

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

Filing Date: **2006-08-03** | Period of Report: **2006-08-03**

SEC Accession No. **0000086521-06-000035**

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### FILER

#### **PACIFIC ENTERPRISES INC**

CIK: **75527** | IRS No.: **940743670** | State of Incorporation: **CA** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-00040** | Film No.: **061000901**  
SIC: **4924** Natural gas distribution

Mailing Address  
*555 WEST 5TH STREET  
SUITE 2900  
LOS ANGELES CA 90013*

Business Address  
*555 WEST 5TH ST  
STE 2900  
LOS ANGELES CA 90013  
2138955000*

#### **SOUTHERN CALIFORNIA GAS CO**

CIK: **92108** | IRS No.: **951240705** | State of Incorporation: **CA** | Fiscal Year End: **1231**  
Type: **8-K** | Act: **34** | File No.: **001-01402** | Film No.: **061000902**  
SIC: **4922** Natural gas transmission

Mailing Address  
*555 WEST 5TH STREET  
LOS ANGELES CA 90051-1011*

Business Address  
*555 W FIFTH ST  
ML 14H1  
LOS ANGELES CA 90013-1011  
2132441200*

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  
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Commission File Number	Name of Registrant, State of Incorporation, Address and Telephone Number	IRS Employer Identification Number
-----	-----	-----
1-40	Pacific Enterprises (A California Corporation) 101 Ash Street San Diego, California 92101 (619) 696-2000	94-0743670
1-1402	Southern California Gas Company (A California Corporation) 555 West Fifth Street	95-1240705

Los Angeles, California 90013  
(213) 244-1200

-----  
(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))

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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 Pacific Enterprises or Southern California Gas 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 Pacific Enterprises and Southern California Gas Company are consolidated subsidiaries, 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](http://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 Pacific Enterprises' and Southern California Gas 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.

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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.

PACIFIC ENTERPRISES  
(Registrant)

Date: August 3, 2006

By: /s/ S.D. Davis  
-----

S.D. Davis  
Sr. Vice President and Chief Financial Officer

SOUTHERN CALIFORNIA GAS 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](http://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
<b>Operating income</b>	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)
<b>Income from continuing operations before income taxes and equity in earnings of certain unconsolidated subsidiaries</b>	267	136	599	355
Income tax expense	96	33	204	41
Equity in income of certain unconsolidated subsidiaries	14	16	24	26
<b>Income from continuing operations</b>	185	119	419	340
Discontinued operations, net of tax	188	2	209	4
<b>Net income</b>	\$ 373	\$ 121	\$ 628	\$ 344
<b>Basic earnings per share:</b>				
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
<b>Weighted-average number of shares outstanding (thousands)</b>	255,728	243,898	254,996	238,448
<b>Diluted earnings per share:</b>				
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
<b>Weighted-average number of shares outstanding (thousands)</b>	260,320	250,073	259,804	245,772
<b>Dividends declared per share of common stock</b>	\$ 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
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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
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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
<b>Capital Expenditures and Investments</b>				
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
<b>CALIFORNIA UTILITIES</b>				
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
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**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 <sup>(1)</sup>	237	206	324	95	6	(41)	(79)	748
Net Interest Expense <sup>(2)</sup>	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 <sup>(1)</sup>	166	226	97	121	3	(15)	(114)	484
Net Interest Expense <sup>(2)</sup>	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 <sup>(1)</sup>	136	105	130	24	3	(30)	(36)	332
Net Interest Expense (Income) <sup>(2)</sup>	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

Operating Income (Loss)	70	101	48	51	1	(8)	(61)	202
Other Income (Expense), Net	(2)	-	(1)	(6)	(1)	-	7	(3)
Income (Loss) before Interest & Taxes <sup>(1)</sup>	68	101	47	45	-	(8)	(54)	199
Net Interest Expense <sup>(2)</sup>	19	9	6	3	-	-	26	63
Income Tax Expense (Benefit)	20	34	15	20	(1)	(3)	(52)	33
Equity in Income of Certain Unconsolidated Subsidiaries	-	-	-	-	15	-	1	16
Discontinued Operations	-	-	-	-	-	-	2	2
Net Income (Loss)	\$ 29	\$ 58	\$ 26	\$ 22	\$ 16	\$ (5)	\$ (25)	\$ 121

(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 (Income) includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.