

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

SAN DIEGO GAS & ELECTRIC CO

CIK: **86521** | IRS No.: **951184800** | State of Incorporation: **CA** | Fiscal Year End: **1231**
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SIC: **4931** Electric & other services combined

Mailing Address
P O BOX 1831
SAN DIEGO CA 92112

Business Address
8326 CENTURY PARK COURT
SAN DIEGO CA 92123
6196962000

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act
of 1934

Date of Report

(Date of earliest event reported): August 3, 2006

SAN DIEGO GAS & ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

CALIFORNIA

1-3779

95-1184800

(State of incorporation
or organization)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

8330 CENTURY PARK COURT, SAN DIEGO, CA

92123

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (619) 696-2000

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

FORM 8-K

Item 2.02 Results of Operations and Financial Condition

The information furnished in this Item 2.02 and in Exhibits 99.1 and 99.2 shall not be deemed to be "filed" for purposes of the Securities Exchange Act of 1934, nor shall it be deemed to be incorporated by reference in any filing of San Diego Gas & Electric Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

On August 3, 2006, Sempra Energy, of which San Diego Gas & Electric Company is a consolidated subsidiary, issued a press release announcing consolidated net income of \$373 million, or \$1.43 per diluted share of common stock, for

the second quarter of 2006. The press release has been posted on Sempra Energy's website (www.sempra.com) and a copy is attached as Exhibit 99.1.

Concurrently with the website posting of such press release and as noted therein, Sempra Energy also posted its Income Statement Data by Business Unit for the three months and six months ended June 30, 2006 and 2005. A copy of such information is attached as Exhibit 99.2

The Sempra Energy financial information contained in the press release includes, on a consolidated basis, information regarding San Diego Gas & Electric Company's results of operations and financial condition.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

99.1 August 3, 2006 Sempra Energy News Release (including tables)

99.2 Sempra Energy's Income Statement Data by Business Unit for the three months and six months ended June 30, 2006 and 2005.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SAN DIEGO GAS & ELECTRIC COMPANY
(Registrant)

Date: August 3, 2006

By: /s/ S.D. Davis

S.D. Davis
Sr. Vice President-External Relations
and Chief Financial Officer

Media Contact: Doug Kline
Sempra Energy
(877) 866-2066
www.sempra.com

Financial Contacts: Dennis Arriola/Karen Sedgwick
Sempra Energy
(877) 736-7727

SEMPRA ENERGY'S SECOND-QUARTER 2006 NET INCOME TRIPLES ON IMPROVED OPERATIONS, ASSET SALES

- **Quarterly Income From Continuing Operations Rises 55 Percent**
- **Asset Sales Generate \$1.3 Billion Pre-tax for Capital Program**

SAN DIEGO, Aug. 3, 2006 - Sempra Energy (NYSE: SRE) today reported second-quarter 2006 net income of \$373 million, or \$1.43 per diluted share, more than triple last year's second-quarter net income of \$121 million, or \$0.48 per diluted share.

Second-quarter 2006 net income included \$188 million, or \$0.72 per diluted share, in discontinued operations, principally related to gains from asset sales, offset by impairment charges from assets held for sale. Income from continuing operations was \$185 million, or \$0.71 per diluted share, in the second quarter 2006, compared with \$119 million, or \$0.47 per diluted share, in the prior-year's quarter. Second-quarter 2006 income from continuing operations was reduced by a \$7 million impairment, or \$0.03 per diluted share, related to the sale of the company's Texas natural gas-fired generating assets.

For the first six months of 2006, Sempra Energy's net income was \$628 million, or \$2.42 per diluted share, compared with \$344 million, or \$1.40 per diluted share, in the first half of 2005. Income from continuing operations for the first six months of 2006 was \$419 million, or \$1.61 per diluted share, compared with \$340 million, or \$1.38 per diluted share, during the same period last year.

"Our higher second-quarter earnings reflect the continued outstanding results by our core operating units," said Donald E. Felsing, chairman and chief executive officer of Sempra Energy. "Our initiative to divest non-strategic assets has exceeded our expectations, thus far, generating about \$1.3 billion in pre-tax proceeds to strengthen our balance sheet and support our \$10 billion, five-year capital program. This is part of our focused strategy of redeploying capital into critical energy infrastructure. These efforts are being led by our natural gas businesses and our California utilities."

Revenues for Sempra Energy were \$2.5 billion in the second quarter 2006, compared with \$2.2 billion in the year-ago quarter, due primarily to higher electric revenues and improved margins in commodity marketing.

OPERATING HIGHLIGHTS

Sempra Utilities

Net income for San Diego Gas & Electric (SDG&E) in the second quarter 2006 rose to \$65 million from \$29 million in the year-ago quarter. During the most recent quarter, SDG&E benefited from one-time and continuing items related to regulatory decisions associated with prior-period

cost recovery, performance-based-ratemaking incentive awards and increased earnings from generation investments. These investments included the recently commissioned Palomar Energy Center, a new 550-megawatt natural gas-fired power plant.

"The recent heat wave reinforces the continuing need for new and improved electric infrastructure," Felsing said. "SDG&E customers set an all-time record for power consumption July 22 - a Saturday - with peak usage 50-percent higher than expected. That's why, since 2001, we've invested more than \$2 billion in new electric generation, transmission and distribution infrastructure to handle the ever-increasing demands on SDG&E's system and also why we're proposing a new 500,000-volt transmission line to support the region."

Southern California Gas Co.'s second-quarter 2006 net income was \$58 million, unchanged from the prior year.

Sempra Commodities

On the strength of increased natural gas and power sales and improved margins in North America and Europe, Sempra Commodities' second-quarter net income more than doubled to \$69 million in 2006 from \$26 million last year.

"Sempra Commodities continues to prosper amidst volatile global energy markets by helping its customers manage their energy needs," Felsing said.

Sempra Generation

In the second quarter 2006, Sempra Generation's net income was \$17 million, compared with \$22 million in the second quarter 2005, due primarily to the impairment charge related to the sale of the Texas gas-fired power plants.

On July 7, 2006, Sempra Generation completed the sale of its 50-percent ownership of the Coletto Creek coal-fired power plant and the above-mentioned seven gas-fired power plants in Texas. As a result of these transactions, Sempra Generation will record a third-quarter 2006 after-tax gain of approximately \$208 million.

Sempra Pipelines & Storage

Second-quarter net income for Sempra Pipelines & Storage in 2006 was \$28 million, up from \$16 million in 2005, due primarily to the favorable resolution of prior years' tax issues.

During the most recent quarter, the Rockies Express Pipeline project, in which Sempra Pipelines & Storage owns a 25-percent stake, announced the start of a binding open season to solicit support to extend the pipeline east from its currently proposed terminus in Monroe County, Ohio, to Oakford, Pa. The 100-mile extension is designed to provide up to 1.8 billion cubic feet per day of firm transportation capacity to Pennsylvania.

Sempra LNG

Sempra LNG reported a net loss of \$17 million in the second quarter 2006, compared with a net loss of \$5 million in the year-ago quarter, due primarily to a \$12 million mark-to-market loss on a marketing agreement with Sempra Commodities related to Sempra LNG's Energía Costa Azul receipt terminal under development in Baja California, Mexico.

Construction remains on schedule for Sempra LNG's receipt terminals in Mexico and Cameron, La. Both terminals are expected to be operational in 2008.

Discontinued Operations

Sempra Energy has undertaken a program to sell non-core assets to help fund its capital program, which is focused on developing North American natural gas infrastructure and growing its California utilities.

During the second quarter 2006, Sempra Generation sold its Twin Oaks coal-fired generation facility in Texas, as well as its energy-facilities-management and performance-contracting operations. During the first half of 2006, these sales resulted in an after-tax gain of \$247 million.

On July 31, 2006, Sempra Generation also completed the sale of its exploration and production business, which will result in a third-quarter 2006 after-tax gain of approximately \$110 million.

During the second quarter 2006, Sempra Pipelines & Storage also recorded a \$35 million after-tax impairment charge for its natural gas distribution investments in Maine and North Carolina.

Internet Broadcast

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with senior management of the company. Access is available by logging onto the Web site at www.sempra.com. For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (706) 645-9291 and entering the passcode 2763046.

California utilities:

| | | | | |
|--|---------|---------|---------|---------|
| Cost of natural gas | 535 | 600 | 1,665 | 1,513 |
| Cost of electric fuel and purchased power | 153 | 146 | 363 | 291 |
| Other cost of sales | 547 | 530 | 1,220 | 1,087 |
| Other operating expenses | 679 | 532 | 1,356 | 1,064 |
| Depreciation and amortization | 171 | 158 | 328 | 314 |
| Franchise fees and other taxes | 64 | 55 | 141 | 122 |
| | | | | |
| Total operating expenses | 2,149 | 2,021 | 5,073 | 4,391 |
| | | | | |
| Operating income | 337 | 202 | 749 | 479 |
| Other income (expense), net | (5) | (3) | (1) | 5 |
| Interest income | 25 | 12 | 39 | 22 |
| Interest expense | (87) | (72) | (183) | (146) |
| Preferred dividends of subsidiaries | (3) | (3) | (5) | (5) |
| | | | | |
| Income from continuing operations before income taxes and equity in earnings of certain unconsolidated subsidiaries | 267 | 136 | 599 | 355 |
| Income tax expense | 96 | 33 | 204 | 41 |
| Equity in income of certain unconsolidated subsidiaries | 14 | 16 | 24 | 26 |
| | | | | |
| Income from continuing operations | 185 | 119 | 419 | 340 |
| Discontinued operations, net of tax | 188 | 2 | 209 | 4 |
| | | | | |
| Net income | \$ 373 | \$ 121 | \$ 628 | \$ 344 |
| | | | | |
| | | | | |
| Basic earnings per share: | | | | |
| Income from continuing operations | \$ 0.73 | \$ 0.49 | \$ 1.64 | \$ 1.42 |

| | | | | |
|--|---------|---------|---------|---------|
| Discontinued operations, net of tax | 0.73 | 0.01 | 0.82 | 0.02 |
| | | | | |
| Net income | \$ 1.46 | \$ 0.50 | \$ 2.46 | \$ 1.44 |
| | | | | |
| | | | | |
| Weighted-average number of shares outstanding (thousands) | 255,728 | 243,898 | 254,996 | 238,448 |
| | | | | |
| | | | | |
| Diluted earnings per share: | | | | |
| Income from continuing operations | \$ 0.71 | \$ 0.47 | \$ 1.61 | \$ 1.38 |
| Discontinued operations, net of tax | 0.72 | 0.01 | 0.81 | 0.02 |
| | | | | |
| Net income | \$ 1.43 | \$ 0.48 | \$ 2.42 | \$ 1.40 |
| | | | | |
| | | | | |
| Weighted-average number of shares outstanding (thousands) | 260,320 | 250,073 | 259,804 | 245,772 |
| | | | | |
| | | | | |
| Dividends declared per share of common stock | \$ 0.30 | \$ 0.29 | \$ 0.60 | \$ 0.58 |
| | | | | |
| | | | | |

The statements above reflect the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage.

SEMPRA ENERGY

Table B

CONSOLIDATED BALANCE SHEETS

June 30, December 31,
2006 2005

(Dollars in millions)



(Unaudited)

Assets

Current assets:

| | | |
|---|--------|--------|
| Cash and cash equivalents | \$ 721 | \$ 769 |
| Short-term investments | 4 | 12 |
| Accounts receivable | 741 | 1,145 |
| Deferred income taxes | 347 | 134 |
| Interest receivable | 29 | 29 |
| Trading-related receivables and deposits, net | 2,635 | 3,370 |
| Derivative trading instruments | 4,077 | 4,502 |
| Commodities owned | 1,863 | 2,498 |
| Regulatory assets | 213 | 255 |
| Inventories | 136 | 205 |
| Other | 250 | 297 |



| | | |
|---|--------|--------|
| Current assets of continuing operations | 11,016 | 13,216 |
|---|--------|--------|

| | | |
|---|-----|-----|
| Current assets of discontinued operations | 216 | 611 |
|---|-----|-----|



| | | |
|----------------------|--------|--------|
| Total current assets | 11,232 | 13,827 |
|----------------------|--------|--------|



Investments and other assets:

| | | |
|------------------------------------|----|----|
| Due from unconsolidated affiliates | 20 | 21 |
|------------------------------------|----|----|

| | | |
|--|------------|------------|
| Regulatory assets arising from fixed-price contracts and other derivatives | 377 | 398 |
| Other regulatory assets | 718 | 713 |
| Nuclear decommissioning trusts | 649 | 638 |
| Investments | 1,092 | 1,091 |
| Sundry | 814 | 802 |
| | ██████████ | ██████████ |
| Total investments and other assets | 3,670 | 3,663 |
| | ██████████ | ██████████ |
| Property, plant and equipment, net | 12,385 | 11,756 |
| | ██████████ | ██████████ |
| Total assets | \$ 27,287 | \$ 29,246 |
| | ██████████ | ██████████ |
| | ██████████ | ██████████ |

Liabilities and Shareholders' Equity

Current liabilities:

| | | |
|---|------------|------------|
| Short-term debt | \$ 375 | \$ 1,043 |
| Accounts payable | 954 | 1,394 |
| Income taxes payable | 118 | 86 |
| Trading-related payables | 2,917 | 4,127 |
| Derivative trading instruments | 2,895 | 3,246 |
| Commodities sold with agreement to repurchase | 218 | 634 |
| Dividends and interest payable | 144 | 140 |
| Regulatory balancing accounts, net | 367 | 192 |
| Fixed-price contracts and other derivatives | 92 | 130 |
| Current portion of long-term debt | 681 | 98 |
| Other | 862 | 1,012 |
| | ██████████ | ██████████ |

| | | |
|---|-----------|-----------|
| Current liabilities of continuing operations | 9,623 | 12,102 |
| Current liabilities of discontinued operations | 206 | 151 |
| | | |
| Total current liabilities | 9,829 | 12,253 |
| | | |
| Long-term debt | 4,414 | 4,815 |
| | | |
| Deferred credits and other liabilities: | | |
| Due to unconsolidated affiliate | 162 | 162 |
| Customer advances for construction | 120 | 110 |
| Postretirement benefits other than pensions | 121 | 121 |
| Deferred income taxes | 218 | 214 |
| Deferred investment tax credits | 70 | 73 |
| Regulatory liabilities arising from removal obligations | 2,353 | 2,313 |
| Asset retirement obligations | 983 | 958 |
| Other regulatory liabilities | 206 | 200 |
| Fixed-price contracts and other derivatives | 392 | 400 |
| Deferred credits and other | 1,413 | 1,288 |
| | | |
| Total deferred credits and other liabilities | 6,038 | 5,839 |
| | | |
| Preferred stock of subsidiaries | 179 | 179 |
| | | |
| Shareholders' equity | 6,827 | 6,160 |
| | | |
| Total liabilities and shareholders' equity | \$ 27,287 | \$ 29,246 |
| | | |
| | | |

| | | |
|--|------------|------------|
| Net cash provided by discontinued operations | 76 | 20 |
| | ██████████ | ██████████ |
| Net cash provided by operating activities | 792 | 590 |
| | ██████████ | ██████████ |

Cash Flows from Investing Activities:

| | | |
|---|------------|------------|
| Expenditures for property, plant and equipment | (893) | (574) |
| Proceeds from sale of assets from continuing operations | 24 | 15 |
| Expenditures for investments | (120) | (6) |
| Distribution from investment | 104 | - |
| Purchases of nuclear decommissioning and other trust assets | (398) | (162) |
| Proceeds from sales by nuclear decommissioning and other trusts | 371 | 130 |
| Dividends received from unconsolidated affiliates | 3 | 46 |
| Other | (5) | 5 |
| | ██████████ | ██████████ |
| Net cash used in continuing operations | (914) | (546) |
| Net cash provided by (used in) discontinued operations | 560 | (12) |
| | ██████████ | ██████████ |
| Net cash used in investing activities | (354) | (558) |
| | ██████████ | ██████████ |

Cash Flows from Financing Activities:

| | | |
|---|-------|-------|
| Common dividends paid | (134) | (119) |
| Issuances of common stock | 46 | 666 |
| Repurchases of common stock | (12) | (95) |
| Issuances of long-term debt | 253 | 250 |
| Redemption of mandatorily redeemable preferred securities | - | (200) |
| Payments on long-term debt | (64) | (67) |
| Decrease in short-term debt, net | (668) | (156) |
| Financing transaction related to Sempra Financial | 83 | - |

| | | |
|--|------------|------------|
| Other | 8 | (3) |
| | ██████████ | ██████████ |
| Net cash provided by (used in) continuing operations | (488) | 276 |
| Net cash provided by discontinued operations | 2 | 1 |
| | ██████████ | ██████████ |
| Net cash provided by (used in) financing activities | (486) | 277 |
| | ██████████ | ██████████ |
| Increase (decrease) in cash and cash equivalents | (48) | 309 |
| Cash and cash equivalents, January 1 | 769 | 415 |
| | ██████████ | ██████████ |
| Cash and cash equivalents, June 30 | \$ 721 | \$ 724 |
| | ██████████ | ██████████ |
| | ██████████ | ██████████ |

The statements above reflect the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage.

SEMPRA ENERGY

Table D

BUSINESS UNIT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS (Unaudited)

| | Three months ended | | Six months ended | |
|-----------------------|--------------------|------------|------------------|------------|
| | June 30, | | June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| (Dollars in millions) | ██████████ | ██████████ | ██████████ | ██████████ |
| | ██████████ | ██████████ | ██████████ | ██████████ |

Net Income

California Utilities:

| | | | | |
|----------------------------|-------|-------|--------|-------|
| San Diego Gas & Electric | \$ 65 | \$ 29 | \$ 112 | \$ 88 |
| Southern California Gas | 58 | 58 | 107 | 127 |
| | | | | |
| Total California Utilities | 123 | 87 | 219 | 215 |

Sempra Global:

| | | | | |
|-----------------------------|------|-----|------|------|
| Sempra Commodities | 69 | 26 | 185 | 55 |
| Sempra Generation* | 17 | 22 | 57 | 67 |
| Sempra Pipelines & Storage* | 28 | 16 | 39 | 29 |
| Sempra LNG | (17) | (5) | (22) | (10) |
| | | | | |
| Total Sempra Global | 97 | 59 | 259 | 141 |

| | | | | |
|----------------|------|------|------|------|
| Parent & Other | (35) | (27) | (59) | (16) |
| | | | | |

| | | | | |
|-----------------------|-----|-----|-----|-----|
| Continuing Operations | 185 | 119 | 419 | 340 |
|-----------------------|-----|-----|-----|-----|

| | | | | |
|-------------------------|-----|---|-----|---|
| Discontinued Operations | 188 | 2 | 209 | 4 |
| | | | | |

| | | | | |
|-------------------------|--------|--------|--------|--------|
| Consolidated Net Income | \$ 373 | \$ 121 | \$ 628 | \$ 344 |
| | | | | |
| | | | | |

* Excludes amounts now classified as discontinued operations.

CAPITAL EXPENDITURES & INVESTMENTS (Unaudited)

Three months ended

Six months ended

| | June 30, | | June 30, | |
|---|----------|--------|-----------|--------|
| (Dollars in millions) | 2006 | 2005 | 2006 | 2005 |
| Capital Expenditures and Investments | | | | |
| California Utilities: | | | | |
| San Diego Gas & Electric | \$ 140 | \$ 102 | \$ 723 | \$ 196 |
| Southern California Gas | 96 | 83 | 193 | 146 |
| Total California Utilities | 236 | 185 | 916 | 342 |
| Sempra Global: | | | | |
| Sempra Generation | 5 | 36 | 35 | 83 |
| Sempra Commodities | 10 | 16 | 30 | 29 |
| Sempra Pipelines & Storage | 41 | 3 | 146 | 7 |
| Sempra LNG | 193 | 68 | 345 | 113 |
| Total Sempra Global | 249 | 123 | 556 | 232 |
| Parent & Other | 9 | 4 | (459) (1) | 6 |
| Consolidated Capital Expenditures and Investments | \$ 494 | \$ 312 | \$ 1,013 | \$ 580 |

(1) Reflects the transfer of the Palomar plant to SDG&E from Sempra Generation.

The statements above reflect the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage.

SEMPRA ENERGY

Table E

OTHER OPERATING STATISTICS (Unaudited)

| | Three months ended | | Six months ended | |
|--|--------------------|--------|------------------|----------|
| | June 30, | | June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| CALIFORNIA UTILITIES | | | | |
| Revenues (Dollars in millions) | | | | |
| SDG&E (excludes intercompany sales) | \$ 660 | \$ 535 | \$ 1,378 | \$ 1,151 |
| SoCalGas (excludes intercompany sales) | \$ 908 | \$ 926 | \$ 2,318 | \$ 2,137 |
| Gas Sales (Bcf) | 89 | 86 | 230 | 223 |
| Transportation and Exchange (Bcf) | 132 | 117 | 254 | 239 |
| Total Deliveries (Bcf) | 221 | 203 | 484 | 462 |
| Total Gas Customers (Thousands) | | | 6,427 | 6,335 |
| Electric Sales (Millions of kWhs) | 3,832 | 3,782 | 7,875 | 7,688 |
| Direct Access (Millions of kWhs) | 756 | 808 | 1,654 | 1,628 |
| Total Deliveries (Millions of kWhs) | 4,588 | 4,590 | 9,529 | 9,316 |

| | | | | |
|--------------------------------------|--|--|-------|-------|
| Total Electric Customers (Thousands) | | | 1,346 | 1,327 |
|--------------------------------------|--|--|-------|-------|

SEMPRA GENERATION

| | | | | |
|-------------------------------|-------|-----------|--------|-----------|
| | | | | |
| Power Sold (Millions of kWhs) | 4,592 | 4,347 (1) | 10,342 | 9,336 (1) |

(1) Revised to exclude the Twin Oaks power plant as a discontinued operation.

SEMPRA PIPELINES & STORAGE

(Represents 100% of these subsidiaries, although only the Mexican subsidiaries are 100% owned by Sempra Energy.)



Natural Gas Sales (Bcf)

| | | | | |
|-----------|----|----|-----|-----|
| Argentina | 67 | 71 | 119 | 122 |
| Mexico | 11 | 11 | 21 | 21 |
| Chile | - | - | 1 | 1 |

Natural Gas Customers (Thousands)

| | | | | |
|-----------|--|--|-------|-------|
| Argentina | | | 1,487 | 1,473 |
| Mexico | | | 99 | 98 |
| Chile | | | 38 | 38 |

Electric Sales (Millions of kWhs)

| | | | | |
|-------|-------|-------|-------|-------|
| Peru | 1,157 | 1,075 | 2,322 | 2,127 |
| Chile | 563 | 508 | 1,177 | 1,241 |

Electric Customers (Thousands)

| | | | | |
|-------|--|--|-----|-----|
| Peru | | | 777 | 757 |
| Chile | | | 528 | 516 |

SEMPRA ENERGY

Table E (Continued)

SEMPRA COMMODITIES

| | Three months ended | | Six months ended | |
|--------------------------------------|--------------------|--------|------------------|--------|
| | June 30, | | June 30, | |
| <i>Margin* (Dollars in millions)</i> | 2006 | 2005 | 2006 | 2005 |
| Geographical: | | | | |
| North America | \$ 247 | \$ 169 | \$ 606 | \$ 294 |
| Europe/Asia | 18 | (35) | 24 | (6) |
| Total | \$ 265 | \$ 134 | \$ 630 | \$ 288 |
| Product Line: | | | | |
| Gas | \$ 105 | \$ 16 | \$ 284 | \$ 1 |
| Power | 110 | 82 | 211 | 124 |
| Oil - Crude & Products | 33 | (9) | 86 | 71 |
| Metals | (2) | 25 | 25 | 39 |
| Other | 19 | 20 | 24 | 53 |
| Total | \$ 265 | \$ 134 | \$ 630 | \$ 288 |

* Margin consists of net revenues less related costs (primarily brokerage, transportation and storage) plus or minus net interest expense/income, and is used by management in evaluating its geographical and product line performance.

| Effect of EITF 02-03 (Dollars in millions) | Three months ended | | Six months ended | |
|--|--------------------|-------|------------------|--------|
| | June 30, | | June 30, | |
| | 2006 | 2005 | 2006 | 2005 |
| | | | | |
| Mark-to-Market Earnings ** | \$ 83 | \$ 77 | \$ 243 | \$ 129 |
| Effect of EITF 02-03 *** | (14) | (51) | (58) | (74) |
| | | | | |
| GAAP Net Income | \$ 69 | \$ 26 | \$ 185 | \$ 55 |
| | | | | |

** Represents the fair market value of all commodities transactions. This metric is a useful measurement of profitability because it simultaneously recognizes changes in the various components of transactions and reflects how the business is managed.

*** Consists of the income statement effect of not recognizing changes in the fair market value of certain physical inventories and capacity contracts for transportation and storage.

| Net Unrealized Revenue (Dollars in millions) | Fair Market Value | | | | |
|--|-------------------|--------------------------------|--------|---------|---------|
| | June 30, | Scheduled Maturity (in months) | | | |
| | | 2006 | 0 - 12 | 13 - 24 | 25 - 36 |
| | | | | | |
| | | | | | |

Sources of Over-the-Counter (OTC) Fair Value:

| | | | | | |
|--|----------|--------|--------|--------|--------|
| Prices actively quoted | \$ 1,125 | \$ 259 | \$ 417 | \$ 323 | \$ 126 |
| Prices provided by other external sources | 62 | (5) | 1 | - | 66 |
| Prices based on models and other valuation methods | (30) | - | - | - | (30) |
| | | | | | |
| Total OTC Fair Value (1) | 1,157 | 254 | 418 | 323 | 162 |
| | | | | | |

| | | | | | |
|---|--|-------|-------|-------|--------|
| Maturity of OTC Fair Value - Cumulative Percentages | | 22.0% | 58.1% | 86.0% | 100.0% |
| | | | | | |

| | | | | | |
|---|----------|--------|--------|--------|--------|
| Exchange Contracts (2) | 80 | 232 | 40 | (130) | (62) |
| | | | | | |
| Total Net Unrealized Revenue at June 30, 2006 | \$ 1,237 | \$ 486 | \$ 458 | \$ 193 | \$ 100 |
| | | | | | |
| Net Unrealized Revenue - Cumulative Percentages | | 39.3% | 76.3% | 91.9% | 100.0% |
| | | | | | |

(1) The present value of unrealized revenue to be received from outstanding OTC contracts

(2) Cash received or (paid) associated with open Exchange Contracts

| | June 30, | December 31, |
|--|----------|--------------|
| <i>Credit Quality of Unrealized Trading Assets (net of margin)</i> | 2006 | 2005 |
| | | |
| Commodity Exchanges | 14% | 2% |
| Investment Grade | 61% | 75% |
| Below Investment Grade | 25% | 23% |

| | Three months ended | | Six months ended | |
|--|--------------------|---------|------------------|---------|
| | June 30, | | June 30, | |
| <i>Risk Adjusted Performance Indicators (Mark-to-Market Basis)</i> | 2006 | 2005 | 2006 | 2005 |
| | | | | |
| VaR at 95% (Dollars in millions) (1) | \$ 14.3 | \$ 9.6 | \$ 18.1 | \$ 9.1 |
| VaR at 99% (Dollars in millions) (2) | \$ 20.1 | \$ 13.6 | \$ 25.6 | \$ 12.8 |
| Risk Adjusted Return on Capital (RAROC) (3) | 30% | 37% | 32% | 35% |

(1) Average Daily Value-at-Risk for the period using a 95% confidence level

(2) Average Daily Value-at-Risk for the period using a 99% confidence level

(3) Average Daily Trading Margin/Average Daily VaR at 95% confidence level

Physical Statistics

| Natural Gas (BCF/Day) | 11.6 | 10.6 | 12.1 | 11.4 |
|---|-------|------|-------|-------|
| Electric (Billions of kWhs) | 109.0 | 86.0 | 223.9 | 193.8 |
| Oil & Liquid Products (Millions Bbls/Day) | 0.9 | 1.0 | 0.8 | 1.0 |

SEMPRA ENERGY

Table F (Unaudited)

Income Statement Data by Business Unit

Six Months Ended June 30, 2006

| (Dollars in millions) | SDG&E | SoCalGas | Commodities | Generation | Pipelines & Storage | LNG | Consolidating Adjustments, Parent & Other | Total |
|---|----------|----------|-------------|------------|---------------------|---------|---|----------|
| Operating Revenues | \$ 1,386 | \$ 2,333 | \$ 1,394 | \$ 653 | \$ 148 | \$ (20) | \$ (72) | \$ 5,822 |
| Cost of Sales and Other Operating Expenses | 1,015 | 1,993 | 1,057 | 526 | 139 | 19 | (4) | 4,745 |
| Depreciation & Amortization | 147 | 133 | 13 | 22 | 6 | - | 7 | 328 |
| Operating Income (Loss) | 224 | 207 | 324 | 105 | 3 | (39) | (75) | 749 |
| Other Income (Expense), Net | 13 | (1) | - | (10) | 3 | (2) | (4) | (1) |
| Income (Loss) before Interest & Taxes ⁽¹⁾ | 237 | 206 | 324 | 95 | 6 | (41) | (79) | 748 |
| Net Interest Expense ⁽²⁾ | 52 | 19 | 31 | 4 | - | 2 | 41 | 149 |
| Income Tax Expense (Benefit) | 73 | 80 | 108 | 34 | (9) | (21) | (61) | 204 |
| Equity in Income of Certain Unconsolidated Subsidiaries | - | - | - | - | 24 | - | - | 24 |
| Discontinued Operations | - | - | - | - | - | - | 209 | 209 |
| Net Income (Loss) | \$ 112 | \$ 107 | \$ 185 | \$ 57 | \$ 39 | \$ (22) | \$ 150 | \$ 628 |

Six Months Ended June 30, 2005

| (Dollars in millions) | SDG&E | SoCalGas | Commodities | Generation | Pipelines & Storage | LNG | Consolidating Adjustments, Parent & Other | Total |
|---|----------|----------|-------------|------------|---------------------|---------|---|----------|
| Operating Revenues | \$ 1,160 | \$ 2,181 | \$ 904 | \$ 686 | \$ 137 | \$ - | \$ (198) | \$ 4,870 |
| Cost of Sales and Other Operating Expenses | 864 | 1,822 | 792 | 547 | 127 | 15 | (90) | 4,077 |
| Depreciation & Amortization | 131 | 132 | 14 | 18 | 6 | - | 13 | 314 |
| Operating Income (Loss) | 165 | 227 | 98 | 121 | 4 | (15) | (121) | 479 |
| Other Income (Expense), Net | 1 | (1) | (1) | - | (1) | - | 7 | 5 |
| Income (Loss) before Interest & Taxes ⁽¹⁾ | 166 | 226 | 97 | 121 | 3 | (15) | (114) | 484 |
| Net Interest Expense ⁽²⁾ | 31 | 18 | 12 | 8 | - | 1 | 59 | 129 |
| Income Tax Expense (Benefit) | 47 | 81 | 30 | 46 | - | (6) | (157) | 41 |
| Equity in Income of Certain Unconsolidated Subsidiaries | - | - | - | - | 26 | - | - | 26 |
| Discontinued Operations | - | - | - | - | - | - | 4 | 4 |
| Net Income (Loss) | \$ 88 | \$ 127 | \$ 55 | \$ 67 | \$ 29 | \$ (10) | \$ (12) | \$ 344 |

(1)

Management believes "Income before Interest & Taxes" (Operating Income plus Other Income, Net) is a useful measurement of our business units' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income taxes, neither of which is directly relevant to the efficiency of those operations.

(2)

Net Interest Expense includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.

SEMPRA ENERGY

Table F (Unaudited)

Income Statement Data by Business Unit

Three Months Ended June 30, 2006

| (Dollars in millions) | SDG&E | SoCalGas | Commodities | Generation | Pipelines & Storage | LNG | Consolidating Adjustments, Parent & Other | Total |
|---|--------|----------|-------------|------------|---------------------|---------|---|----------|
| Operating Revenues | \$ 664 | \$ 908 | \$ 614 | \$ 257 | \$ 72 | \$ (20) | \$ (9) | \$ 2,486 |
| Cost of Sales and Other Operating Expenses | 459 | 735 | 479 | 212 | 68 | 9 | 16 | 1,978 |
| Depreciation & Amortization | 80 | 67 | 6 | 11 | 3 | - | 4 | 171 |
| Operating Income (Loss) | 125 | 106 | 129 | 34 | 1 | (29) | (29) | 337 |
| Other Income (Expense), Net | 11 | (1) | 1 | (10) | 2 | (1) | (7) | (5) |
| Income (Loss) before Interest & Taxes ⁽¹⁾ | 136 | 105 | 130 | 24 | 3 | (30) | (36) | 332 |
| Net Interest Expense (Income) ⁽²⁾ | 33 | 4 | 15 | (2) | - | 1 | 14 | 65 |
| Income Tax Expense (Benefit) | 38 | 43 | 46 | 9 | (11) | (14) | (15) | 96 |
| Equity in Income of Certain Unconsolidated Subsidiaries | - | - | - | - | 14 | - | - | 14 |
| Discontinued Operations | - | - | - | - | - | - | 188 | 188 |
| Net Income (Loss) | \$ 65 | \$ 58 | \$ 69 | \$ 17 | \$ 28 | \$ (17) | \$ 153 | \$ 373 |

Three Months Ended June 30, 2005

| (Dollars in millions) | SDG&E | SoCalGas | Commodities | Generation | Pipelines & Storage | LNG | Consolidating Adjustments, Parent & Other | Total |
|--|--------|----------|-------------|------------|---------------------|------|---|----------|
| Operating Revenues | \$ 539 | \$ 940 | \$ 446 | \$ 309 | \$ 73 | \$ - | \$ (84) | \$ 2,223 |
| Cost of Sales and Other Operating Expenses | 403 | 773 | 391 | 248 | 69 | 8 | (29) | 1,863 |
| Depreciation & Amortization | 66 | 66 | 7 | 10 | 3 | - | 6 | 158 |

