

SEMPRA ENERGY
Form DEF 14A
March 26, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

SEMPRA ENERGY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- 4) Proposed maximum aggregate value of transaction:

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Notes:

Reg. (S) 240.14a-101.

SEC 1913 (3-99)

Table of Contents

Table of Contents

March 26, 2012

SEMPRA ENERGY

San Diego, California

DEAR FELLOW SHAREHOLDERS:

We are pleased to invite you to our Annual Meeting of Shareholders at 10 a.m., May 10, 2012, at the Balboa Bay Club & Resort in Newport Beach, California.

This has been a year of transition for your company. With my planned retirement later this year and former president Neal Schmale's retirement at the end of 2011, Sempra Energy's board of directors has executed its carefully planned leadership succession. Last June, Debbie Reed was named chief executive officer and elected to the board. In September, we announced that Mark Snell was promoted to president and Joe Householder to chief financial officer. Our new leadership team and directors will be present at the Annual Meeting.

Whether or not you plan to attend, we encourage you to read this proxy statement and promptly vote your shares. Your vote is important! There are several ways you can vote: by completing, signing, dating and returning the enclosed proxy or voter instruction card; by telephone; or via the Internet.

We hope to see you in May. Thank you for your ongoing support.

Sincerely,

Donald E. Felsing

Executive Chairman

Table of Contents

NOTICE OF ANNUAL MEETING AND PROXY STATEMENT

TABLE OF CONTENTS

	Page
<u>Notice of Annual Meeting of Shareholders</u>	1
<u>Questions and Answers</u>	2
<u>Proxy Materials</u>	2
<u>Proposals To Be Voted On</u>	3
<u>How You Can Vote</u>	4
<u>Attending the Annual Meeting</u>	6
<u>Shareholder Proposals and Director Nominations</u>	6
<u>Obtaining Additional Information</u>	7
<u>Corporate Governance</u>	8
<u>Board of Directors</u>	8
<u>Board Committees</u>	11
<u>Communications with the Board</u>	12
<u>Director Compensation</u>	13
<u>Audit Committee Report</u>	16
<u>Share Ownership</u>	17
<u>Proposals To Be Voted On</u>	19
<u>Board of Directors Proposals</u>	19
<u>Proposal 1: Election of Directors</u>	19
<u>Proposal 2: Ratification of Independent Registered Public Accounting Firm</u>	23
<u>Proposal 3: Advisory Approval of our Executive Compensation</u>	24
<u>Shareholder Proposals</u>	27
<u>Proposal 4: Shareholder Proposal Regarding Independent Board Chairman</u>	27
<u>Proposal 5: Shareholder Proposal Regarding Sustainability</u>	29
<u>Executive Compensation</u>	31
<u>Compensation Discussion and Analysis</u>	31
<u>Compensation Committee Report</u>	48
<u>Compensation Tables</u>	49

Table of Contents

SEMPRA ENERGY

101 Ash Street

San Diego, California 92101-3017

(877) 736-7727

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Time and Date	10:00 a.m., local time, on Thursday, May 10, 2012.
Place	The Balboa Bay Club & Resort, 1221 West Coast Highway, Newport Beach, California.
Items of Business	<ol style="list-style-type: none">(1) Elect directors for a one-year term. The director nominees, all of whom are currently directors, are: Alan L. Boeckmann, James G. Brocksmith Jr., Donald E. Felsing, Wilford D. Godbold Jr., William D. Jones, William G. Ouchi, Debra L. Reed, Carlos Ruiz, William C. Rusnack, William P. Rutledge, Lynn Schenk and Luis M. Téllez.(2) Ratify independent registered public accounting firm.(3) Advisory approval of our executive compensation.(4) Vote on two shareholder proposals, if properly presented at the meeting.(5) Consider other matters that may properly come before the meeting.
Adjournments and Postponements	The items of business to be considered at the Annual Meeting may be considered at the meeting or at any adjournment or postponement of the meeting.
Record Date	You are entitled to vote only if you were a Sempra Energy shareholder at the close of business on March 13, 2012.
Meeting Admission	You are entitled to attend the Annual Meeting only if you were a Sempra Energy shareholder at the close of business on March 13, 2012 or you hold a valid proxy to vote at the meeting. You should be prepared to present photo identification to be admitted to the meeting.

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

If you are a shareholder of record or hold shares through our Direct Stock Purchase Plan or Employee Savings Plans, an admission ticket is included as part of your notice of Internet availability of proxy materials or proxy card. If you plan to attend the meeting, please bring the admission ticket with you. If you do not bring the admission ticket, your name must be verified against our list of registered shareholders and plan participants.

If your shares are not registered in your name but are held in street name through a bank, broker or other nominee, you must provide proof of beneficial ownership at the record date such as your most recent account statement prior to March 13, 2012, a copy of the voting instruction card provided by your nominee, or other similar evidence of share ownership.

The meeting will begin promptly at 10:00 a.m., local time. Check-in will begin at 9:00 a.m. and you should allow ample time for check-in procedures.

Voting

Your vote is important. Whether or not you plan to attend the Annual Meeting, we encourage you to read this proxy statement and promptly vote your shares. You may vote by completing, signing and dating the enclosed proxy or voting instruction card and returning it in the enclosed envelope, or by telephone or the Internet. For specific instructions on how to vote your shares, please refer to the section entitled *Questions and Answers How You Can Vote* beginning on page 4 and to the instructions on your proxy or voting instruction card.

This Notice of Annual Meeting and Proxy Statement, the accompanying form of proxy or voting instruction card and our Annual Report to Shareholders are being provided to shareholders beginning on or about March 26, 2012. You can also view these documents on the Internet at www.amstock.com/ProxyServices/Sempira.

Randall L. Clark

Corporate Secretary

Table of Contents

QUESTIONS AND ANSWERS

Proxy Materials

1. Why am I receiving these materials?

Our Board of Directors is making these materials available to you over the Internet or by mailing paper copies to you in connection with Sempra Energy's Annual Meeting of Shareholders to be held on Thursday, May 10, 2012. As a shareholder, you are invited to attend the Annual Meeting and are entitled and requested to vote on the items of business described in this proxy statement. This proxy statement includes information that we are required to provide under Securities and Exchange Commission rules and is designed to assist you in voting your shares.

2. What is included in the proxy materials?

The proxy materials include:

Our Notice of Annual Meeting of Shareholders;

Our proxy statement for the Annual Meeting of Shareholders; and

Our 2011 Annual Report to Shareholders.

If you received a paper copy of these materials by mail, the proxy materials also include a proxy or voting instruction card.

3. What information is contained in this proxy statement?

The information in this proxy statement relates to the proposals to be voted on at the Annual Meeting, the voting process, our Board of Directors and board committees, corporate governance, the compensation of our directors and certain executive officers and other required information.

4. Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the materials and how may I obtain an electronic or a paper copy of my proxy materials?

We furnish proxy materials over the Internet to shareholders who have not requested a paper copy. To conserve paper and reduce costs, we mail a notice about the Internet availability of the proxy materials.

All shareholders receiving the notice may access the proxy materials over the Internet and request a paper copy by mail or an electronic copy by email. The notice contains instructions on how to do so. It also contains instructions on how you may request proxy materials by mail or email on an ongoing basis.

If you wish to receive paper copies of future proxy materials, please access www.voteproxy.com on the Internet. Click on Request Paper Copies of Materials, then click on Sempra Energy. You will see an option to elect to receive paper copies each year. You also may request to receive paper copies of future proxy materials by calling (888) 776-9962 from the United States and Canada or +1 (718) 921-8562 from other countries, or by emailing info@amstock.com.

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

If you are a shareholder of record and wish to request electronic delivery of proxy materials in the future, please access www.amstock.com on the Internet. Click on Shareholder Account Access and enroll. Please enter your account number and tax identification number to log in, then select Receive Company Mailings via email and provide your email address.

If you choose to access future proxy materials electronically, you will receive an email with instructions containing a link to the website where the materials are available and a link to the proxy voting website. Your election to access proxy materials electronically will remain in effect until you terminate it.

5. *Why didn't I receive a notice in the mail about the Internet availability of the proxy materials?*

We are providing some of our shareholders, including those who previously have requested paper copies, with a paper copy of the proxy materials instead of a notice about the Internet availability of the proxy materials.

In addition, we are providing notice of the availability of the proxy materials by email to our shareholders who previously have elected electronic delivery. The email contains a link to the website where the proxy materials are available and a link to the proxy voting website.

6. *How can I access the proxy materials over the Internet?*

The notice about the Internet availability of the proxy materials, proxy card and voting instruction card contains instructions on how to view our proxy materials on the Internet. As stated in the Notice of Annual Meeting of Shareholders, you can view these materials on the Internet at www.amstock.com/ProxyServices/Sempra.

7. *I share an address with another shareholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy?*

If you share an address with another shareholder, you may receive only one set of proxy materials unless you have provided contrary instructions. If you wish to receive

Table of Contents

a separate set of the materials now, please request the additional copy by contacting our proxy solicitor, Phoenix Advisory Partners, at:

(800) 499-6377 (U.S. and Canada)

+1 (212) 493-3910 (International)

info@phoenixadvisorypartners.com

A separate set of the materials will be sent promptly following receipt of your request.

If you are a shareholder of record and wish to receive a separate set of proxy materials in the future, or if you have received multiple sets of proxy materials and would like to receive only one set in the future, please call our transfer agent, American Stock Transfer & Trust Company, at:

(888) 776-9962 (U.S. and Canada)

+1 (718) 921-8562 (International)

If you are a beneficial owner of shares and you wish to receive a separate set of proxy materials in the future, or if you have received multiple sets of proxy materials and would like to receive only one set in the future, please call Broadridge Financial Solutions at (800) 542-1061 or contact your bank or broker directly.

Shareholders also may write to us at the address below to request a separate copy of the proxy materials:

Sempra Energy

Attn: Shareholder Services

101 Ash Street

San Diego, CA 92101-3017

investor@sempra.com

8. *Who pays the cost of soliciting proxies for the Annual Meeting?*

Sempra Energy is making this solicitation and will pay the entire cost of preparing, assembling, printing, mailing and distributing these proxy materials and of soliciting proxies.

Our directors, officers and employees also may solicit proxies in person, by telephone or by electronic communication. They will not receive any additional compensation for these activities.

We also have hired Phoenix Advisory Partners to assist us in distributing proxy materials and soliciting proxies. We will pay a base fee of \$20,000 plus customary costs and expenses for these services.

We will reimburse brokerage houses and other custodians, nominees and fiduciaries for forwarding proxy materials to beneficial shareholders.

Proposals To Be Voted On

9. *What items of business will be voted on at the Annual Meeting?*

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

The items of business to be voted on at the Annual Meeting are:

Election of directors for a term of one year.

Ratification of Deloitte & Touche as our independent registered public accounting firm for 2012.

Advisory approval of our executive compensation.

Two shareholder proposals, if properly presented at the meeting.

10. What are my voting choices?

You may vote **FOR** or **AGAINST** or you may **ABSTAIN** from voting on any or all nominees for election as directors or on any other matter to be voted on at the Annual Meeting.

11. How does the Board of Directors recommend that I vote?

Our Board of Directors recommends that you vote your shares **FOR** each of its nominees for election to the board; **FOR** the ratification of our independent registered public accounting firm; **FOR** the advisory approval of our executive compensation; and **AGAINST** each of the two shareholder proposals.

12. What vote is required to approve each item?

To conduct business at the Annual Meeting, a quorum consisting of a majority of our outstanding shares must be present in person or represented by proxy.

To be elected as a director, a nominee must receive the approval of the shareholders. This means that the nominee must receive votes **FOR** his or her election constituting a majority of the shares represented and voting at the Annual Meeting at which a quorum is present, and the **FOR** votes must also represent more than 25% of our outstanding shares.

The other items of business also require the approval of the shareholders.

If you indicate **ABSTAIN**, it will be counted for purposes of determining the presence or absence of a quorum for the transaction of business at the Annual Meeting, but will not be considered a vote cast with respect to the election of any director nominee or any other proposal.

Table of Contents

As described below, broker non-votes will be counted for determining the presence or absence of a quorum for the transaction of business at the Annual Meeting, but will not be considered a vote cast with respect to the election of any director nominee or on any other proposal.

13. What happens if additional items are presented at the Annual Meeting?

We are not aware of any item that may be voted on at the Annual Meeting that is not described in this proxy statement. However, the holders of the proxies that we are soliciting will have the discretion to vote them in accordance with their best judgment on any additional matters that may be voted on, including matters incidental to the conduct of the meeting.

14. Is my vote confidential?

Our Employee Savings Plans automatically provide for confidential voting. Other shareholders may elect that their identity and individual vote be held confidential by marking the appropriate box on their proxy card or ballot. Confidentiality elections will not apply to the extent that voting disclosure is required by law or is necessary or appropriate to assert or defend any claim relating to voting. They also will not apply with respect to any matter for which votes are solicited in opposition to the director nominees or voting recommendations of our Board of Directors, unless the persons engaging in the opposing solicitation provide shareholders with voting confidentiality comparable to that which we provide.

15. Where can I find the voting results?

We expect to announce preliminary voting results at the Annual Meeting and to publish final results in a Current Report on Form 8-K that we will file with the Securities and Exchange Commission within four business days following the meeting. The report will be available on our website at www.sempra.com under the Investors and Company SEC Filings tabs.

How You Can Vote

16. What shares can I vote?

You are entitled to one vote for each share of our common stock that you owned at the close of business on March 13, 2012, the record date for the Annual Meeting. You may vote all shares owned by you on the record date, including (a) shares held directly in your name as the shareholder of record and (b) shares held for you as the beneficial owner through a bank, broker or other nominee. On the record date, 240,758,752 shares of our common stock were outstanding.

17. What is the difference between holding shares as a shareholder of record and as a beneficial owner?

Most of our shareholders hold their shares through a bank, broker or other nominee rather than having the shares registered directly in their own name. Summarized below are some distinctions between shares held of record and those owned beneficially.

Shareholder of Record

If your shares are registered directly in your name with our transfer agent, you are the shareholder of record of the shares. As the shareholder of record, you have the right to grant a proxy to vote your shares to representatives from the company or to another person, or to vote your shares in person at the Annual Meeting. You have received either a proxy card to use in voting your shares or a notice of Internet availability of our proxy materials, which instructs you how to vote.

Beneficial Owner

If your shares are held through a bank, broker or other nominee, it is likely that they are registered in the name of the nominee and you are the beneficial owner of shares held in street name. You are also the beneficial owner of any shares that you may own through our Employee Savings Plans.

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

As the beneficial owner of shares held for your account, you have the right to direct the registered holder to vote your shares as you instruct, and you also are invited to attend the Annual Meeting. Your bank, broker, plan trustee or other nominee has provided a voting instruction card for you to use in directing how your shares are to be voted. However, since a beneficial owner is not the shareholder of record, you may not vote your shares in person at the meeting unless you obtain a legal proxy from the registered holder of the shares giving you the right to do so.

18. How can I vote in person at the Annual Meeting?

You may vote in person at the Annual Meeting those shares that you hold in your name as the shareholder of record. You may vote in person shares for which you are the beneficial owner only by obtaining a legal proxy giving you the right to vote the shares from the bank, broker or other nominee that is the registered holder of your shares. You may not vote in person those shares you own through our Employee Savings Plans. Please see Question 24 for deadlines to vote such shares.

Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions as described below so that your vote will be counted if you later decide not to attend.

Table of Contents

19. How can I vote without attending the Annual Meeting?

Whether you hold your shares as a shareholder of record or as a beneficial owner, you may direct how your shares are to be voted without attending the Annual Meeting. If you are a shareholder of record, you may vote by submitting a proxy. If you hold shares as a beneficial owner, you may vote by submitting voting instructions to the registered owner of your shares.

For directions on how to vote, please refer to the following instructions and those included on your proxy or voting instruction card.

Voting by Internet Shareholders who have received a notice of the availability of our proxy materials by mail or email may vote over the Internet by following the instructions in the notice or email. Those who have received a paper copy of the proxy or voting instruction card by mail may vote over the Internet by following the instructions on the card.

Voting by Telephone Shareholders of record may vote by telephone by calling (800) 776-9437 from the United States or Canada or +1 (718) 921-8500 from other countries and following the instructions. When voting by telephone, shareholders must have available the control number included on their proxy card, notice of availability of proxy materials or email notification.

Most shareholders who are beneficial owners of their shares and have received a voting instruction card by mail may vote by phone by calling the number specified on the voting instruction card provided by their bank, broker or nominee. These shareholders should check the card for telephone voting availability.

Voting by Mail Shareholders who have received a paper copy of these proxy materials may vote by mail by signing, dating and returning their proxy or voting instruction card.

20. How will my shares be voted?

Your shares will be voted as you specifically instruct on your proxy or voting instruction card. Except for shares held in our Employee Savings Plans, if you sign and return your proxy or voting instruction card without giving specific instructions, your shares will be voted in accordance with the recommendations of our Board of Directors and in the discretion of the proxy holders on any other matters that properly come before the meeting.

21. How are shares held in Employee Savings Plans voted? What happens if I do not timely vote my shares?

If you hold shares through our Employee Savings Plans, they will be voted as you instruct on the proxy or voting instruction card provided to you.

If you sign and return your proxy or voting instruction card without giving specific instructions or you do not timely return your card, your shares will be voted in the same manner and proportion as shares for which instructions are timely received from other plan participants, unless contrary to the Employment Retirement Income Security Act of 1974. For example, if you own 1,000 shares through the plan and fail to provide timely voting instructions for your shares, the plan trustee would vote them. If the trustee had timely received instructions to vote shares 60% for, 35% against and 5% abstain on a particular item of business, the trustee would, on that item, vote your shares 600 for, 350 against and 50 abstain.

22. Will shares I hold in my brokerage account be voted if I do not provide timely voting instructions?

If your shares are held through a brokerage firm, they will be voted as you instruct on the voting instruction card provided by your broker. If you sign and return your card without giving specific instructions, your shares will be voted in accordance with the recommendations of our Board of Directors.

If you do not provide timely instructions as to how your brokerage shares are to be voted, your broker will have the authority to vote them only on the ratification of our independent registered public accounting firm. Your broker will be prohibited from voting your shares on the election of directors, the advisory (non-binding) approval of our executive compensation, and the shareholder proposals. These broker non-votes will be counted only for the purpose of determining whether a quorum is present at the meeting and not as votes cast.

23. Will shares that I own as a shareholder of record be voted if I do not timely return my proxy card?

Shares that you own as a shareholder of record will be voted as you instruct on your proxy card. If you sign and return your proxy card without giving specific instructions, they will be voted in accordance with the recommendations of our Board of Directors.

If you do not timely return your proxy card, your shares will not be voted unless you or your proxy holder attends the Annual Meeting and votes in person as described in Question 18.

24. What is the deadline to vote?

If you hold shares as the shareholder of record, your vote by proxy must be received before the polls close at the Annual Meeting.

If you hold shares in our Employee Savings Plans, your voting instructions must be received by 9:00 a.m. Eastern time on Monday, May 7, 2012 for the plan trustee to vote your shares.

Table of Contents

If you hold shares as a beneficial owner, please follow the voting instructions provided by your bank, broker or other nominee.

25. May I change or revoke my vote?

Yes. You may change your vote at any time prior to the vote at the Annual Meeting, except that any change to your voting instructions for shares held in our Employee Savings Plans must be received by 9:00 a.m. Eastern time on Monday, May 7, 2012.

If you are a shareholder of record, you may change your vote by granting a new proxy bearing a later date (which automatically revokes the earlier proxy), by providing a written notice of revocation to our Corporate Secretary at the address set forth in Question 28 prior to your shares being voted, or by attending the Annual Meeting and voting in person. Attendance at the meeting will not cause your previously granted proxy to be revoked unless you specifically so request.

For shares you hold as a beneficial owner, you may change your vote by timely submitting new voting instructions to your bank, broker or other nominee (which revokes your earlier instructions), or, if you have obtained a legal proxy from the nominee giving you the right to vote your shares, by attending the Annual Meeting and voting in person.

26. Who will serve as inspector of elections?

The inspector of elections will be a representative of American Stock Transfer & Trust Company.

Attending the Annual Meeting

27. Who can attend the Annual Meeting?

You may attend the Annual Meeting only if you were a Sempra Energy shareholder at the close of business on March 13, 2012, the record date for the Annual Meeting, or you hold a valid proxy to vote at the meeting. You should be prepared to present photo identification to be admitted to the meeting.

If you are a shareholder of record or hold shares through our Direct Stock Purchase Plan or Employee Savings Plans, an admission ticket has been included as part of your notice of Internet availability of proxy materials or your proxy card. If you plan to attend the meeting, please bring the admission ticket with you. If you do not bring your admission ticket, your name must be verified against our list of shareholders of record and plan participants.

If you are not a shareholder of record but are the beneficial owner of shares held in street name through a bank, broker or other nominee, you must provide proof of beneficial ownership on the record date, such as your most recent

account statement prior to March 13, 2012, a copy of the voting instruction card provided by your nominee, or other similar evidence of share ownership.

The meeting will begin promptly at 10:00 a.m., local time. Check-in will begin at 9:00 a.m., and you should allow ample time for check-in procedures.

Shareholder Proposals and Director Nominations

28. What is the deadline to submit shareholder proposals to be included in the proxy materials for next year's Annual Meeting of Shareholders?

Shareholder proposals that are intended to be included in our proxy materials for next year's Annual Meeting must be received by our Corporate Secretary no later than 5:00 p.m. San Diego time on November 26, 2012 and must be submitted to the following address:

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

Corporate Secretary

Sempra Energy

101 Ash Street

San Diego, CA 92101-3017

Fax: +1 (619) 696-4508

Proposals that are not timely submitted or are submitted to some other address or other than to the attention of our Corporate Secretary may be excluded from our proxy materials.

Shareholder proponents must meet the eligibility requirements of the Securities and Exchange Commission's Shareholder Proposal Rule (Rule 14a-8), and their proposals must comply with the requirements of the rule to be included in our proxy materials.

29. How may I nominate director candidates or present other business for consideration at an Annual Meeting?

Shareholders who wish to nominate director candidates or to present other items of business to be voted on at an Annual Meeting must give written notice of their intention to do so to our Corporate Secretary at the address set forth in Question 28. We must receive the notice at least 90 days but not more than 120 days before the date corresponding to the date of the last Annual Meeting. The notice also must include the information required by our bylaws, which may be obtained as provided in Question 31.

The time for us to receive notice of business items for the 2012 Annual Meeting has expired. The period for the receipt from shareholders of notice of business items for the 2013 Annual Meeting will begin on January 10, 2013 and end on February 9, 2013. These notice requirements do not apply to shareholder proposals intended for inclusion in

Table of Contents

our proxy materials under the Securities and Exchange Commission's Shareholder Proposal Rule. The deadline for receiving those proposals is set forth in Question 28. The notice requirements also do not apply to questions that a shareholder may wish to ask at the Annual Meeting.

30. How may I recommend candidates to serve as directors?

Shareholders may recommend director candidates for consideration by the Corporate Governance Committee of our Board of Directors by writing to our Corporate Secretary at the address set forth in Question 28. A recommendation must be accompanied by a statement from the candidate that he or she would give favorable consideration to serving on the board and should include sufficient biographical and other information concerning the candidate and his or her qualifications to permit the committee to make an informed decision as to whether further consideration of the candidate would be warranted.

Obtaining Additional Information

31. How may I obtain financial and other information about Sempra Energy?

Our consolidated financial statements are included in our Annual Report to Shareholders that accompanies this proxy statement.

Additional information regarding the company is included in our Annual Report on Form 10-K, which we file with the Securities and Exchange Commission, 100 F Street, N.E., Washington, D.C. 20549. Our Form 10-K and other information that we file with the Securities and Exchange Commission are available on our website at www.sempra.com under the Investors and Company SEC Filings tabs. We will also furnish a copy of our 2011 Form 10-K (excluding exhibits, except those that are specifically requested) without charge to any shareholder who so requests by writing to us at our address set forth in Question 28.

By writing to us, shareholders also may obtain, without charge, a copy of our bylaws, corporate governance guidelines, codes of conduct and charters of our board committees. You can also view these materials on the Internet by accessing our website at www.sempra.com and clicking on the Investors tab, then clicking on the Governance tab.

32. What if I have questions for Sempra Energy's transfer agent?

If you are a shareholder of record and have questions concerning share certificates, dividend checks, transfer of ownership or other matters relating to your share account, please contact our transfer agent at the following address or phone numbers:

American Stock Transfer & Trust Company

Attn: Sempra Energy

6201 15th Avenue

Brooklyn, NY 11219

(877) 773-6772 (U.S. and Canada)

+1 (718) 921-8356 (International)

We have a dividend reinvestment and direct stock purchase program under which you may have all or a portion of your dividends automatically reinvested to purchase our shares. You also may elect to purchase additional shares through optional cash payments. For information about this program, please contact American Stock Transfer & Trust Company at the address or the phone numbers listed above.

33. Who can help answer any additional questions?

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

If you have any additional questions about the Annual Meeting or how to vote, change or revoke your vote, you should contact our proxy solicitor:

Phoenix Advisory Partners

110 Wall Street, 27th Floor

New York, NY 10005

Shareholders Call:

(800) 499-6377 (U.S. and Canada) +1 (212) 493-3910 (International)

Banks and Brokers Call Collect:

+1 (212) 493-3910

If you need additional copies of this proxy statement or voting materials, please contact Phoenix Advisory Partners as described above or send an email to info@phoenixadvisorypartners.com.

Table of Contents

CORPORATE GOVERNANCE

Our business and affairs are managed and all corporate powers are exercised under the direction of our Board of Directors. The board establishes fundamental corporate policies and oversees the performance of the company and our chief executive officer and the other officers to whom the board has delegated day-to-day business operations.

The board has adopted Corporate Governance Guidelines that set forth expectations for directors, director independence standards, board committee structure and functions, and other policies for the governance of the company. It also has adopted a Code of Business Conduct and Ethics for Directors and Officers. Officers also are subject to Business Conduct Guidelines that apply to all employees.

Several standing committees assist the board in carrying out its responsibilities. Each operates under a written charter adopted by the board.

Our governance guidelines, committee charters and codes of conduct are posted on our website at www.sempra.com under the Investors and Governance tabs. Paper copies may be obtained upon request by writing to: Corporate Secretary, Sempra Energy, 101 Ash Street, San Diego, California 92101-3017.

Board of Directors

Functions

In addition to its oversight role, our Board of Directors performs a number of specific functions, including:

Selecting our chief executive officer and overseeing his or her performance and that of other senior management in the operation of the company.

Reviewing and monitoring strategic, financial and operating plans and budgets and their development and implementation by management.

Assessing and monitoring risks and risk-management strategies.

Reviewing and approving significant corporate actions.

Reviewing and monitoring processes designed to maintain the integrity of the company, including financial reporting, compliance with legal and ethical obligations, and relationships with shareholders, employees, customers, suppliers and others.

Planning for management succession.

Selecting director nominees, appointing board committee members and overseeing effective corporate governance.

Leadership Structure

The Board of Directors retains the flexibility to determine on a case-by-case basis whether the positions of Chief Executive Officer and Chairman of the Board should be combined or separate and whether an independent director should serve as Chairman. This flexibility permits

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

the board to organize its functions and conduct its business in a manner it deems most effective in then prevailing circumstances.

In anticipation of Donald E. Felsing's planned retirement in 2012, and after an extended period of deliberation, the board elected Debra L. Reed as the Chief Executive Officer on June 27, 2011. Ms. Reed is a 34-year employee of the Sempra Energy family of companies with an outstanding career of achievement as well as extensive industry experience and public board service.

Mr. Felsing retains his role as Chairman of the Board and continues as a member of our executive leadership team. He is directly involved in matters of corporate governance, providing guidance and mentorship to the company's new leadership team and maintaining a bridge between the board and the operating organization. He presides over board meetings and works with management and the Lead Director to plan the annual board calendar, set agendas and schedule board meetings. Mr. Felsing also supports business development and external relations efforts using his extensive industry experience to provide support for our strategic initiatives and future challenges.

The board believes that this structure ensures continuity and stability during a time of leadership transition. However, while the board believes that this structure is currently the most effective given the facts and circumstances, the board has not adopted a mandatory policy with respect to the separation of the positions of Chairman of the Board and Chief Executive Officer.

During those periods in which we do not have a non-executive chairman, the independent directors select an independent director as the Lead Director. William C. Rusnack continues to serve as our Lead Director.

The position and role of the Lead Director is intended to expand lines of communication between the board and members of management. It is not intended to reduce the free and open access and communication that each board member has with other board members and members of management. The Lead Director has the following duties:

To organize, convene and preside over executive sessions of the independent directors and promptly communicate approved messages and directives to the Chairman of the Board and Chief Executive Officer.

Table of Contents

To preside at all meetings of the Board of Directors at which the Chairman of the Board is not available.

To collect and communicate to the Chairman of the Board and also to the Chief Executive Officer the views and recommendations of the independent directors, relating to his or her performance, other than with respect to the annual performance review.

To perform such other duties and responsibilities as may be assigned from time-to-time by the independent directors. The Board of Directors believes that its independence and oversight of management is maintained effectively through this flexible leadership structure, the composition of the board and sound corporate governance policies and practices.

Director Independence

The Board of Directors determines the independence of our directors by applying the independence principles and standards established by the New York Stock Exchange. These provide that a director is independent only if the board affirmatively determines that the director has no direct or indirect material relationship with the company. They also identify various relationships that preclude a determination of director independence. Material relationships may include commercial, industrial, consulting, legal, accounting, charitable, family and other business, professional and personal relationships.

Applying these standards, the board annually reviews the independence of the company's directors. In its most recent review, the board considered, among other things, the absence of any employment relationships between the company and its current directors (other than Donald E. Felsing and Debra L. Reed who are also executive officers of the company) and their families; the absence of any of the other specific relationships that would preclude a determination of independence under New York Stock Exchange independence rules; the absence of any affiliation of the company's directors and their families with the company's independent registered public accounting firm, compensation consultants, legal counsel and other consultants and advisors; the absence of any transactions with directors and members of their families that would require disclosure in this proxy statement under Securities and Exchange Commission rules regarding related person transactions; and the immaterial amount of goods and services that we purchase in the ordinary course of business from companies and the modest amount of our discretionary contributions to non-profit organizations with which some of our directors or their family members are associated.

Based upon this review, the board has affirmatively determined that each of the company's non-officer directors is independent. The independent directors are:

Alan L. Boeckmann
James G. Brocksmith Jr.
Wilford D. Godbold Jr.
William D. Jones
William G. Ouchi

Carlos Ruiz
William C. Rusnack
William P. Rutledge
Lynn Schenk
Luis M. Téllez

Director Share Ownership Guidelines

The board has established share ownership guidelines for directors and officers to further strengthen the link between company performance and compensation. For non-employee directors, the guideline is ownership of a number of our shares having a value of five times the directors annual base retainer and is expected to be attained within five years of becoming a director. For these purposes, share ownership includes phantom shares into which compensation has been deferred and the vested portion of certain in-the-money stock options, as well as shares owned directly. All of our non-employee directors meet or exceed the guideline. For information regarding executive officer share ownership requirements, please see Executive Compensation Compensation Discussion and Analysis Share Ownership Requirements.

Board and Committee Meetings; Executive Sessions; Annual Meetings of Shareholders

At regularly scheduled board and committee meetings, directors review and discuss management reports regarding the company's performance, prospects and plans, as well as immediate opportunities and issues facing the company. At least once a year, the board also reviews management's long-term strategic and financial plans.

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

The Chairman of the Board establishes the agenda for each board meeting. Committee agendas are set by or in consultation with the committee chair. Directors are encouraged to propose agenda items, and any director also may raise at any meeting subjects that are not on the agenda.

Information and other materials important to understanding the business to be conducted at board and committee meetings are distributed in writing to the directors in advance of the meeting. Additional information may be presented at the meeting.

An executive session of independent board members is held at each regularly scheduled board meeting, and any director may call for an executive session at any special meeting. Executive sessions are presided over by the Lead Director. During 2011, the board held six executive sessions.

Table of Contents

During 2011, the board held nine meetings and committees of the board held 21 meetings. Directors, on an aggregate basis, attended over 97% of the combined number of these meetings. Each director attended at least 85% of the combined number of meetings of the board and each committee of which the director was a member.

The board encourages all nominees for election as directors to attend the Annual Meeting of Shareholders. Last year, all of the nominees for election at the 2011 Annual Meeting attended the meeting.

Evaluation of Board and Director Performance

The Corporate Governance Committee annually reviews and evaluates the performance of the Board of Directors. The committee assesses the board's contribution as a whole and identifies areas in which the board or senior management believes a better contribution may be made. The purpose of the review is to increase the effectiveness of the board, and the results are reviewed with the board and its committees. In addition, each committee, other than the Executive Committee, conducts an annual self-evaluation.

Our board annually reviews the individual performance and qualifications of each director who may wish to be considered for nomination to an additional term. The evaluations are reviewed by the Corporate Governance Committee, which makes recommendations to the board regarding nominees for election as directors.

Risk Oversight

Our Corporate Governance Guidelines provide that the specific functions of the Board of Directors include assessing and monitoring risks and risk management. The board reviews and oversees strategic, financial and operating plans that are intended to provide sustainable long-term growth with moderate risk. Each of our business units is responsible for identifying and moderating risk in a manner consistent with these goals. The board fulfills its risk oversight function through reports provided both directly to the board and to appropriate board committees.

The board and its committees mitigate risk through policies that include:

Leverage limitations.

Obtaining prior regulatory review and approval of substantial utility investments.

Non-utility investment policies, including requirements for substantial third party pre-construction contractual commitments to purchase the capacity or output of major non-utility construction projects.

Employee compensation that encourages and rewards sustainable moderate-risk growth.

We also have substantial investments in non-subsidiary companies engaged in interstate natural gas pipeline, electric generation and non-United States utility, natural gas pipeline and propane system operations. Although we have representation on the boards of these companies, we do not operate or control them and we have limited influence over their businesses and management. However, the risks inherent in these operations are similar to those of our subsidiaries and are reviewed and monitored by the boards of these companies and reported to and reviewed by our board.

Succession Planning and Management Development

Our Compensation Committee regularly evaluates succession planning issues and annually reports to the Board of Directors on succession planning, including policies and principles for executive officer selection. The company has a strong succession planning and leadership development program as evidenced by the promotions in 2011 of three internal candidates to the positions of Chief Executive Officer, President, and Chief Financial Officer.

Review of Related Person Transactions

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

Securities and Exchange Commission rules require us to disclose certain transactions involving more than \$120,000 in which we are a participant and any of our directors, nominees as directors or executive officers, or any member of their immediate families, has or will have a direct or indirect material interest. The charter of our Corporate Governance Committee requires the committee to review any such related person transaction before we enter into the transaction. There have been no transactions or proposed transactions requiring review during 2011 or 2012 through the date of the mailing of this Proxy Statement.

Director Orientation and Education Programs

Every new director participates in an orientation program and receives materials and briefings to acquaint him or her with our business, industry, management and corporate governance policies and practices. Continuing education is provided for all directors through board materials and presentations, discussions with management, visits to corporate facilities and other sources. Several directors also attend third-party offered education courses and participate in the National Association of Corporate Directors, of which the company is also a member.

Board Access to Senior Management, Independent Accountants and Counsel

Directors have complete access to our independent registered public accounting firm, and to senior management and other employees. They also have complete access to counsel, advisors and experts of their choice with respect to any issues relating to the board's discharge of its duties.

Table of Contents

Retirement Policy

In accordance with our Corporate Governance Guidelines, directors should not stand for election after attaining the age of 75.

Board Committees

Audit Committee

James G. Brocksmith Jr., *Chair*

Wilford D. Godbold Jr.

William D. Jones

Carlos Ruiz

Lynn Schenk

Compensation Committee

William C. Rusnack, *Chair*

Alan L. Boeckmann

William G. Ouchi

William P. Rutledge

Luis M. Téllez

Corporate Governance Committee

William G. Ouchi, *Chair*

Alan L. Boeckmann

James G. Brocksmith Jr.

William C. Rusnack

Luis M. Téllez

Environmental and Technology Committee

William P. Rutledge, *Chair*

Wilford D. Godbold Jr.

William D. Jones

Carlos Ruiz

Edgar Filing: SEMpra ENERGY - Form DEF 14A

Lynn Schenk

Executive Committee

Debra L. Reed, *Chair*

James G. Brocksmith Jr.

William G. Ouchi

William C. Rusnack

William P. Rutledge

Audit Committee

Our Audit Committee is composed entirely of independent directors. It is directly responsible and has sole authority for selecting, appointing, retaining and overseeing the work and approving the compensation of our independent registered public accounting firm, which reports directly to the committee. The committee prepares the report reprinted under the caption *Audit Committee Report*. It also assists the Board of Directors in fulfilling oversight responsibilities regarding:

The integrity of our financial statements.

Our compliance with legal and regulatory requirements.

Our internal audit function.

The board has determined that each member of the Audit Committee is financially literate. It has also determined that Mr. Brocksmith, who chairs the committee, is an audit committee financial expert as defined by the rules of the Securities and Exchange Commission.

During 2011, the Audit Committee held seven meetings.

Compensation Committee

Our Compensation Committee is composed entirely of independent directors. It assists the Board of Directors in the evaluation and compensation of executives. It establishes our compensation principles and policies and oversees our executive compensation program. The committee has direct responsibility for:

Reviewing and approving corporate goals and objectives relevant to the compensation of the Executive Chairman and the Chief Executive Officer.

Evaluating our Executive Chairman's and the Chief Executive Officer's performance in light of those goals and objectives and approving (subject to ratification by the board acting solely through the independent directors) his or her compensation based on the committee's performance evaluation.

Recommending to the board the compensation program for other executive officers, incentive compensation plans and equity-based compensation plans.

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

Preparing the report reprinted under the caption Compensation Committee Report.

Evaluating and overseeing risk in our compensation programs.

Reporting to the board annually on succession planning.
During 2011, the Compensation Committee held six meetings.

For additional information regarding the Compensation Committee's principles, policies and practices, please see the discussion under Executive Compensation Compensation Discussion and Analysis.

Corporate Governance Committee

Our Corporate Governance Committee is composed entirely of independent directors. The committee's responsibilities include:

Identifying individuals qualified to become directors.

Recommending nominees for election as directors and candidates to fill board vacancies.

Recommending directors for appointment as members of board committees.

Table of Contents

Developing and recommending corporate governance principles.

Overseeing the evaluation of the board and its individual directors.

The committee reviews with the board the skills and characteristics required of directors in the context of current board membership, and develops and maintains a pool of qualified director candidates. It seeks a group of individuals who bring to the board a variety of complementary skills and a range of viewpoints, backgrounds, experiences and other individual qualities and attributes that contribute to board diversity. It solicits the names of director candidates from a variety of sources, including search firms advised of these policies, and also considers candidates submitted by shareholders. The committee assesses the effectiveness of its policies as part of its annual review of board composition and board, committee and individual director performance and in its recommendations of nominees for election as directors at the next Annual Meeting.

The committee reviews biographical data and other relevant information regarding potential board candidates, may request additional information from the candidates or other sources and, if the committee deems it appropriate, may interview candidates and consult references and others who may assist in candidate evaluation. The committee evaluates all candidates in the same manner whether identified by shareholders or through other sources.

In considering potential director candidates, the committee evaluates each candidate's integrity, independence, judgment, knowledge, experience and other relevant factors to develop an informed opinion of his or her qualifications and ability and commitment to meet the board's expectations for directors set forth in our Corporate Governance Guidelines.

The committee's deliberations reflect the board's requirement that substantially all directors (other than current or former company officers) should be independent and that all director nominees must be financially literate or must become financially literate within a reasonable time after becoming a director. They also reflect the board's view regarding the appropriate number of directors and the composition of the board.

The committee in recommending nominees for election as directors at the 2012 Annual Meeting and the board in approving the nominees considered the individual experience, qualifications, attributes and skills of each nominee (including his or her prior contributions to the board), with a view to constituting a board that, as a whole, is well-qualified to oversee our businesses.

With respect to Mr. Rutledge and Dr. Ouchi, the committee and the board also considered that in 2010 they were

directors of FirstFed Financial Corp. and during 2009 and prior years they also served as directors of FirstFed's subsidiary First Federal Bank of California. In January 2009, First Federal Bank consented to an order by the Office of Thrift Supervision that First Federal Bank and its directors and employees cease and desist engaging in unsafe or unsound banking practices. In December 2009, First Federal Bank was closed by the Office of Thrift Supervision and in January 2010, FirstFed Financial filed for liquidation under the Bankruptcy Code. The committee and the board concluded that these events do not reflect upon the integrity of Mr. Rutledge or Dr. Ouchi or, in view of the national and international financial crisis that resulted in the insolvency of numerous financial institutions, their ability and qualifications to serve on our board.

During 2011, the Corporate Governance Committee held four meetings.

Executive Committee

Our Executive Committee meets on call by the Chairman of the Committee during the intervals between meetings of the Board of Directors when scheduling or other requirements make it difficult to convene the full board. The committee did not meet during 2011.

Environmental and Technology Committee

Our Environmental and Technology Committee is responsible for:

Reviewing environmental regulations and developments at global, national, regional and local levels, and evaluating ways to address them as part of the company's business strategy and operations.

Reviewing and evaluating technology developments and related issues that advance the company's overall business strategy. During 2011, the Environmental and Technology Committee held four meetings.

Communications with the Board

Shareholders and interested parties who wish to communicate with the board, non-management directors as a group, a committee of the board or a specific director may do so by letters addressed to the attention of our Corporate Secretary. All communications regarding executive compensation will be relayed on to the chair of the Compensation Committee, William C. Rusnack, for appropriate evaluation and consideration.

All other communications are reviewed by the Corporate Secretary and provided to the directors consistent with a screening policy providing that unsolicited items, sales

Table of Contents

materials, and other routine items and items unrelated to the duties and responsibilities of the board are not relayed to directors. Any communication that is not relayed is recorded in a log and made available to the directors.

The address for these communications is:

Corporate Secretary
Sempra Energy
101 Ash Street
San Diego, CA 92101-3017

Director Compensation*Summary*

Our director compensation program is summarized in the table below:

Director Compensation Program	
Retainer	
Annual Base Retainer	\$ 50,000
Lead Director Retainer	\$ 15,000
Audit Chair Retainer	\$ 20,000
Other Committee Chair Retainer	\$ 10,000
Meeting Fees	
Board Meetings	\$ 2,000
Audit Committee Meetings	\$ 2,000
Other Committee Meetings	\$ 1,500
Equity	
Deferred Equity	\$ 50,000
Annual Equity Grant	\$ 60,000
Initial Equity Grant for New Director*	\$ 180,000

* Vests in installments of one-third over three years.
Retainer and Meeting Fees

Directors who are not employees of Sempra Energy receive an annual base retainer of \$50,000. The Chair of the Audit Committee receives an additional \$20,000; the chairs of other board committees receive an additional \$10,000; and the Lead Director receives an additional \$15,000.

Non-employee directors also receive meeting fees of \$2,000 for each board meeting attended and \$1,500 for each board committee meeting attended (\$2,000 in the case of the Audit Committee) of which they were members.

Directors may elect to receive their retainer and meeting fees in shares of our common stock or to defer them into an interest-bearing account, phantom investment funds or phantom shares of our common stock.

Equity

Each quarter, non-employee directors are credited with a number of phantom shares of our common stock having a market value of \$12,500. Upon the director's retirement, the current market value of the shares credited to the director's account (together with reinvested dividend

equivalents) is paid to the director in cash.

Directors also receive grants of restricted stock units or phantom shares of our common stock, which are subject to the vesting requirements described below.

Upon first becoming a director, each non-employee director receives a number of restricted stock units or phantom shares having a market value of \$180,000 and vesting in equal annual installments of one-third of the original grant (together with related reinvested dividend equivalents) on each of the first three anniversaries of the grant date.

Thereafter at each annual meeting (other than the annual meeting that coincides with or first follows the director's election to the board), each non-employee director who continues to serve as a director will receive an additional number of restricted stock units or phantom shares having a market value of \$60,000 and vesting on the date of the next annual meeting.

Unvested shares are forfeited if the director's service on the board terminates for any reason other than death, disability or removal without cause. In those events, all unvested shares would immediately vest.

Table of Contents**Director Compensation Table**

We summarize the 2011 compensation of our non-employee directors below.

2011 Director Compensation	Fees Earned or Paid in Cash	Stock Awards (B)	Change in Pension Value And Nonqualified Deferred Compensation Earnings (C)	All Other Compensation (D)	Total
Alan L. Boeckmann (A)	\$ 68,833	\$ 225,833			\$ 294,666
James G. Brocksmith Jr.	\$ 108,000	\$ 110,000			\$ 218,000
Wilford D. Godbold Jr.	\$ 88,000	\$ 110,000	\$ 36,711	\$ 16,250	\$ 250,961
William D. Jones	\$ 84,500	\$ 110,000	\$ 29,338	\$ 9,354	\$ 233,192
William G. Ouchi	\$ 93,000	\$ 110,000	\$ 10,961	\$ 20,000	\$ 233,961
Carlos Ruiz	\$ 88,000	\$ 110,000			\$ 198,000
William C. Rusnack	\$ 108,000	\$ 110,000	\$ 12,450	\$ 20,000	\$ 250,450
William P. Rutledge	\$ 93,000	\$ 110,000		\$ 20,000	\$ 223,000
Lynn Schenk	\$ 88,000	\$ 110,000		\$ 19,900	\$ 217,900
Luis Téllez	\$ 79,000	\$ 50,000			\$ 129,000

(A) Mr. Boeckmann became a director on February 17, 2011.

(B) Represents equity grants of restricted stock units and phantom shares of our common stock that are valued at the fair market value of our shares at the crediting date without reduction for non-transferability. The amounts set forth in this column represent the number of shares subject to awards multiplied by the grant date price of Sempra Energy's common stock. The restricted stock units granted to Mr. Brocksmith will be settled in shares of Sempra Energy common stock upon vesting. The restricted stock units granted to Mr. Ruiz will be settled in cash upon vesting.

2011 Director Equity Grants	Mandatory Deferred Equity	Equity Grant Phantom Shares	Restricted Stock Units	Total
Alan L. Boeckmann	\$ 45,833	\$ 180,000		\$ 225,833
James G. Brocksmith Jr.	\$ 50,000		\$ 60,000	\$ 110,000
Wilford D. Godbold Jr.	\$ 50,000	\$ 60,000		\$ 110,000
William D. Jones	\$ 50,000	\$ 60,000		\$ 110,000
William G. Ouchi	\$ 50,000	\$ 60,000		\$ 110,000
Carlos Ruiz	\$ 50,000		\$ 60,000	\$ 110,000
William C. Rusnack	\$ 50,000	\$ 60,000		\$ 110,000
William P. Rutledge	\$ 50,000	\$ 60,000		\$ 110,000
Lynn Schenk	\$ 50,000	\$ 60,000		\$ 110,000
Luis Téllez	\$ 50,000			\$ 50,000

Table of Contents

In 2011, all long-term incentive compensation was delivered through phantom shares and restricted stock units, and no stock options were granted. The following table summarizes the number of stock options, phantom shares and restricted stock units outstanding for each director at December 31, 2011:

Director Equity Balances as of December 31, 2011	Phantom Shares	Restricted Stock Units	Stock Options	Total
Alan L. Boeckmann	4,721			4,721
James G. Brocksmith Jr.	17,902	1,119	35,000	54,021
Wilford D. Godbold Jr.	20,530		35,000	55,530
William D. Jones	15,894		25,000	40,894
William G. Ouchi	14,038		35,000	49,038
Carlos Ruiz	4,907	1,119	20,000	26,026
William C. Rusnack	15,267		35,000	50,267
William P. Rutledge	14,128		35,000	49,128
Lynn Schenk	6,559		20,000	26,559
Luis Téllez	1,285	2,338		3,623

- (C) Consists of (i) the aggregate change in the actuarial value of accumulated benefits under defined benefit pension plans and (ii) above-market interest (interest in excess of 120% of the federal long-term rate) on deferred compensation. The 2011 amounts are:

2011 Change in Pension Value and Above-Market Interest	Change in Accumulated Benefits	Above- Market Interest	Total
Alan L. Boeckmann	\$	\$	\$
James G. Brocksmith Jr.	\$	\$	\$
Wilford D. Godbold Jr.	\$ 11,361	\$ 25,350	\$ 36,711
William D. Jones	\$ 28,494	\$ 844	\$ 29,338
William G. Ouchi	\$ 10,961	\$	\$ 10,961
Carlos Ruiz	\$	\$	\$
William C. Rusnack	\$	\$ 12,450	\$ 12,450
William P. Rutledge	\$	\$	\$
Lynn Schenk	\$	\$	\$
Luis Téllez	\$	\$	\$

Only Messrs. Godbold and Jones and Dr. Ouchi are entitled to receive pension benefits and all have attained maximum years of service credit. The annual benefit is the sum of the annual director retainer and ten times the board meeting fee at the date the benefit is paid. It commences upon the later of the conclusion of board service or attaining age 65 and continues for a period not to exceed the director's years of service as a director of predecessor companies plus up to ten years of service as a director of the company. The actuarial equivalent of the total retirement benefit is paid to the retiring director in a single lump sum upon the conclusion of board service unless the director has elected to receive the annual benefit.

- (D) Consists of our contributions to charitable, educational and other non-profit organizations to match those of directors on a dollar-for-dollar basis up to an annual maximum match of \$20,000 for each director.

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

Directors who are also employees of the company (Donald E. Felsing, Executive Chairman, and Debra L. Reed, Chief Executive Officer) are not additionally compensated for their services as directors. Their compensation is summarized in the Summary Compensation Table appearing under Executive Compensation Compensation Tables.

Table of Contents

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is composed of the five directors named below, all of whom have been determined by the board to be independent directors. The board also has determined that all members of the committee are financially literate and the chair of the committee is an audit committee financial expert as defined by the rules of the Securities and Exchange Commission. The committee's charter, adopted by the board, is posted on the company's website at www.sempra.com under the Investors and Governance tabs.

The committee's responsibilities include appointing the company's independent registered public accounting firm, pre-approving both audit and non-audit services to be provided by the firm and assisting the board in providing oversight to the company's financial reporting process. In fulfilling its oversight responsibilities, the committee meets with the company's independent registered public accounting firm, internal auditors and management to review accounting, auditing, internal controls and financial reporting matters.

It is not the committee's responsibility to plan or conduct audits or to determine that the company's financial statements and disclosures are complete, accurate and in accordance with accounting principles generally accepted in the United States and applicable laws, rules and regulations. Management is responsible for the company's financial statements, including the estimates and judgments on which they are based, as well as the company's financial reporting process, accounting policies, internal audit function, internal accounting controls, disclosure controls and procedures, and risk management. The company's independent registered public accounting firm, Deloitte & Touche LLP, is responsible for performing an audit of the company's annual financial statements, expressing an opinion as to the conformity of the annual financial statements with accounting principles generally accepted in the United States, expressing an opinion as to the effectiveness of the company's internal control over financial reporting and reviewing the company's quarterly financial statements.

The committee has discussed with Deloitte & Touche the matters required to be discussed by AU Section 380 of the Public Company Accounting Oversight Board Communications with Audit Committees, as amended and adopted by the Public Company Accounting Oversight Board, which requires the independent registered public accounting firm to provide the committee with information regarding the scope and results of its audit of the company's financial statements, including information with respect to the firm's responsibilities under auditing standards generally accepted in the United States,

significant accounting policies, management judgments and estimates, any significant audit adjustments, any disagreements with management and any difficulties encountered in performing the audit.

The committee also has received from Deloitte & Touche a letter providing the disclosures required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence. Deloitte & Touche has also discussed its independence with the committee and confirmed in the letter that, in its professional judgment, it is independent of the company within the meaning of the federal securities laws. The committee also considered whether Deloitte & Touche's provision of non-audit services to the company and its affiliates is compatible with its independence.

The committee also has reviewed and discussed with the company's senior management the audited financial statements included in the company's Annual Report on Form 10-K for the year ended December 31, 2011 and management's reports on the financial statements and internal controls. Management has confirmed to the committee that the financial statements have been prepared with integrity and objectivity and that management has maintained an effective system of internal controls. Deloitte & Touche has expressed its professional opinions that the financial statements conform with accounting principles generally accepted in the United States and that management has maintained an effective system of internal controls. In addition, the company's Chief Executive Officer and Chief Financial Officer have reviewed with the committee the certifications that each will file with the Securities and Exchange Commission pursuant to the requirements of the Sarbanes-Oxley Act of 2002 and the policies and procedures management has adopted to support the certifications.

Based on these considerations, the Audit Committee has recommended to the Board of Directors that the company's audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2011.

Audit Committee

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

James G. Brocksmith Jr., *Chair*

Wilford D. Godbold Jr.

William D. Jones

Carlos Ruiz

Lynn Schenk

Table of Contents**SHARE OWNERSHIP**

The following table shows the number of shares of our common stock beneficially owned at March 13, 2012 by each of our directors, by each of our executive officers named in the executive compensation tables in this proxy statement, and by all of our directors and executive officers as a group. The shares of common stock beneficially owned by our directors and executive officers as a group total approximately 1.0% of our outstanding shares. No individual director or executive officer beneficially owns more than 1.0% of our outstanding shares. In calculating these percentages, shares under the heading Phantom Shares and Cash Settled Awards are not included because these shares cannot be voted and may only be settled for cash.

Share Ownership	Current Beneficial Holdings (B)	Shares Subject to Exercisable Options (C)	Phantom Shares and Cash-Settled Awards (D)	Total
Alan L. Boeckmann			2,787	2,787
James G. Brocksmith Jr.	1,354	35,000	18,277	54,631
Javade Chaudhri	45,793	86,375	4,027	136,195
Donald E. Felsing	286,590	681,575	109,057	1,077,222
Wilford D. Godbold Jr.	3,006	35,000	20,927	58,933
Joseph A. Householder	37,800	57,675	4,239	99,714
William D. Jones	3,797	25,000	16,275	45,072
William G. Ouchi	17,124	25,000	14,380	56,504
Debra L. Reed	78,947	134,800	28,730	242,477
G. Joyce Rowland	15,784	76,500	4,058	96,342
Carlos Ruiz		20,000	6,290	26,290
William C. Rusnack	4,529	20,000	15,620	40,149
William P. Rutledge	4,045	35,000	14,471	53,516
Lynn Schenk	2,000	20,000	6,837	28,837
Neal E. Schmale (A)	167,983	237,375	33,216	438,574
Mark A. Snell	80,108	154,800	5,934	240,842
Luis M. Téllez			1,518	1,518
Directors and Executive Officers as a Group (17 persons)	748,860	1,644,100	306,643	2,699,603

- (A) Mr. Schmale retired as both an officer and a director effective November 1, 2011.
- (B) Includes unvested shares of restricted stock that may be voted but are not transferable until they vest. These total 5,467 shares for Mr. Snell, 5,467 for Mr. Householder, and 10,934 shares for all directors and executive officers as a group. Also includes unvested restricted stock units that are convertible into our common stock and that vest within 60 days. These total 1,119 unvested restricted stock units for Mr. Brocksmith.
- (C) Shares which may be acquired through the exercise of stock options that currently are exercisable or will become exercisable within 60 days.
- (D) The phantom shares represent deferred compensation deemed invested in shares of our common stock. These phantom shares track the performance of our common stock but cannot be voted and may only be settled for cash. They are either fully vested or will vest within 60 days. The cash-settled awards are unvested restricted stock units that will vest within 60 days. These total 1,119 unvested restricted stock units for Mr. Ruiz.

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

Sempra Energy has approximately 230,000 shareholders.

There are three persons known to us to own beneficially more than 5.0% of our outstanding shares: BlackRock, Inc., 40 East 52nd Street, New York, New York; Franklin Resources, Inc., One Franklin Parkway, San Mateo, California; and State Street Corporation, One Lincoln Street, Boston, Massachusetts. BlackRock has reported that at December 30, 2011, it and related entities beneficially

owned 16,591,184 shares for which they had sole voting and dispositive power, representing approximately 6.9% of our outstanding shares. Franklin Resources has reported that at December 31, 2011, it and related entities beneficially owned 13,749,243 shares for which they had sole voting power over 13,644,033 shares and sole dispositive power over 13,749,243 shares, representing approximately 5.7% of our outstanding shares. State Street has reported that at December 31, 2011, it and related

Table of Contents

entities beneficially owned 12,278,835 shares for which they shared voting and dispositive power, representing approximately 5.1% of our outstanding shares.

Our employee savings and stock ownership plans hold 16,038,884 shares of our common stock (approximately 6.7% of our outstanding shares) for the benefit of employees.

For information regarding share ownership guidelines applicable to our directors and officers, please see [Corporate Governance](#) [Board of Directors](#) [Director Share Ownership Guidelines](#) and [Executive Compensation](#) [Compensation Discussion and Analysis](#) [Share Ownership Requirements](#).

Section 16(a) Beneficial Ownership Reporting Compliance

Our directors and executive officers are required to file reports with the Securities and Exchange Commission regarding their ownership of our shares. Based solely on our review of the reports filed and written representations from directors and officers that no other reports were required, we believe that all filing requirements were timely met during 2011, except for one Form 4 reporting one transaction that was filed one day late by Mr. Chaudhri.

Table of Contents

PROPOSALS TO BE VOTED ON

BOARD OF DIRECTORS PROPOSALS

Proposals 1, 2 and 3 have been included in this proxy statement at the direction of the Board of Directors. The board recommends that you vote FOR each of Proposals 1, 2 and 3.

Proposal 1: Election of Directors

Directors are elected at each Annual Meeting for terms expiring at the next Annual Meeting.

The Corporate Governance Committee has recommended and the Board of Directors has nominated the following twelve individuals, all of whom currently are directors, for election as directors:

Alan L. Boeckmann

James G. Brocksmith Jr.

Donald E. Felsing

Wilford D. Godbold Jr.

William D. Jones

William G. Ouchi

Debra L. Reed

Carlos Ruiz

William C. Rusnack

William P. Rutledge

Lynn Schenk

Luis M. Téllez

Properly executed proxies will be voted for these twelve nominees unless other instructions are specified. If any nominee should become unavailable to serve, the proxies may be voted for a substitute nominee designated by the board, or the board may reduce the authorized number of directors.

We have not received notice of any additional candidates to be nominated for election as directors at the 2012 Annual Meeting and the deadline for notice of additional candidates has passed. Consequently, the election of directors will be an uncontested election and our bylaw providing for majority voting in uncontested elections will apply. Under majority voting, to be elected as a director, a nominee must receive votes FOR his or her election constituting a majority of the shares represented and voting at the Annual Meeting at which a quorum is present, and the FOR votes must also represent more than 25% of our outstanding shares. If a nominee who currently is serving as a director does not receive sufficient FOR votes to be re-elected, the director will cease to be a director not later than 90 days following the certification of the election results, and the resulting vacancy in the board may be filled by the remaining directors.

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

The board has determined that each non-officer nominee is an independent director. Information concerning the board's independence standards is contained under the caption "Corporate Governance - Board of Directors - Director Independence."

Biographical information regarding each director nominee and his or her qualifications to serve as a director is set forth below. The year shown as election as a director is the year that the director was first elected as a director of Sempra Energy or a predecessor corporation. Unless otherwise indicated, each director has held his or her principal occupation or other positions with the same or predecessor organizations for at least the last five years.

Table of Contents

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR EACH
OF ITS NOMINEES FOR ELECTION TO THE BOARD**

Alan L. Boeckmann, 63, has been a director since February 2011. In February 2012, he retired as the Non-Executive Chairman of Fluor Corporation, a leading engineering, procurement, construction and maintenance services company. From 2002 to early 2011, Mr. Boeckmann was the Chairman and Chief Executive Officer of Fluor. Prior to that, he held a number of senior management and operating positions at Fluor. Mr. Boeckmann currently is a director of Archer-Daniels-Midland Company and a director and Chairman of the Board of the Hearing and Speech Foundation, a non-profit charitable services group. Mr. Boeckmann is also a former director of Fluor Corporation, BHP Billiton, Burlington Northern Santa Fe Corporation and the National Petroleum Council.

Mr. Boeckmann has been an outspoken business leader in promoting international standards for business ethics and was instrumental in the formation of the World Economic Forum's Partnering Against Corruption Initiative in 2004. His extensive board and executive management experience, coupled with his commitment to ethical conduct in international business activities, makes him a valuable addition to our board.

James G. Brocksmith Jr., 71, has been a director since 2001. He is an independent financial consultant and the former Deputy Chairman and Chief Operating Officer for the U.S. operations of KPMG Peat Marwick LLP. Mr. Brocksmith is a director of AAR Corp. and a former director of Alberto-Culver Company and Nationwide Financial Services, Inc.

Mr. Brocksmith's extensive experience with public accounting issues and knowledge of corporate accounting, tax and compliance practices are important for us in his role as chair of the Audit Committee. His financial expertise provides a resource that is helpful to our board given the increasingly complex financial environment in which we operate.

Donald E. Felsing, 64, has been a director since 2004. He is Executive Chairman of the Board of Directors, a position he has held since June 2011. From 2006 to June 2011, he was Chairman and Chief Executive Officer of the company. From 2004 through 2005, Mr. Felsing was President and Chief Operating Officer of the company, and from 1998 to 2004, he was Group President and Chief Executive Officer of Sempra Global.

Prior to the merger that formed Sempra Energy, he served as President and Chief Operating Officer of Enova Corporation, the parent company of San Diego Gas & Electric Company (SDG&E). Prior positions included President and Chief Executive Officer of SDG&E, Executive Vice President of Enova Corporation and Executive Vice President of SDG&E. Mr. Felsing is also a director of Archer-Daniels-Midland Company, Northrop Grumman Corporation, The Committee Encouraging Corporate Philanthropy and the United States-Mexico Chamber of Commerce.

Mr. Felsing, in his current position as our Executive Chairman, oversees the functioning of the board and shareholder governance. He has been an employee of our company and its subsidiaries for over 30 years and has held senior executive positions with SDG&E and Sempra Global. This extensive background within our primary businesses, coupled with his reputation as one of the country's most seasoned energy industry leaders, makes Mr. Felsing's contributions to our board invaluable.

Wilford D. Godbold Jr., 73, has been a director since 1990. He is the retired President and Chief Executive Officer of ZERO Corporation, an international manufacturer primarily of enclosures and thermal management equipment for the electronics market. Mr. Godbold is a director emeritus of The Cancer Support Community (formerly The Wellness Community), a former director of Learning Tree International, Inc. and K-2 Inc., a past President of the Board of Trustees of Marlborough School and a past Chairman of the Board of Directors of the California Chamber of Commerce and The Employers Group.

Mr. Godbold's many years as a public company chief executive officer, combined with his lengthy service as a corporate and securities partner with the law firm of Gibson, Dunn & Crutcher LLP, give him insight into the effect of laws and regulations on our businesses. This combination of legal and executive experience makes him a highly qualified and valuable member of our board. Mr. Godbold's varied experience with public, private and non-profit boards provides unique perspective to the board.

William D. Jones, 56, has been a director since 1994. He is the President and Chief Executive Officer and a director of CityLink Investment Corporation, a real estate investment, development and management firm, and City Scene Management Company. From 1989 to

Table of Contents

1993, Mr. Jones served as General Manager/Senior Asset Manager and Investment Manager with certain real estate subsidiaries of The Prudential. Prior to joining The Prudential, he served as a San Diego City Council member from 1982 to 1987. Mr. Jones is a director of the Federal Reserve Bank of San Francisco, certain funds under management by Capital Research and Management Company and the San Diego Padres baseball club. He is also a trustee of the Francis Parker School and a member of the Corporate Directors Forum. Mr. Jones is a former director of The Price Real Estate Investment Trust and Southwest Water Company, and former Chairman of the Board of the Los Angeles Branch of the Federal Reserve Bank of San Francisco. Mr. Jones has extensive experience as a real estate developer in San Diego, where he built the City Heights Urban Village, an award-winning redevelopment project.

Mr. Jones's background in the public and financial arenas, along with his real estate expertise, has been helpful to our board as it considers the development of large infrastructure projects, which requires extensive amounts of land and an understanding of the construction and real estate industries. His expertise in these areas makes him a vital member of our board.

William G. Ouchi, Ph.D., 68, has been a director since 1998. He is the Sanford and Betty Sigoloff Distinguished Professor in Corporate Renewal in the Anderson Graduate School of Management at UCLA. Professor Ouchi is the lead director of AECOM Technology Corporation and a former director of FirstFed Financial Corp. He is a director of the Alliance for College Ready Public Schools, the California Heart Center Foundation, the Japanese American National Museum and the Conrad N. Hilton Foundation.

Professor Ouchi is a renowned academic and an expert in corporate management and organization. He is a best-selling author and has published numerous books on promoting effective corporate management. Professor Ouchi's academic background and practical knowledge of national and state public institutions, and his understanding of corporate governance in both theory and practice, make him a valuable member of our board.

Debra L. Reed, 55, has been a director and the Chief Executive Officer of the company since June 2011. Prior to assuming her current role, Ms. Reed served as an Executive Vice President of the company. From 2006 to 2010, she was President and Chief Executive Officer of SDG&E and Southern California Gas Company (SoCalGas), Sempra Energy's California regulated utilities. From 2004 to 2006, Ms. Reed was President and Chief Operating Officer of SDG&E and SoCalGas and before that she was President of SDG&E and Chief

Financial Officer of both companies. Ms. Reed serves as the Chair of the Board of Directors of the San Diego Regional Economic Development Corporation and on the Board of Directors of Halliburton Company. She also is a member of The Trusteeship, an affiliate of the International Women's Forum. Ms. Reed is a former director of Genentech, Inc., Dominguez Services Corp. and Avery Dennison Corporation. She also has served as a member of the University of Southern California Board of Councilors and the advisory councils of UCSD's Jacobs School of Engineering and the Precourt Energy Efficiency Center at Stanford.

Ms. Reed, in her current position as our Chief Executive Officer, oversees the management of all aspects of our business. She brings decades of service to our company and its subsidiaries and has benefitted from years of hands-on experience with utility and energy infrastructure operations. That experience, coupled with current and prior service as a board member of other large publicly traded companies, brings a multifaceted perspective and in-depth industry understanding to the board.

Carlos Ruiz, 62, has been a director since 2007. He is a partner of Proyectos Estratégicos Integrales S.A., a Mexican developing and financing company that provides comprehensive financial advisory and investment banking services to the private and public sectors, mainly in energy, infrastructure, transportation and communications. Mr. Ruiz is also a director of Southern Copper Corporation, an integrated copper producer in Peru and Mexico; Banco Ve por Más, S.A., a Mexican bank; OHL Concesiones México S.A. de C.V., an investor, operator and developer of infrastructure projects; Constructora y Perforadora Latina S.A. de C.V., a Mexican geothermal exploration and drilling company; and Administradora Mexiquense del Aeropuerto Internacional de Toluca S.A. de C.V., an airport in Toluca, Mexico. He is a former director of

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

ASARCO LLC, an integrated copper producer in the United States. Mr. Ruiz has served as Mexico's Secretary of Communications and Transportation and was general director of PEMEX, Mexico's national oil company.

Mr. Ruiz's broad business and financial experience in a range of businesses and his extensive knowledge of Mexico's regulatory and energy sectors provide valuable insight to our board as we develop and operate natural gas and renewable energy generation projects in Mexico.

William C. Rusnack, 67, has been a director since 2001. He was the President and Chief Executive Officer and a director of Premcor Inc., an independent oil refiner, from 1998 to 2002. Prior to 1998, Mr. Rusnack was an executive of Atlantic Richfield Company, an integrated petroleum company. He is also a director of

Table of Contents

FlowsERVE Corporation, Peabody Energy Corporation, and Solutia Inc. Mr. Rusnack is a member of the Dean's Advisory Council of the Graduate School of Business at the University of Chicago and the National Council of the Olin School of Business at the Washington University in St. Louis.

Mr. Rusnack brings a deep understanding of the energy industry to our board. He spent 31 years at Atlantic Richfield Company, many of which he worked in a senior leadership capacity. Mr. Rusnack also offers knowledge and insight gained as a senior executive with the oil refinery company Premcor. This specialized energy industry experience, along with his deep understanding of effective executive management development, makes him a valuable member of our board.

William P. Rutledge, 70, has been a director since 2001. He is the Chief Executive Officer of AquaNano, LLC, a water treatment company. Mr. Rutledge was Chairman of CPI International, Inc. (formerly Communications and Power Industries), a communications company, from 1999 to 2004. Prior to 1998, he was President and Chief Executive Officer of Allegheny Teledyne, a diversified manufacturing company. Prior to 1997 he was Chairman and Chief Executive Officer of Teledyne, Inc., an industrial conglomerate. Mr. Rutledge is a director of AECOM Technology Corporation. He is a trustee emeritus of Lafayette College, a trustee of St. John's Health Center Foundation and The National World War II Museum, and a director of the John Wayne Cancer Institute and the Los Angeles World Affairs Council. Mr. Rutledge is a former director of FirstFed Financial Corp., CPI International, Inc. and Computer Sciences Corporation.

Mr. Rutledge has extensive board and senior management experience. He serves and has served on numerous public company boards and has significant experience in the role of chief executive officer for multiple companies. In addition to his management expertise, Mr. Rutledge brings to our board a strong understanding of technological advances and nascent technology-based business models and their impacts on our business.

Lynn Schenk, 67, has been a director since 2008. She is an attorney in private practice. She served as Chief of Staff to the Governor of California from 1999 to 2003 and was elected to the U.S. House of Representatives representing San Diego, California, from 1993 to 1995, serving on the House Energy and Commerce Committee. From 1978 to 1983, Ms. Schenk served as the Deputy and then Secretary of California's Business, Transportation and Housing Agency; prior to that she was on the in-house

counsel staff of SDG&E. She is a director of Biogen Idec Inc., where she chairs the Corporate Governance and Nominating Committee, a trustee of The Scripps Research Institute serving on the Executive Committee, a member and Vice Chair of the California High Speed Rail Authority and a member of the University of San Diego School of Law, Board of Visitors.

Ms. Schenk has an extensive history of government and public service and an in-depth knowledge of the inner workings of federal and state governmental processes. Along with her extensive experience in government, Ms. Schenk's legal background within our business sector has equipped her with the tools to help our board identify and manage risk. She has also served on the boards of a number of publicly listed companies. This combination enables Ms. Schenk to provide our board with unique perspective on matters pertaining to California's complex government and regulatory environment.

Luis M. Téllez, Ph.D. (MIT, 1986), 53, has been a director since 2010. He is the Chairman of the Board of Directors and Chief Executive Officer of the Mexican Stock Exchange (Bolsa Mexicana de Valores). Dr. Téllez served as Mexico's Secretary of Communications and Transportation from 2006 to 2009. He is also a director of Grupo Embotelladoras Unidas, S.A.B. de C.V., a holding company principally engaged in the beverage industry. Dr. Téllez is a member of the Board of Counselors of McLarty Associates, a director of the Mexican Council of Foreign Affairs, a member of the Trilateral Commission, and a Trustee of Bioversity International. He is a former director of Grupo México S.A. de C.V.; Global Industries Ltd.; FEMSA (Fomento Economico Mexicano S.A.B. de C.V.); DESC, S.A. de C.V.; The Federal Electricity Commission (La Comisión Federal de Electricidad); and Grupo Azucarero México, S.A.B. de C.V. Dr. Téllez has also served as Mexico's

Edgar Filing: SEMPRA ENERGY - Form DEF 14A

Secretary of Energy, Chief of Staff to the President, and Deputy Secretary of Agriculture. He was a managing director of the investment firm, The Carlyle Group, and Chief Executive Officer of DESC, one of Mexico's largest industrial companies. Dr. Téllez also served as a director of Sempra Energy from June 2006 until November 2006. He resigned as a director of Sempra Energy because of his appointment as Mexico's Secretary of Communications and Transportation.

Dr. Téllez's extensive experience and knowledge of transnational business activities, international energy markets and the Mexican regulatory and financial sectors makes him a valuable addition to the board, particularly as we develop and operate international energy projects.

Table of Contents**Proposal 2: Ratification of Independent Registered Public Accounting Firm**

The Audit Committee of the Board of Directors has selected Deloitte & Touche LLP as the independent registered public accounting firm to audit our financial statements and the effectiveness of our internal control over financial reporting for 2012. Representatives of Deloitte & Touche are expected to attend the Annual Meeting and will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions from shareholders.

The following table shows the fees that we paid Deloitte & Touche for 2010 and 2011.

	2010		2011	
	Fees	% of Total	Fees	% of Total
Audit Fees*				
Sempra Energy Consolidated Financial Statements and Internal Control Audits, Subsidiary and Statutory Audits	\$ 6,743,000		\$ 8,545,000	
Regulatory Filings and Related Services	84,000		147,000	
Total Audit Fees	6,827,000	87%	8,692,000	86%
Audit-Related Fees				
Employee Benefit Plan Audits	441,000		441,000	
Accounting Consultation	365,000		363,000	
Total Audit-Related Fees				