



SDG&E[®] and SoCalGas[®]

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Grounded in sustainability

CPUC Sustainable Utilities En Banc

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SDG&E and SoCalGas *Grounded in Sustainability*

- » **Sustainability – It’s Key to our Culture**
- » **SDG&E and SoCalGas: Keys to Success**
 - Sustainable Collaborations
 - Innovation
 - Customers and Community
 - Grassroots Commitment
- » **SDG&E: Environmental Leadership**
- » **SoCalGas: Demonstration of Success**
- » **SDG&E and SoCalGas: Path Forward**

Sustainability – It's Key to our Culture

» Protecting the environment now and for the future while meeting today's business needs

Financial

- Financially sound
- Strong operating results
- Listen > Plan > Act
- Prudent capital investment
- Strong governance

Social

- Safety focus
- Employee diversity
- Diverse Business Enterprise (DBE)
- Employee engagement
- Community stakeholder outreach
- Service reliability

Environmental

- Avoid or minimize impacts
- Leverage technology
- Cultivate innovation
- Focus on compliance
- Renewable energy



Sustainable Collaborations

» Mutual success with our partners

- SDG&E collaborated with agencies and other stakeholders to identify and acquire ~11,000 acres of desirable habitat that meets the environmental mitigation needs of the Sunrise Powerlink and benefits endangered and threatened species
- SoCalGas provided technical assistance to the Los Angeles County Metropolitan Transportation Authority (MTA) to support their transition from diesel fuel to CNG. Today, MTA fuels over 2,200 CNG buses at 11 CNG refueling stations, reducing GHG emissions and air pollution throughout the LA Basin

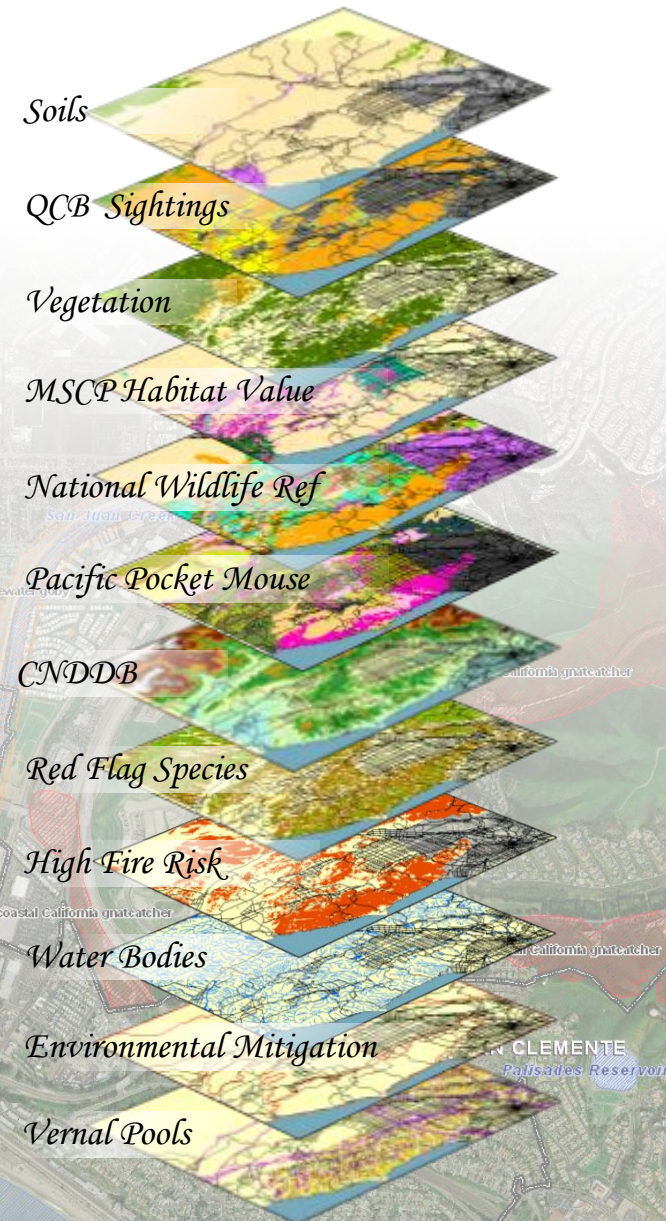


Innovation

» Innovation is a key to all areas of Environmental Sustainability including:

- Enterprise-wide Geographic Information Systems (GIS) for more efficient review of the environmental impacts of a project
- Operations-related technology
- Innovative outreach to community stakeholders
- Employee engagement

GIS Data Layers



Customers and Community

- » **Grant programs and charitable giving**
 - Nearly \$2 million donated to environmental organizations in 2011
- » **Connecting with our customers, including underserved communities**
 - 79% of our giving benefitted the underserved in 2011
- » **Connecting with our customers through our energy centers**



Grassroots Commitment

» Empowering employees ignites passion, inspires change, creates momentum

- Green Teams at both utilities initiate change at all levels
 - “Ban the Bottle”, “Stamp out Styrofoam”, “Stop the Stub”
 - Earth fairs, Photo contests, “Gathering of Green Teams”
- Community Environmental Events: 22 in 2011
- Employee-led initiatives
 - Filtered water saves over 200K bottles/year
 - Bill Click’s initiative at SDG&E reduced substation landscape watering needs by >110 million gallons since 2006
 - Andy Linde’s initiative at SoCalGas’ Redlands facility created a walking track that reduces landscaping water and promotes health and well-being



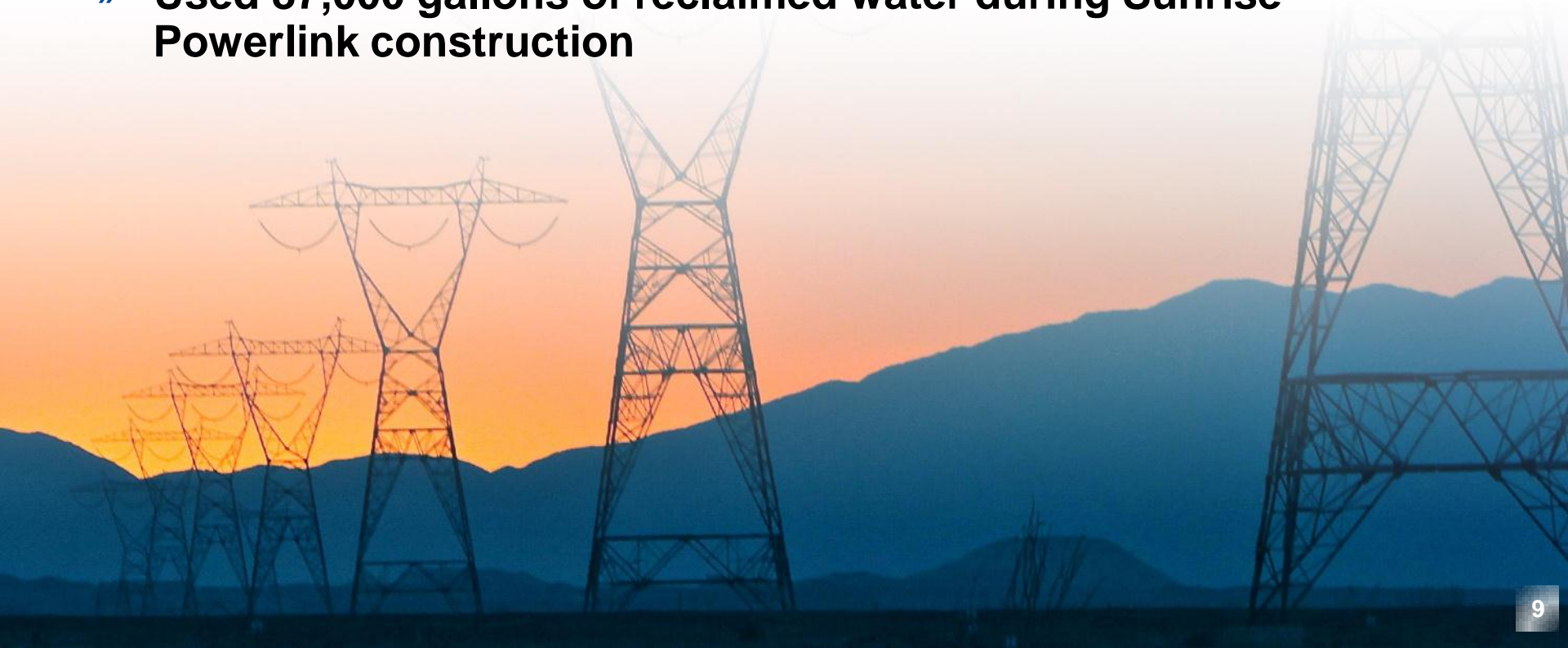
Bill Click SDG&E

Environmental Leadership



Building for the Future

- » **Reducing construction impacts: Sunrise Powerlink tower foundations**
 - Steel pile caps were installed in lieu of concrete footings on 234 towers: an industry first
 - Saved 17,900 tons of concrete and reduced helicopter flights by 11,900
- » **Used 87,000 gallons of reclaimed water during Sunrise Powerlink construction**



Supporting Renewable Procurement

- » **Smart Grid: Smart MicroGrid demonstration in Borrego**
 - Utilizes advanced technologies to integrate and manage distributed resources within the Smart Grid
- » **Regulated utility investment in wind power project in support of Federal energy policies**
 - Reduces cost of wind power by passing through the benefits of renewable tax credits to customers
 - Accelerates recovery of investment due to tax equity structure



Smart Technology for Savvy Customers

» Best Energy App contest Co-Sponsor

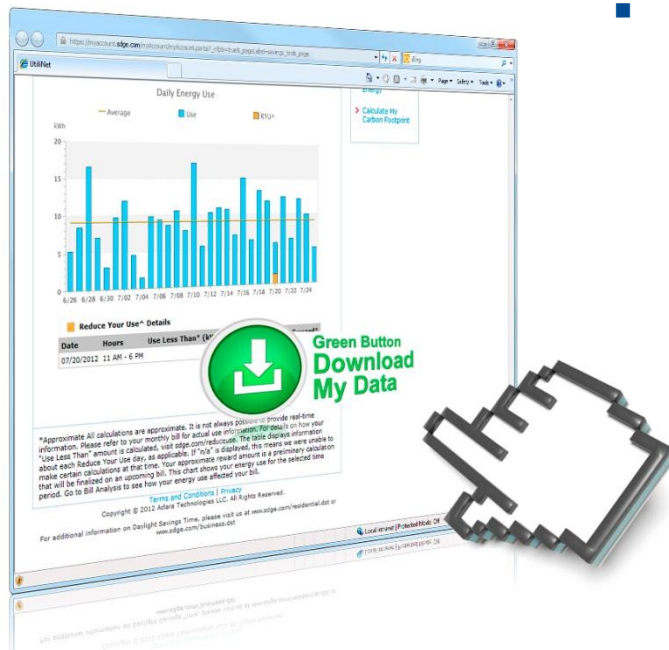
- XENERGY won for app that helps SDG&E customers to analyze their energy usage from SDG&E's Green Button tool



» San Diego Energy Challenge

- Launched an online game from  SimpleEnergy so energy management is “Social, Fun and Simple”

- Kicked off summer contest so that customers can save energy and win money for their local school



Long-term Commitment to Preservation Lands

- » **San Dieguito Lagoon and Wetlands: continuing engagement with SONGS Mitigation Project**
 - Funding buses for children in underserved communities to visit wetlands
 - Employee clean-up and planting event in 2011 at wetlands
- » **Sunrise Powerlink Environmental Mitigation Properties: Planning for the Future**
 - Funded ~11,000 acres in total (*Or ten times the size of Golden Gate Park*)
 - Initiating an Advisory Council to provide ongoing stakeholder input on the properties



The Future is NOW...still more to do

- » **Most Intelligent Utility in the U.S. Award: 3rd year in a row**
- » **Best in the West Reliability: 6th year in a row**
- » **Renewable Energy: 20% of sales in 2011, up from 1% in 2002**
- » **Involved Employees: 2,300 participants in clean-up and planting events in 2011, planning for more in 2012**
- » **Clean Transportation: 86% of sedans in Fleet are CNG, hybrid-electric or battery-electric... moving toward a cleaner future...**





Demonstration of Success

- » Ultra-Low Emissions Technology
- » Converting Natural Gas to Energy Using Fuel Cells
- » Leader in Renewable Technologies – Biogas

Ultra-Low Emissions Technology

- » **Fontana Wholesale Lumber (Fontana)**
 - Partnered with Continental Controls Corporation to create and install ultra-low emission control technology for gas engines

- » **Clean Energy Systems (Bakersfield)**
 - Developed the first natural gas-fueled zero emissions power plant demonstration facility in Bakersfield



Converting Natural Gas to Energy Using Fuel Cells



A  Sempra Energy utility®

» Fuel cell research and demonstrations

- SoCalGas is co-founder of the National Fuel Cell Research Center at the University of California, Irvine

» Constellation Place, Century City (Los Angeles)

- First high-rise building in LA to be served by electricity-generating fuel cells, reducing carbon footprint by 30%

» Roger's Gardens (Corona Del Mar)

- ClearEdge fuel cell systems (5kW) supply electricity and heat for the seven-acre facility and reduce carbon footprint by 41%

Leader in Renewable Technologies - Biogas

- » **Enertech Environmental's SlurryCarb (Rialto)**
 - Biosludge from wastewater plants is moved through a centrifuge to create biopellets for rotary kilns at a cement company
- » **Gills Onions' waste-to-energy Project (Oxnard)**
 - Converts onion waste to biogas that powers fuel cells
- » **Hale Avenue Resource Recovery Facility (Escondido)**
 - Converts raw biogas, a byproduct of sewage treatment, and purifies the methane to pipeline quality for potential injection into the natural gas system
- » **Point Loma Wastewater Treatment Facility (San Diego)**
 - Conditions raw biogas for pipeline injection





Path Forward



Collaboration and Engagement



Grounded in sustainability



Innovations / Technology

Grassroots Efforts



A close-up photograph of a hand shaving a face. The hand is holding a safety razor, and white shaving foam is applied to the skin. The background is a solid blue color. The word "Transparency" is written in white text in the upper right quadrant of the image.

Transparency

