SEMPRA ENERGY
Form 11-K
June 29, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

o TRANSITION REPORT PURSUANT TO SECTION 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-14201

SEMPRA ENERGY SAVINGS PLAN, SAN DIEGO GAS & ELECTRIC COMPANY SAVINGS PLAN, SOUTHERN CALIFORNIA GAS COMPANY RETIREMENT SAVINGS PLAN, MESQUITE POWER LLC SAVINGS PLAN, MOBILE GAS SERVICE CORPORATION EMPLOYEE SAVINGS PLAN AND MOBILE GAS SERVICE CORPORATION BARGAINING UNIT EMPLOYEE SAVINGS PLAN

(Full title of the Plans)

SEMPRA ENERGY

(Name of the issuer of the securities held pursuant to the Plan)

101 Ash Street, San Diego, California 92101

(Address of principal executive office of the issuer)

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Sempra Energy Savings Plan

Financial Statements as of December 31, 2009 and 2008, and for the Year Ended December 31, 2009, Supplemental Schedule as of December 31, 2009, and Report of Independent Registered Public Accounting Firm

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SEMPRA ENERGY 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 they are filed by the trustee of the Master Trust in which the Plan participates.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees and Participants of the

Sempra Energy Savings Plan

San Diego, California

We have audited the accompanying statements of net assets available for benefits of the Sempra Energy Savings Plan (the Plan) as of December 31, 2009 and 2008, and the related statement of changes in net assets available for benefits for the year ended December 31, 2009. 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 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, 2009 and 2008, and the changes in net assets available for benefits for the year ended December 31, 2009 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, 2009, 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 schedule is the responsibility of the Plan s management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2009 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 29, 2010

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SEMPRA ENERGY SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

AS OF DECEMBER 31, 2009 AND 2008

(Dollars in thousands)

		2009		**2008**
CASH AND CASH EQUIVALENTS	$		$	5
INVESTMENT Investment in Sempra Energy Savings Master Trust		181,487		138,413
RECEIVABLES:				
Dividends		405		360
Employer contributions		1,024		985
Employee contributions		229		
Total receivables		1,658		1,345
NET ASSETS AVAILABLE FOR BENEFITS	$	183,145	$	139,763

See notes to financial statements.

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SEMPRA ENERGY SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2009

(Dollars in thousands)

ADDITIONS:			
Net investment income	Plan interest in Sempra Energy Savings Master Trust investment income	$	39,986
Contributions:			
Employer			3,892
Participating employees			11,122
Total contributions			15,014
Transfers from plans of related entities			304
Net additions			55,304
DEDUCTIONS:			
Distributions to participants or their beneficiaries			9,878
Transfers to plans of related entities			2,019
Administrative expenses			25
Total deductions			11,922
INCREASE IN NET ASSETS			43,382
NET ASSETS AVAILABLE FOR BENEFITS:			
Beginning of year			139,763
End of year		$	183,145

See notes to financial statements.

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SEMPRA ENERGY SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2009 AND 2008, AND FOR THE YEAR ENDED DECEMBER 31, 2009

1. PLAN DESCRIPTION AND RELATED INFORMATION

The following description of the Sempra Energy 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 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 Sempra Energy common stock 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).

Employees transfer between the Company and related entities for various reasons, resulting in the transfer of participant assets from one plan to another.

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

Participating Employee Contributions Under the terms of the Plan, participants may contribute up to 50% of eligible pay on a pretax basis, an after-tax basis, or a combination thereof. The Internal Revenue Code (IRC) limited total individual pretax contributions to $16,500 for 2009. 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 $5,500 on a pretax basis for 2009. The Plan allows for automatic enrollment of newly hired employees who either do not elect a specific deferral percentage or do not opt out of the Plan. The automatic deferral is an amount equal to 3% of eligible pay increasing every May by 1% up to a maximum of 6%, and the default investment vehicle for 2009 is a T. Rowe Price Retirement Fund option based on the assumption that the employee will retire at age 65. Employees hired after January 1, 2007, have the option to opt out.

Employer Nonelective Matching Contributions The Company makes matching contributions to the Plan for all participants except for those employed by El Dorado Energy, LLC (El Dorado), a subsidiary of the Company. The matching contributions are equal to 50% of each participant s contribution, up to the first 6% of eligible pay, each pay period. For the participants employed by El Dorado, that company makes matching contributions to the Plan equal to 100% 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. The Company s matching contributions are invested in Sempra Energy common stock. Total Employer nonelective matching contributions for the year ended December 31, 2009 were

$2,867,949.

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Discretionary Incentive Contribution If established performance goals and targets of the Company are met in accordance with the terms of the incentive guidelines established each year, the Company will make an additional incentive contribution for all participants except those employed by El Dorado, as determined by the Board of Directors of Sempra Energy. An incentive contribution of .82% of eligible compensation for all eligible participants, except those employed by El Dorado, was made for 2009. For participants of the Plan employed by El Dorado, each year that company will make an additional incentive contribution of not less than 3% and not more than 6% of eligible pay. For 2009, El Dorado contributed 5.81%. Incentive contributions were made on March 17, 2010 and March 16, 2009, to all employees employed on December 31, 2009 and 2008, respectively. The contributions were made in the form of cash and stock and invested according to each participant s investment election on the date of contribution. Total discretionary incentive contributions for the years ended December 31, 2009 and 2008, were $958,958 and $985,344, respectively. These amounts are reflected in Employer contributions receivable on the statements of net assets available for benefits.

Participant Accounts A separate account is established and maintained in the name of each participant and reflects the participant s contributions, 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.

Participants are allowed to redirect up to 100% of the shares in the Employer matching account into any of the Plan s designated investments.

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

Investment Options All investments are held by the Sempra Energy Savings 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, TradeLink. Participants may invest a maximum of 50% of the value of their Plan accounts (excluding the Employer matching contributions) within their TradeLink brokerage account.

Payment of Dividends Participants may elect at any time to either receive distributions of cash dividends on the shares of Sempra Energy common stock held in their account or to reinvest those dividends in Sempra Energy common stock. Former employees that elect to leave their account balance in the Plan and receive cash dividends from Sempra Energy common stock in their account will receive such dividends in cash or have them reinvested in Sempra Energy common stock, based on their election on the date of termination of employment with the Company, retirement or permanent disability.

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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 are given the options to have their vested account balance remain in the Plan, roll the entire amount to another qualified retirement plan or individual retirement account, or 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. The accounts of terminated participants with account balances from $1,000 to $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 exempt party-in-interest transactions.

Certain administrative functions of the Plan are performed by officers or employees of the Company. 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. Fees paid by the Plan to the recordkeeper for administrative services were $24,870 for the year ended December 31, 2009.

At December 31, 2009 and 2008, the Plan held, through the Master Trust, 1,064,628 and 1,053,740 shares of common stock of Sempra Energy, the sponsoring employer, with a revalued cost basis, revalued annually as of January 1, of $45,786,026 and $62,754,294, respectively, and recorded dividend income of $1,649,092 during the year ended December 31, 2009.

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 (GAAP).

Use of Estimates The preparation of financial statements in conformity with GAAP 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.

Risks and Uncertainties The Plan invests in the Master Trust, which utilizes various investment instruments, including common stock, mutual funds, and a stable value fund. Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

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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 Master Trust, plus actual contributions and allocated investment income, less actual distributions and allocated administrative expense, plus or minus changes in unrealized gains and losses. In the Master Trust, participant loans (see Note 4) are carried at outstanding loan balances, plus accrued interest.

The Master Trust s investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). See Note 7 for discussion of fair value measurements.

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, 2009 or 2008.

Adoption of New Accounting Pronouncements The accounting standards described below that were adopted in 2009 affected certain note disclosures but did not impact the statements of net assets available for benefits or the statement of changes in net assets available for benefits.

Statement of Financial Accounting Standards (SFAS)No. 168, The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles a replacement of FASB Statement No. 162 (SFAS 168): The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC or the Codification) became the official source of authoritative GAAP on July 1, 2009. For convenience, the prior GAAP source references are provided in addition to the Codification references throughout these financial statements and notes. In addition, the Codification changed the referencing system used to identify new accounting guidance. As a result, accounting updates issued after July 1, 2009 are referred to as Accounting Standards Updates (ASU). New pronouncements issued before July 1, 2009 are referred to by their original title.

FASB Staff Position (FSP) FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That are Not Orderly (FSP FAS 157-4): FSP FAS 157-4, which amends ASC 820, *Fair Value Measurements and Disclosures* (originally issued as FASB Statement No. 157, *Fair Value Measurements*) (ASC 820), concerns the determination of fair values for assets and liabilities when there is no active market or where the prices used might represent distressed sales. Specifically, it reaffirms the need to use judgment to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive. The FSP also outlines factors to be used to determine whether there has been a significant decrease in the volume and level of activity for the assets and liabilities when compared with normal market activity.

SFAS 165, Subsequent Events (SFAS 165), as amended by ASU 2010-09, Amendments to Certain Recognition and Disclosure Requirements (ASU 2010-09): SFAS 165 (ASC 855), as amended by ASU 2010-09, requires management to evaluate events that occur after the balance sheet date through the date that the financial statements are issued. The guidance is similar to current audit guidance and does not change the way subsequent events are assessed. SFAS 165 required that the Company disclose the date through which they evaluated subsequent events. ASU 2010-09 removed the requirement for companies that must file financial statements with the U.S. Securities and Exchange

Commission.

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ASU No. 2010-06, Improving Disclosures about Fair Value Measurements (ASU No. 2010-06): ASU 2010-6 amends ASC 820 and requires additional fair value measurement disclosures, including transfers into and out of Levels 1 and 2; separate disclosures of purchases, sales, issuances, and settlements relating to Level 3 measurements; and valuation techniques and inputs used for Level 2 and Level 3 instruments. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which is effective for fiscal years beginning after December 15, 2010. The Plan is currently evaluating the impact that ASU No. 2010-06 will have on disclosures.

ASU No. 2009-12, Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent) (ASU 2009-12): ASU 2009-12 amends ASC Subtopic 820-10, *Fair Value Measurements and Disclosures Overall* and is effective for the first reporting period ending after December 15, 2009. ASU No. 2009-12 expands the required disclosures for certain investments with a reported net asset value (NAV). It permits, as a practical expedient, an entity holding investments in certain entities that calculate NAV per share or its equivalent for which the fair value is not readily determinable, to measure the fair value of such investments on the basis of that NAV per share or its equivalent without adjustment. The ASU requires enhanced disclosures about the nature and risks of investments within its scope. Such disclosures include the nature of any restrictions on an investor s ability to redeem its investments at the measurement date, any unfunded commitments, and the investment strategies of the investee. The Plan adopted ASU No. 2009-12 in 2009 on a prospective basis and provides the additional required disclosure in Note 9. The effect of the adoption of the ASU had no impact on the statements of net assets available for benefits or statement of changes in net assets available for benefits.

Subsequent Events Management has evaluated events subsequent to December 31, 2009 through the date the financial statements were available to be issued, and no events have occurred that require consideration as adjustments to or disclosures in the financial statements.

3. TAX STATUS

The Internal Revenue Service 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 that 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 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 both December 31, 2009 and 2008, interest rates on loans ranged from 4.25% to 10.50%, and as of December 31, 2009, had maturity dates through January 2025. The balance of the Plan s participant loans of $2,058,930 and $1,787,325 is included in Investment in Sempra Energy Savings Master Trust on the statements of net assets available for benefits as of December 31, 2009 and 2008, respectively.

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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 (the Trustee), 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, 2009 and 2008, the Plan s interest in the net assets of the Master Trust was approximately 9% for both years.

The net assets available for benefits of the Master Trust at December 31, 2009 and 2008, are summarized as follows:

	2009	2008