BRAZILIAN PETROLEUM CORP
Form 6-K
May 27, 2008

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of May, 2008

Commission File Number 1-15106

PETRÓLEO BRASILEIRO S.A. - PETROBRAS

(Exact name of registrant as specified in its charter)

Brazilian Petroleum Corporation - PETROBRAS

(Translation of Registrant's name into English)

Avenida República do Chile, 65
20031-912 - Rio de Janeiro, RJ
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F ___X___ Form 40-F _______

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes _______ No___X____

PETROBRAS ANNOUNCES RESULTS FOR THE FIRST QUARTER OF 2008

(Rio de Janeiro May 12, 2008) PETRÓLEO BRASILEIRO S.A. Petrobras announces today its consolidated results expressed in millions of Brazilian Reais, in accordance with generally accepted accounting practices in Brazil (BR GAAP).

Consolidated net income in the 1Q-2008 moved up 68% year-on-year, thanks to the decline in operating expenses and the positive first-quarter impact of the reduced appreciation of the Real on the financial result. The increase in oil and gas production and the upturn in oil and oil product prices also contributed to the improved performance.

In comparison with the 4Q-2007, consolidated net income moved up by 37%, for the same reasons mentioned above, with a greater weight towards the reduction in operating expenses and a lesser emphasis on the price aspect.

The Company s market capitalization increased by 69% year-on-year, mostly due to the oil and gas discoveries in the pre-salt layer, the new exploratory frontier, and potential production growth.

EBITDA climbed 26% year-on-year, largely due to reduced expenses, especially those related to taxes and the pension plan. In comparison with the 4Q-2007, EBITDA moved up 15%, largely thanks to lower exploration costs (dry wells), reduced general and administrative expenses and the non-occurrence of tax losses and losses from the recovery of assets.

The strong operating result and high cash flow in the 1Q-2008 allowed for substantial period investments as well as the payment of R$ 4.07 billion in interest on equity.

Average oil and gas production edged up 2% year-on-year due to the start-up of the FPSO-Cidade do Rio de Janeiro (Espadarte), Piranema (Piranema), Cidade de Vitória (Golfinho), P-52 (Roncador) and P-54 (Roncador) platforms. It is especially worth highlighting domestic natural gas output, which increased by 11% year-on-year and 10% quarter-over-quarter.

Due to delays associated with the availability of offshore support vessels in the 1Q-2008, oil production was not as high as originally expected and output from the P-52 and P-54 platforms will only reach maximum level in the second half of the year. In addition, difficulties related to maintaining pressure in the Golfinho reservoir hampered production from this field.

This document is divided into five topics::

SISTEMA PETROBRAS

The Petrobras System s investments in the 1Q-2008 moved up 23% year-on-year but fell 31% over the previous quarter.

The Petrobras System s added value was 15% higher than in the 1Q-2007 and 10% more than in the 4Q-2007.

Statement by the CEO, José Sergio Gabrielli de Azevedo.

It gives us enormous satisfaction to be presenting the Company s outstanding results for the first quarter of 2008, when we recorded a net income of R$ 6,925 million, 68% up year-on-year and one of the best first-quarter results in our history.

In the opening months of 2008, we gathered and published new data on the discoveries in the pre-salt layer of the Santos Basin. In January, we announced the confirmation of a major natural gas and condensate deposit in the Júpiter area of the BM-S-24 block. The well is 37 km east of Tupi and the reservoir is at a depth of around 5,100 meters.

Short-term swings in oil prices have a direct impact on the price of oil products, primarily by hitting the cost of refining inputs, although their pass-through to oil products depends on the specific conditions of each market and the behavior of the exchange rate. Last quarter, we were faced with a combination of an accelerated upturn in the price of crude oil, relatively stable national production and only a slight appreciation of the Real against the dollar, all of which squeezed refining margins.

In order to ensure the profitability of our Supply business, we have to make massive investments in conversion capacity, given that the vast majority of our domestic oil output consists of heavy crude. Huge investments in the E&P segment are equally necessary, as we try to take the maximum possible advantage of the favorable oil price scenario, monetizing current reserves and future discoveries. Both investments (E&P and Supply) jeopardize short-term cash flow, while their returns, given the lengthy maturation period of oil industry projects, will only become apparent in the future, therefore generating a temporary cash-flow mismatch. Thus the Company s pricing policy, which seeks alignment in the medium to long term, has two main objectives: protecting the market from excessive short-term volatility and at the same time ensuring sufficient financing capacity for the investments needed to develop its business.

In May, in line with our policy of aligning prices with the international market in the medium to long-term, we adjusted our Brazilian refinery-gate gasoline and diesel prices. The process was handled with the utmost transparency and considered not only the commercial and economic aspects, but also the relative weight of our activities in Brazil s economy and the impact the adjustments could have.

In the coming months, Petrobras will continue to focus on this promising region, assessing the potential of the existing pre-salt reserves. With this in mind, the Board of Directors created an exclusive department, directly subordinate to the E&P division executive, to take charge of all matters related to the pre-salt discoveries. Its main responsibility will be to coordinate the ongoing evaluation plans as well as to implant the long duration test (LDT) and initiate pilot production in Tupi, initially scheduled for 2009 and 2010 respectively.

We also expanded our international operations. In Peru, in association with other oil companies, we discovered a gas reservoir in Block 57, in Cuzco province. In the American section of the Mexican Gulf, we picked up 22 deep-water and ultra-deep-water blocks at the auction organized by the Minerals Management Service, the US offshore mineral resources regulator. As a result of these new concessions, there are now 221 exploratory blocks in the region, 157 of which operated by Petrobras.

We also signed an agreement with PDVSA, the Venezuelan state-owned oil company, establishing the groundwork for a joint venture in the Abreu e Lima Refinery, in Pernambuco, whose investments are estimated at US$ 4.05 billion. The refinery will be capable of processing 200,000 barrels of heavy crude per day. Petrobras will own 60% of the undertaking and PDVSA 40%. The refinery will play a key role in expanding our domestic production of diesel, the country s most widely-consumed oil product. Start-up is scheduled for the second half of 2010.

In the petrochemical area, we continued to consolidate our holdings in Brazil. In February, Ultrapar transferred the Ipiranga companies petrochemical assets to Petrobras. In the following month, the AGM approved the incorporation of UPB Participações S.A., a wholly-owned Petrobras subsidiary.

The same meeting also approved a 1:2 split of the Company s shares and ADRs. Following the split, each ADR was still equivalent to two shares.

Fully committed to expanding its share of biofuels, Petrobras announced the creation of a wholly-owned subsidiary to concentrate all activities related to the subject, which are currently dispersed through several Company areas and subsidiaries. The new firm will handle ethanol production, the acquisition of inputs and the processing of biodiesel, as well as administering future investments.

I cannot end without mentioning Brazil s upgrading to investment grade status by the ratings agency Standard & Poor s. This promotion means that international investors will be regarding the country in a considerably more favorable light, thanks to the lower risk associated with prospects of greater stability and predictability and Brazilian companies should benefit from new stock and bond acquisitions by foreign investors. In the case of Petrobras itself, the new climate will almost certainly make it easier to finance our operations.

Finally, I would like to reiterate our determination and technical capacity to overcome any challenges that may present themselves, maintaining our focus on profitability and social and environmental responsibility.

PETROBRAS SYSTEM Financial Performance

Net Income and Consolidated Economic Indicators

Petrobras posted a consolidated net income of R$ 6,925 million in 2007, 68% higher than in the 1Q-2007.

R$ million				
		First Quarter		
4Q - 2007		2008	2007	Δ %
57,922	**Gross Operating Revenues**	**59,158**	**50,127**	18
45,417	**Net Operating Revenues**	**46,892**	**38,894**	21
9,199	**Operating Profit (1)**	**11,344**	**8,567**	32
(859)	**Financial Result**	**(400)**	**(935)**	(57)
5,053	**Net Income**	**6,925**	**4,131**	68
1.15	**Net Income per Share**	**1.58**	**0.94**	68
429,923	**Market Value (Parent Company)**	**364,372**	**215,666**	69
36	**Gross Margin (%)**	**37**	**39**	(2)
18	**Operating Margin (%)**	**23**	**19**	4
11	**Net Margin (%)**	**15**	**11**	4
12,041	**EBITDA R$ million (2)**	**13,876**	**10,978**	26
	Financial and Economic Indicators			
88.69	**Brent (US$/bbl)**	**96.90**	**57.75**	68
1.7830	**US Dollar Average Price - Sale (R$)**	**1.7388**	**2.1082**	(18)
1.7713	**US Dollar Last Price - Sale (R$)**	**1.7491**	**2.0504**	(15)

(1) Operating income before financial result, equity balance and taxes.
(2) Operating income before financial result, equity balance and depreciation/amortization.

		First Quarter		
4Q-2007		2008	2007	Δ %
8,049	Operating Income as per Brazilian Corporate Law	**10,956**	**7,548**	45
859	(-) Financial Result	400	935	(57)
291	(-) Equity Income Result	(12)	84	(114)
9,199	**Operating Profit**	**11,344**	**8,567**	32
2,842	Depreciation / Amortization	2,532	2,411	5
12,041	**EBITDA**	**13,876**	**10,978**	26

27	**EBITDA Margin (%)**	**30**	**28**	7 5

The behavior of the main components of consolidated net income, in relation to the 1Q-2007, was as follows:

- **A R$ 2,051 million increase in gross profit:**

		R$ million Changes 1Q-2008 X 1Q-2007		
Main Items		**Net Revenues**	**Cost of Goods Sold**	**Gross Profit**
. Domestic Market:	- Effect of Volumes Sold	1,822	(1,249)	573
	- Effect of Prices	2,967	-	2,967
. Intl. Market:	- Effect of Export Volumes	(532)	242	(290)
	- Effect of Export Price	2,142	-	2,142
. Increase in expenses: (*)		-	(4,246)	(4,246)
. Increase in Profitability of Distribution Segment		(1)	128	127
. Increase in operations of commercialization abroad		2,093	(1,673)	420
. Increase in international sales		486	(310)	176
. FX effect on controlled companies abroad		(761)	648	(113)
. Other		(218)	513	295
		7,998	(5,947)	2,051

(*) Expenses Composition:	**Value**
- import of gas, crude oil and oil products and gas (1)	(2,415)
- domestic government take	(837)
- non-oil products, including alcohol, biodiesel and other	(117)
- materials, services and depreciation	(702)
- transportation: maritime and pipelines(2)	(125)
- salaries, perquisites and benefits	(42)
- third-party services	(8)
	(4,246)

(1) CIF Values.
(2) Expenditures on cabotage, terminals and pipelines.

A R$ 726 million reduction in operating expenses, notably:

- Tax expenses (R$ 150 million), due to the elimination of the CPMF financial transaction tax as of January/08.

- Other operating expenses (R$ 741 million), especially from the amendments to the Petros Plan in the 1Q-2007 (R$ 1,040 million), partially offset by higher expenses with contractual fines related to natural gas and electricity supply (R$ 253 million);

These effects were offset by the increase in selling expenses (R$ 177 million), due to higher freight expenses caused by the upturn in sales volume and the increase in average distribution and offshore freight costs (R$ 40 million and R$ 39 million, respectively) plus the increase in provisions for doubtful debts.

- **A positive impact of R$ 535 million on the net financial result, due to the impact of the lower appreciation of the Real in 2008 on subsidiaries investments abroad and, in the International segment, on the purchase of E&P equipment for use in Brazil, and commercial activities.**

Net income in the 1Q-2008 totaled R$ 6,925 million, 37% up on the R$ 5,053 million posted in the 4Q-2007 due to the factors listed below:

- **R$ 790 million growth in gross profit:**

		R$ million Change 1Q-2008 x 4Q-2007		
Main Items		**Net Revenues**	**Cost of Goods Sold**	**Gross Profit**
. Domestic Market:	- Effect of Volumes Sold	(1,168)	862	(306)
	- Effect of Prices	1,345	-	1,345
. Intl. Market:	- Effect of Export Volumes	(1,177)	1,021	(156)
	- Effect of Export Price	172	-	172
. Increase in expenses: (*)		-	(789)	(789)
. Increase in Profitability of Distribution Segment		(78)	(175)	(253)
. Increase in operations of commercialization abroad		1,021	-	149
. Increase in international sales		(1,216)	1,213	(3)
. FX effect on controlled companies abroad		1,103	(1,014)	89
. Other		1,473	(931)	542
		1,475	(685)	790

(*) Expenses Composition:	Value
- domestic government take	(109)
- import of gas, crude oil and oil products [1]	(74)
- non-oil products, including alcohol, biodiesel and other	12
- materials, services and depreciation	(597)
- transportation: maritime and pipelines[2]	(146)
- third-party services	21
- salaries, perquisites and benefits	104
	(789)

(1) CIF values.
(2) Expenditures on cabotage, terminals and pipelines.

- **A reduction in the following operating expenses:**

- General and administrative expenses (R$ 265 million), due to reduced expenses from technical services and higher personnel expenses in the 4Q-2007 as a result of payments related to retroactive promotions as part of the 2007/08 collective bargaining agreement;

- Exploration costs (R$ 385 million), due to lower exploration expenses, both in Brazil (R$ 129 million) and abroad (R$ 461 million), offset by the December/07 recalculation of provisions for well abandonment (R$ 292 million);

- Losses from the recovery of assets (R$ 446 million), due to the provisions constituted abroad in the 4Q- 2007;

- Tax expenses (R$ 156 million), due to the elimination of the CPMF as of January/08 (R$ 179 million), partially offset by expenses from the IOF financial operation tax due to the increase in the rate in the same month (R$ 34 million).

- **A positive impact of R$ 459 million on the net financial result due to monetary and exchange gains (R$ 454 million) caused by the lower appreciation of the Real in the 1Q-2008, coupled with a reduction in net financial and commercial hedge losses (R$ 287 million) and higher gains from financial investments (R$ 28 million);**

- **Interests in relevant investments (R$ 303 million), due to the constitution of provisions for losses from investments in Venezuela in the 4Q-2007 (R$ 119 million) and exchange gains from the conversion of foreign subsidiaries shareholders equity (R$ 128 million).**

- **Increase in income tax and social contributions (R$ 1.613 million), due to the tax benefits of interest on equity in the 4Q-2007 (R$ 671 million).**

PETROBRAS SYSTEM Operating Performance

Physical Indicators (*)

4Q-2007		First Quarter 2008	First Quarter 2007	Δ %
	Exploration & Production - Thousand bpd/day			
	Domestic Production			
1,782	Oil and LNG	1,816	1,800	1
277	Natural Gas (1)	304	274	11
2,059	**Total**	**2,120**	**2,074**	2
	Consolidated - International Production			
111	Oil and LNG	108	111	(3)
101	Natural Gas (1)	103	103	-
212	**Total**	**211**	**214**	(1)
14	**Non Consolidated - Internacional Production (2)**	**14**	**17**	(18)
226	**Total International Production**	**225**	**231**	(3)
2,285	**Total production**	**2,345**	**2,305**	2

(1)Does not include liquified gas and includes re-injected gas
(2)Non consolidated companies in Venezuela.

4Q-2007		First Quarter 2008	First Quarter 2007	Δ %
	Refining, Transport and Supply - Thousand bpd			
400	**Crude oil imports**	351	340	3
136	**Oil products imports**	228	97	135
536	**Import of crude oil and oil products**	579	437	32
322	**Crude oil exports**	314	377	(17)
253	**Oil products exports**	258	247	5
575	**Export of crude oil and oil products (3)**	572	624	(8)
39	**Net exports (imports) crude oil and oil products**	**(7)**	**187**	**(104)**
199	**Import of gas and others**	194	146	33
(3) 2	**Other exports**	2(3)	1	100
2,033	**Output of oil products**	**1,892**	**2,041**	(7)
1,795	**Brazil**	1,776	1,781	-
238	**International**	116	260	(55)
2,167	**Primary Processed Installed Capacity**	**2,167**	**2,227**	(3)

1,986	**Brazil** (4)	1,986	1,986	-
181	**International**	181	241	(25)
	Use of Installed Capacity (%)			
90	**Brazil**	89	90	1
93	**International**	60	85	(25)
78	**Domestic crude as % of total feedstock processed**	79	77	2

(3) Volumes of oil and oil products exports include ongoing exports
(4) As per ownership recognized by the ANP

Sales Volume - Thousand bpd

1,776	**Total Oil Products**	**1,703**	**1,646**	3
81	Alcohol, Nitrogens, Biodiesel and others	76	53	43
272	Natural Gas	302	226	34
2,129	**Total domestic market**	**2,081**	**1,925**	8
577	**Exports**	**574**	**625**	(8)
480	**International Sales**	**557**	**655**	(15)
1,057	**Total international market**	**1,131**	**1,280**	(12)
3,186	**Total**	**3,212**	**3,205**	-

(*) Não revisado.

Prices and Costs Indicators (*)

4Q-2007		First Quarter 2008	First Quarter 2007	Δ %
Average Oil Products Realization Prices				
158.98	**Domestic Market (R$/bbl)**	163.07	150.97	8
Average sales price - US$ per bbl				
	Brazil			
76.75	**Crude Oil (US$/bbl)(5)**	86.13	47.79	80
34.67	**Natural Gas (US$/bbl) (6)**	37.16	32.71	14
	International			
59.42	**Crude Oil (US$/bbl)**	62.23	42.41	47
17.45	**Natural Gas (US$/bbl)**	16.98	14.48	17

(5) Average of the exports and the internal transfer prices from E&P to Supply.
(6) Internal transfer prices from E&P to Gas & Energy.

4Q-2007		First Quarter 2008	First Quarter 2007	Δ %
Costs - US$/barrel				
	Lifting cost:			
	Brazil			
8.60	**without government participation**	8.66	7.20	20
23.16	**with government participation**	24.82	16.24	53
4.41	**International**	4.32	3.89	11
	Refining cost			
3.60	**Brazil**	3.61	2.54	42
3.04	**International**	6.16	2.42	155
794	**Corporate Overhead (US$ million) Holding Company (7)**	648	531	22
Costs - R$/barrel				
	Lifting cost			
	Brazil			
15.22	**without government participation**	15.16	15.20	-
40.98	**with government participation**	43.20	34.12	27
	Refining cost			
6.36	**Brazil**	6.30	5.36	18

(7) The company, in order to achieve higher indicators aderence to it managerial and operational models, revised the definitions of these indicators, recalculating previous period, as already informed at the 12.31.2007 Report.

(*) Não revisado.

Exploration and Production - thousand barrels/day

The operational start-up of the FPSO-Cidade do Rio de Janeiro (Espadarte), Piranema (Piranema), Cidade de Vitória (Golfinho), P-52 and P-54 (Roncador) platforms offset the natural decline in production.

Output moved up over the 4Q-2007, due to the startup of FPSO Cidade de Vitória (Golfinho), P-52 and P-54 (both in Roncador), more than offsetting the natural slide in output.

Consolidated oil production fell year-on-year due to the natural decline in the mature fields in Argentina. Gas output remained virtually flat over the 1Q-2007.

The consolidated reduction in oil production over the previous quarter was also due to the natural decline in the mature fields in Argentina. Consolidated gas production moved up 2%, given the oil workers strike that reduced output from the Santa Cruz I e II wells in Argentina in the 4Q-2007.

Refining, Transportation and Supply   thousand barrels/day

Domestic processed crude volume dipped by 0.3% over the 1Q-2007 due to the March /08 programmed maintenance stoppage of Replan s U-200A, one of Petrobras biggest atmospheric distillation units. Its last scheduled maintenance shut-down was in 2003.

Domestic processed crude edged down by 1% over the 4Q-2007, also due to the programmed maintenance stoppage of Replan s distillation unit in March/08.

Processed crude in the overseas refineries fell 36% year-on-year in the 1Q-2008 due to the sale of the Bolivian refineries in June/07 and the stoppages in the Argentinean and US refineries in the 1Q-2008.

In relation to the previous quarter, total processed throughput in the overseas refineries dropped by 26%, due to the 1Q-2008 scheduled stoppages in the USA and Argentina.

Costs

Lifting Cost (US$/barrel)

Excluding the impact of the appreciation of the Real, the annual unit lifting cost in Brazil climbed by 8% year-on-year, due to the wage increase, the expansion of the workforce and the higher initial unit cost of the new production systems, which will gradually come down as production moves up.

Also excluding the impact of the appreciation of the Real, the unit lifting cost inched down by 1% over the 4Q-2007 due to the wage hike in the latter quarter, partially offset by higher expenditure in the 1Q-2008 on corrective and preventive maintenance and the programmed stoppages of the P-20 and PPM-1 platforms.

The year-on-year upturn in the first-quarter lifting cost was due to higher extraction costs, the impact of the increase in international oil prices on government participations, and the operational start-up of the P-34, FPSO-Cidade do Rio de Janeiro, FPSO-Cidade de Vitória, P-52 and P-54 platforms.

The increase over the 4Q-2007 was due to the upturn in the average Brazilian oil price used to calculate the government participations, based on the international price.

The year-on-year increase in the international lifting cost was caused by the higher price of outsourced services and materials in Argentina.

In comparison with the 4Q-2007, the unit lifting cost recorded a decline due to the reduction in expenses from outsourced services in Argentina caused by the lower number of well repairs in the first quarter.

Refining Costs (US$/barrel)

Excluding the impact of the appreciation of the Real, the domestic unit refining cost moved up 21% year-on-year due to increased operating expenses, reflecting the wage increase, the expansion of the workforce, the electricity tariff hike and the heightened complexity of the refineries as they adapt to environmental and market demands for higher quality products.

Also excluding the impact of the appreciation of the Real, the domestic unit refining cost fell 2% over the 4Q-2007 due to reduced expenses from outsourced maintenance services.

The average international unit refining cost moved up due to higher costs in the USA caused by the programmed stoppage in the Pasadena refinery, associated with the first-quarter slide in processed crude.

The average international unit refining cost recorded an upturn over the 4Q-2007 due to scheduled stoppages in the USA and Argentina and the lower volume of processed crude in the first quarter.

Corporate Overhead Parent Company (US$ million)

The 22% year-on-year increase in corporate overhead was due to the increasing complexity of the Company s operations. If we exclude the impact of the 18% appreciation of the Real, overhead moved up 4% due to higher expenses from data processing services, specialized technical and administrative-support services, advertising and unsubsidized sponsorships.

The 18% reduction over the 4Q-2007 was chiefly due to the actuarial review of the retirement plan and the healthcare provisions in January/08, and the higher concentration of expenses related to sports and arts sponsorships in the 4Q-2007, including those associated with the Rouanet Law and donations to the FIA (Children and Teenagers Fund).

Sales Volume thousand barrels/day

Domestic sales volume moved up 8.10% over the 1Q-2007, led by diesel, aviation fuel and natural gas. The diesel increase was due to the improved performance of the economy and the increased use of emergency diesel-driven thermal plants, while aviation fuel sales were pushed by the expansion of tourism, leveraged by economic growth and the appreciation of the Real against the dollar. Gas sales increased by 33.62% due to higher industrial consumption as gas replaced fuel oil.

International volume fell 14.96% year-on-year due to lower trading company sales in the USA, the sale of the Bolivian refineries, and the reduction in oil and gas sales volume in Bolivia and to third parties in Argentina, caused by the natural decline in output from the mature fields, and in Ecuador, due to the lack of production and sales in March/08.

Export volume fell due to the shrinkage of the US market triggered by the economic crisis.

Domestic sales volume recorded a 2.25% slide over the 4Q-2007 due to the seasonal slowdown in diesel consumption, given the more intense agricultural activity in the final quarter of the year.

Result by Business Area R$ million [1] [3]

4Q-2007		First Quarter 2008	First Quarter 2007	Δ %
8,072	**EXPLORATION & PRODUCTION**	**9,430**	**5,083**	86
301	**SUPPLY**	**(566)**	**2,126**	(127)
(486)	**GAS AND ENERGY**	**(396)**	**(316)**	25
105	**DISTRIBUTION**	**313**	**189**	66
(940)	**INTERNATIONAL [2]**	**50**	**(261)**	(119)
(1,363)	**CORPORATE**	**(1,443)**	**(2,580)**	(44)
(636)	**ELIMINATIONS AND ADJUSTMENTS**	**(463)**	**(110)**	321
5,053	**CONSOLIDATED NET INCOME**	**6,925**	**4,131**	68

[1] Comments on the results by business area begin on page 18 and their respective financial statements on page 28.

[2] In the international business segment, given that all operations are executed abroad, comparisons between the periods are influenced by foreign exchange variations in dollars or in the currency of those countries in which the companies in question are headquartered. As a result, there may be substantial variations in Reais, primarily arising from and reflecting changes in the exchange rate.

[3] Expenses from the creation of new jobs by Petrobras are now allocated in accordance with each employee s area of activity and are no longer allocated in their entirety to corporate administrative expenses. In order to facilitate comparisons between the periods, we have adapted the previous financial statements to the new criteria.

RESULTS BY BUSINESS AREA

Petrobras is a company that operates in an integrated manner, with the greater part of oil and gas production in the Exploration and Production area being sold or transferred to other Company areas.

The main criteria used to report results per business area are as follows:

a) Net operating revenues: revenues from sales to external clients, plus intra-Company sales and transfers, using internal transfer prices established between the various areas as a benchmark, with assessment methodologies based on market parameters;

b) Operating income: net operating revenues, plus the cost of goods and services sold, which are reported per business area considering the internal transfer price and other operating costs for each area, plus the operating expenses effectively incurred by each area;

c) The entire financial result is allocated to the corporate group;

d) Assets: refers to the assets as identified by each area. Equity accounts of a financial nature are allocated to the corporate group.

Annual net income from Exploration and Production increased by 86% over the 1Q-2008 due to the increase in average domestic oil prices and the 1% upturn in daily oil and NGL production

Part of these effects were offset by higher expenses from government participations and the write-off of economically unviable wells.

The spread between the average domestic oil sale/transfer price and the average Brent price widened from US$ 9.96/bbl in the 1Q-2007 to US$ 10.77/bbl in the 1Q-2008

In comparison with the 4Q-2007, net income moved up 17% due to higher average domestic oil prices and the 2% increase in daily oil and NGL production, partially offset by higher prospecting expenses.

The spread between the average domestic oil sale/transfer price and the average Brent price fell from US$ 11.94/bbl in the 4Q-2007 to US$ 10.77/bbl in the 1Q-2008.

The reduction in the Supply result in the 1Q-2008 was due to the higher oil sale/transfer costs and the increase in oil product import costs, reflecting the behavior of international prices.

These effects were partially offset by the upturn in oil product prices in Brazil and abroad and the higher ratio of Brazilian crude in total processed crude.

The reduction over the 4Q-2007 was chiefly due to the increase in international oil prices and the seasonal reduction in sales volume.

These effects were partially offset by higher average oil product sale prices, and the sale, in the 1Q-2008, of inventories acquired at a lower cost in the previous quarter.

The first-quarter Gas and Energy result was reduced by R$ 253 million in contractual charges related to natural gas supply and tighter margins in the electricity business.

These effects were partially offset by the upturn in electricity and gas sales volume and higher average gas prices.

The 1Q-2008 result benefited from higher gas and electricity sales margins and the reduction in SG&A expenses.

These effects were partially offset by the increase in fines and contractual charges related to gas supply.

Net income from Distribution jumped by 66% year-on-year in the 1Q-2008, primarily due to the reduction in tax expenses due to the elimination of the tax CPMF and the ongoing efforts to reduce SG&A expenses, which only moved up by 6%, versus the 15% increase in sales volume.

The segment recorded a 35.9% share of the national fuel distribution market, versus 33.6% in the 1Q-2007.

Net income jumped by 198% over the previous quarter due to the recognition, in the 4Q-2007, of higher operating expenses, chiefly due to a review of the amounts involved in judicial proceedings, and the impact of the new jobs and salaries plan following the collective bargaining agreement.

These effects were partially offset by the seasonal reduction in sales volume.

The segment recorded a 35.9% share of the national fuel distribution market, versus 34.6% in the 4Q-2007.

The improvement in the International result in the 1Q-2008 was due to a R$ 67 million increase in gross profit, due to higher prices and the R$ 292 million reduction in prospection and drilling costs in Turkey, Angola, USA, Libya and Venezuela.

The quarter-over-quarter improvement was chiefly due to the R$ 538 million reduction in prospection and drilling costs, in turn mainly the result of lower write-offs of dry wells in the USA and Colombia, and R$ 401 million in impairment costs in Ecuador, USA and Angola in the 4Q-2007

The higher Corporate result in comparison with the 1Q-2007 was due to:

The R$ 535 million reduction in net financial expenses, as detailed on page 7;

The R$ 632 million reduction in expenses from the amendments to the Petros Plan regulations;

The R$ 74 million reduction in tax expenses due to the extinction of the tax CPMF:

The quarter-over-quarter variation was due to the reduction in income tax and social contribution expenses, thanks to the provisioning of interest on equity in the 4Q-2007, which generated a fiscal benefit of R$ 671 million.

This was partially offset by the R$ 459 million reduction in net financial expenses, as detailed on page 9.

Consolidated Debt

	R$ million		
	03.31.2008	12.31.2007	Δ %
Short-term Debt (1)	7,639	8,960	(15)
Long-term Debt (1)	35,674	30,781	16
Total	43,313	39,741	9
Cash / Cash Equivalents	11,560	13,071	(12)
Net Debt (2)	31,753	26,670	19
Net Debt/(Net Debt + Shareholder's Equity) (1)	21%	19%	2
Total Net Liabilities (1) (3)	229,746	219,590	5
Capital Structure			
(Third Parties Net / Total Liabilities Net)	47%	48%	(1)

(1) Includes debt from leasing contracts (R$ 1,429 million on March 31, 2008 and R$ 1,433 million on December 31, 2007).
(2) Total debt less cash and cash equivalents.
(3) Total liabilities net of cash/financial investments.

The net debt of the Petrobras System on March 31, 2008, was 19% higher than the amount recorded on December 31, 2007, due to the increase in financings, particularly from credit lines taken out to boost ethanol exports, and the raising of PifCo funds through sa Globall Note issue, as well as a reduction in cash and cash equivalents due to the payment of interest on equity.

The level of indebtedness, measured by the net debt/EBITDA ratio, increased from 0.53, on December 31, 2007, to 0.57 on March 31, 2008. The portion of the capital structure represented by third parties was 47%, 1 percentage point up on December 31, 2007.

Consolidated Investments

In compliance with the goals outlined in its strategic plan, Petrobras continues to prioritize investments in the expansion of its oil and natural gas production capacity by investing its own funds and by structuring ventures with strategic partners. On March 31, 2008, total investments amounted to R$ 10,197 million, 23% up on the total on March 31, 2007.

R$ million					
	First Quarter				
	2008	%	2007	%	Δ %
Own Investments	**8,430**	**83**	**7,385**	**88**	**14**
Exploration & Production	4,692	46	3,986	48	18
Supply	1,790	18	1,040	12	72
Gas and Energy	359	3	197	2	82
International	1,335	13	1,922	23	(31)
Distribution	95	1	107	1	(11)
Corporate	159	2	133	2	20
Special Purpose Companies (SPCs)	**1,448**	**14**	**861**	**11**	**68**
Ventures under Negotiation	**319**	**3**	**54**	**1**	**491**
Structured Projects	**-**	**-**	**-**	**-**	**-**
Total Investments	**10,197**	**100**	**8,300**	**100**	**23**

R$ million					
	First Quarter				
	2008	%	2007	%	Δ %
International					
Exploration & Production	1,138	85	1,737	90	(34)
Supply	100	7	88	5	14
Gas and Energy	42	3	49	2	(14)
Distribution	3	-	15	1	(80)
Other	52	5	33	2	58
Total Investments	**1,335**	**100**	**1,922**	**100**	**(31)**

R$ million					
	First Quarter				
	2008	%	2007	%	Δ %
Projects Developed by SPCs					
Gasene	614	42	69	8	790
CDMPI	226	16	37	4	511
PDET Off Shore	155	11	77	9	101
Codajás	142	10	-	-	-
Mexilhão	121	8	90	11	34
Marlim Leste	98	7	285	33	(66)

Malhas	92	6	199	23	(54)
Amazônia	-	-	104	12	(100)
Total Investments	**1,448**	**100**	**861**	**100**	**68**

In line with its strategic objectives, Petrobras acts in consortiums with other companies as a concessionaire of oil and natural gas exploration, development and production rights. Currently the Company is a member of 93 consortiums. These ventures will require total investments of around US$ 10,459 million by the end of the current year.

PETROBRAS SYSTEM Financial Statements

Income Statement Consolidated

R$ million				
		First Quarter		
4Q-2007		2008	2007	
57,922	**Gross Operating Revenues**	59,158	50,127	
(12,505)	Sales Deductions	(12,266)		

	2005	2004
At fair value:		
Sempra Energy common stock	$ 823,644	$ 800,959
Mutual Funds	482,168	318,782
Common/collective trusts	381,102	313,336
At cost:		
Participant loans	32,393	30,203
Net assets available for benefits	$ 1,719,307	$ 1,463,280

Net appreciation, and dividend and interest income for the Master Trust for the years ended December 31, 2005 and 2004, are as follows:

	2005	2004
Net appreciation of investments:		
Sempra Energy common stock	$ 163,489	$ 148,559
Common/collective trusts	18,456	28,267
Mutual funds	10,931	26,273
Dividends	40,280	30,942
Interest	1,751	1,637

The following investments held by the Plan through the Master Trust at December 31, 2005 and 2004, represent 5% or more of the Plan s assets:

	2005	2004
Sempra Energy common stock	$ 52,399	$ 51,595
T. Rowe Price Equity Index Trust	25,245	24,224
T. Rowe Price Small-Cap Stock Fund	16,203	14,398
T. Rowe Price Personal Strategy Balanced Fund	13,603	10,328
Fidelity Select International Fund	7,908	5,389
T. Rowe Price Stable Value Fund	7,502	4,775

The Plan, through the Master Trust, invests in various securities as detailed above. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of certain investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of assets available for plan benefits.

6. NON-PARTICIPANT DIRECTED INVESTMENTS (DOLLARS IN THOUSANDS)

The Company s nonelective matching contributions to the Plan are invested solely in Sempra Energy common stock. These contributions are classified as non-participant directed investments, despite the employee s ability to subsequently transfer them into other investments. The 2004 amounts also include discretionary incentive contributions. However, the 2005 amounts do not include such contributions, since the Plan was amended so that the investment of discretionary incentive contributions follows participant direction. Information about these investments and the significant components of the changes therein for the years ended December 31, 2005 and 2004 are as follows:

	2005	2004
Non-participant directed assets:		
Sempra Energy common stock in the Master Trust	$ 34,014	$ 38,259
Changes in assets:		
Contributions	$ 2,509	$ 2,407
Net appreciation and dividend income	7,657	7,344
Distributions to participants or their beneficiaries	(1,815)	(2,073)
Transfers to participant directed investments	(12,488)	
Transfers from plans of related entities	(108)	(1,111)
Total changes in assets	$ (4,245)	$ 6,567

7. SUBSEQUENT EVENTS

Effective January 1, 2006, the Plan was amended to allow all participants to elect to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances or to reinvest the dividends in the Sempra Energy common stock.

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SUPPLEMENTAL SCHEDULE

SEMPRA ENERGY SAVINGS PLAN

FORM 5500 SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2005

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity, Date, Rate of Interest, Collateral	(d) Cost	(e) Current Value
*	Participant loans	Interest rates from 5.00% to 10.50%; maturities from January 2006 through May 2020	**	$2,129,156

* Party-in-interest to the Plan

** Cost not applicable participant directed investments

San Diego Gas & Electric Company Savings Plan

Financial Statements as of and for the Years Ended December 31, 2005 and 2004, Supplemental Schedule as of December 31, 2005, and Report of Independent Registered Public Accounting Firm

SAN DIEGO GAS & ELECTRIC COMPANY SAVINGS PLAN

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NOTE: Other schedules required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted because of the absence of conditions under which they are required or as they are filed by the trustee of the Master Trust in which the Plan participates.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the
San Diego Gas and Electric Company Savings Plan
San Diego, California:

We have audited the accompanying statements of net assets available for benefits of the San Diego Gas and Electric Company Savings Plan (the Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in the audit of the basic 2005 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

San Diego, California

June 26, 2006

SAN DIEGO GAS & ELECTRIC COMPANY SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2005 AND 2004
(Dollars in thousands)

	2005	2004
CASH AND CASH EQUIVALENTS	$ 60	$ 212
INVESTMENT investment in Master Trust	648,418	548,771
RECEIVABLES:		
Dividends	1,770	1,712
Employer contributions	2,717	2,604
Total receivables	4,487	4,316
NET ASSETS AVAILABLE FOR BENEFITS	$ 652,965	$ 553,299

See notes to financial statements.

SAN DIEGO GAS & ELECTRIC COMPANY SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Dollars in thousands)

	2005	**2004**
ADDITIONS:		
Net investment income:		
Plan interest in the Sempra Energy Savings Plan Master Trust investment income	$ 86,601	$ 87,419
Contributions:		
Employer	10,753	9,861
Participating employees	34,143	30,878
Total contributions	44,896	40,739
Transfers from plans of related entities	1,059	3,090
Total additions	132,556	131,248
DEDUCTIONS:		
Distributions to participants or their beneficiaries	32,215	33,779
Transfers to plans of related entities	536	1,226
Administrative expenses	139	134
Total deductions	32,890	35,139
NET INCREASE	99,666	96,109
NET ASSETS AVAILABLE FOR BENEFITS Beginning of year	553,299	457,190
NET ASSETS AVAILABLE FOR BENEFITS End of year	$ 652,965	$ 553,299

See notes to financial statements.

SAN DIEGO GAS & ELECTRIC COMPANY SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. PLAN DESCRIPTION AND RELATED INFORMATION

The following description of the San Diego Gas & Electric Company Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General The Plan is a defined contribution plan that provides employees of San Diego Gas & Electric Company (the Company or Employer) with retirement benefits. Employees may participate immediately in the Plan and, after one year in which they complete 1,000 hours of service, receive an employer matching contribution. Employees make regular savings investments in common stock of Sempra Energy, the parent company of the Employer, and other optional investments permitted by the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective January 1, 2005, all participants are allowed to redirect up to 100% of the shares in the employer matching account into any of the Plan s designated investments. Prior to that the Plan allowed participants who had attained age 55 and had 10 years of service with the Company to redirect up to 10% of the shares in the employer matching account or the statutorily calculated amounts for the shares in the Sempra Energy Stock Ownership Plan, whichever was greater, into any of the Plan s designated investments.

Effective March 28, 2005, the Plan was amended to allow former employees that elected to leave their account balances in the Plan to have the option to reinvest the dividends in the Sempra Energy common stock fund as well as to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances.

Employees transfer between the Company and related entities for various reasons. These transfers follow Federal Affiliated Compliance Guidelines and result in the transfer of participant assets from one plan to another.

Administration Certain administrative functions are performed by officers or employees of Sempra Energy. No such officer or employee receives compensation from the Plan. Certain administrative expenses are paid directly by the Company, such as legal and accounting fees. All investment expenses are paid by the participants, including recordkeeping, trustee, loan, redemption, and investment management fees.

Contributions Contributions to the Plan can be made under the following provisions:

Participating Employee Contributions Pursuant to 401(a) of the Internal Revenue Code (the IRC), participants may contribute up to 25% of eligible pay on a pre-tax basis, an after-tax basis, or a combination. The IRC limited total individual pre-tax contributions to $14,000 and $13,000 in 2005 and 2004, respectively. Catch-up contributions are permitted for participants of at least 50 years of age. The catch up provision provides these participants the opportunity to contribute an additional $4,000 and $3,000 on a pre-tax basis in 2005 and 2004, respectively (increasing to $5,000 in 2006 with inflation adjustments after that until December 31, 2010). The Plan allows for automatic deferrals for employees who neither elect a specific deferral percentage nor elect not to participate in the Plan. The automatic deferral is an amount equal to 3% of eligible pay and the investment vehicle is the T. Rowe Price Personal Strategy Balanced Fund.

Employer Nonelective Matching Contributions The Company makes matching contributions to the Plan equal to 50% of each participant s contribution, up to 6% of eligible pay, each pay period. The Company s matching contributions are invested in Sempra Energy common stock. Total employer nonelective matching contributions for the years ended December 31, 2005 and 2004, were $8,005,631 and $7,230,699, respectively.

Discretionary Incentive Contribution If established performance goals and targets of Sempra Energy are met in accordance with the terms of the incentive match guidelines established each year, the Company will make an additional incentive contribution as determined by the Board of Directors of Sempra Energy. Incentive contributions of 1% of eligible compensation were made for each of 2005 and 2004. The incentive contributions were made on March 16, 2006 and March 14, 2005, to all employees employed on December 31, 2005 and 2004, respectively. For 2005 & 2004, the contributions were made in the form of cash and invested according to each participant s investment election on the date of contribution. Total discretionary incentive contributions for the years ended December 31, 2005 and 2004, were $2,717,419 and $2,604,176, respectively. These amounts are reflected in employer contributions receivable on the statements of net assets available for benefits as of December 31, 2005 and 2004.

Participant Accounts A separate account is established and maintained in the name of each participant and reflects the participant s contributions and the employer s nonelective matching and discretionary incentive contributions, and the earnings and losses attributed to each investment fund less administrative expenses. Participants are allocated a share of each fund s investment earnings net of investment fees on a daily basis, based upon their account balance as a percentage of the total fund balance. Investment expenses, except those for a specific transaction, are allocated quarterly to individual funds based on either fund balance or a participant s pro rata share, as defined in the Plan document.

Vesting All participant accounts are fully vested and nonforfeitable at all times.

Investment Options All investments are held by the Sempra Energy Master Trust (the Master Trust) (see Note 5). Employees elect to have their contributions invested in increments of 1% in Sempra Energy common stock, specific mutual funds offered by T. Rowe Price, Fidelity Investment Managers and the Vanguard Group, or a broad range of funds through a brokerage account. Participants may invest a maximum of 50% of the value of their accounts (excluding the employer matching account) in the brokerage account.

Payment of Dividends Active employees and, effective March 28, 2005, former employees that elect to leave their accounts in the Plan have the option to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances or to reinvest the dividends in the Sempra Energy common stock fund. Prior to March 28, 2005, cash dividends were paid to former employees who had elected to leave their accounts in the Plan.

Payment of Benefits Upon termination of employment with the Company, retirement, or permanent disability, participants or the named beneficiary(ies) in the event of death with an account balance greater than $5,000, receive their vested account balance in a single lump-sum payment in cash, or Sempra Energy common stock for any portion of their account held in Sempra Energy common stock.

Terminated participants with account balances between $1,000 and $5,000 that do not elect a lump-sum payment or a rollover to a qualified retirement plan or individual retirement account will be automatically rolled into an individual retirement account with T. Rowe Price. Terminated participants with account balances less than $1,000 automatically receive a lump-sum cash payment.

Termination of the Plan Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions and to terminate the Plan at any time subject to the provisions of ERISA. In the event of termination, the net assets of the Plan will be distributed to the participants.

Related Party Transactions Certain Plan investments, held through the Master Trust, are shares of mutual funds managed by T. Rowe Price, the Plan s record-keeper; therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan to the recordkeeper for administrative services were $139,037 and $134,437 for the years ended December 31, 2005 and 2004, respectively.

At December 31, 2005 and 2004, the Plan held, through the Master Trust, 6,895,496 and 7,718,212 shares of common stock of Sempra Energy, the sponsoring employer, with a cost basis of $255,828,844 and $234,409,511 and recorded dividend income of $7,358,903 and $6,924,754, respectively, during the years then ended.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosures at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results may differ from those estimates.

Investment Valuation and Income Recognition The fair value of the Plan s interest in the Master Trust is based on the beginning of year value of the Plan s interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expense. In the Master Trust, participant loans (see Note 4) are carried at outstanding loan balances plus accrued interest and all other investments are stated at fair value based on quoted market prices. Purchases and sales of securities are recorded on the trade dates. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Benefit Payments Benefits are recorded when paid. Amounts allocated to accounts of persons who have elected to withdraw from the Plan but have not yet been paid were $10,959 and $0 at December 31, 2005 and 2004, respectively.

3. TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 14, 2002, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter; however, the Company and Plan management believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan s financial statements.

4. PARTICIPANT LOANS

The Plan permits participants to borrow against the balances in their individual accounts within the Master Trust. A participant is limited to borrowing a maximum of 50% of the value of his/her account balance or $50,000, whichever is less. The minimum amount that can be borrowed is $1,000 and the fee charged for processing a loan is paid by the participant who takes out the loan. Participants may have up to two loans outstanding, one of which can be a primary residence loan. Primary residence loans are amortized over 15 years and other loans have a maximum repayment period of five years. All loans bear interest at 1% above the prime rate, as published in the Wall Street Journal, at the time the loan is made. As of December 31, 2005 and 2004, interest rates on loans ranged from 5% to 10.50%, in both years, and had maturity dates through December 2020. The balance of the Plan s participant loans of $11,131,584 and $9,959,857 is included in Investment in Master Trust on the statement of assets available for benefits as of December 31, 2005 and 2004, respectively.

5. INVESTMENTS IN THE MASTER TRUST (DOLLARS IN THOUSANDS)

The Plan s assets are held in a trust account at T. Rowe Price, the trustee of the Plan, and consist of an interest in the Master Trust. Use of the Master Trust permits the commingling of the trust assets of two or more similar employee benefit plans sponsored by Sempra Energy for investment and administrative purposes. The Plan s interest in the net assets of the Master Trust is based on the individual plan participants investment balances. Investment income is allocated on a daily basis through a valuation performed by the Trustee. Expenses relating to the Master Trust are allocated to the individual funds based upon each participant s pro-rata share, per share calculation, or by transaction in a specific fund. At December 31, 2005 and 2004, the Plan s interest in the net assets of the Master Trust was approximately 38%.

The net assets available for benefits of the Master Trust at December 31, 2005 and 2004 are summarized as follows:

	2005	**2004**
At fair value:		
Sempra Energy common stock	$ 823,644	$ 800,959
Mutual funds	482,168	318,782
Common/collective trusts	381,102	313,336
At cost:		
Participant loans	32,393	30,203
Net assets available for benefits	$ 1,719,307	$ 1,463,280

Net appreciation, and dividend and interest income for the Master Trust for the years ended December 31, 2005 and 2004, are as follows:

	2005	**2004**
Net appreciation of investments:		
Sempra Energy common stock	$ 163,489	$ 148,559
Common/collective trusts	18,456	28,267
Mutual funds	10,931	26,273
Dividends	40,280	30,942
Interest	1,751	1,637

The following investments held by the Plan through the Master Trust at December 31, 2005 and 2004, represent 5% or more of the Plan s assets:

	2005	2004
Sempra Energy common stock	$ 309,194	$ 283,104
T. Rowe Price Equity Index Trust	94,968	89,833
T. Rowe Price Small-Cap Stock Fund	64,494	57,744

The Plan, through the Master Trust, invests in various securities as detailed above. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of certain investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of assets available for plan benefits.

6. NON-PARTICIPANT DIRECTED INVESTMENTS (DOLLARS IN THOUSANDS)

The Company s nonelective matching contributions to the Plan are invested solely in Sempra Energy common stock. These contributions are classified as non-participant directed investments, despite the employee s ability to subsequently transfer them into other investments. The 2004 amounts also include discretionary incentive contributions. However, the 2005 amounts do not include such contributions, since the Plan was amended so that the investment of the discretionary incentive contributions follows participant direction. Information about these investments and the significant components of the changes therein, relating to the Sempra Energy common stock for the years ended December 31, 2005 and 2004, are as follows:

	2005	2004
Non-participant directed assets		
Sempra Energy common stock in the Master Trust	$ 159,125	$ 162,138
Changes in assets:		
Contributions	$ 8,006	$ 7,231
Net appreciation and dividend income	34,787	33,428
Distributions to participants or their beneficiaries	(8,129)	(11,448)
Transfers to participant directed investments	(37,699)	
Transfers from plans of related entities	22	474
Total changes in assets	$ (3,013)	$ 29,685

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SUPPLEMENTAL SCHEDULE

SAN DIEGO GAS & ELECTRIC COMPANY SAVINGS PLAN

FORM 5500 SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2005

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity, Date, Rate of Interest, Collateral	(d) Cost	(e) Current Value
*	Participant loans	Interest rates from 5.00% to 10.50%; maturities from January 2006 through December 2020	**	$11,131,584

* In column (a) indicates party-in-interest to the Plan

** Cost not applicable participant directed investments

Southern California Gas Company Retirement Savings Plan

Financial Statements as of and for the Years Ended December 31, 2005 and 2004, Supplemental Schedule as of December 31, 2005, and Report of Independent Registered Public Accounting Firm

SOUTHERN CALIFORNIA GAS COMPANY
RETIREMENT SAVINGS PLAN

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NOTE: Other schedules required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted because of the absence of conditions under which they are required or as they are filed by the trustee of the Master Trust in which the Plan participates.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the
Southern California Gas Company Retirement Savings Plan
San Diego, California:

We have audited the accompanying statements of net assets available for benefits of the Southern California Gas Company Retirement Savings Plan (the Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in the audit of the basic 2005 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

San Diego, California

June 26, 2006

SOUTHERN CALIFORNIA GAS COMPANY
RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2005 AND 2004
(Dollars in thousands)

	2005	2004
CASH AND CASH EQUIVALENTS	$ 236	$ 293
INVESTMENT investment in Master Trust	870,983	749,938
RECEIVABLES:		
Dividends	2,479	2,673
Employer contributions	1,130	1,082
Total receivables	3,609	3,755
NET ASSETS AVAILABLE FOR BENEFITS	$ 874,828	$ 753,986

See notes to financial statements.

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SOUTHERN CALIFORNIA GAS COMPANY
RETIREMENT SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Dollars in thousands)

	2005	2004
ADDITIONS:		
Net investment income Plan interest in the Sempra Energy Savings		
Plan Master Trust investment income	$ 125,000	$ 125,180
Contributions:		
Employer	10,743	10,042
Participating employees	35,209	32,041
Total contributions	45,952	42,083
Transfers from plans of related entities	643	2,833
Total additions	171,595	170,096
DEDUCTIONS:		
Distributions to participants or their beneficiaries	50,143	54,628
Transfers to plans of related entities	412	206
Administrative expenses	198	196
Total deductions	50,753	55,030
NET INCREASE	120,842	115,066
NET ASSETS AVAILABLE FOR BENEFITS Beginning of year	753,986	638,920
NET ASSETS AVAILABLE FOR BENEFITS End of year	$ 874,828	$ 753,986

See notes to financial statements.

SOUTHERN CALIFORNIA GAS COMPANY
RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. PLAN DESCRIPTION AND RELATED INFORMATION

The following description of the Southern California Gas Company Retirement Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General The Plan is a defined contribution plan that provides employees of Southern California Gas Company (the Company or Employer) with retirement benefits. Effective January 1, 2001, all employees may participate immediately in the Plan and, after one year in which they complete 1,000 hours of service, receive an employer matching contribution. Employees may make regular savings investments in common stock of Sempra Energy, the parent company of the Employer, and other optional investments permitted by the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective January 1, 2005, all participants are allowed to redirect up to 100% of the shares in the employer matching account into any of the Plan s designated investments. Prior to that the Plan allowed participants who had attained age 55 and had 10 years of service with the Company to redirect up to 10% of the shares in the employer matching account or the statutorily calculated amounts for the shares in the Sempra Energy Stock Ownership Plan, whichever was greater, into any of the Plan s designated investments.

Effective March 28, 2005, the Plan was amended to allow former employees that elected to leave their account balances in the Plan to have the option to reinvest the dividends in the Sempra Energy common stock fund as well as to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances.

Employees transfer between the Company and related entities for various reasons. These transfers follow Federal Affiliated Compliance Guidelines and result in the transfer of participant assets from one plan to another.

Administration Certain administrative functions are performed by officers or employees of Sempra Energy. No such officer or employee receives compensation from the Plan. Certain administrative expenses are paid directly by the Company, such as legal and accounting fees. All investment expenses are paid by the participants, including recordkeeping, trustee, loan, redemption, and investment management fees.

Contributions Contributions to the Plan can be made under the following provisions:

Participating Employee Contributions Pursuant to Section 401(a) of the Internal Revenue Code (the IRC), participants may contribute up to 25% of eligible pay on a pre-tax basis, an after-tax basis, or a combination. The IRC limited total individual pre-tax contributions to $14,000 and $13,000 in 2005 and 2004, respectively. Catch-up contributions are permitted for participants of at least 50 years of age. The catch-up provision provides these participants the opportunity to contribute an additional $4,000 and $3,000 on a pre-tax basis in 2005 and 2004, respectively (increasing to $5,000 in 2006 with inflation adjustments after that until December 31, 2010). The Plan allows for automatic deferrals for employees who neither elect a specific deferral percentage nor elect not to participate in the Plan. The automatic deferral is an amount equal to 3% of eligible pay and the investment vehicle is the T. Rowe Price Personal Strategy Balanced Fund.

Employer Nonelective Matching Contribution The Company makes matching contributions to the Plan equal to 50% of each participant s contribution, up to the first 6% of eligible pay, each pay period. Employer contributions are funded in part from the Sempra Energy Employee Stock Ownership Plan and Trust. Total employer nonelective matching contributions for the years ended December 31, 2005 and 2004, were $9,589,331 and $8,940,214, respectively.

Discretionary Incentive Contribution If established performance goals and targets of Sempra Energy are met in accordance with the terms of the incentive match guidelines established each year, the Company will make an additional incentive contribution as determined by the Board of Directors of Sempra Energy for nonrepresented employees. Incentive contributions of 1% of eligible compensation were made for each of 2005 and 2004, respectively. The incentive contributions were made on March 15, 2006 and March 17, 2005, to all employees employed on December 31, 2005 and 2004, respectively. For 2005 and 2004, the contributions were made in the form of cash and invested according to each participant s investment election on the date of contribution. Total discretionary incentive contributions for the years ended December 31, 2005 and 2004, were $1,129,866 and $1,081,874, respectively. These amounts are reflected in employer contributions receivable on the statements of net assets available for benefits as of December 31, 2005 and 2004.

Participant Accounts A separate account is established and maintained in the name of each participant and reflects the participant s contributions and the employer s nonelective matching and discretionary incentive contributions, and the earnings and losses attributed to each investment fund less administrative expenses. Participants are allocated a share of each fund s investment earnings net of investment fees on a daily basis, based upon their account balance as a percentage of the total fund balance. Investment expenses, except those for a specific transaction, are allocated quarterly to individual funds based on either fund balance or a participant s pro rata share, as defined in the Plan document.

Vesting All participant accounts are fully vested and nonforfeitable at all times.

Investment Options All investments are held by the Sempra Energy Master Trust (the Master Trust) (see Note 5). Employees elect to have their contributions invested in increments of 1% in Sempra Energy common stock, specific mutual funds offered by T. Rowe Price, Fidelity Investment Managers, and the Vanguard Group, or a broad range of funds through a brokerage account. Participants may invest a maximum of 50% of the value of their accounts (excluding the employer matching account) in the brokerage account.

Payment of Dividends Active employees and, effective March 28, 2005, former employees that elect to leave their accounts in the Plan, have the option to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances or to reinvest the dividends in the Sempra Energy common stock. Prior to March 28, 2005, cash dividends were paid to former employees who elected to leave their accounts in the Plan.

Payment of Benefits Upon termination of employment with the Company, retirement, or permanent disability, participants or the named beneficiary(ies) in the event of death with an account balance greater than $5,000, receive their vested account balance in a single lump-sum payment in cash, or Sempra Energy common stock for any portion of their account held in Sempra Energy common stock. Terminated participants with account balances between $1,000 and $5,000 that do not elect a lump-sum payment or a rollover to a qualified retirement plan or individual retirement account will be automatically rolled into an individual retirement account with T. Rowe Price. Terminated participants with account balances less than $1,000 automatically receive a lump-sum cash payment.

Plan Termination Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions and to terminate the Plan at any time subject to the provisions of ERISA. In the event of termination, the net assets of the Plan will be distributed to the participants.

Related-Party Transactions Certain Plan investments, held through the Master Trust, are shares of mutual funds managed by T. Rowe Price, the Plan s record-keeper; therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan to the recordkeeper for administrative services were $197,989 and $196,533 for the years ended December 31, 2005 and 2004, respectively.

At December 31, 2005 and 2004, the Plan held, through the Master Trust, 9,965,805 and 12,358,249 shares of common stock of Sempra Energy, the sponsoring employer, with a cost basis of $369,417,216 and $374,949,062 and recorded dividend income of $10,609,116 and $10,987,630, respectively, during the years then ended.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosures at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition The fair value of the Plan s interest in the Master Trust is based on the beginning of year value of the Plan s interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expense. In the Master Trust, participant loans (see Note 4) are carried at outstanding loan balances plus accrued interest and all other investments are stated at fair value based on quoted market prices. Purchases and sales of securities are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Benefit Payments Benefits are recorded when paid. Amounts allocated to accounts of persons who have elected to withdraw from the Plan but have not yet been paid were $4,012 and $0 at December 31, 2005 and 2004, respectively.

3. TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 14, 2002, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter; however, the Company and Plan management believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan s financial statements.

4. PARTICIPANT LOANS

The Plan permits participants to borrow against the balances in their individual accounts within the Master Trust. A participant is limited to borrowing a maximum of 50% of the value of his/her account balance or $50,000, whichever is less. The minimum amount that can be borrowed is $1,000 and the fee charged for processing a loan is paid by the participant who takes out the loan. Participants may have up to two loans outstanding, one of which can be a primary residence loan. Primary residence loans have a maximum repayment period of 15 years and other loans have a maximum repayment period of five years. All loans bear interest at 1% above the prime rate, as published in the Wall Street Journal, at the time the loan is made. As of December 31, 2005 and 2004, interest rates on loans ranged from 5% to 10.5%, in both years, and had maturity dates through December 2020. The balance of the Plan s participant loans of $17,761,371 and $17,514,825 is included in Investment in Master Trust on the statement of assets available for benefits as of December 31, 2005 and 2004, respectively.

5. INVESTMENTS IN THE MASTER TRUST (DOLLARS IN THOUSANDS)

The Plan s assets are held in a trust account at T. Rowe Price and consist of an interest in the Master Trust. Use of the Master Trust permits the commingling of the trust assets of two or more similar employee benefit plans sponsored by Sempra Energy for investment and administrative purposes. The Plan s interest in the net assets of the Master Trust is based on the individual plan participants investment balances. Investment income is allocated on a daily basis through a valuation performed by the Trustee. Expenses relating to the Master Trust are allocated to the individual funds based upon each participant s pro-rata share, per share calculation, or a transaction in an individual fund. At December 31, 2005 and 2004, the Plan s interest in the net assets of the Master Trust was approximately 51%.

The net assets available for benefits of the Master Trust at December 31, 2005 and 2004, are summarized as follows:

	2005	**2004**
At fair value:		
Sempra Energy common stock	$ 823,644	$ 800,959
Mutual funds	482,168	318,782
Common/collective trusts	381,102	313,336
At cost:		
Participant loans	32,393	30,203
Net assets available for benefits	$ 1,719,307	$ 1,463,280

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Net appreciation, and dividend and interest income for the Master Trust for the years ended December 31, 2005 and 2004, are as follows:

	2005	**2004**
Net appreciation of investments:		
Sempra Energy common stock	$ 163,489	$ 148,559
Common/collective trusts	18,456	28,267
Mutual funds	10,931	26,273
Dividends	40,280	30,942
Interest	1,751	1,637

The following investments held by the Plan through the Master Trust represent 5% or more of the Plan s assets at December 31, 2005 and 2004:

	2005	**2004**
Sempra Energy common stock	$ 446,867	$ 453,301
T. Rowe Price Equity Index Trust	104,653	98,387
T. Rowe Price Stable Value Fund	54,618	35,179
Personal Strategy Balanced Fund	50,924	33,290
Small-Cap Stock Fund	48,031	38,346

The Plan, through the Master Trust, invests in various securities as detailed above. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of certain investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of assets available for plan benefits.

6. NON-PARTICIPANT DIRECTED INVESTMENTS (DOLLARS IN THOUSANDS)

The Company s nonelective matching contributions to the Plan are invested solely in Sempra Energy common stock. These contributions are classified as non-participant directed investments, despite the employee s ability to subsequently transfer them into other investments. The 2004 amounts also include discretionary incentive contributions. However, the 2005 amounts do not include such contributions since the Plan was amended so that the investment of discretionary incentive contributions follows participant direction. Information about these investments and the significant components of the changes therein, relating to the nonparticipant directed investments for the years ended December 31, 2005 and 2004 are as follows:

	2005	2004
Non-participant directed investments:		
Sempra Energy common stock in the Master Trust	$ 215,206	$ 232,184
Changes in assets:		
Contributions	$ 9,589	$ 8,940
Net appreciation and dividend income	49,423	48,147
Distributions to employees, retirees, or their beneficiaries	(9,469)	(16,819)
Transfers to participant directed investments	(66,595)	
Transfers from plans of related entities	74	627
Total changes in assets	$ (16,978)	$ 40,895

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SUPPLEMENTAL SCHEDULE

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SOUTHERN CALIFORNIA GAS COMPANY
RETIREMENT SAVINGS PLAN

FORM 5500 SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2005

(a)	(b)	Identity of Issue, Borrower, Lessor, or Similar Party	(c)	Description of Investment Including Maturity, Date, Rate of Interest, Collateral	(d)	Cost	(e)	Current Value
	*	Participant loans	Interest rates from 5.00% to 10.50%;	maturities from January 2006 through December 2020		**		$17,761,371

* In column (a) indicates party-in-interest to the Plan
** Cost not applicable participant directed investments

Sempra Energy Trading Retirement Savings Plan

Financial Statements as of and for the Years Ended December 31, 2005 and 2004, Supplemental Schedule as of December 31, 2005, and Report of Independent Registered Public Accounting Firm

SEMPRA ENERGY TRADING RETIREMENT SAVINGS PLAN

TABLE OF CONTENTS

NOTE: Other schedules required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted because of the absence of conditions under which they are required or as they are filed by the trustee of the Master Trust in which the Plan participates.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the
Sempra Energy Trading Retirement Savings Plan
San Diego, California:

We have audited the accompanying statements of net assets available for benefits of the Sempra Energy Trading Retirement Savings Plan (the Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in the audit of the basic 2005 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

San Diego, California

June 26, 2006

SEMPRA ENERGY TRADING RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2005 AND 2004
(Dollars in thousands)

	2005	2004
CASH AND CASH EQUIVALENTS	$	$ 5
INVESTMENT investment in Master Trust	38,908	29,148
RECEIVABLES:		
Dividends	87	77
Employer contributions	462	410
Total receivables	549	487
NET ASSETS AVAILABLE FOR BENEFITS	$ 39,457	$ 29,640

See notes to financial statements.

SEMPRA ENERGY TRADING RETIREMENT SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
(Dollars in thousands)

	2005	**2004**
ADDITIONS:		
Net investment income plan interest in the Sempra Energy Savings Plan Master Trust investment income	$ 4,452	$ 4,145
Contributions:		
Employer	2,191	1,872
Participating employees	4,618	3,947
Total contributions	6,809	5,819
Transfers from plans of related entities	226	72
Total additions	11,487	10,036
DEDUCTIONS:		
Distributions to participants or their beneficiaries	1,663	1,596
Administrative expenses	7	5
Total deductions	1,670	1,601
NET INCREASE	9,817	8,435
NET ASSETS AVAILABLE FOR BENEFITS Beginning of year	29,640	21,205
NET ASSETS AVAILABLE FOR BENEFITS End of year	$ 39,457	$ 29,640

See notes to financial statements.

SEMPRA ENERGY TRADING RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. PLAN DESCRIPTION AND RELATED INFORMATION

The following description of the Sempra Energy Trading Retirement Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General The Plan is a defined contribution plan that provides employees of Sempra Energy Trading (the Company or Employer) with retirement benefits. Employees may participate immediately in the Plan and, after one year in which they complete 1,000 hours of service, receive an employer matching contribution. Employees may make regular savings investments in common stock of Sempra Energy, the parent company of the Employer, and other optional investments permitted by the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective January 1, 2005, all participants are allowed to redirect up to 100% of the shares in the employer matching account into any of the Plan s designated investments. Prior to that the Plan allowed participants who had attained age 55 and had 10 years of service with the Company to redirect up to 10% of the shares in the employer matching account or the statutorily calculated amounts for the shares in the Sempra Energy Stock Ownership Plan, whichever was greater, into any of the Plan s designated investments.

Effective March 28, 2005, the Plan was amended to allow former employees that elected to leave their account balances in the Plan to have the option to reinvest the dividends in the Sempra Energy common stock fund as well as to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances.

Employees transfer between the Company and related entities for various reasons. These transfers follow Federal Affiliated Compliance Guidelines and result in the transfer of participant assets from one plan to another.

Administration Certain administrative functions are performed by officers or employees of the Company and Sempra Energy. No such officer or employee receives compensation from the Plan. Certain administrative expenses are paid directly by the Company, such as legal and accounting fees. All investment expenses are paid by the participants, including recordkeeping, trustee, loan, redemption, and investment management fees.

Contributions Contributions to the Plan can be made under the following provisions:

Participating Employee Contributions Pursuant to section 401(a) of the Internal Revenue Code (the IRC), participants may contribute up to 25% of eligible pay on a pre-tax basis, an after-tax basis, or a combination. The IRC limited total individual pre-tax contributions to $14,000 and $13,000 in 2005 and 2004, respectively. Catch-up contributions are permitted for participants of at least 50 years of age. The catch-up provision provided these participants the opportunity to contribute an additional $4,000 and $3,000 on a pre-tax basis in 2005 and 2004, respectively (increasing to $5,000 in 2006, with inflation adjustments after that until December 31, 2010).

Employer Nonelective Matching Contribution After one year of service in which an employee works at least 1,000 hours of service, the Company makes contributions to the Plan, each pay period, based on the participant s contributions and years of service as follows:

Less than five years of service	1/3 of participant contributions up to 6% of eligible pay
Five to nine years of service	2/3 of participant contributions up to 6% of eligible pay
Ten years or more of service	100% of participant contributions up to 6% of eligible pay

The Company also provides an additional matching contribution of 15% of the participant s total pre-tax contribution, subject to certain limitations described in the Plan document. The Company s matching contributions are invested in Sempra Energy common stock. Employer contributions are funded, in part, from the Sempra Energy Employee Stock Ownership Plan and Trust. Total employer nonelective matching contributions for the years ended December 31, 2005 and 2004 were $1,728,827 and $1,462,175, respectively. The Plan allows for automatic deferrals for employees who neither elect a specific deferral percentage nor elect not to participate in the Plan. The automatic deferral is an amount equal to 3% of eligible pay and the investment vehicle is the T. Rowe Price Personal Strategy Balanced Fund.

Discretionary Incentive Contribution If established performance goals and targets of Sempra Energy are met in accordance with the terms of the incentive match guidelines established each year, the Company will make an additional incentive contribution as determined by the Board of Directors of Sempra Energy. Incentive contributions of 1% of eligible compensation were made for each of 2005 and 2004. The incentive contributions were made on March 17, 2006 and March 16, 2005 to all employees employed on December 31, 2005 and 2004, respectively. For 2005 and 2004, contributions were made in the form of cash and invested according to each participant s investment election on the date of contribution. Total discretionary incentive contributions for the years ended December 31, 2005 and 2004, were $461,905 and $410,181, respectively. These amounts are reflected in employer contributions receivable on the statements of net assets available for benefits as of December 31, 2005 and 2004.

Participant Accounts A separate account is established and maintained in the name of each participant and reflects the participant s contributions and the employer s nonelective matching and discretionary incentive contributions, and the earnings and losses attributed to each investment fund less administrative expenses. Participants are allocated a share of each fund s investment earnings net of investment fees on a daily basis, based upon their account balance as a percentage of the total fund balance. Investment expenses, except those for a specific transaction, are allocated quarterly to individual funds based on either fund balance or a participant s pro rata share, as defined in the Plan document.

Vesting All participant accounts are fully vested and nonforfeitable at all times.

Investment Options All investments are held by the Sempra Energy Master Trust (the Master Trust) (see Note 5). Employees elect to have their contributions invested in increments of 1% in Sempra Energy common stock, specific mutual funds offered by T. Rowe Price, Fidelity Investment Managers, and the Vanguard Group, or a broad range of funds through a brokerage account. Participants may invest a maximum of 50% of the value of their accounts (excluding the employer matching account) in the brokerage account.

Payment of Dividends Active employees cash dividends on the shares of Sempra Energy common stock in their account balances are reinvested in the Sempra Energy common stock fund. Effective March 28, 2005, former employees that elect to leave their accounts in the Plan have the option to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account

balances or to reinvest the dividends in the Sempra Energy common stock fund. Prior to that, cash dividends were paid to former employees who had elected to leave their accounts in the Plan.

Payment of Benefits Upon termination of employment with the Company, retirement, or permanent disability, participants or the named beneficiary(ies) in the event of death with an account balance greater than $5,000, receive their vested account balance in a single lump-sum payment in cash, or Sempra Energy common stock for any portion of their account held in Sempra Energy common stock. Terminated participants with account balances between $1,000 and $5,000 that do not elect a lump-sum payment or a rollover to a qualified retirement plan or individual retirement account will be automatically rolled into an individual retirement account with T. Rowe Price. Terminated participants with account balances less than $1,000 automatically receive a lump-sum cash payment.

Plan Termination Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions and to terminate the Plan at any time subject to the provisions of ERISA. In the event of termination, the net assets of the Plan will be distributed to the participants.

Related-Party Transactions Certain Plan investments, held through the Master Trust, are shares of mutual funds managed by T. Rowe Price, the Plan s record-keeper; therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan to the recordkeeper for investment management services were $6,317 and $5,390 for the years ended December 31, 2005 and 2004, respectively.

At December 31, 2005 and 2004, the Plan, through the Master Trust, held 300,491 and 315,881 shares of Sempra Energy common stock of the sponsoring employer, with a cost basis of $11,278,694 and $9,711,597 and recorded dividend income of $361,070 and $302,512, respectively, during the years then ended.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosures at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition The fair value of the Plan s interest in the Master Trust is based on the beginning of year value of the Plan s interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expense. In the Master Trust, participant loans (see Note 4) are carried at outstanding loan balances plus accrued interest and all other investments are stated at fair value based on quoted market prices. Purchases and sales of securities are recorded on the trade dates. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Benefit Payments Benefits are recorded when paid. There were no amounts allocated to accounts of persons who have elected to withdraw from the Plan but have not yet been paid as of December 31, 2005 and 2004.

3. TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 14, 2002, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. The Plan has been amended since receiving the determination letter; however, the Company and Plan management believe that the Plan is currently designed and operated in compliance with the applicable requirements of the IRC and the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan s financial statements.

4. PARTICIPANT LOANS

The Plan permits participants to borrow against the balances in their individual accounts within the Master Trust. A participant is limited to borrowing a maximum of 50% of the value of his/her account balance or $50,000, whichever is less. The minimum amount that can be borrowed is $1,000 and the fee charged for processing a loan is paid by the participant who takes out the loan. Participants may have up to two loans outstanding, one of which can be a primary residence loan. Primary residence loans have a maximum repayment period of 15 years and other loans have a maximum repayment period of five years. All loans bear interest at 1% above the prime rate, as published in the Wall Street Journal, at the time the loan is made. As of December 31, 2005 and 2004, interest rates on loans ranged from 5.0%, in both years, to 8.0% and 10.5%, respectively, and had maturity dates through November 2019. The balance of the Plan s participant loans of $608,442 and $423,478 is included in Investment in Master Trust on the statements of assets available for benefits as of December 31, 2005 and 2004, respectively.

5. INVESTMENTS IN THE MASTER TRUST (DOLLARS IN THOUSANDS)

The Plan s assets are held in a trust account at T. Rowe Price, the trustee of the Plan, and consist of an interest in the Master Trust. Use of the Master Trust permits the commingling of the trust assets of two or more similar employee benefit plans sponsored by Sempra Energy for investment and administrative purposes. The Plan s interest in the net assets of the Master Trust is based on the individual plan participants investment balances. Investment income is allocated on a daily basis through a valuation performed by the Trustee. Expenses relating to the Master Trust are allocated to the individual funds based upon each participant s pro-rata share, per share calculation, or by transaction in a specific fund. At December 31, 2005 and 2004, the Plan s interest in the net assets of the Master Trust was approximately 2%.

The following net assets available for benefits of the Master Trust at December 31, 2005 and 2004:

	2005	**2004**
At fair value:		
Sempra Energy common stock	$ 823,644	$ 800,959
Mutual funds	482,168	318,782
Common/collective trusts	381,102	313,336
At cost:		
Participant loans	32,393	30,203
Net assets available for benefits	$ 1,719,307	$ 1,463,280

Net appreciation and dividend and interest income for the Master Trust for the years ended December 31, 2005 and 2004, are as follows:

	2005	2004
Net appreciation of investments:		
Sempra Energy common stock	$ 163,489	$ 148,559
Common/collective trusts	18,456	28,267
Mutual funds	10,931	26,273
Dividends	40,280	30,942
Interest	1,751	1,637

The following investments held by the Plan through the Master Trust at December 31, 2005 and 2004, represent 5% or more of the Plan s assets:

	2005	2004
Sempra Energy common stock	$ 13,474	$ 11,587
T. Rowe Price Equity Index Trust	5,009	3,966
T. Rowe Price Small-Cap Stock Fund	3,838	3,143
T. Rowe Price Personal Strategy Balanced Fund	2,892	1,864
Fidelity Select International Fund	2,873	1,787
T. Rowe Price Stable Value Fund	2,445	1,711
T. Rowe Price Personal Strategy Growth Fund	2,430	1,638

The Plan, through the Master Trust, invests in various securities as detailed above. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of certain investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of assets available for plan benefits.

6. NON-PARTICIPANT DIRECTED INVESTMENTS (DOLLARS IN THOUSANDS)

The Company s nonelective matching contributions to the Plan are invested solely in Sempra Energy common stock. These contributions are classified as non-participant directed investments, despite the employee s ability to subsequently transfer them into other investments. The 2004 amounts also include discretionary incentive contributions. However, the 2005 amounts do not include such contributions since the Plan was amended so that the investment of discretionary incentive contributions follows participant direction. Information about the these investments and the significant components of the changes therein, relating to the non-participant directed investments for the years ended December 31, 2005 and 2004, are as follows:

	2005	2004
Non-participant directed assets:		
Sempra Energy common stock in the Master Trust	$ 10,210	$ 9,847
Changes in assets:		
Contributions	$ 1,731	$ 1,462
Net appreciation and dividend income	2,143	1,932
Distributions to participants or their beneficiaries	(498)	(599)
Transfers to participant directed investments	(3,031)	
Transfers from plans of related entities	18	9
Total changes in assets	$ 363	$ 2,804

7. SUBSEQUENT EVENTS

Effective January 1, 2006, the Plan was amended to allow all participants to elect to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances or to reinvest the dividends in the Sempra Energy common stock.

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SUPPLEMENTAL SCHEDULE

SEMPRA ENERGY TRADING RETIREMENT SAVINGS PLAN

FORM 5500 SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2005

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral	(d) Cost	(e) Current Value
*	Participant loans	Interest rates from 5% to 8%; maturities from February 2006 through November 2020	**	$608,442

* Party-in-interest to the Plan

** Cost not applicable participant directed investments

Twin Oaks Savings Plan

*Financial Statements as of and for the
Years Ended December 31, 2005 and 2004,
Supplemental Schedule as of
December 31, 2005, and
Report of Independent Registered
Public Accounting Firm*

TWIN OAKS SAVINGS PLAN

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NOTE: Other schedules required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted because of the absence of conditions under which they are required or as they are filed by the trustee of the Master Trust in which the Plan participates.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the
Twin Oaks Savings Plan
San Diego, California:

We have audited the accompanying statements of net assets available for benefits of the Twin Oaks Savings Plan (the Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in the audit of the basic 2005 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

San Diego, California

June 26, 2006

TWIN OAKS SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2005 AND 2004

	2005	2004
CASH AND CASH EQUIVALENTS	$ 34,951	$
INVESTMENT investment in Master Trust	4,127,162	2,763,929
OTHER ASSETS:		
Dividends receivable	7,914	7,709
Employer s contribution receivable	246,980	261,349
Total other assets	254,894	269,058
NET ASSETS AVAILABLE FOR BENEFITS	$ 4,417,007	$ 3,032,987

See notes to financial statements.

TWIN OAKS SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	**2004**
ADDITIONS:		
Net investment income Plan interest in the Sempra Energy Savings Plan Master Trust investment income	$507,940	$312,582
Contributions:		
Employer	437,042	487,180
Participating employees	545,511	484,233
Total contributions	982,553	971,413
Total additions	1,490,493	1,283,995
DEDUCTIONS:		
Distributions to employees, retirees, or their beneficiaries	105,821	34,859
Administrative expenses	652	300
Total deductions	106,473	35,159
NET INCREASE	1,384,020	1,248,836
NET ASSETS AVAILABLE FOR BENEFITS Beginning of period	3,032,987	1,784,151
NET ASSETS AVAILABLE FOR BENEFITS End of period	$4,417,007	$3,032,987

See notes to financial statements.

TWIN OAKS SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. PLAN DESCRIPTION AND RELATED INFORMATION

The following description of the Twin Oaks Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General The Plan, adopted November 1, 2002, is a defined contribution plan that provides employees of Twin Oaks Power, LP or any affiliate who has adopted this Plan (the Company or Employer) with retirement benefits. Employees may participate immediately in the Plan and, after one year in which they complete 1,000 hours of service, receive an employer matching contribution. Employees may make regular savings investments in common stock of Sempra Energy, the parent company of the sponsoring employer, and other optional investments permitted by the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective January 1, 2005, all participants are allowed to redirect up to 100% of the shares in the employer matching account into any of the Plan s designated investments. Prior to that the Plan allowed participants who had attained age 55 and had 10 years of service with the Company to redirect up to 10% of the shares in the employer matching account or the statutorily calculated amounts for the shares in the Sempra Energy Stock Ownership Plan, whichever was greater, into any of the Plan s designated investments.

Effective March 28, 2005, the Plan was amended to allow former employees that elected to leave their account balances in the Plan to have the option to reinvest the dividends in the Sempra Energy common stock fund as well as to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances.

The Plan allows for automatic deferrals for employees who neither elect a specific deferral percentage nor elect not to participate in the Plan. The automatic deferral is an amount equal to 3% of eligible pay and the investment vehicle is the T. Rowe Price Stable Value Fund.

Administration Certain administrative functions are performed by officers or employees of Sempra Energy. No such officer or employee receives compensation from the Plan. Certain administrative expenses are paid directly by the Company, such as legal and accounting fees. All investment expenses are paid by the participants, including recordkeeping, trustee, loan, redemption, and investment management fees.

Contributions Contributions to the Plan can be made under the following provisions:

Participating Employee Contributions Pursuant to Section 401(a) of the Internal Revenue Code (the IRC), each participant may contribute up to 15% of eligible pay on a pre-tax basis, an after-tax basis, or a combination. The IRC limited total individual pre-tax contributions to $14,000 and $13,000 in 2005 and 2004, respectively. Catch-up contributions are permitted for participants of at least 50 years of age. The catch-up provision provided these participants the opportunity to contribute an additional $4,000 and $3,000 on a pre-tax basis in 2005 and 2004, respectively (increasing to $5,000 in 2006, with inflation adjustments after that until December 31, 2010). The Plan allows for automatic deferrals for employees who neither elect a specific deferral percentage nor elect not to participate in the Plan. The automatic deferral is an amount equal to 3% of eligible pay and the investment vehicle is the T. Rowe Price Stable Value Fund.

Employer Nonelective Matching Contribution After one year of service in which an employee works at least 1,000 hours of service, the Company makes contributions to the Plan of 100% of the participant s contributions up to 6% of eligible pay, each pay period. The Company s matching contributions are invested in Sempra Energy common stock. Total employer nonelective matching contributions for the years ended December 31, 2005 and 2004, were $186,973 and $225,831, respectively.

Discretionary Incentive Contribution If established performance goals and targets of the Company are met in accordance with the terms of the incentive match guidelines established each year, the Company will make an additional incentive contribution of not less than 3% and not more than 6% of the participant s eligible pay. Incentive contributions of 5.90% and 5.34% were made for each of 2005 and 2004, respectively. The incentive contribution for 2005 was made on March 16, 2006, to all employees employed on December 31, 2005. The initial incentive contribution for 2004 of $157,925 was made on March 14, 2005 to all employees employed on December 31, 2004. Voluntary corrective contributions of $54,380 and $52,132 for 2004 and 2003, respectively, were made on June 28, 2005, for all employees employed as of December 31 of each of those years to reflect a revised interpretation of the plan s provisions. For 2005 and 2004, contributions were made in the form of cash and invested according to each participant s investment election on the date of contributions. The corrective contributions for 2003 were made in the form of cash, which then was used to purchase newly issued shares of Sempra Energy common stock. Total discretionary incentive contributions for the years ended December 31, 2005 and 2004 were $246,980 and $264,437, respectively. These amounts are reflected in employer contributions receivable on the statements of net assets available for benefits as of December 31, 2005 and 2004.

Participant Accounts A separate account is established and maintained in the name of each participant and reflects the participant s contributions and the employer s nonelective matching and discretionary incentive contributions, and the earnings and losses attributed to each investment fund less administrative expenses. Participants are allocated a share of each fund s investment earnings net of investment fees on a daily basis, based upon their account balance as a percentage of the total fund balance. Investment expenses, except those for a specific transaction, are allocated quarterly to individual funds based on either fund balance or a participant s pro rata share, as defined in the Plan document.

Vesting All participant accounts are fully vested and nonforfeitable at all times.

Investment Options All investments are held by the Sempra Energy Master Trust (the Master Trust) (see Note 5). Employees elect to have their contributions invested in increments of 1% in Sempra Energy common stock or specific mutual funds offered by T. Rowe Price and Fidelity Investment Managers.

Payment of Dividends Active employees cash dividends on the shares of Sempra Energy common stock in their account balances are reinvested in the Sempra Energy common stock fund. Effective March 28, 2005, former employees that elect to leave their accounts in the Plan have the option to receive distributions of cash dividends on the shares of the Sempra Energy common stock fund. Prior to that, cash dividends are paid to former employees who have elected to leave their accounts in the Plan.

Payment of Benefits Upon termination of employment with the Company, retirement, or permanent disability, participants or the named beneficiary(ies) in the event of death with an account balance greater than $5,000, receive their vested account balance in a single lump-sum payment in cash, or Sempra Energy common stock for any portion of their account held in Sempra Energy common stock. Terminated participants with account balances between $1,000 and $5,000 that do not elect a lump-sum payment or a rollover to a qualified retirement plan or individual retirement account will be automatically rolled into an individual retirement account with T. Rowe Price. Terminated participants with account balances less than $1,000 automatically receive a lump-sum cash payment.

Plan Termination Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions and to terminate the Plan at any time subject to the provisions of ERISA. In the event of termination, the net assets of the Plan will be distributed to the participants.

Related-Party Transactions Certain Plan investments, held through the Master Trust, are shares of mutual funds managed by T. Rowe Price, the Plan s recordkeeper; therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan to the recordkeeper for administrative services were $652 and $300 for the years ended December 31, 2005 and 2004, respectively.

At December 31, 2005 and 2004, the Plan held, through the Master Trust, 29,873 and 31,415 shares of common stock of Sempra Energy, with a cost basis of $971,440 and $959,834 and recorded dividend income of $39,300 and $25,582, respectively, during the years then ended.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosures at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition The fair value of the Plan s interest in the Master Trust is based on the beginning of year value of the Plan s interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expense. In the Master Trust, participant loans (see Note 4) are carried at outstanding loan balances plus accrued interest and all other investments are stated at fair value based on quoted market prices. Purchases and sales of securities are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Benefit Payments Benefits are recorded when paid. There were no amounts allocated to accounts of persons who have elected to withdraw from the Plan but have not yet been paid as of December 31, 2005 and 2004.

3. TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated April 12, 2006, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. Therefore, no provision for income taxes has been included in the Plan s financial statements.

4. PARTICIPANT LOANS

The Plan permits participants to borrow against the balances in their individual accounts within the Master Trust. A participant is limited to borrowing a maximum of 50% of the value of his/her account balance or $50,000, whichever is less. The minimum amount that can be borrowed is $1,000 and the fee charged for processing a loan is paid by the participant who takes out the loan. Participants may have one loan outstanding. Primary residence loans have a maximum repayment period of 15 years and other loans have a maximum repayment period of five years. All loans bear interest at 1% above the prime rate, as published in the Wall Street Journal, at the time the loan is made. As of December 31, 2005 and 2004, interest rates on loans ranged from 5%, in both years, to 8.25% and 9.5%, respectively, and had maturity dates through February 2011. The balance of the Plan s participant loans of $211,001 and $116,959 is included in Investment in Master Trust on the statement of assets available for benefits as of December 31, 2005 and 2004, respectively.

5. INVESTMENTS IN THE MASTER TRUST (DOLLARS IN THOUSANDS)

The Plan s assets are held in a trust account at T. Rowe Price, the trustee of the Plan, and consist of an interest in the Master Trust. Use of the Master Trust permits the commingling of the trust assets of two or more similar employee benefit plans sponsored by Sempra Energy for investment and administrative purposes. The Plan s interest in the net assets of the Master Trust is based on the individual plan participants investment balances. Investment income is allocated on a daily basis through a valuation performed by the Trustee. Expenses relating to the Master Trust are allocated to the individual funds based upon each participant s pro rata share, per share calculation, or by transaction in a specific individual fund. As of December 31, 2005 and 2004, the Plan had less than a 1% interest in the net assets of the Master Trust.

The net assets available for benefits of the Master Trust at December 31, 2005 and 2004 are summarized as follows:

	2005	**2004**
At fair value:		
Sempra Energy common stock	$ 823,644	$ 800,959
Mutual funds	482,168	318,782
Common/collective trusts	381,102	313,336
At cost:		
Participant loans	32,393	30,203
Net assets available for benefits	$ 1,719,307	$ 1,463,280

Net appreciation, and dividend and interest income for the Master Trust for the years ended December 31, 2005 and 2004 are as follows:

	2005	**2004**
Net appreciation of investments:		
Sempra Energy common stock	$ 163,489	$ 148,559
Common/collective trusts	18,456	28,267
Mutual funds	10,931	26,273
Dividends	40,280	30,942
Interest	1,751	1,637

The following investments held by the Plan through the Master Trust at December 31, 2005 and 2004, represent 5% or more of the Plan s assets:

	2005	2004
Sempra Energy common stock	$ 1,339	$ 1,152
T. Rowe Price Small-Cap Stock Fund	592	322
Real Estate Fund	428	84
T. Rowe Price Personal Strategy Balanced Fund	245	226
T. Rowe Price Stable Value Fund	238	213
Fidelity U.S. Bond Index Fund	203	158
T. Rowe Price Equity Index Trust	123	217

The Plan, through the Master Trust, invests in various securities as detailed above. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of certain investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of assets available for plan benefits.

6. NON-PARTICIPANT DIRECTED INVESTMENTS

In 2004 the Company s nonelective matching contributions to the Plan were invested solely in Sempra Energy common stock. These contributions were classified as non-participant directed investments, despite the employee s ability to subsequently transfer them into other investments. The 2004 amounts also include discretionary incentive contributions. However, the 2005 amounts do not include such contributions since the Plan was amended so that the investment of discretionary incentive contributions follows participant direction. Information about these investments and the significant components of the changes therein, relating to the nonparticipant directed investments as of December 31, 2004 were as follows:

	2005	2004
Non-participant directed assets:		
Sempra Energy common stock in the Master Trust	$ 719,694	$ 726,777
Changes in assets:		
Contributions	$ 239,105	$ 225,831
Net appreciation and dividend income	148,509	117,915
Transfers to participant directed investments	(349,984)	
Distributions to employees, retirees, or their beneficiaries	(44,714)	(27,062)
Total changes in assets	$ (7,084)	$ 316,684

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7. SUBSEQUENT EVENTS

On April 19, 2006, Twin Oaks Power, LP was sold by the Parent Company to PNM Resources, Inc. All participant accounts not distributed or transferred as of December 31, 2006, as a result of this sale will be transferred to the Sempra Energy Savings Plan.

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SUPPLEMENTAL SCHEDULE

TWIN OAKS SAVINGS PLAN

FORM 5500 SCHEDULE H, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2005

(a)	**(b) Identity of Issue, Borrower, Lessor, or Similar Party**	**(c) Description of Investment Including Maturity, Date, Rate of Interest, Collateral**	**(d) Cost**	**(e) Current Value**
*	Participant loans	Interest rates from 5% to 8.25%; maturities from January 2006 through February 2011	**	$211,001

* Party-in-interest to the Plan

** Cost not applicable participant directed investments

Mesquite Power, LLC Savings Plan

Financial Statements as of and for the Years Ended December 31, 2005 and 2004, Supplemental Schedule as of December 31, 2005, and Report of Independent Registered Public Accounting Firm

MESQUITE POWER, LLC SAVINGS PLAN

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NOTE: Other schedules required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 are omitted because of the absence of conditions under which they are required or as they are filed by the trustee of the Master Trust in which the Plan participates.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the
Mesquite Power, LLC Savings Plan
San Diego, California:

We have audited the accompanying statements of net assets available for benefits of the Mesquite Power, LLC Savings Plan (the Plan) as of December 31, 2005 and 2004, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in the audit of the basic 2005 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

San Diego, California

June 26, 2006

MESQUITE POWER, LLC SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2005 AND 2004

	2005	2004
CASH AND CASH EQUIVALENTS	$	$ 8,358
INVESTMENT investment in Master Trust	970,055	563,977
OTHER ASSETS:		
Dividends receivable	2,369	1,502
Employer s contribution receivable	94,423	89,668
Total other assets	96,792	91,170
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,066,847	$ 663,505

See notes to financial statements.

MESQUITE POWER, LLC SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	2005	2004
ADDITIONS:		
Net investment income Plan interest in the Sempra Energy Savings Plan Master Trust investment income	$ 127,545	$ 57,866
Contributions:		
Employer	182,992	196,904
Participating employees	197,895	193,595
Total contributions	380,887	390,499
Total additions	508,432	448,365
DEDUCTIONS:		
Distributions to employees retirees or their beneficiaries	55,393	5,420
Transfers to other related parties	49,447	
Administrative expenses	250	249
Total deductions	105,090	5,669
NET INCREASE	403,342	442,696
NET ASSETS AVAILABLE FOR BENEFITS Beginning of year	663,505	220,809
NET ASSETS AVAILABLE FOR BENEFITS End of year	$ 1,066,847	$ 663,505

See notes to financial statements.

MESQUITE POWER, LLC RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. PLAN DESCRIPTION AND RELATED INFORMATION

The following description of the Mesquite Power, LLC Retirement Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General The Plan, adopted November 1, 2002, is a defined contribution plan that provides employees of Mesquite Power LLC (the Company or Employer) with retirement benefits. Employees may participate immediately in the Plan and, after one year in which they complete 1,000 hours of service, receive an employer matching contribution. Employees may make regular savings investments in common stock of Sempra Energy, the parent company of the Employer, and other optional investments permitted by the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective January 1, 2005, participants are allowed to redirect up to 100% of the shares in the employer matching account into any of the Plan s designated investments. Prior to that the Plan allowed participants who had attained age 55 and had 10 years of service with the Company to redirect up to 10% of the shares in the employer matching account or the statutorily calculated amounts for the shares in the Sempra Energy Stock Ownership Plan, whichever was greater, into any of the Plan s designated investments.

Effective March 28, 2005, the Plan was amended to allow former employees that elected to leave their account balances in the Plan to have the option to reinvest the dividends in the Sempra Energy common stock fund as well as to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances.

Employees transfer between the Company and related entities for various reasons. These transfers follow Federal Affiliated Compliance Guidelines and result in the transfer of participant assets from one plan to another.

Administration Certain administrative functions are performed by officers or employees of Sempra Energy. No such officer or employee receives compensation from the Plan. Certain administrative expenses are paid directly by the Company, such as legal and accounting fees. All investment expenses are paid by the Plan, including recordkeeping, trustee, loan, redemption, and investment management fees.

Contributions Contributions to the Plan can be made under the following provisions:

Participating Employee Contributions Pursuant to Section 401(a) of the Internal Revenue Code (the IRC), each participant may contribute up to 15% of eligible pay on a pre-tax basis. The IRC limited total individual pre-tax contributions to $14,000 and $13,000 in 2005 and 2004, respectively. Catch-up contributions are permitted for participants of at least 50 years of age. The catch-up provision provided these participants the opportunity to contribute an additional $4,000 and $3,000 on a pre-tax basis in years 2005 and 2004, respectively (increasing to $5,000 in 2006 with inflation adjustments after that until December 31, 2010). The Plan allows for automatic deferrals for employees who neither elect a specific deferral percentage nor elect not to participate in the Plan. The automatic deferral is an amount equal to 3% of eligible pay and the investment vehicle is the T. Rowe Price Stable Value Fund.

Employer Nonelective Matching Contribution After one year of service in which an employee works at least 1,000 hours of service, the Company makes contributions to the Plan of 100% of the participant s contributions up to 6% of eligible pay, each pay period. The Company s matching contributions are invested in Sempra Energy common stock. Total employer nonelective matching contributions for the years ended December 31, 2005 and 2004 were $87,601 and $107,236, respectively.

Discretionary Incentive Contribution If established performance goals and targets of the Company are met in accordance with the terms of the incentive match guidelines established each year, the Company will make an additional incentive contribution of 0% to 6% of the participant s eligible pay. Incentive contributions of 5.28% and 2.92% were made for each of 2005 and 2004, respectively. The incentive contribution for 2005 of $94,423 was made on March 16, 2006, to all employees employed on December 31, 2005. The initial incentive contributions, for 2004, of $47,126 were made on March 14, 2005. Voluntary corrective contributions of $18,891 and $24,619 for 2004 and 2003, respectively, were made on June 28, 2005, to all employees employed on December 31, of each of those years to reflect a revised interpretation of the plan s provisions. For 2005 and 2004, contributions were made in the form of cash and invested according to each participant s investment election on the date of contributions. The corrective contributions for 2003 were made in the form of cash, which then was used to purchase newly issued shares of Sempra Energy common stock. Total discretionary incentive contributions for the years ended December 31, 2005 and 2004 were $94,423 and $89,668, respectively. These amounts are reflected in employer contributions receivable on the statements of net assets available for benefits as of December 31, 2005 and 2004.

Participant Accounts A separate account is established and maintained in the name of each participant and reflects the participant s contributions, and the employer s nonelective matching and discretionary incentive contributions, and the earnings and losses attributed to each investment fund less administrative expenses. Participants are allocated a share of each fund s investment earnings net of investment fees on a daily basis, based upon their account balance as a percentage of the total fund balance. Investment expenses, except those for a specific transaction, are allocated quarterly to individual funds based on either fund balance or a participant s pro rata share, as defined in the Plan document.

Vesting All participant accounts are fully vested and nonforfeitable at all times.

Investment Options All investments are held by the Sempra Energy Master Trust (the Master Trust) (see Note 5). Employees elect to have their contributions invested in increments of 1% in Sempra Energy common stock or specific mutual funds offered by T. Rowe Price, Fidelity Investment Managers and the Vanguard Group.

Payment of Dividends Active employees cash dividends on the shares of Sempra Energy common stock in their account balances are reinvested in the Sempra Energy common stock fund. Effective March 28, 2005, former employees that elect to leave their accounts in the Plan have the option to receive distributions of cash dividends on the shares of Sempra Energy common stock in their account balances or to reinvest the dividends in the Sempra Energy common stock fund. Prior to that, cash dividends were paid to former employees who had elected to leave their accounts in the Plans.

Payment of Benefits Upon termination of employment with the Company, retirement, or permanent disability, participants or the named beneficiary(ies) in the event of death with an account balance greater than $5,000, receive their vested account balance in a single lump-sum payment in cash, or Sempra Energy common stock for any portion of their account held in Sempra Energy common stock. Terminated participants with account balances between $1,000 and $5,000 that do not elect a lump-sum payment or a rollover to a qualified retirement plan or individual retirement account will be automatically rolled into an individual retirement account with T. Rowe Price. Terminated participants with account balances less than $1,000 automatically receive a lump-sum cash payment.

Plan Termination Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions and to terminate the Plan at any time subject to the provisions of ERISA. In the event of termination, the net assets of the Plan will be distributed to the participants.

Related Party Transactions Certain Plan investments, held through the Master Trust, are shares of mutual funds managed by T. Rowe Price, the Plan s recordkeeper; therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan to the record-keeper for administrative services were $250 and $249 for the years ended December 31, 2005 and 2004, respectively.

At December 31, 2005 and 2004, the Plan held, through the Master Trust, 8,249 and 6,022 shares of common stock of Sempra Energy, the sponsoring employer, with a cost basis of $298,123 and $197,933 and recorded dividend income of $ 29,171 and $13,340, respectively, during the years then ended.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets and disclosures at the date of the financial statements and the reported changes in net assets during the reporting period. Actual results could differ from those estimates.

Investment Valuation and Income Recognition The fair value of the Plan s interest in the Master Trust is based on the beginning of year value of the Plan s interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expense. In the Master Trust, participant loans (Note 4) are carried at outstanding loan balances plus accrued interest and all other investments are stated at fair value based on quoted market prices. Purchases and sales of securities are recorded on the trade date. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Benefit Payments Benefits are recorded when paid. There were no amounts allocated to accounts of persons who have elected to withdraw from the Plan but have not yet been paid as of December 31, 2005 and 2004.

3. TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated March 23, 2006, that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. Therefore, no provision for income taxes has been included in the Plan s financial statements.

4. PARTICIPANT LOANS

The Plan permits participants to borrow against the balances in their individual accounts within the Master Trust. A participant is limited to borrowing a maximum of 50% of the value of his/her account balance or $50,000, whichever is less. The minimum amount that can be borrowed is $1,000, and the fee charged for processing a loan is paid by the participant who takes out the loan. Participants may have one loan outstanding. Primary residence loans have a maximum repayment period of 15 years and other loans have a maximum repayment period of five years. All loans bear interest at 1% above the prime rate, as published in the Wall Street Journal, at the time the loan is made. As of December 31, 2005 and 2004, the interest rate on loans ranged from 5.50% to 8.00% and 5.00% to 6.25%, respectively, and had maturity dates through November 2010. The balance of the Plan s participant loans of $33,723 and $35,396 is included in Investment in Master Trust on the statement of net assets available for benefits as of December 31, 2005 and 2004, respectively.

5. INVESTMENTS IN THE MASTER TRUST (DOLLARS IN THOUSANDS)

The Plan s assets are held in a trust account at T. Rowe Price, the trustee of the Plan, and consist of an interest in the Master Trust. Use of the Master Trust permits the commingling of the trust assets of two or more similar employee benefit plans sponsored by Sempra Energy for investment and administrative purposes. The Plan s interest in the net assets of the Master Trust is based on the individual plan participants investment balance. Investment income is allocated on a daily basis through a valuation performed by the Trustee. Expenses relating to the Master Trust are allocated to the individual funds based upon each participant s pro-rata share, per share calculation, or by transaction in a specific fund. At December 31, 2005 and 2004, the Plan had less than a 1% interest in the net assets of the Master Trust.

The net assets available for benefits of the Master Trust at December 31, 2005 and 2004 are summarized as follows:

	2005	2004
At fair value:		
Sempra Energy common stock	$ 823,644	$ 800,959
Mutual funds	482,168	318,782
Common/collective trusts	381,102	313,336
At cost:		
Participant loans	32,393	30,203
Net assets available for benefits	$ 1,719,307	$ 1,463,280

Net appreciation, dividend, and interest income for the Master Trust for the years ended December 31, 2005 and 2004, are as follows:

	2005	2004
Net appreciation of investments:		
Sempra Energy common stock	$ 163,489	$ 148,559
Common/collective trusts	18,456	28,267
Mutual funds	10,931	26,273
Dividends	40,280	30,942
Interest	1,751	1,637

The following investments held by the Plan through the Master Trust represent 5% or more of the Plan s assets at December 31, 2005 and 2004:

	2005	2004
Sempra Energy common stock	$ 370	$ 221
T. Rowe Price Stable Value Fund	226	148
T. Rowe Price Small-Cap Stock Fund	152	94

The Plan, through the Master Trust, invests in various securities as detailed above. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with investment securities, it is reasonably possible that changes in the values of certain investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of assets available for plan benefits.

6. NON-PARTICIPANT DIRECTED INVESTMENTS

The Company s nonelective matching contributions to the Plan are invested solely in Sempra Energy common stock. These contributions are classified as non-participant directed investments, despite the employee s ability to subsequently transfer them into other investments. The 2004 amounts also include discretionary incentive contributions. However, the 2005 amounts do not include such contributions since the Plan was amended so that the investment of discretionary incentive contributions follows participant direction. Information about these investments and the significant components of the changes therein, relating to the non-participant directed investments as of December 31, 2005 and 2004, are as follows:

	2005	2004
Non-participant directed assets:		
Sempra Energy common stock in the Master Trust	$ 244,751	$ 171,393
Changes in assets:		
Contributions	$ 112,220	$ 107,237
Net appreciation and dividend income	41,624	22,317
Distributions to participants or their beneficiaries	(19,102)	(14,800)
Transfers to participant directed investments	(55,411)	
Transfers from plans of related parties	(5,973)	
Total changes in assets	$ 73,358	$ 114,754

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SUPPLEMENTAL SCHEDULE

MESQUITE POWER, LLC SAVINGS PLAN

FORM 5500 SCHEDULE H, LINE 4i

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2005

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral	(d) Cost	(e) Current Value
*	Participant loans	Interest rate of 5.50% to 8.00%; matures from December 2006 through November 2010	**	$33,723

* Party-in-interest to the Plan
** Cost not applicable participant directed investments

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plans sponsors have duly caused this annual report to be signed on their behalf by the undersigned thereunto duly authorized.

	SEMPRA ENERGY SAVINGS PLAN (Full title of the Plan)
Date: June 29, 2006	By: /s/ G. JOYCE ROWLAND G. Joyce Rowland, Senior Vice President HR, Sempra Energy
	SAN DIEGO GAS & ELECTRIC COMPANY SAVINGS PLAN (Full title of the Plan)
Date: June 29, 2006	By: /s/ G. JOYCE ROWLAND G. Joyce Rowland, Senior Vice President HR, Sempra Energy
	SOUTHERN CALIFORNIA GAS COMPANY RETIREMENT SAVINGS PLAN (Full title of the Plan)
Date: June 29, 2006	By: /s/ G. JOYCE ROWLAND G. Joyce Rowland, Senior Vice President HR, Sempra Energy
	SEMPRA ENERGY TRADING RETIREMENT SAVINGS PLAN (Full title of the Plan)
Date: June 29, 2006	By: /s/ G. JOYCE ROWLAND G. Joyce Rowland, Senior Vice President HR, Sempra Energy
	TWIN OAKS SAVINGS PLAN (Full title of the Plan)
Date: June 29, 2006	By: /s/ G. JOYCE ROWLAND G. Joyce Rowland, Senior Vice President HR, Sempra Energy
	MESQUITE POWER, LLC SAVINGS PLAN (Full title of the Plan)
Date: June 29, 2006	By: /s/ G. JOYCE ROWLAND G. Joyce Rowland, Senior Vice President HR, Sempra Energy