UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1996

Commission file number 1-40

Pacific Enterprises
(Exact name of registrant as specified in its charter)

California	94-0743670
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

555 West Fifth Street, Suite 2900, Los Angeles, California 90013-1011
(Address of principal executive offices)
(Zip Code)

(213) 895-5000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

The number of shares of common stock outstanding on November 1, 1996 was 85,049,010.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
CONDENSED STATEMENT OF CONSOLIDATED INCOME
(Dollars are in Millions
except per share amounts)

	Three Months Ended September 30		Nine Months Ended September 30	
	1996	1995	1996	1995
	(Unaudited)			
Revenues and Other Income:				
Operating revenues	$596	$528	$1,787	$1,745
Other	4	8	16	26
Total	600	536	1,803	1,771
Expenses:				
Cost of gas distributed	185	147	548	531
Operating expenses	217	188	631	644
Depreciation and amortization	66	60	192	181
Franchise payments and other taxes	22	23	73	75
Preferred dividends of a subsidiary	1	3	6	9
Total	491	421	1,450	1,440
Income from Operations Before Interest and Taxes	109	115	353	331
Interest	25	27	76	84
Income from Operations Before Income Taxes	84	88	277	247
Income Taxes	36	41	122	110
Net Income	48	47	155	137
Dividends on Preferred Stock	1	2	4	8
Preferred stock original issue discount			2	
Net Income Applicable to Common Stock	$ 47	$ 45	$ 149	$ 129
Net Income per Share of Common Stock	$.57	$.55	$1.80	$1.57
Dividends Declared per Share of Common Stock	$	$	$1.06	$1.00
Weighted Average Number of Shares of Common Stock Outstanding (000)	82,758	82,320	82,618	82,227

See Notes to Condensed Consolidated Financial Statements.

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEET
ASSETS
(Millions of Dollars)

	September 30 1996 (Unaudited)	December 31 1995
Property, Plant and Equipment	$6,036	$5,909
Less Accumulated Depreciation and Amortization	2,809	2,627
Total property, plant and equipment-net	3,227	3,282
Current Assets:		
Cash and cash equivalents	180	351
Accounts receivable (less allowance for doubtful receivables of $19 million at September 30,1996 and $19 million at December 31, 1995)	272	423
Income taxes receivable	34	18
Deferred income taxes	77	17
Gas in storage	20	55
Other inventories	24	22
Regulatory accounts receivable	265	246
Prepaid expenses	18	38
Total current assets	890	1,170
Other Investments	108	53
Other Receivables	16	18
Regulatory Assets	621	645
Other Assets	96	91
Total	$4,958	$5,259

See Notes to Condensed Consolidated Financial Statements.

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEET
CAPITALIZATION AND LIABILITIES
(Millions of Dollars)

	September 30 1996 (Unaudited)	December 31 1995
Capitalization:		
Shareholders' equity:		
Capital stock		
Remarketed preferred	$	$ 108
Preferred	80	80
Common	1,117	1,111
Total capital stock	1,197	1,299
Retained earnings, after elimination of accumulated deficit of $452 million against common stock at December 31, 1992 as part of quasi-reorganization	297	236
Deferred compensation relating to Employee Stock Ownership Plan	(50)	(52)
Total shareholders' equity	1,444	1,483
Preferred stocks of a subsidiary	95	195
Long-term debt	1,166	1,241
Debt of Employee Stock Ownership Plan	130	130
Total capitalization	2,835`	3,049
Current Liabilities:		
Short-term debt	193	234
Accounts payable	390	476
Other taxes payable	31	47
Long-term debt due within one year	24	100
Accrued interest	44	44
Other	99	64
Total current liabilities	781	965
Long-Term Liabilities	219	232
Customer Advances for Construction	44	47
Postretirement Benefits Other than Pensions	230	235
Deferred Income Taxes	367	246
Deferred Investment Tax Credits	65	67
Other Deferred Credits	417	418
Total	$4,958	$5,259

See Notes to Condensed Consolidated Financial Statements.

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS
(Millions of Dollars)

	Nine Months Ended September 30	
	1996	1995
	(Unaudited)	
Cash Flows from Operating Activities:		
Net Income	$ 155	$ 137
Adjustments to reconcile net income to net cash provided by continuing operations:		
Depreciation and amortization	192	181
Deferred income taxes	7	27
Other	(34)	(27)
Net change in other working capital components	175	363
Net cash provided by operating activities	495	681
Cash Flows from Investing Activities:		
Expenditures for property, plant and equipment	(127)	(150)
Increase in other investments	(55)	(4)
Decrease in other receivables, regulatory assets and other assets	4	29
Net cash used in investing activities	(178)	(125)
Cash Flows from Financing Activities:		
Sale of common stock	6	4
Redemption of preferred stock	(208)	(30)
Decrease in long-term debt	(151)	(164)
Decrease in short-term debt	(41)	(194)
Common dividends paid	(88)	(83)
Preferred dividends paid	(6)	(8)
Net cash used in financing activities	(488)	(475)
Increase (Decrease) in Cash and Cash Equivalents	(171)	81
Cash and Cash Equivalents, January 1	351	287
Cash and cash equivalents, September 30	$ 180	$ 368
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$ 75	$ 82
Income taxes	$ 116	$ 137

See Notes to Condensed Consolidated Financial Statements.

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. MERGER AGREEMENT WITH ENOVA CORPORATION

On October 14, 1996, Pacific Enterprises (Company) and Enova Corporation (Enova), the parent company of San Diego Gas & Electric, announced that their Boards of Directors had unanimously approved a business combination of the two companies in a strategic merger of equals in a tax-free transaction to be accounted for as a pooling of interests. As a result of the combination, the Company and Enova will become subsidiaries of a new holding company and their common shareholders will become shareholders of the new holding company. PE common shareholders will receive 1.5038 shares of new holding company stock for each of their shares of PE common stock and Enova common shareholders will receive one share of the new holding company common stock for each of their shares of Enova common stock. Preferred stock of Pacific Enterprises, Southern California Gas Company and San Diego Gas and Electric will remain outstanding. The new company will be incorporated in California and will be exempt from the Public Utility Holding Company Act as an intrastate holding company.

The merger is subject to approval by the Company's and Enova's shareholders and approval by governmental and regulatory agencies including the California Public Utility Commission, Federal Energy Regulatory Commission, Securities and Exchange Commission, and Department of Justice. Approval of the merger is expected to occur in late 1997. In the interim, the Company and Enova Corporation intend to form a joint venture to provide integrated energy and energy related products and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying condensed consolidated financial statements have been prepared in accordance with the interim period reporting requirements of Form 10-Q. Reference is made to the Form 10-K for the year ended December 31, 1995 for additional information.

Results of operations for interim periods are not necessarily indicative of results for the entire year. In order to match revenues and costs for interim reporting purposes, the Southern California Gas Company (SoCalGas) defers revenues related to costs which it expects to incur later in the year. In the opinion of management, the accompanying statements reflect all adjustments which are necessary for a fair presentation. These adjustments are of a normal recurring nature. Certain changes in account classification have been made in the prior years' consolidated financial statements to conform to the 1996 financial statement presentation.

Income taxes are calculated in accordance with SFAS 109. Income tax expense recognized in a period is the amount of tax currently payable plus or minus the change in the aggregate deferred tax assets and liabilities. Deferred taxes are recorded to recognize the future tax consequences of events that have been recognized in the financial statements or tax returns. For additional information regarding income taxes, see Footnote 4 of Notes to Consolidated Financial Statements in the December 31, 1995 Pacific Enterprises' Form -10-K filing.

Estimated liabilities for environmental remediation are recorded when the amounts are probable and estimable. Amounts authorized to be recovered in rates are recorded as regulatory asset. Possible recoveries of environmental remediation liabilities from third parties are not deducted from the liability shown on the balance sheet. For additional information regarding commitments and contingencies, see Footnote 5 of Notes to Consolidated Financial Statements in the December 31, 1995 Pacific Enterprises' Form 10-K filing.

3. CONTINGENT LIABILITIES

QUASI-REORGANIZATION. During 1993, the Company completed a strategic plan to refocus on its natural gas utility and related businesses. The strategy included the divestiture of the Company's retailing operations and substantially all of its oil and gas exploration and production business.

In connection with the divestitures, the Company effected a quasi-reorganization for financial reporting purposes effective December 31, 1992.

Certain of the liabilities established in connection with discontinued operations and the quasi-reorganization will be resolved in future years. As of September 30, 1996, the provisions previously established for these matters are adequate.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Condensed Consolidated Financial Statements contained in this Form 10-Q and Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's 1995 Form 10-K.

INFORMATION REGARDING FORWARD-LOOKING COMMENTS

The following discussion includes forward-looking statements with respect to matters inherently involving various risks and uncertainties. These statements are identified by the words "estimates", "expects", "anticipates", "plans", "believes" and similar expressions.

The analyses employed to develop these statements are necessarily based upon various assumptions involving judgments with respect to the future including, among others, national, regional and local economic, competitive and regulatory conditions, technological developments, inflation rates, weather conditions, business decisions, and other uncertainties, all of which are difficult to predict and many of which are beyond the control of Pacific Enterprises (Company). Accordingly, while the Company believes that the assumptions upon which the forward-looking statements are based, are reasonable for purposes of making these statements, there can be no assurance that these assumptions will approximate actual experience or that the expectations set forth in the forward-looking statements derived from these assumptions will be realized.

SUMMARY

The Company reported consolidated net income of $48 million in the third quarter of 1996 compared to $47 million in the third quarter of 1995.

Consolidated earnings continue to reflect the positive results of the Company's primary subsidiary, the Southern California Gas Company (SoCalGas). SoCalGas' net income for the quarter is slightly above results from a year ago although its authorized return on equity for 1996 is 11.6 percent, down from 12 percent a year ago. Additionally, SoCalGas also is absorbing a 3 percent productivity factor as part of a prior regulatory settlement. The results reflect continued operating efficiency and reduced capital investment.

A settlement was reached by SoCalGas, major energy consumers, other major energy utilities, and the Public Utilities Commission's Office of Ratepayer Advocates (ORA) on SoCalGas' 1997 cost of capital proceedings. Return on equity will remain at 11.6 percent for 1997 and the common equity component of the capital structure will increase to 48.0 percent from 47.4 percent authorized in 1996. The increase in the common equity component could potentially add $2 million to earnings for SoCalGas in 1997. An administrative law judge (ALJ) of the California Public Utility Commission (CPUC) has ruled in favor of the cost of capital settlement.

SoCalGas is continuing its efforts to implement Performance Based Ratemaking (PBR) in regulatory proceedings before the CPUC. If approved by the CPUC, PBR rates will be implemented sometime during the last half of 1997.

A contract agreement on wages and working conditions was reached with SoCalGas' represented workers, which comprise approximately 73% of the full time active workforce, in September 1996.

In August, Pacific Enterprises International and its two partners were awarded Mexico's first natural gas privatization license, allowing the consortium to build and operate a natural gas distribution system in Mexicali.

Finally, the Company and Enova Corporation, the parent company of San Diego Gas & Electric announced that their Boards of Directors had unanimously approved a business combination of the two companies in a strategic merger of equals in a tax free transaction to be accounted for as a pooling of interests. See additional discussion in Note 1 to the Financial Statements.

CONSOLIDATED

Net income for the three months ended September 30, 1996 was $48 million, or $.57 per common share, compared to $47 million, or $.55 per common share in 1995.

Net income for the nine months ended September 30, 1996 was $155 million, or $1.80 per common share compared to $137 million or $1.57 per common share in 1995.

The increase for the nine months is due primarily to two favorable settlements totaling $13.6 million after-tax or $.16 per share and additional operating and maintenance expense savings at SoCalGas. One settlement is from gas producers for $5.6 million, after-tax, for damages incurred to Company and customer equipment as a result of impure gas supplies and the other reflects the resolution of environmental insurance claims which benefited earnings by $8 million, after-tax. Also having an impact on earnings per share was a $2.4 million non-recurring reduction to reflect underwriting discounts related to the original issuance of preferred stock repurchased during the first quarter.

Additionally, 1995 results included a charge of $4 million, after-tax, for the resolution of certain power sales contract issues at Pacific Energy.

The effective tax rate for the third quarter 1996 was 42.9% compared to 46.9% for the comparable period in 1995. The tax rate for the nine months ended September 30, 1996 and 1995 was 44.1% and 44.5% respectively. The lower 1996 tax rate reflects the impact of several favorable tax settlements. It is the policy of the Company to review the effective tax rate on a quarterly basis and make adjustments as necessary to achieve the anticipated full year tax rate.

The weighted average number of shares of common stock outstanding in the third quarter of 1996 remained relatively unchanged from the third quarter of 1995 at 82.8 million shares.

A more detailed discussion of current period results can be found in the business segment information that follows.

OPERATING REVENUES ($ in Millions)	Three Months Ended September 30			Nine Months Ended September 30		
	1996	1995	% Change	1996	1995	% Change
Utility	$575	$505	14%	$1,692	$1,690	-
Energy Mgmt. Svcs	64	53	21	160	155	3%
International		1	n/m		1	n/m
Parent & Other *	4	2	n/m	55	3	n/m
	643	561	15	1,907	1,849	3
Less: Intersegment	47	33	42	120	104	15
	$596	$528	13%	$1,787	$1,745	2%

NET INCOME ($ in Millions)	Three Months Ended September 30			Nine Months Ended September 30		
	1996	1995	% Change	1996	1995	% Change
Utility	$51	$48	6%	$136	$146	(7%)
Energy Mgmt. Svcs	3	5	n/m	6	(2)	n/m
International	(2)	(1)	n/m	(3)	(1)	n/m
Parent & Other *	(4)	(5)	n/m	16	(6)	n/m
	$48	$47	2%	$155	$137	13%

* Includes consolidating entries
n/m - not meaningful

SOCALGAS OPERATIONS

Consolidated net income includes income of SoCalGas for the third quarter of 1996 of $51 million, compared to $48 million for the same period in 1995. For the nine months ended September 30, 1996, SoCalGas' income was $136 million compared to $146 million for the same period in 1995. Excluding non-recurring items (described below), results for the nine months were approximately even with last year.

SoCalGas' year-to-date earnings decreased primarily due to a one time non-cash charge in the second quarter of $26.6 million, after-tax, related to the Comprehensive Settlement of excess gas costs and other regulatory matters. (See additional discussion of the non-cash charge below).

This reduction was partially offset by $13.6 million after-taxes, representing one-time favorable settlements. One settlement is from gas producers, and the other reflects the resolution of environmental insurance claims.

Year-to-date results were also reduced by $6.6 million, after-tax, due to lower noncore revenues and throughput. In the first nine months of 1996, noncore throughput fell below levels used by the CPUC in establishing rates as a result of Utility Electric Generation (UEG) customers being able to purchase abundant, inexpensive hydro-generated electricity produced due to abnormally high snow and rainfall last winter. Also having a negative effect on earnings was the decrease in the rate of return on common equity from 12.0 percent in 1995 to 11.6 percent in 1996. Both of these were offset by lower than authorized operation and maintenance expenses.

The table below compares SoCalGas' throughput and revenues by customer class for the nine months ended September 30, 1996 and 1995.

($ in Millions, vol. in billion cubic feet)	Gas Sales		Trans. & Exchg.		Total	
	Throughput	Revenue	Throughput	Revenue	Throughput	Revenue
1996:						
Residential	159	$1,118	2	$ 6	161	$1,124
Comm'l/Ind'l.	61	351	215	173	276	524
Utility Elec.			109	61	109	61
Wholesale			94	48	94	48
Exchange			4		4	
Total in Rates	220	$1,469	424	$288	644	1,757
Bal. & Other						(65)
Total Op. Rev.						$1,692
1995:						
Residential	172	$1,254	2	$ 5	174	$1,259
Comm'l/Ind'l.	75	443	185	146	260	589
Utility Elec.			168	92	168	92
Wholesale	4	7	95	41	99	48
Exchange			10	1	10	1
Total in Rates	251	$1,704	460	$285	711	1,989
Bal. & Other						(299)
Total Op. Rev.						$1,690

Operating revenue increased $70 million and $2 million for the three and nine months ended September 30, 1996, respectively. The increase in operating revenues for the quarter is primarily due to higher gas costs and higher operating and maintenance expense in the quarter. Since these costs are recoverable in rates, they are also recorded as revenues resulting in increased revenues in 1996 (see Note 2 - Notes to Condensed Consolidated Financial Statements [unaudited] for a discussion of accounting policies).

As part of the Comprehensive Settlement which resolved future excess gas cost issues, the CPUC ruled that rates charged to noncore customers for the five-year period ending August 1, 1999 would be based on actual volumes delivered in 1991. SoCalGas was permitted to retain any revenue enhancements from throughput exceeding these levels subject to a crediting mechanism for revenues in excess of certain limits. SoCalGas estimated the amount of these future revenue enhancements and applied them to reduce the 1993 charge for the Comprehensive Settlement.

Due to continuing developments in the CPUC's regulatory restructuring of the electric utility industry, SoCalGas now anticipates that future throughput to noncore customers will not meet levels projected in 1993 at the time of the Comprehensive Settlement. Consequently, it believes it will not realize the remaining revenue enhancements that were applied to offset the costs of the Comprehensive Settlement and in the second quarter charged that amount to revenues resulting in a reduction in earnings of $26.6 million after-tax. In connection with the 1992 quasi-reorganization, the Company established a reserve for excess gas costs and consequently, the charge to SoCalGas' income had no effect on consolidated income. The assets and liabilities of SoCalGas were not adjusted in connection with the quasi-reorganization in 1992, since it is a regulated entity whose assets and liabilities, for the most part, are recorded on the basis of future rate recovery. While the Company is not pleased that the cost of the Comprehensive Settlement is greater than originally estimated, the Company continues to believe that this is a good settlement which enhances SoCalGas' competitive position.

Throughput, the total gas sales and transportation volumes moved through SoCalGas' system, decreased in 1996 as a result of lower demands, primarily by UEG customers. This was the result of an abundance of inexpensive hydro-electricity. The availability of hydro-generated electricity has been declining through the third quarter and is now closer to normal levels.

Cost of gas distributed was $201 million and $594 million for the three and nine months ended September 30, 1996. This represents an increase of $37 million and $18 million compared to the same periods in 1995, respectively. The increase is primarily due to an increase in the average cost of gas purchased to $1.78 per million cubic feet (MCF) for the third quarter of 1996 compared to $1.58 per MCF for the third quarter of 1995. Under the current regulatory framework, changes in revenue resulting from changes in volumes in the core market and cost of gas do not affect net income.

Operating and maintenance expenses for the three and nine months ended September 30, 1996 increased $24 million and decreased $3 million, respectively, when compared to 1995. As a result of the completion of the Company's reorganization to business units on July 1, 1995, certain expenses were not incurred in the third quarter 1995 as originally planned, but, were incurred later in the year. Also, a lump sum bonus totaling $5.7 million was paid to represented employees in September 1996 as a result of the union contract signing.

Depreciation and amortization expense increased $6 million and $11 million for the three and nine months ended September 30, 1996, respectively, when compared to 1995. The increase is partially due to the completion and installation of the Customer Information System in April 1996 which was capitalized at $65 million and has a ten-year life.

RECENT CPUC REGULATORY ACTIVITY

Under the Gas Cost Incentive Mechanism (GCIM), SoCalGas can recover all costs in excess of a benchmark level to the extent they fall within a tolerance band which extends to 4 percent above the benchmark. If SoCalGas' cost of gas exceeds the tolerance level, then the excess costs are shared equally between customers and shareholders. All savings from gas purchased below the benchmark are shared equally between customers and shareholders.

SoCalGas' purchased gas costs were $12.4 million below the specified GCIM benchmark for the period April 1995 to March 1996. A filing has been made with the CPUC requesting a $6.2 million reward for shareholders under the procurement portion of the incentive mechanism. The reward amount will be recognized in income when a final CPUC decision has been issued.

SoCalGas enters into gas futures contracts in the open market on a limited basis. SoCalGas' intention is to use gas futures contracts to mitigate risk and better manage gas costs. The CPUC has approved the use of gas futures for managing risk associated with the GCIM.

REGULATORY ACTIVITY INFLUENCING FUTURE PERFORMANCE

Future regulatory restructuring, increased competitiveness in the industry, and the electric industry restructuring will affect SoCalGas' future performance. SoCalGas has filed a "Performance Based Regulation" (PBR) application with the CPUC to replace the general rate case and certain other regulatory proceedings. This new approach, if adopted as filed, would maintain cost based rates at inflation less a productivity factor, but would link financial performance with changes in productivity, increased gas usage, and new products and services. In May 1996, SoCalGas submitted a supplemental PBR filing to the CPUC proposing that customer rates be reduced by approximately $62 million, or 4% from current levels.

In a report issued in October 1996, the ORA proposed an additional $162 million rate reduction. It is expected a number of these proposed disallowances will be overturned due to possible errors in the ORA's assumptions and calculations. Other areas of disallowances would result in discontinuance of programs, which, if approved, would result in no negative impact on SoCalGas' earnings.

While it is not the Company's policy to predict the ultimate outcome of regulatory proceedings, given the nature of the proposed disallowances and SoCalGas' ability to manage its business within the constraints of the regulatory environment, the Company does not believe that the proposed rate reduction will have a materially negative impact on its earnings. Per the procedural schedule adopted by the CPUC, open hearings on the application are scheduled to begin in mid-November. A final decision would then be expected in the summer of 1997.

In March 1996, SoCalGas filed its 1996 Biennial Cost Allocation Proceeding with the CPUC. In its filing, SoCalGas is seeking a total rate reduction of $138 million. The rate reduction reflects amounts previously collected in rates, but not expended for conservation programs, research and development programs and purchased gas costs. A CPUC decision is expected in the fourth quarter.

In August 1996, a settlement was reached by SoCalGas, major energy consumers, other major energy utilities, and the ORA on SoCalGas' 1997 cost of capital. The settlement, which avoided potential costly administrative hearings, allows SoCalGas an authorized return on common equity of 11.6 percent and a 9.49 percent return on rate base. Also allowed was a 60 basis point increase in SoCalGas' authorized common equity ratio to 48.0 percent. The increase in the common equity component will potentially add $2 million to earnings for SoCalGas in 1997. An ALJ has issued a ruling in support of the cost of capital settlement. The CPUC is expected to issue its decision in the fourth quarter of 1996.

As discussed in the 1995 Form 10-K, existing interstate pipeline capacity into California exceeds current demand by over 1 billion cubic feet per day. Costs of unsubscribed capacity may be charged back to firm customers. However, the Federal Energy Regulatory Commission (FERC) has approved a settlement with Transwestern which calls for firm customers, including SoCalGas, to subsidize unsubscribed pipeline costs for a five-year period with Transwestern assuming full responsibility after that time. A settlement was also reached with El Paso, in which customers, including SoCalGas, will pay for a portion of the unused capacity. The customers may also receive credits from El Paso for unused capacity sold. The settlement is for a ten-year period and is awaiting approval by the FERC. SoCalGas expects a ruling will be issued in the first half of 1997.

The Company believes that the FERC approved settlement with Transwestern and the proposed settlement with El Paso will not have a significant impact on liquidity or on the results of operations as a result of the requirement to subsidize unsubscribed pipeline costs for a five-year period. The settlements result in a reduction in the costs that SoCalGas could possibly have to pay in the future as a result of unsubscribed pipeline capacity. While the inclusion in SoCalGas' rates of any costs associated with unsubscribed pipeline capacity may impact SoCalGas' ability to compete in highly contested markets, the Company does not believe its inclusion will have a significant impact on volumes transported or sold.

As part of its continuing evaluation of the impact of electric restructuring on SoCalGas, the Company reviewed the requirements of SFAS 121 "Accounting for the Impairment of Long Lived Assets and Long Lived Assets to be Disposed of." Although Management believes that the volume of gas transported by SoCalGas may be adversely impacted by the electric restructuring, it is not anticipated that it would result in an impairment of assets as defined in SFAS 121 because the expected discounted future cash flows from SoCalGas' investment in its gas transportation infrastructure is greater than its carrying amount.

OTHER UTILITY ACTIVITY

Approximately 5,500 field, clerical and technical employees of SoCalGas are represented by the Utility Workers' Union of America or the International Chemical Workers' Union. In June, a union decertification petition was filed with the National Labor Relations Board (NLRB) by members of the Company's unions. The petition was withdrawn by the represented employees supporting the petition drive in August 1996.

In September 1996, SoCalGas' represented employees approved a new contract on wages and working conditions which will expire on March 31, 1998. This agreement provides the basis for a constructive working relationship between SoCalGas and the Unions to better address business issues. Key provisions give SoCalGas the flexibility to create a multi-skilled workforce through reclassification and training, the right to establish management-employee teams to address proficiency and the right to outsource noncore functions such as billings, all of which enhance SoCalGas' ability to be more competitive. Full time represented employees have employment security for the duration of the contract. Additionally, these employees received a 2.7 percent lump sum signing bonus in September 1996 which totaled $5.7 million.

For additional information, see the discussion under the caption "Management Discussion and Analysis - Factors Influencing Future Performance" in the Company's 1995 Form 10-K.

ENERGY MANAGEMENT SERVICES

Operating revenue was $64 million and $160 million for the three and nine months ended September 30, 1996. This represents an increase of $11 million and $5 million from results in 1995. The increase for the quarter is primarily due to higher current year gas prices at Pacific Interstate partially offset by lower contract rates at Pacific Energy.

Net income of Energy Management Services (EMS) was $6 million in 1996 compared to a loss of $2 million in 1995. The improved financial result is primarily due to a 1995 nonrecurring charges of $4 million after-tax for certain power sales contract restructuring issues and $4 million for the write-down of certain assets. This improvement is partially offset by lower 1996 revenues at the operating plants.

INTERNATIONAL OPERATIONS

Pacific Enterprises International (PEI) began operations in March 1995. Net loss at PEI was $3 million in 1996 compared to a loss of $1 million in 1995.

Higher general and administrative expenses result from nine months of operations in 1996 compared to six months in 1995. This was partially offset by a $2.1 million, pre-tax, cash dividend received from its investment in two Argentina holding companies in the second quarter of 1996.

On April 10, PEI completed an acquisition of a 12.5 percent interest in two utility holding companies that control natural gas distribution utilities in Argentina. The acquisition price was $48.5 million. These utilities in central and southern Argentina deliver about 625 million cubic feet of gas per day to one million customers. PEI has a role in actively managing the utility operations by providing expertise in areas such as underground storage, marketing gas usage and billing and collections to help grow this investment. On May 10, 1996, PEI received a $2.1 million dividend (pre-tax) from the utility holding companies.

On August 12, 1996, PEI, and two partners were awarded Mexico's first privatization license allowing the consortium to build and operate a natural gas distribution system in Mexicali. The franchise was awarded to Distribuidora de Gas Natural de Mexicali S. de R.L. de C.V. (DGN), a Mexican company formed by PEI, Enova International (affiliate of San Diego Gas & Electric) and Proxima Gas. DGN will invest approximately $20 to $25 million during an initial five-year period to provide service to more than 25,000 commercial, industrial and residential users.

PARENT COMPANY

Parent company expense was $3 million and $10 million for the three and nine months ended September 30, 1996, respectively, including interest expense. This compares to expense of $6 million and $16 million for the same periods in 1995. Expenses are lower in 1996 as 1995 results include costs related to the reorganization of the Company into business units which was completed in July 1995.

CAPITAL RESOURCES AND LIQUIDITY

Cash flows from operations were $75 million and $495 million for the three and nine months ended September 30, 1996, respectively. This represents a decrease of $31 million and $186 million, respectively from 1995. The decrease for the three and nine months is primarily due to higher collections of regulatory accounts receivable in 1995 compared to 1996.

Capital expenditures were $41 million and $127 million for the three and nine months ended September 30, 1996, respectively. This represents a decrease of $10 million and $23 million, respectively from 1995. Capital expenditures are estimated to be $225 million in 1996, and will be financed primarily by internally generated funds.

Cash flows from financing activities were $488 million for the nine months ended September 30, 1996. This represents a preferred stock redemption of $210 million, repayment of commercial paper of $107 million and redemption of $67 million of Swiss Franc bonds and payment of common and preferred dividends of $94 million.

Of the preferred stock redeemed, $110 million was Parent Remarketed, Series A preferred stocks, $50 million was SoCalGas Series A Flexible Auction preferred stock and $50 million was SoCalGas Series C Flexible Auction preferred stock. In connection with the redemption of the Remarketed preferred stock, the Company recorded a $2.4 million non-recurring reduction to earnings per share to reflect the original issue underwriting discount.

On April 30, 1996, investors put back $67 million of SoCalGas perpetual Swiss Franc bonds representing 90% of the total $75 million outstanding. The next available put date for the outstanding balance is the year 2006. SoCalGas borrowed these funds from the Parent and anticipates refinancing this amount through the issuance of medium-term notes.

Cash and cash equivalents at September 30, 1996 were $180 million, all of which is non-utility cash. This cash is available for investment in new energy-related domestic and international projects, repurchase of common and preferred stock, the retirement of debt and other corporate purposes during the next few years.

The Company paid dividends of $88 million on common stock and $6 million on preferred stock for a total of $94 million. This compares to $91 million in 1995. The increase in 1996 is due to the increase in the quarterly common stock dividend rate in the second quarter of 1996 partially offset by lower preferred dividends.

The quarterly dividend rate was increased to $.34 per share in the second quarter of 1995 and to $.36 per share in the second quarter of 1996.

In April, the Board of Directors authorized the buyback of up to 4.25 million shares of the Company's common stock representing approximately 5% of outstanding shares over a two-year period. As of September 30, 1996, the Company has not repurchased any shares under this program.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(b) There were no reports on Form 8-K filed during the quarter ended September 30, 1996.

Reports on Form 8-K filed subsequent to the quarter ended September 30, 1996 were as follows:

Item 5 - Other Events - October 15, 1996

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
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(Registrant)

Ralph Todaro
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Ralph Todaro
Vice President and Controller
(Chief Accounting Officer and
duly authorized signatory)

Date: February 5, 1997

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM
THE CONDENSED STATEMENT OF CONSOLIDATED INCOME, BALANCE SHEET, AND CASH FLOWS
AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
0000075527
PACIFIC ENTERPRISES
1,000,000

9-MOS
DEC-31-1995
SEP-30-1996
PER-BOOK
3,227
108
890
621
112
4,958
1,117
0
297
1,364
0
80
1,166
193
0
0
24
0
0
0
2,131
4,958
1,787
122
0
1,450
353
16
0
76
155
6
149
88
0
495
1.80
1.80