

San Diego Gas & Electric/IBEW Local 465

Pension and Savings Plan (401k) Modification Last, Best and Final Proposal

November 22, 2006

Pension Plan

Frozen Benefit Plus⁺ Account:

Effective March 1, 2007 active IBEW Local 465 employees who have a frozen benefit under the old pension plan will be eligible for a new benefit, the Frozen Benefit Plus⁺ Account.

Who is Eligible?

IBEW-Local 465 employees who have a grandfathered pension plan benefit.

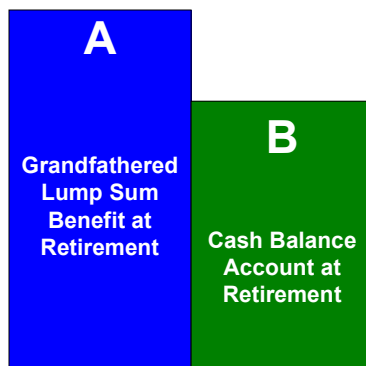
How will the Benefit Plus⁺ Account be calculated?

The account will grow from July 1, 2003 using the same cash balance employer contribution credits provided in the Cash Balance plan including the interest credits on the employer account. Interest will be credited using the applicable 30-Year Treasury bond rate. Interest credits on the opening balance (Base Account) portion of the Cash Balance Plan are not part of the Frozen Benefit Plus⁺ Account.

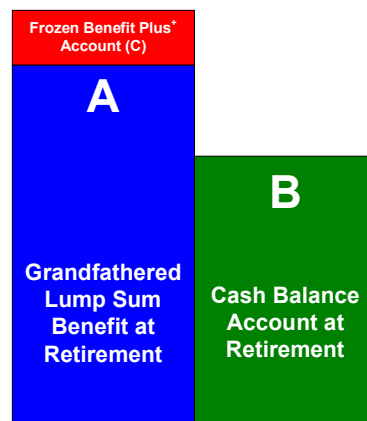
What benefit will I receive at retirement?

Upon retirement, eligible employees will receive the greater of (1) the sum of their grandfathered plan benefit AND the Frozen Benefit Plus⁺ Account, OR (2) their Cash Balance Plan account.

Current Plan:
Lump Sum Benefit is the
Greater of A or B



Redesigned Plan:
Lump Sum Benefit is the
Greater of (A + C) or B



Active employees who have submitted a future request to retire may rescind their request by calling Sempra Energy's Retirement Benefits Group at (619) 696-4126.

More information on the Frozen Benefit Plus⁺ Account

Benefit statements that include the opening balance for the Frozen Benefit Plus⁺ Account will be available after March 1, 2007.

Frozen Benefit Plus⁺ Account Distribution Options:

Distribution options will be the same as those offered for Cash Balance Accounts. Participants may elect a different distribution option for the Frozen Benefit Plus⁺ Account than they elect for the frozen grandfathered benefit. For example, participants could elect a single life annuity for the frozen grandfathered benefit and a lump sum for the Frozen Benefit Plus⁺ Account. Participants may also elect lump sums for both accounts.

Pension Benefit Vesting:

Vesting for Cash Balance Pension Plan purposes will be reduced from five years to three years, effective March 1, 2007.

401k Savings Plan

TradeLink Plus:

Effective April 1, 2007 employees will be given the opportunity to invest using TradeLink Plus. The current TradeLink investment cap will be reduced from 50% to no less than 10% of a participants account balance and participation will be subject to satisfaction of various pre-investment conditions.

Target Date Retirement Funds:

Effective January 1, 2007 Target Date Retirement Funds will be added as additional investment options within the Savings plan as shown below:

Fund	Fund
TRP Retirement 2010+	TRP Retirement 2040+
TRP Retirement 2015+	TRP Retirement 2045+
TRP Retirement 2020+	TRP Retirement 2050+
TRP Retirement 2025+	TRP Retirement 2055+
TRP Retirement 2030+	TRP Retirement Income+
TRP Retirement 2035+	

General Retirement Planning & Investment Advice:

T. Rowe Price will make prospectuses available and provide Morningstar financial tools to help with investment decisions. Additionally, the company will evaluate financial advice and financial planning service options once the Pension Protection Act regulations on the subject are issued by the U.S. Department of Treasury.

Automatic Enrollment in Sempra Energy Savings Plan (401K) for new employees:

New employees have been automatically enrolled in the Savings Plan at a pre-tax deferral rate of 3% of pay. This contribution has been invested in the plan's Personal Strategy Trust - Balanced Fund. Effective January 1, 2007 contributions will be invested in one of the Target Date Retirement funds based on the participant's age at time of employment. Employees will have 30 days to either increase or cancel their initial participation. Employees may also elect to change the investment fund.

Automatic Increase in Sempra Energy Savings Plan (401K) for new employees:

Effective February 1, 2007, new employees, along with automatic enrollment at 3%, will also have their pre-tax percentage automatically increased by 1% every May 1st until they reach a deferral rate of 6%. At a 6% deferral rate, participants maximize Company matching contributions. If an employee does not want to have their contributions automatically increased, they can call T. Rowe Price and "opt out" of this feature. Existing employees can also participate in Auto Increase by calling T. Rowe Price to "opt in." Current employees can have their percentage increased automatically by 1% increments each year to the maximum percentage (25%). All employees can opt out at any time.

Rollovers to the San Diego Gas & Electric Savings Plan:

The Company confirms that employees who are hired by SDG&E can roll over their 401(k) accounts that they may have with another employer into the SDG&E Plan.

Sempra Energy Stock Diversification:

This is to confirm that all employees can diversify Sempra Energy Stock in their employee account at any time and that they can also diversify Sempra Energy Stock in their company matching account at any time. The company will continue to make their matching contribution in stock and employees can immediately diversify out as soon as the stock is posted to their account each payroll period.

Length of Agreement for Pension and 401k Plans:

Three years from date of ratification.