

SIX YEAR LEADERSHIP AGREEMENT

This Six Year Leadership Agreement (Agreement) is made by and between San Diego Gas & Electric Company (SDG&E), Southern California Gas Company (SoCalGas) (collectively SDG&E and SoCalGas shall be referred to as the "Utilities" or "Utility"), and The Greenlining Institute (Greenlining) (collectively, the Utilities and Greenlining shall be referred to as the "Parties," individually as a "Party"). In this Agreement the Parties agree on a mutually acceptable outcome to certain issues raised by Greenlining as an Intervenor in the *Application of San Diego Gas & Electric Company for authority to update its gas and electric revenue requirement and base rates effective on January 1, 2008 (A.06-12-009)*, and the *Application of Southern California Gas Company for authority to update its gas revenue requirement and base rate effective on January 1, 2008 (A.06-12-010)*.

RECITALS

WHEREAS A.06-12-009 and A.06-12-010 contain forecasts of costs for the test year 2008;

WHEREAS in A.06-12-009 and A.06-12-010 Greenlining has raised certain issues regarding the Utilities' philanthropy and diversity practices; and

WHEREAS the Utilities and Greenlining desire to resolve the issues raised by Greenlining without further litigation in the current proceedings.

AGREEMENT

NOW THEREFORE, in consideration of the above Recitals and for good cause, the Parties agree to the terms and conditions as described in Attachment A.

Agreed:

Debra L. Reed, President and CEO	Date
<i>For San Diego Gas & Electric Company and Southern California Gas Company</i>	

John C. Gamboa, Executive Director	Date
<i>For The Greenlining Institute</i>	

ATTACHMENT A TO THE
SIX YEAR LEADERSHIP AGREEMENT

October 5, 2007

Six-Year Leadership Agreement between Sempra Energy Utilities and The Greenlining Institute

Sempra Energy Utilities (SEU) is proud of its commitments and achievements relating to diversity and philanthropy. This six-year commitment, which coincides with the six-year proposed rate cycle, is intended to enable SEU to maximize its progress in these areas and equal or exceed the achievements of other regulated energy utilities in California.

Philanthropy: SEU has a long history of philanthropy throughout its service area, including community and philanthropic giving to underserved communities. SEU recognizes that although the cost of philanthropy is borne by the shareholders, strategic and leveraged philanthropy, particularly to underserved communities, is an important part of corporate responsibility and good citizenship, as well as a long-term economic investment in the economy of our service territories. We recognize that the stronger the communities we serve are, the stronger our economy will be.

SEU is presently contributing approximately 1% of its pre-tax income for philanthropy. It is SEU's intention to increase, depending on profitability, the dollar amount devoted to community and philanthropic giving. During the six-year term of this agreement SEU will, on an annual basis, review its achievements in this area to assure that we are exhibiting leadership in the area of community and philanthropic giving, and in particular, that we are impacting underserved communities in the context of the following:

1. Being a leader by matching or exceeding the achievements of other regulated California energy utilities in the area of community and philanthropic giving.
2. Finding ways to leverage contributions to increase the impact of our community and philanthropic giving.

SEU strongly believes that philanthropy must and should be used, where possible, in a leveraged and strategic manner, particularly when it applies to underserved communities. SEU is committed to working with Greenlining on identifying leveraged opportunities for philanthropy. SEU, along with Greenlining and members of the California Utilities Diversity Council (CUDC) philanthropy subcommittee will continue to work on establishing common language for discussing leveraged philanthropy so that it can be considered in the overall context of community and philanthropic contributions made by SEU and other regulated California energy utilities.

Recognizing that the strength of our economy and many of our business goals are dependent on a healthy, fully-educated workforce, a major component of the philanthropy commitment will be devoted to underserved communities. SEU will immediately commit 65% of its total philanthropy to underserved communities and will over the course of this agreement consider innovative way of expanding this consistent with SEU's commitment to also expanding its environmental contributions. This could include special emphasis on environmental projects that address underserved community concerns, concerns that are shared by both SEU and Greenlining, and are of particular high priority to the CPUC. To ensure that SEU is effectively addressing the needs of underserved communities, SEU will, on an annual basis, evaluate its progress and achievements in the context of equaling or exceeding the achievements of other California

regulated energy utilities.

Since this is a six-year commitment, philanthropy will be reviewed in the context of being long-term, strategic and leveraged with Sempra's substantial expertise in order to maximize the benefits to shareholders, the communities Sempra serves and the economy as a whole.

Supplier Diversity: Supplier diversity creates greater economic opportunities for minorities, women and disabled veterans and has long been a priority with SEU. SEU's commitment began even before the CPUC issued GO-156 and the CPUC became the national leader in encouraging corporations to grant greater opportunities to women, minority, and disabled veteran-owned businesses.

Supplier diversity has a substantial financial benefit for SEU as increased opportunities for minority, women and disabled veteran businesses creates greater competition, which can result in reduced costs to the utilities and likewise, the ratepayers. For many years SEU has been a national leader in recognizing this.

It is SEU's intention to continue its progress in the area of supplier diversity and commits to a minimum of 30 percent of its contracts to women, minorities and disabled veteran-owned businesses by the end of the six year period of this agreement. This will include a special effort with Greenlining and its members' input to reach the CPUC set minimum goal for disabled veterans, a goal, which frankly, neither SEU nor any other utility has come close to meeting.

To ensure that all categories benefit equally, it is SEU's intention:

That each category meets the minimum CPUC goal and that all increases for women and minorities from 2006 be distributed in such a manner that each category will benefit based on percentage increases, equally.

To ensure that small and diverse businesses benefit from a focus on supplier diversity, it is SEU's intention to develop a series of robust programs that will be of a special assistance to these businesses. This will include:

1. Over a six-year period a \$3.6 million minimum technical assistance and business development program, including capacity building and sponsorship of minority business organizations. In addition, SEU will where possible seek to leverage this funding with matching funding from other corporation, government, and private foundations.
2. Requiring tier one suppliers, to set and achieve goals for minorities, women and disabled veterans, to meet GO-156 goals and to encourage them to provide their technical assistance in the area of capacity building, where appropriate, to small minority, women, and disabled veteran-owned businesses. It is hoped and expected of SEU over time to encourage tier one suppliers to eventually adopt supplier diversity goals similar to those set by SEU.

Management Diversity: California is a minority state with an estimated 22 million minorities. While this represents over 55% of the population, these statistics include individuals below the age of 18 and those above normal retirement age. SEU recognizes that the vast majority of students entering the California public schools system in its service territories and throughout the state are minority students; however minorities are not graduating from high schools and colleges

in numbers sufficient to meet SEU's future workforce needs unless innovative work is done to increase these numbers.

It is recognized that this six-year agreement is too short a period of time to meet every workforce goal to correct every under utilization at every level of the organization. However it is SEU's intention at a minimum to achieve the following:

- We will continue to make good faith efforts in hiring and retaining a diverse workforce at all levels and will insure that our workforce mirrors the labor markets of our service territories.
- We will strive to reflect the Southern California Labor Market by ethnic classification at every level of the organization including the management, senior management and officer levels by setting specific numerical goals for each classification, where an under utilization exists.
- We will share our availability data with Greenlining to further reinforce the rigor by which goals are set.
- We will make good faith efforts to develop creative "pipeline" programs to develop external and internal candidates at all levels.

To meet these goals, it is SEU's intention to put in place and provide funding for a wide variety of educational, development and recruiting programs to strengthen and substantially expand the pool of minority candidates.

In 2006, 60% of SEU's new hires came from the minority community. It is our intention to continue and hopefully exceed this achievement throughout the next six years, in order to help expand the qualified minority labor pool.

Ultimately through vigorous recruitment and internal promotions, as well as the development of creative and innovative educational pipeline programs, SEU will strive to reflect the labor market of our service territory at every level of the organization.

Diversity on corporate Board of Directors is very important. Sempra Energy has a very diverse Board of Directors and formally states in the Corporate Governance Guidelines, that the composition of the Board should reflect diversity.

Achievement of Objectives and Meetings with Greenlining: SEU aspires to be a national leader in the areas of corporate responsibility, good corporate citizenship and to meet the goals outlined in this agreement.

Due to Greenlining's expertise and broad-based multi-ethnic coalition, SEU has committed to semiannual meetings between Greenlining and SEU's CEO and senior management, alternating between in Los Angeles and San Diego, for the six year period of this commitment. Further, SEU will appoint one Greenlining Coalition member to the Southern California Gas and one to San Diego Gas & Electric Community Advisory Councils from a list provided by Greenlining, subject to approval. SEU may consider additional memberships in the future, if the size of these councils expands.

Innovative Leadership: Both SEU and Greenlining believe that progress can best be achieved through the exchange of ideas. Greenlining and its members commit to closely collaborating with SEU in all of the above delineated areas, as well as on low-income energy and consumer protection issues that affect underserved communities.

Review and Revisions of Commitment: At the end of four years, SEU and Greenlining Institute will meet to discuss the benefits and advisability of renewing and revising this commitment for another six-year rate cycle.