSOLIDATED ENTITIES

We provide additional information concerning our equity method investments in Notes 3 and 4 of the Notes to Consolidated Financial Statements in the Annual Report.

SEMPRA RENEWABLES

In addition to Sempra Renewables' investment in the California solar partnership discussed in Note 3 above, during the six months ended June 30, 2015 and 2014, Sempra Renewables invested cash of $18 million and $45 million, respectively, in its other joint ventures.

SEMPRA NATURAL GAS

During the six months ended June 30, 2015, Sempra Natural Gas invested $3 million of cash in its joint venture, Cameron LNG Holdings, LLC (Cameron LNG Holdings or Cameron LNG JV), accrued $7 million for a project capital call due and subsequently paid in July 2015, and capitalized $24 million of interest related to this equity method investment that has not commenced planned principal operations.

In April 2015, Sempra Natural Gas invested $113 million of cash in its equity method investment, Rockies Express Pipeline LLC, a partnership that operates the Rockies Express pipeline, to repay project debt that matured in early 2015.

NOTE 5. OTHER FINANCIAL DATA

INVENTORIES

The components of inventories by segment are as follows:

INVENTORY BALANCES
(Dollars in millions)

	Natural gas		Liquefied natural gas		Materials and supplies		Total	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
SDG&E	$ 3	$ 8	$	$	$ 64	$ 65	$ 67	$ 73
SoCalGas	29	155			28	26	57	181
Sempra South American Utilities					35	33	35	33

Sempra Mexico						10		9		9		9		19		18
Sempra Renewables										2		2		2		2
Sempra Natural Gas		81		83		4		5		1		1		86		89
Sempra Energy Consolidated	$	113	$	246	$	14	$	14	$	139	$	136	$	266	$	396

Temporary LIFO Liquidation

SoCalGas values natural gas inventory by the last-in first-out (LIFO) method. As inventories are sold, differences between the LIFO valuation and the estimated replacement cost are reflected in customer rates. Temporary LIFO liquidation represents the difference between the carrying value of natural gas inventory withdrawn during the period for delivery to customers and the projected cost of the replacement of that inventory during summer months. For interim periods, these differences result in an asset or liability, which at June 30, 2015 is an asset recorded in Temporary LIFO Liquidation on SoCalGas' Condensed Consolidated Balance Sheet and Other Current Assets on Sempra Energy's Condensed Consolidated Balance Sheet.

GOODWILL

We discuss goodwill in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report. The decrease in goodwill from $931 million at December 31, 2014 to $885 million at June 30, 2015 is due to foreign currency translation at Sempra South American Utilities. We record the offset of this fluctuation in Other Comprehensive Income (Loss).

VARIABLE INTEREST ENTITIES (VIE)

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

§ the purpose and design of the VIE;

§ the nature of the VIE's risks and the risks we absorb;

§ the power to direct activities that most significantly impact the economic performance of the VIE; and

§ the obligation to absorb losses or right to receive benefits that could be significant to the VIE.

SDG&E

Tolling Agreements

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

Otay Mesa VIE

SDG&E has an agreement to purchase power generated at the Otay Mesa Energy Center (OMEC), a 605-MW generating facility. In addition to tolling, the agreement provides SDG&E with the option to purchase the power plant at the end of the contract term in 2019, or upon earlier termination of the purchased-power agreement, at a predetermined price subject to adjustments based on performance of the facility. If SDG&E does not exercise its option, under certain circumstances, it may be required to purchase the power plant at a predetermined price, which we refer to as the put option.

The facility owner, Otay Mesa Energy Center LLC (OMEC LLC), is a VIE (Otay Mesa VIE), of which SDG&E is the primary beneficiary. SDG&E has no OMEC LLC voting rights, holds no equity in OMEC LLC and does not operate OMEC. In addition to the risks absorbed under the tolling agreement, SDG&E absorbs separately through the put option a significant portion of the risk that the value of Otay Mesa VIE could decline. Accordingly, SDG&E and Sempra Energy have consolidated Otay Mesa VIE. Otay Mesa VIE's equity of $61 million at June 30, 2015 and $60 million at December 31, 2014 is included on the Condensed Consolidated Balance Sheets in Other Noncontrolling Interests for Sempra Energy and in Noncontrolling Interest for SDG&E.

OMEC LLC has a loan outstanding of $320 million at June 30, 2015, the proceeds of which were used for the construction of OMEC. The loan is with third party lenders and is secured by OMEC's property, plant and equipment. SDG&E is not a party to the loan agreement and does not have any additional implicit or explicit financial responsibility to OMEC LLC. The loan fully matures in April 2019 and bears interest at rates varying with market rates. In addition, OMEC LLC has entered into interest rate swap agreements to moderate its exposure to interest rate changes. We provide additional information concerning the interest rate swaps in Note 7.

The Condensed Consolidated Statements of Operations of Sempra Energy and SDG&E include the following amounts associated with Otay Mesa VIE. The amounts are net of eliminations of transactions between SDG&E and Otay Mesa VIE. The captions in the table below generally correspond to SDG&E's Condensed Consolidated Statements of Operations.

AMOUNTS ASSOCIATED WITH OTAY MESA VIE
(Dollars in millions)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Operating expenses				
Cost of electric fuel and purchased power	$ (21)	$ (22)	$ (39)	$ (40)
Operation and maintenance	6	5	10	10
Depreciation	6	7	12	14
Total operating expenses	(9)	(10)	(17)	(16)

Operating income	9	10	17	16
Interest expense	(5)	(4)	(9)	(8)
Income before income taxes/Net income	4	6	8	8
Earnings attributable to noncontrolling interest	(4)	(6)	(8)	(8)
Earnings attributable to common shares	$	$	$	$

We provide additional information regarding Otay Mesa VIE in Note 1 of the Notes to Consolidated Financial Statements in the Annual Report.

Sempra Natural Gas

Cameron LNG JV

Sempra Energy's equity-method investment in Cameron LNG JV is considered to be a VIE generally due to contractual provisions that transfer certain risks to customers. Sempra Energy is not the primary beneficiary because we do not have the power to direct the most significant activities of Cameron LNG JV. We will continue to evaluate Cameron LNG JV for any changes that may impact our determination of the primary beneficiary. The carrying value of our investment in Cameron LNG JV was $1,043 million and $1,007 million at June 30, 2015 and December 31, 2014, respectively. Our maximum exposure to loss includes the carrying value of our investment and the guarantees discussed in Note 4 of the Notes to Consolidated Financial Statements in the Annual Report.

Other Variable Interest Entities

SDG&E's power procurement is subject to reliability requirements that may require SDG&E to enter into various power purchase arrangements which include variable interests. SDG&E evaluates the respective entities to determine if variable interests exist and, based on the qualitative and quantitative analyses described above, if SDG&E, and thereby Sempra Energy, is the primary beneficiary. SDG&E has determined that no contracts, other than the one relating to Otay Mesa VIE mentioned above, result in SDG&E being the primary beneficiary at June 30, 2015. In addition to the tolling agreements described above, other variable interests involve various elements of fuel and power costs, including certain construction costs, tax credits, and other components of cash flow expected to be paid to or received by our counterparties. In most of these cases, the expectation of variability is not substantial, and SDG&E generally does not have the power to direct activities that most significantly impact the economic performance of the other VIEs. If our ongoing evaluation of these VIEs were to conclude that SDG&E becomes the primary beneficiary and consolidation by SDG&E becomes necessary, the effects are not expected to significantly affect the financial position, results of operations, or liquidity of SDG&E. In addition, SDG&E is not exposed to losses or gains as a result of these other VIEs, because all such variability would be recovered in rates.

Sempra Energy's other operating units also enter into arrangements which could include variable interests. We evaluate these arrangements and applicable entities based upon the qualitative and quantitative analyses described above. Certain of these entities are service companies that are VIEs. As the primary beneficiary of these service companies, we consolidate them; however, their financial statements are not material to the financial statements of Sempra Energy. In all other cases, we have determined that these contracts are not variable interests in a VIE and therefore are not subject to the U.S. GAAP requirements concerning the consolidation of VIEs.

PENSION AND OTHER POSTRETIREMENT BENEFITS

Net Periodic Benefit Cost

The following three tables provide the components of net periodic benefit cost:

NET PERIODIC BENEFIT COST – SEMPRA ENERGY CONSOLIDATED
(Dollars in millions)

	Pension benefits		Other postretirement benefits	
	Three months ended June 30,			
	2015	2014	2015	2014
Service cost	$ 29	$ 26	$ 7	$ 6
Interest cost	39	41	11	12
Expected return on assets	(44)	(43)	(17)	(16)
Amortization of:				
Prior service cost (credit)	2	3		(1)
Actuarial loss	11	5		
Settlement		6		
Regulatory adjustment	(30)			
Total net periodic benefit cost	$ 7	$ 38	$ 1	$ 1
	Six months ended June 30,			
	2015	2014	2015	2014
Service cost	$ 59	$ 52	$ 14	$ 12
Interest cost	78	82	23	24
Expected return on assets	(88)	(86)	(34)	(32)
Amortization of:				
Prior service cost (credit)	5	5	(1)	(2)
Actuarial loss	19	10		
Settlements		9		
Regulatory adjustment	(59)	(24)		
Total net periodic benefit cost	$ 14	$ 48	$ 2	$ 2

NET PERIODIC BENEFIT COST – SDG&E
(Dollars in millions)

	Pension benefits		Other postretirement benefits	
	Three months ended June 30,			
	2015	2014	2015	2014
Service cost	$ 8	$ 7	$ 2	$ 1
Interest cost	10	11	2	2
Expected return on assets	(13)	(14)	(3)	(3)
Amortization of:				
Prior service cost	1	1	1	1
Actuarial loss	2	1		
Settlements		2		
Regulatory adjustment	(7)	6	(2)	(1)
Total net periodic benefit cost	$ 1	$ 14	$	$
	Six months ended June 30,			
	2015	2014	2015	2014
Service cost	$ 16	$ 15	$ 4	$ 3
Interest cost	20	22	4	4
Expected return on assets	(27)	(28)	(6)	(6)
Amortization of:				
Prior service cost	1	1	2	2
Actuarial loss	4	2		
Settlements		2		
Regulatory adjustment	(12)	1	(4)	(3)
Total net periodic benefit cost	$ 2	$ 15	$	$

NET PERIODIC BENEFIT COST – SOCALGAS
(Dollars in millions)

	Pension benefits		Other postretirement benefits	
	Three months ended June 30,			
	2015	2014	2015	2014
Service cost	$ 19	$ 16	$ 5	$ 4
Interest cost	24	26	9	10
Expected return on assets	(27)	(26)	(14)	(13)
Amortization of:				
Prior service cost (credit)	2	2	(2)	(2)
Actuarial loss	6	2		
Regulatory adjustment	(23)	(6)	2	1
Total net periodic benefit cost	$ 1	$ 14	$	$
	Six months ended June 30,			
	2015	2014	2015	2014
Service cost	$ 38	$ 32	$ 10	$ 8
Interest cost	49	51	18	19
Expected return on assets	(54)	(52)	(28)	(26)
Amortization of:				
Prior service cost (credit)	4	4	(4)	(4)

Actuarial loss		11		4				
Regulatory adjustment		(47)		(25)		4		3
Total net periodic benefit cost	$	1	$	14	$		$	

Benefit Plan Contributions

The following table shows our year-to-date contributions to pension and other postretirement benefit plans and the amounts we expect to contribute in 2015:

BENEFIT PLAN CONTRIBUTIONS (Dollars in millions)						
	Sempra Energy Consolidated		SDG&E		SoCalGas	
Contributions through June 30, 2015:						
Pension plans	$	17	$	2	$	1
Other postretirement benefit plans		1				
Total expected contributions in 2015:						
Pension plans	$	36	$	3	$	7
Other postretirement benefit plans		11		8		

RABBI TRUST

In support of its Supplemental Executive Retirement, Cash Balance Restoration and Deferred Compensation Plans, Sempra Energy maintains dedicated assets, including a Rabbi Trust and investments in life insurance contracts, which totaled $483 million and $512 million at June 30, 2015 and December 31, 2014, respectively.

EARNINGS PER SHARE

The following table provides the per share computations for our earnings for the three months and six months ended June 30, 2015 and 2014. Basic earnings per common share (EPS) is calculated by dividing earnings attributable to common stock by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution of common stock equivalent shares that could occur if securities or other contracts to issue common stock were exercised or converted into common stock.

EARNINGS PER SHARE COMPUTATIONS

(Dollars in millions, except per share amounts; shares in thousands)	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Numerator:				
Earnings/Income attributable to common shares	$ 295	$ 269	$ 732	$ 516
Denominator:				
Weighted-average common shares outstanding for basic EPS(1)	248,108	245,688	247,916	245,484
Dilutive effect of stock options, restricted stock awards and restricted stock units	3,383	4,373	3,348	4,332
Weighted-average common shares outstanding for diluted EPS	251,491	250,061	251,264	249,816
Earnings per share:				
Basic	$ 1.19	$ 1.10	$ 2.95	$ 2.10
Diluted	1.17	1.08	2.91	2.07

(1) Includes fully vested restricted stock units of 501 and 476 held in our Deferred Compensation Plan for the three months and six months ended June 30, 2015, respectively, and 221 and 202 for the three months and six months ended June 30, 2014, respectively. These fully vested restricted stock units are included in weighted-average common shares outstanding for basic EPS because there are no conditions under which the corresponding shares will not be issued.

The dilution from common stock options is based on the treasury stock method. Under this method, proceeds based on the exercise price plus unearned compensation and windfall tax benefits recognized, minus tax shortfalls recognized, are assumed to be used to repurchase shares on the open market at the average market price for the period. The windfall tax benefits are tax deductions we would receive upon the assumed exercise of stock options in excess of the deferred income taxes we recorded related to the compensation expense on the stock options. Tax shortfalls occur when the assumed tax deductions are less than recorded deferred income taxes. The calculation of dilutive common stock equivalents excludes options for which the exercise price on common stock was greater than the average market price during the period (out-of-the-money options). We had no such antidilutive stock options outstanding for the three months or six months ended June 30, 2015 or 2014. For the three months and six months ended June 30, 2015 and 2014, we had no stock options outstanding that were antidilutive because of the unearned compensation and windfall tax benefits included in the assumed proceeds under the treasury stock method.

The dilution from unvested restricted stock awards (RSAs) and restricted stock units (RSUs) is also based on the treasury stock method. Proceeds equal to the unearned compensation and windfall tax benefits recognized, minus tax shortfalls recognized, related to the awards and units are assumed to be used to repurchase shares on the open market at the average market price for the period. The windfall tax benefits or tax shortfalls recognized are the difference between tax deductions we would receive upon the assumed vesting of RSAs or RSUs and the deferred income taxes we recorded related to the compensation expense on such awards and units. There were no antidilutive RSAs and 4,715 antidilutive RSUs from the application of unearned compensation in the treasury stock method for the three months and six months ended June 30, 2015. There were no such antidilutive RSAs or RSUs for the three months or six months ended June 30, 2014.

Our performance-based RSUs include awards that vest at the end of three-year (for awards granted in 2015) or four-year performance periods based on Sempra Energy’s total return to shareholders relative to that of specified market indices (Total Shareholder Return or TSR RSUs) or based on the compound annual growth rate of Sempra Energy’s EPS (EPS RSUs). The comparative market indices for the TSR RSUs are the Standard & Poor’s (S&P) 500

Utilities Index and the S&P 500 Index. Targets for our EPS RSUs were developed based on Sempra Energy's long-term earnings-per-share growth guidance as well as analyst consensus long-term earnings-per-share growth estimates for S&P 500 Utilities Index peer companies. TSR RSUs represent the right to receive from zero to 1.5 shares (2.0 shares for awards granted during or after 2014) of Sempra Energy common stock if performance targets are met. EPS RSUs represent the right to receive from zero to 2.0 shares of Sempra Energy common stock if performance targets are met. If performance falls between the targets specified for each performance metric, we calculate the payout using linear interpolation. Participants also receive additional shares for dividend equivalents on shares subject to RSUs, which are deemed reinvested to purchase additional units that become subject to the same vesting conditions as the RSUs to which the dividends relate.

Our RSAs, which are solely service-based, and those RSUs that are service-based or issued in connection with certain other performance goals represent the right to receive up to 1.0 share if the service requirements or certain other vesting conditions are met. These RSAs and RSUs have the same dividend equivalent rights as the performance-based RSUs described above. We include RSAs and these RSUs in potential dilutive shares at 100 percent, subject to the application of the treasury stock method. We include our TSR RSUs and EPS RSUs in potential dilutive shares at zero to up to 200 percent to the extent that they currently meet the performance requirements for vesting, subject to the application of the treasury stock method. Due to market fluctuations of both Sempra Energy stock and the comparative indices, dilutive TSR RSU shares may vary widely from period-to-period. If it were assumed that performance goals for all performance-based RSUs were met at maximum levels and if the treasury stock method were not applied to any of our RSAs or RSUs, the incremental potential dilutive shares would be 1,370,460 and 1,424,855 for the three months and six months ended June 30, 2015, respectively, and 1,137,593 and 1,206,873 for the three months and six months ended June 30, 2014, respectively.

SHARE-BASED COMPENSATION

We discuss our share-based compensation plans in Note 8 of the Notes to Consolidated Financial Statements in the Annual Report. We recorded share-based compensation expense, net of income taxes, of $7 million for each of the three-month periods ended June 30, 2015 and 2014, and $15 million and $14 million for the six-month periods ended June 30, 2015 and 2014, respectively. Pursuant to our Sempra Energy share-based compensation plans, Sempra Energy's compensation committee granted 301,319 TSR RSUs, 76,675 EPS RSUs and 133,159 RSUs issued either as service-based awards or in connection with certain other performance goals during the six months ended June 30, 2015, primarily in January.

During the six months ended June 30, 2015, IEnova issued 148,781 RSUs from the IEnova 2013 Long-Term Incentive Plan, under which awards are cash settled at vesting based on the price of IEnova common stock.

CAPITALIZED FINANCING COSTS

Capitalized financing costs include capitalized interest costs and, primarily at the California Utilities, an allowance for funds used during construction (AFUDC) related to both debt and equity financing of construction projects.

Pipeline projects currently under construction by Sempra Mexico and Sempra Natural Gas that are both subject to certain regulation and meet U.S. GAAP regulatory accounting requirements record the impact of AFUDC related to equity.

Sempra International's and Sempra U.S. Gas & Power's businesses capitalize interest costs incurred to finance capital projects and interest on equity method investments that have not commenced planned principal operations. The California Utilities also capitalize certain interest costs.

The following table shows capitalized financing costs for the three months and six months ended June 30, 2015 and 2014.

CAPITALIZED FINANCING COSTS
(Dollars in millions)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Sempra Energy Consolidated:				
AFUDC related to debt	$ 7	$ 4	$ 13	$ 10
AFUDC related to equity	31	24	58	49
Other capitalized financing costs	17	8	34	16
Total Sempra Energy Consolidated	$ 55	$ 36	$ 105	$ 75
SDG&E:				
AFUDC related to debt	$ 4	$ 3	$ 7	$ 7
AFUDC related to equity	10	7	18	18
Total SDG&E	$ 14	$ 10	$ 25	$ 25
SoCalGas:				
AFUDC related to debt	$ 3	$ 1	$ 6	$ 3
AFUDC related to equity	10	6	19	11
Total SoCalGas	$ 13	$ 7	$ 25	$ 14

COMPREHENSIVE INCOME

The following tables present the changes in Accumulated Other Comprehensive Income (Loss) (AOCI) by component and amounts reclassified out of AOCI to net income, excluding amounts attributable to noncontrolling interests:

CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT(1)
SEMPRA ENERGY CONSOLIDATED
(Dollars in millions)

		Pension and other postretirement benefits			
	Foreign currency translation adjustments	Unamortized net actuarial gain (loss)	Unamortized prior service cost	Financial instruments	Total accumulated other comprehensive income (loss)
	Three months ended June 30, 2015 and 2014				

2015:										
Balance as of March 31, 2015	$	(384)	$	(82)	$	(2)	$	(145)	$	(613)
Other comprehensive (loss) income before reclassifications		(43)						57		14
Amounts reclassified from accumulated other comprehensive income				1				2		3
Net other comprehensive (loss) income		(43)		1				59		17
Balance as of June 30, 2015	$	(427)	$	(81)	$	(2)	$	(86)	$	(596)
2014:										
Balance as of March 31, 2014	$	(172)	$	(70)	$		$	(31)	$	(273)
Other comprehensive income (loss) before reclassifications		2						(12)		(10)
Amounts reclassified from accumulated other comprehensive income				5				5		10
Net other comprehensive income (loss)		2		5				(7)		
Balance as of June 30, 2014	$	(170)	$	(65)	$		$	(38)	$	(273)
	Six months ended June 30, 2015 and 2014									
2015:										
Balance as of December 31, 2014	$	(322)	$	(83)	$	(2)	$	(90)	$	(497)
Other comprehensive (loss) income before reclassifications		(105)						3		(102)
Amounts reclassified from accumulated other comprehensive income				2				1		3
Net other comprehensive (loss) income		(105)		2				4		(99)
Balance as of June 30, 2015	$	(427)	$	(81)	$	(2)	$	(86)	$	(596)
2014:										
Balance as of December 31, 2013	$	(129)	$	(73)	$		$	(26)	$	(228)
Other comprehensive loss before reclassifications		(41)						(26)		(67)
Amounts reclassified from accumulated other comprehensive income				8				14		22
Net other comprehensive (loss) income		(41)		8				(12)		(45)
Balance as of June 30, 2014	$	(170)	$	(65)	$		$	(38)	$	(273)

(1) All amounts are net of income tax, if subject to tax, and exclude noncontrolling interests.

CHANGES IN ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) BY COMPONENT(1)
SAN DIEGO GAS & ELECTRIC COMPANY

(Dollars in millions)

	Pension and other postretirement benefits		
	Unamortized net actuarial gain (loss)	Unamortized prior service credit	Total accumulated other comprehensive income (loss)
	Three months ended June 30, 2015 and 2014		
2015:			
Balance as of March 31, and June 30, 2015	$ (13)	$ 1	$ (12)
2014:			
Balance as of March 31, 2014	$ (10)	$ 1	$ (9)
Amounts reclassified from accumulated other comprehensive income	1		1
Net other comprehensive income	1		1
Balance as of June 30, 2014	$ (9)	$ 1	$ (8)
	Six months ended June 30, 2015 and 2014		
2015:			
Balance as of December 31, 2014 and June 30, 2015	$ (13)	$ 1	$ (12)
2014:			
Balance as of December 31, 2013	$ (10)	$ 1	$ (9)
Amounts reclassified from accumulated other comprehensive income	1		1
Net other comprehensive income	1		1
Balance as of June 30, 2014	$ (9)	$ 1	$ (8)

(1) All amounts are net of income tax, if subject to tax, and exclude noncontrolling interests.

RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

Details about accumulated other comprehensive income (loss) components	Amounts reclassified from accumulated other comprehensive income (loss)		Affected line item on Condensed Consolidated Statements of Operations
	Three months ended June 30,		
	2015	2014	
Sempra Energy Consolidated:			
Financial instruments:			
Interest rate and foreign exchange instruments	$ 3	$ 6	Interest Expense
Interest rate instruments	3	2	Equity Earnings, Before Income Tax
Total before income tax	6	8	
	(1)	(1)	Income Tax Expense
Net of income tax	5	7	
	(3)	(2)	Earnings Attributable to Noncontrolling Interests

	$ 2	$ 5	
Pension and other postretirement benefits:			
Amortization of actuarial loss	$ 2	$ 8	See note (1) below
	(1)	(3)	Income Tax Expense
Net of income tax	$ 1	$ 5	
Total reclassifications for the period, net of tax	$ 3	$ 10	
SDG&E:			
Financial instruments:			
Interest rate instruments	$ 3	$ 2	Interest Expense
	(3)	(2)	Earnings Attributable to Noncontrolling Interest
	$	$	
Pension and other postretirement benefits:			
Amortization of actuarial loss	$	$ 2	See note (1) below
		(1)	Income Tax Expense
Net of income tax	$	$ 1	
Total reclassifications for the period, net of tax	$	$ 1	

(1) Amounts are included in the computation of net periodic benefit cost (see "Pension and Other Postretirement Benefits" above).

RECLASSIFICATIONS OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)
(Dollars in millions)

Details about accumulated other comprehensive income (loss) components	Amount reclassified from accumulated other comprehensive income (loss) Six months ended June 30, 2015	2014	Affected line item on Condensed Consolidated Statements of Operations
Sempra Energy Consolidated:			
Financial instruments:			
Interest rate and foreign exchange instruments	$ 9	$ 9	Interest Expense
Interest rate instruments		2	Gain on Sale of Equity Interest and Assets
Interest rate instruments	6	5	Equity Earnings, Before Income Tax
Commodity contracts not subject to rate recovery	(7)	10	Revenues: Energy-Related Businesses
Total before income tax	8	26	
		(7)	Income Tax Expense
Net of income tax	8	19	
	(7)	(5)	

					Earnings Attributable to Noncontrolling Interests
	$	1	$	14	
Pension and other postretirement benefits:					
Amortization of actuarial loss	$	4	$	13	See note (1) below
		(2)		(5)	Income Tax Expense
Net of income tax	$	2	$	8	
Total reclassifications for the period, net of tax	$	3	$	22	
SDG&E:					
Financial instruments:					
Interest rate instruments	$	6	$	5	Interest Expense
		(6)		(5)	Earnings Attributable to Noncontrolling Interest
	$		$		
Pension and other postretirement benefits:					
Amortization of actuarial loss	$		$	2	See note (1) below
				(1)	Income Tax Expense
Net of income tax	$		$	1	
Total reclassifications for the period, net of tax	$		$	1	

(1) Amounts are included in the computation of net periodic benefit cost (see "Pension and Other Postretirement Benefits" above).

For the three months and six months ended June 30, 2015 and 2014, Other Comprehensive Income, excluding amounts attributable to noncontrolling interests, at SoCalGas was negligible, and reclassifications out of Accumulated Other Comprehensive Income (Loss) to Net Income were also negligible for SoCalGas.

SHAREHOLDERS’ EQUITY AND NONCONTROLLING INTERESTS

The following tables provide reconciliations of changes in Sempra Energy’s, SDG&E’s and SoCalGas’ shareholders’ equity and noncontrolling interests for the six months ended June 30, 2015 and 2014.

SHAREHOLDERS’ EQUITY AND NONCONTROLLING INTERESTS (Dollars in millions)	SEMPRA ENERGY CONSOLIDATED					
		Sempra Energy shareholders’ equity		Non-controlling interests		Total equity
Balance at December 31, 2014	$	11,326	$	774	$	12,100
Comprehensive income		634		33		667
Preferred dividends of subsidiary		(1)				(1)
Share-based compensation expense		26				26
Common stock dividends declared		(347)				(347)

Issuance of common stock		59				59
Repurchase of common stock		(66)				(66)
Tax benefit related to share-based compensation		52				52
Equity contributed by noncontrolling interest				1		1
Distributions to noncontrolling interests				(16)		(16)
Balance at June 30, 2015	$	11,683	$	792	$	12,475
Balance at December 31, 2013	$	11,008	$	842	$	11,850
Comprehensive income		472		39		511
Preferred dividends of subsidiary		(1)				(1)
Share-based compensation expense		21				21
Common stock dividends declared		(324)				(324)
Issuance of common stock		42				42
Repurchase of common stock		(37)				(37)
Tax benefit related to share-based compensation		13				13
Equity contributed by noncontrolling interest				1		1
Distributions to noncontrolling interests				(25)		(25)
Balance at June 30, 2014	$	11,194	$	857	$	12,051

SHAREHOLDER'S EQUITY AND NONCONTROLLING INTEREST SDG&E
(Dollars in millions)

	SDG&E shareholder's equity		Non-controlling interest		Total equity	
Balance at December 31, 2014	$	4,932	$	60	$	4,992
Comprehensive income		273		9		282
Distributions to noncontrolling interest				(8)		(8)
Balance at June 30, 2015	$	5,205	$	61	$	5,266
Balance at December 31, 2013						