

SEMPRA ENERGY
Form 424B2
February 11, 2005
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The information in this preliminary remarketing prospectus supplement is not complete and may be changed without notice. This preliminary remarketing prospectus supplement and the accompanying prospectus supplement and prospectus are not an offer to sell these securities nor are they soliciting offers to buy these securities in any state where the offer or sale is not permitted. These securities may not be sold nor may offers to buy be accepted before the remarketing prospectus supplement is delivered in final form.

SUBJECT TO COMPLETION, DATED FEBRUARY 11, 2005

FILED PURSUANT TO
RULE 424(b)(2)
REGISTRATION NO. 333-70640

REMARKETING PROSPECTUS SUPPLEMENT

(To Prospectus dated November 15, 2001 and Prospectus Supplement dated April 24, 2002)

\$

% Senior Notes due 2007

In April 2002, we issued \$600,000,000 aggregate principal amount of 5.60% senior notes due 2007, referred to in this remarketing prospectus supplement as the senior notes, in connection with our issuance of 24,000,000 Equity Units in the form of Income Equity Units. The senior notes were issued as a component of Income Equity Units that initially consisted of (1) a purchase contract to purchase from us on May 17, 2005, at a purchase price of \$25, a fraction of a newly issued share of our common stock and (2) a senior note in the principal amount of \$25. This remarketing prospectus supplement relates to a remarketing of \$ _____ aggregate principal amount of those senior notes on behalf of the Income Equity Unit holders and holders of senior notes held separately from Income Equity Units, if any, who elect to participate in the remarketing.

The senior notes will mature on May 17, 2007. The interest rate on the senior notes will be reset to _____ % per annum, effective on and after February 17, 2005. Interest on the senior notes is payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year. The first interest payment on the remarketed senior notes will be made on May 17, 2005.

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We will not receive any proceeds from the remarketing of the senior notes.

The senior notes are redeemable prior to their maturity, in whole but not in part, upon the occurrence and continuation of a tax event at the redemption price set forth under the caption "Description of the Remarketed Senior Notes Tax Event Redemption" in this remarketing prospectus supplement.

The senior notes are senior unsecured obligations and rank equally with all of Sempra Energy's other senior unsecured indebtedness. We will remarket the senior notes in denominations of \$25 and integral multiples of \$25 in excess thereof. Following the remarketing, the senior notes will not be listed on any national securities exchange.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this remarketing prospectus supplement or the accompanying prospectus supplement and related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<u>Per Note</u>	<u>Total</u>
Remarketed offering price ⁽¹⁾	%	\$
Remarketing fee to remarketing agents ⁽²⁾	%	\$
Net proceeds to participating holders	%	\$

(1) Plus accrued interest if settlement occurs after that date.

(2) Payable from the proceeds of the remarketing and, to the extent the proceeds are not sufficient, payable by us.

We expect the senior notes will be ready for delivery through The Depository Trust Company on or about February , 2005.

Joint Lead Remarketing Agents

Citigroup

Morgan Stanley

Credit Suisse First Boston

Dresdner Kleinwort Wasserstein

Wachovia Securities

WestLB Securities Inc.

Remarketing Prospectus Supplement dated February , 2005

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This document is in three parts. The first part is this remarketing prospectus supplement, which describes the specific terms of this remarketing of the senior notes and also adds to and updates information contained in the accompanying prospectus supplement and prospectus and the documents incorporated by reference in this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus. The second and third parts are the accompanying prospectus supplement and prospectus, which give more general information, some of which does not apply to the senior notes. If the description of the remarketing varies between this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus, you should rely on the information in this remarketing prospectus supplement.

You should rely only on the information contained or incorporated by reference in this remarketing prospectus supplement and in the accompanying prospectus supplement and prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus is accurate as of the date on their respective covers. Our business, financial condition, results of operations and prospects may have changed since that date.

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FORWARD-LOOKING STATEMENTS

This remarketing prospectus supplement and the accompanying prospectus and prospectus supplement and the documents they incorporate by reference may contain statements that are not historical fact and constitute forward-looking statements. When we use words like believes, expects, anticipates, intends, plans, estimates, may, should or similar expressions, or when we discuss our strategy or plans, we are making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Our future results may differ materially from those expressed in these forward-looking statements. These statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others:

local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments;

actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources, the Federal Energy Regulatory Commission and other regulatory bodies in the United States and other countries;

capital markets conditions, inflation rates, interest rates and exchange rates;

energy and trading markets, including the timing and extent of changes in commodity prices;

the availability of natural gas;

weather conditions and conservation efforts;

war and terrorist attacks;

business, regulatory and legal decisions and requirements;

the status of deregulation of retail natural gas and electricity delivery;

the timing and success of business development efforts; and

other uncertainties, all of which are difficult to predict and many of which are beyond our control.

You are cautioned not to rely unduly on any forward-looking statements. These risks and uncertainties are discussed in more detail under Risk Factors, Business and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2003 and other documents that we have filed with the Securities and Exchange Commission. You may obtain copies of these documents as described under Where You Can Find More Information in the accompanying prospectus.

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SUMMARY INFORMATION

The following information supplements, and should be read together with, the information contained in the accompanying prospectus supplement and prospectus. You should carefully read this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus, as well as the documents they incorporate by reference, before making an investment decision. Unless we state otherwise or the context otherwise requires, references appearing in this remarketing prospectus supplement to we, us and our should be read to refer to Sempra Energy and its subsidiaries.

Sempra Energy

We are a Fortune 500 energy services holding company. Our shares are traded on the New York Stock Exchange under the symbol SRE. Our companies provide a wide spectrum of value-added electric and natural gas products and services to a diverse range of customers.

The Sempra utilities, San Diego Gas & Electric and Southern California Gas Company, serve more than 22 million consumers from California's Central Valley to the Mexican border. SDG&E serves 3.3 million consumers through 1.3 million electric meters and more than 800,000 natural gas meters. SDG&E's service area spans 4,100 square miles. The nation's largest natural gas distribution utility, SoCalGas, serves a population of 19.5 million through 5.5 million meters. SoCalGas' service territory encompasses 23,000 square miles.

Sempra Global companies acquire, develop and operate infrastructure assets related to the production and distribution of energy and provide risk-management products and services:

Sempra Commodities is a wholesale and retail trader of physical and financial energy products, including natural gas, power, crude oil and associated commodities, and a trader and wholesaler of metals.

Sempra Generation acquires, develops and operates power plants, provides energy services and facilities management and owns mineral rights in properties producing oil and natural gas.

Sempra LNG develops receipt terminals for the importation of liquefied natural gas.

Sempra Pipelines and Storage engages in energy-infrastructure projects in North and South America, holds interests in companies that provide natural gas or electricity services to over 2.8 million customers in Argentina, Chile, Mexico and Peru and owns and operates two small natural gas distribution utilities in the Eastern United States.

Sempra Financial invests in tax-advantaged limited partnerships which own 1,300 affordable housing properties throughout the United States.

We are headquartered at 101 Ash Street, San Diego, California 92101-3017 and our telephone number is (877) 736-7721 or, in San Diego, (619) 696-2034.

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The Remarketing

In this portion of the summary, references to Sempra Energy, we, our and us mean Sempra Energy excluding, unless otherwise expressly stated or the context otherwise requires, its subsidiaries.

Issuer	Sempra Energy.
Securities Remarketed	\$ aggregate principal amount of senior notes on behalf of holders of Income Equity Units and holders of senior notes held separately from Income Equity Units, if any, who elect to participate in the remarketing.
Maturity	The senior notes will mature on May 17, 2007, unless a tax event redemption occurs prior to that date.
Interest Rate	The interest rate on the senior notes will be reset to % per annum effective on and after February 17, 2005.
Interest Payment Dates	Interest on the senior notes is payable quarterly in arrears on February 17, May 17, August 17, and November 17 of each year. The first interest payment on the remarketed senior notes will be made on May 17, 2005.
Ranking	The senior notes are our senior unsecured obligations and rank equally with all of our other senior unsecured indebtedness.
Tax Event Redemption	The senior notes are redeemable at our option on not less than 30 days nor more than 60 days prior written notice, in whole, but not in part, upon the occurrence and continuation of a tax event under the circumstances and at the redemption price set forth under the caption Description of the Remarketed Senior Notes Tax Event Redemption in this remarketing prospectus supplement.
Use of Proceeds	We will not receive any proceeds from the remarketing of the senior notes. For more information, see the section of this remarketing prospectus supplement entitled Use of Proceeds.
U.S. Federal Income Taxation	We have treated and will continue to treat the senior notes for U.S. federal income tax purposes as indebtedness that is subject to the Treasury regulations governing contingent payment debt instruments. These regulations are complex, and in some respects uncertain in application. Generally, assuming that you report your income in a manner consistent with the method described in this remarketing prospectus supplement, the amount of income that you will recognize in respect of the senior notes should correspond to the economic accrual of income on the notes to you and the amount of income you would have recognized if the senior notes were not subject to the contingent payment debt regulations. However, no assurance can be given that the Internal Revenue Service, or IRS, will agree with our position. For a detailed discussion, please see the section of this remarketing prospectus supplement entitled Certain United States Federal Income Tax Considerations.

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Listing

The senior notes will not be listed on any national securities exchange.

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USE OF PROCEEDS

We are remarketing up to \$ _____ aggregate principal amount of senior notes to investors on behalf of holders of Income Equity Units and holders of senior notes held separately from Income Equity Units, if any, who elect to participate in the remarketing.

We will not receive any cash proceeds from the remarketing of the senior notes. Instead, the proceeds of the remarketing will be used as follows:

\$ _____ of the proceeds (which is equal to the treasury portfolio purchase price described under Remarketing) will be used to purchase the treasury portfolio (described under Remarketing) that will then be pledged to us, on behalf of holders of Income Equity Units, as security against the stock purchase contract obligations of such holders;

\$ _____ of the proceeds (which is equal to the separate notes purchase price described under Remarketing) will be remitted to U.S. Bank Trust National Association, as the custodial agent, for payment to the holders of senior notes held separately from Income Equity Units, if any, who have elected to participate in the remarketing;

\$ _____ of the proceeds, which equals the lesser of (i) 25 basis points (0.25%) of the sum of the treasury portfolio purchase price and the separate notes purchase price, if any, and (ii) the amount of the proceeds, if any, in excess of the sum of the treasury portfolio purchase price and the separate notes purchase price, if any, will be deducted and retained by the remarketing agents as a remarketing fee;

any proceeds from the remarketing of senior notes that are components of the Income Equity Units remaining after deducting the treasury portfolio purchase price and the remarketing fee attributable to such senior notes will be remitted to U.S. Bank Trust National Association, as the purchase contract agent, for payment to the holders of the Income Equity Units; and

any proceeds from the remarketing of senior notes held separately from the Income Equity Units remaining after deducting the separate notes purchase price and the remarketing fee attributable to such senior notes will be remitted to U.S. Bank Trust National Association, as the custodial agent, for payment to the holders of such remarketed senior notes.

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The following table sets forth our ratio of earnings to combined fixed charges for each of the years in the five-year period ended December 31, 2003 and for each of the nine month periods ended September 30, 2004 and 2003:

	Year Ended December 31,					Nine Months Ended	
	2003	2002	2001	2000	1999	September 30, 2003	September 30, 2004
Ratio of Earnings to Combined Fixed Charges	2.93	3.02	2.86	2.90	3.21	2.87	3.89

We determined the ratio of earnings to combined fixed charges by dividing (a) the sum of pretax income and fixed charges by (b) fixed charges. Fixed charges consist of all interest expense (before allowances for borrowed funds used during construction), preferred dividends by subsidiaries, one-third of rent expense (which approximates the interest component of such expense) and amortization of debt issuance costs.

Table of Contents**SUMMARY HISTORICAL CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The following table contains our summary historical condensed consolidated financial information. The summary information as of December 31, 2003 and for the two years then ended has been derived from our audited consolidated financial statements. The summary information as of September 30, 2004 and for the nine month periods ended September 30, 2004 and 2003, has been derived from our unaudited consolidated financial statements and, in our opinion, reflects all adjustments necessary for a fair presentation. These adjustments are only of a normal recurring nature.

The summary historical condensed consolidated financial information should be read in conjunction with and is qualified in its entirety by reference to the audited and unaudited consolidated financial statements and the related notes thereto from which it has been derived. More comprehensive financial information is included in the consolidated financial statements and related notes contained in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, which we file with the SEC.

Condensed Consolidated Statements of Income

(millions of dollars)

	For the Nine Months Ended September 30,		For the Years Ended December 31,	
	2004	2003	2003	2002
	(unaudited)			
Revenue	\$ 6,521	\$ 5,821	\$ 7,887	\$ 6,048
Expenses	(5,624)	(5,096)	(6,948)	(5,061)
Other Income	58	38	26	15
Trust preferred distributions by subsidiary		(9)	(9)	(18)
Preferred dividends of subsidiaries	(7)	(8)	(10)	(11)
Income before interest and income taxes	948	746	946	973
Interest	(176)	(193)	(204)	(252)
Income taxes	(191)	(109)	(47)	(146)
Income from continuing operations	581	444	695	575
Loss from discontinued operations, net of tax ⁽¹⁾	(30)			
Loss on disposal of discontinued operations, net of tax	(2)			
Income before extraordinary item and cumulative effect of changes in accounting principles, net of tax	549	444	695	575
Extraordinary item, net of tax ⁽²⁾				16
Cumulative effect of changes in accounting principles, net of tax ⁽³⁾		(29)	(46)	
Net Income	\$ 549	\$ 415	\$ 649	\$ 591

(1)

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Atlantic Electric & Gas, which was sold in April 2004, has been reported as a discontinued operation for the nine months ended September 30, 2004. Prior to 2004, Atlantic Electric & Gas was accounted for as an unconsolidated subsidiary and therefore, in accordance with generally accepted accounting principles, amounts prior to 2004 are not reported as discontinued operations.

- (2) Acquisition gains, in accordance with Statement of Financial Accounting Standards 141.
- (3) Combined effects of the rescission of Emerging Issues Task Force Consensus 98-10 (affecting mark-to-market accounting) and the implementation of Revised Interpretation No. 46, Consolidation of Variable Interest Entities issued by the Financial Accounting Standards Board.

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(dollars in millions)

	September 30, 2004	December 31, 2003
	(unaudited)	
Assets		
Current assets	\$ 8,109	\$ 7,869
Investments and other assets	3,508	3,647
Property, plant and equipment	10,847	10,474
Total assets	\$ 22,464	\$ 21,990
Liabilities and Shareholders' Equity		
Current liabilities	\$ 7,884	\$ 8,382
Long-term debt	4,414	3,841
Deferred credits and other liabilities	5,606	5,698
Total liabilities	17,904	17,921
Preferred stock of subsidiaries	179	179
Shareholders' Equity		
Common stock	2,166	2,028
Retained earnings	2,674	2,298
Deferred compensation relating to ESOP	(33)	(35)
Accumulated other comprehensive income (loss)	(426)	(401)
Total shareholders' equity	4,381	3,890
Total liabilities and shareholders' equity	\$ 22,464	\$ 21,990