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

FORM 10-Q

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

For the quarterly period ended March 31, 2000

Commission file number 1-14201

Sempra Energy
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or organization)

33-0732627
(I.R.S. Employer Identification No.)

101 Ash Street, San Diego, California 92101
(Address of principal executive offices)
(Zip Code)

(619) 696-2034
(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

Common stock outstanding on April 30, 2000: 204,267,240

ITEM 1. FINANCIAL STATEMENTS.

SEMPRA ENERGY
STATEMENTS OF CONSOLIDATED INCOME
Dollars in millions except per-share amounts

	Three months ended March 31, 2000	1999
Revenues and Other Income		
Utility revenues:		
Natural gas	$ 821	$ 698
Electric	349	360
Other operating revenues	272	111
Other income	24	22
Total	1,466	1,191
Expenses		
Cost of natural gas distributed	390	291
Electric fuel and net purchased power	133	101
Operating expenses	499	389
Depreciation and amortization	134	142
Franchise payments and other taxes	51	45
Preferred dividends by subsidiaries	3	3
Trust preferred distributions by subsidiaries	2	--
Total	1,212	971
Income Before Interest and Income Taxes	254	220

Interest	73	58
Income Before Income Taxes	181	162
Income taxes	68	63
Net Income	$ 113	$ 99
Weighted-average number of shares outstanding (Basic)*	228,291	237,065
Weighted-average number of shares outstanding (Diluted)*	228,371	237,408
Net Income Per Share of Common Stock (Basic)	$ 0.49	$ 0.42
Net Income Per Share of Common Stock (Diluted)	$ 0.49	$ 0.42
Common Dividends Declared Per Share	$ 0.25	$ 0.39

*In thousands of shares
See notes to Consolidated Financial Statements.

SEMPRA ENERGY
CONSOLIDATED BALANCE SHEETS
Dollars in millions

	Balance at	
	March 31, 2000	December 31, 1999
ASSETS		
Current assets:		
Cash and cash equivalents	$ 640	$ 487
Accounts receivable - trade	549	428
Accounts and notes receivable - other	120	129
Income taxes receivable	--	144
Energy trading assets	2,050	1,539
Inventories	70	148
Other	124	165
Total current assets	3,553	3,040
Investments and other assets:		
Regulatory assets	647	670
Nuclear-decommissioning trusts	545	551
Investments	1,287	1,164
Other assets	473	451
Total investments and other assets	2,952	2,836
Property, plant and equipment:		
Property, plant and equipment	11,264	11,127
Less accumulated depreciation and amortization	(5,838)	(5,733)
Total property, plant and equipment - net	5,426	5,394
Total assets	$11,931	$11,270

See notes to Consolidated Financial Statements.

SEMPRA ENERGY
CONSOLIDATED BALANCE SHEETS (CONTINUED)
Dollars in millions

	Balance at	
	March 31, 2000	December 31, 1999
LIABILITIES		
Current liabilities:		

Short-term debt	$ --	$ 182
Accounts payable	807	727
Accrued income taxes	57	--
Deferred income taxes	70	67
Energy trading liabilities	1,870	1,365
Dividends and interest payable	109	154
Regulatory balancing accounts - net	577	357
Long-term debt due within one year	153	155
Other	308	320
Total current liabilities	3,951	3,327
Long-term debt	3,349	2,902
Deferred credits and other liabilities:		
Customer advances for construction	70	72
Post-retirement benefits other than pensions	200	204
Deferred income taxes	641	615
Deferred investment tax credits	105	106
Deferred credits and other liabilities	811	854
Total deferred credits and other liabilities	1,827	1,851
Preferred stock of subsidiaries	204	204
Mandatorily redeemable trust preferred securities	200	--
Commitments and contingent liabilities (Note 3)		
SHAREHOLDERS' EQUITY		
Common stock	1,412	1,966
Retained earnings	996	1,101
Deferred compensation relating to ESOP	(41)	(42)
Accumulated other comprehensive income	33	(39)
Total shareholders' equity	2,400	2,986
Total liabilities and shareholders' equity	$11,931	$11,270

See notes to Consolidated Financial Statements.

SEMPRA ENERGY
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
Dollars in millions

	Three Months Ended March 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 113	$ 99
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	134	142
Deferred income taxes and investment tax credits	13	4
Other - net	(75)	(64)
Net change in other working capital components	472	267
Net cash provided by operating activities	657	448
CASH FLOWS FROM INVESTING ACTIVITIES		
Expenditures for property, plant and equipment	(131)	(73)
Other	(11)	(35)
Net cash used in investing activities	(142)	(108)
CASH FLOWS FROM FINANCING ACTIVITIES		
Common dividends	(94)	(94)
Sale of common stock	1	3
Repurchase of common stock	(722)	--
Issuance of madatorily redeemable trust preferred securities	200	--
Issuance of long-term debt	504	10
Payments on long-term debt	(69)	(56)
Decrease in short-term debt - net	(182)	(5)
Net cash used in financing activities	(362)	(142)

Increase in Cash and Cash Equivalents	153	198
Cash and Cash Equivalents, January 1	487	424
Cash and Cash Equivalents, March 31	$ 640	$ 622
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest payments, net of amounts capitalized	$ 100	$ 63
Income tax payments (refunds) - net	$ (124)	$ 24

See notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

This Quarterly Report on Form 10-Q is that of Sempra Energy (the Company), a California-based Fortune 500 energy services company. Sempra Energy's principal subsidiaries are San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas), collectively referred to herein as the California utilities. The financial statements herein are the Consolidated Financial Statements of Sempra Energy and its subsidiaries.

The accompanying Consolidated Financial Statements have been prepared in accordance with the interim-period-reporting requirements of Form 10-Q. Results of operations for interim periods are not necessarily indicative of results for the entire year. In the opinion of management, the accompanying statements reflect all adjustments necessary for a fair presentation. These adjustments are only of a normal recurring nature. Certain changes in classification have been made to prior presentations to conform to the current financial statement presentation.

The Company's significant accounting policies are described in the notes to Consolidated Financial Statements in the Company's 1999 Annual Report. The same accounting policies are followed for interim reporting purposes.

Information in this Quarterly Report is unaudited and should be read in conjunction with the Company's 1999 Annual Report.

The California utilities have been accounting for the economic effects of regulation on utility operations in accordance with Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS No. 71), as described in the notes to Consolidated Financial Statements in the Company's 1999 Annual Report. In conformity with generally accepted accounting principles for regulated enterprises and the policies of the California Public Utilities Commission (CPUC), SDG&E does not apply SFAS No. 71 to its generation business, as discussed further in Note 3.

2. MAJOR FINANCIAL TRANSACTIONS

Common Stock Repurchase

On February 25, 2000, the Company completed a self tender offer, purchasing 36.1 million shares of its outstanding common stock at $20 per share. The Company issued $500 million of long-term 7.95% notes due 2010 and $200 million of 8.9% mandatorily redeemable trust preferred securities to finance substantially all of the purchase.

Additional Common Stock Repurchases Authorized

On March 9, 2000 the Company's Board of Directors authorized the expenditure of up to $100 million to repurchase additional shares of common stock from time to time in the open market or in privately negotiated transactions. Authorization of the stock repurchase does not obligate the Company to acquire any particular amount of common stock or within any specific timeframe, and no additional shares were repurchased during the three-month period ended March 31, 2000.

Reduction in Common Dividends

Dividends currently are paid quarterly to shareholders. The payment of future dividends is within the discretion of the board of directors. In January 2000 the Company reduced the quarterly dividend on shares of its common stock to $0.25 per share ($1.00 annualized rate) from its previous level of $0.39 per share ($1.56 annualized rate) commencing with the dividend payable in the second quarter of 2000.

Chilquinta Energia S.A. and Luz del Sur S.A.

On June 10, 1999, Sempra Energy International (SEI) and Public Service Enterprise Group (PSEG) purchased (on a 50/50 basis) Chilquinta Energia S.A. (Energia), primarily a Chilean electric distribution company, for $840 million. SEI invested $260 million for the purchase of stock and refinanced $160 million of Energia's outstanding long-term debt. In September 1999, SEI and PSEG completed their acquisition of 47.5 percent of the outstanding shares of Luz del Sur S.A., a Peruvian electric distribution company. SEI's share of the transaction was $108 million in cash. This acquisition, combined with the 37-percent already owned through Energia, increased the companies' total joint ownership to 84.5 percent of Luz del Sur S.A.

KN Energy

On June 21, 1999, Sempra Energy and KN Energy, Inc. (KN) announced that they had agreed to terminate an agreement for the acquisition of KN by Sempra Energy. Expenses incurred in connection with the proposed acquisition were $0.5 million, after tax, for the three-month period ended March 31, 1999.

3. MATERIAL CONTINGENCIES

ELECTRIC INDUSTRY RESTRUCTURING -- CALIFORNIA PUBLIC UTILITIES COMMISSION

In September 1996, the State of California enacted a law restructuring California's electric utility industry (AB 1890). The legislation adopted the December 1995 CPUC policy decision restructuring the industry to stimulate competition and reduce rates.

Beginning on March 31, 1998, customers were given the opportunity to choose to continue to purchase their electricity from the local utility under regulated tariffs, to enter into contracts with other energy-service providers (direct access) or to buy their power from the independent Power Exchange (PX) that serves as a wholesale power pool allowing all energy producers to participate competitively. The PX obtains its power from qualifying facilities, from nuclear units and, lastly, from the lowest-bidding suppliers. California's investor-owned utilities (IOUs) are obligated to sell their power supply, including owned generation and purchased-power contracts, to the PX. The IOUs are also obligated to purchase from the PX the power that they distribute. An Independent System Operator (ISO) schedules power transactions and access to the transmission system. The local utility continues to provide distribution service regardless of the source from which the customer chooses to purchase electricity. Purchases by SDG&E from the PX/ISO are included in purchased-power expenses and revenues from sales to the PX/ISO have been netted therein on the Statements of Consolidated Income. Revenues from the PX/ISO reflect sales to its PX/ISO at market prices of energy from SDG&E's power plants and from its long-term purchased-power contracts.

As discussed in the notes to Consolidated Financial Statements contained in the Company's 1999 Annual Report, AB 1890 allowed the IOUs a reasonable opportunity to recover their stranded costs via a competition transition charge (CTC) to customers through December 31, 2001. In June 1999, SDG&E completed the recovery of its stranded costs, other than the future above-market portion of qualifying facilities and other purchased-power contracts that were in effect at December 31, 1995, and San Onofre Nuclear Generating Station (SONGS) costs as described below, both of which will continue to be collected in rates. Recovery of the other stranded costs was effected by, among other things, the sale of SDG&E's South Bay and Encina fossil power plants and combustion turbines during the quarter ended June 30, 1999. SDG&E will operate and maintain both plants for the new owners until April 2001 and May 2001, respectively.

Stranded costs included the cost of SONGS as of December 31, 1995. SDG&E retains ownership of its 20-percent interest in SONGS. Subsequent SONGS costs are recoverable only from the sales to the PX of power produced from SONGS, at rates previously fixed by the CPUC through December 31, 2003 and at market rates thereafter. If approved by the CPUC, SDG&E is planning to auction its interest in SONGS. A major issue being addressed is how to handle the decommissioning trust to ensure that adequate funding is available at the time the plant is decommissioned.

AB 1890 also required a 10-percent reduction of residential and small commercial customers' rates, beginning in January 1998, and provided for the issuance of rate-reduction bonds by an agency of the State of California to enable the IOUs to achieve this rate reduction. In December 1997, $658 million of rate-reduction bonds were issued on SDG&E's behalf at an average interest rate of 6.26 percent. These bonds are being repaid over 10 years by SDG&E's residential and small commercial customers via a non-bypassable charge on their electric bills. In 1997, SDG&E formed a subsidiary, SDG&E Funding LLC, to facilitate the issuance of the bonds. In exchange for the bond proceeds, SDG&E sold to SDG&E Funding LLC all of its rights to the revenue streams collected from such customers related to the non-bypassable charge. Consequently, the transaction is structured to cause such revenue streams not to be the property of SDG&E nor to be available to satisfy any claims of SDG&E's creditors.

The sizes of the rate-reduction bond issuances were set so as to make the IOUs neutral as to the 10-percent rate reduction, and were based on a four-year period to recover stranded costs. Because SDG&E recovered its stranded costs in only 18 months (due to the greater-than-anticipated plant-sale proceeds), the bond sale proceeds were greater than needed. Accordingly, SDG&E will return to its customers over $400 million of surplus bond proceeds. The timing of the return will differ from the timing of the collection, but the specific timing of the repayment and the interest rate thereon are the subject of a CPUC proceeding. This refund will not affect SDG&E's net income, except to the extent that the interest associated with the refund differs from the return earned by the Company on the funds to be refunded. The refund does not affect the bonds and their repayment schedule.

On March 17, 2000 a proposed decision was issued in this proceeding which would require SDG&E to refund the surplus bond proceeds over the remaining life of the bonds at an interest rate of 12.63 percent. An April 21, 2000 alternate decision would, if adopted, require SDG&E to refund the surplus bond proceeds over a very short period of time (the next feasible billing cycle) at the 12.63 percent interest rate. A final decision regarding this refund is expected in the second quarter of 2000.

AB 1890 also includes a rate freeze for all IOU customers. Beginning in 1998, SDG&E's system-average rates were fixed at 9.43 cents per kwh. The rate freeze was to have stayed in place until January 1, 2002. However, in connection with completion of its stranded cost recovery, SDG&E filed with the CPUC for a mechanism to structure electric rates after the end of the rate freeze. SDG&E received approval to reduce base rates (the non-commodity portion of rates) to all electric customers, effective July 1, 1999. The portion of the electric rate representing the commodity cost is passed through to customers and fluctuates with the price of electricity from the PX. As a result, although base rates are now below those implicit in the rate freeze, total rates charged by SDG&E may be above or below those set by the rate freeze depending on the cost of electricity.

The CPUC is currently deliberating on the legal, ratemaking and policy issues of ending the rate freeze for all the IOUs, including post-rate freeze ratemaking. One issue in this proceeding is a joint proposal by SDG&E and several other parties that would limit SDG&E's obligation to purchase from the PX to 80 percent of the electricity required by its utility default customers, and to establish an electric commodity performance-based regulation (PBR) mechanism, which would measure SDG&E's effectiveness in procuring electricity on behalf of its utility default commodity customers and the administration of its above-market purchased-power contracts. On March 17, 2000, a proposed decision was issued in this proceeding which does not adopt the proposed SDG&E electric commodity PBR mechanism and does not allow reapplication until such time as all three California IOUs have completed stranded cost recovery. An April 17, 2000 alternate decision also rejects the proposed commodity PBR mechanism. A final decision on this issue is expected during the second quarter of 2000.

Thus far, electric-industry restructuring has been confined to generation. Transmission and distribution have remained subject to traditional cost-of-service regulation. However, the CPUC is exploring the possibility of opening up electric distribution to competition. During 2000, the CPUC will consider whether any changes should be made in electric distribution regulation. A CPUC staff report on this issue is expected to be submitted to the CPUC in the second quarter of 2000. SDG&E and its affiliate, Southern California Gas Company, will actively participate in this effort and will argue in support of competition intended to maximize benefits to customers rather than to protect competitors.

ELECTRIC INDUSTRY RESTRUCTURING -- FEDERAL ENERGY REGULATORY COMMISSION

On December 20, 1999 the Federal Energy Regulatory Commission (FERC) issued "Order 2000". As described in the Company's 1999 Annual Report, the rule discusses the formation of Regional Transmission Organizations, grid management, transmission pricing reform and related matters. The impact of Order 2000 on SDG&E depends on the results of this process and other implementation issues.

Transmission Access Charge

On March 31, 2000 the ISO filed with the FERC a transmission access charge (TAC) which separates the transmission systems in California into two groups (high and low voltage) as the basis for allocating the costs of maintaining the transmission systems among the various transmission owners. SDG&E voted against the TAC and plans to file a protest with the FERC during the second quarter of 2000. If the FERC approves the TAC, Internal Revenue Service regulations may require SDG&E to refinance the industrial development bonds that support its transmission and distribution facilities. If this occurs, SDG&E's estimated annual pretax cost of replacing the bonds with debt, the interest on which is taxable to the holders, would be approximately $13 million, most of which would be recovered in rates. A FERC decision is not expected before 2001.

NATURAL GAS INDUSTRY RESTRUCTURING

The natural gas industry experienced an initial phase of restructuring during the 1980s by deregulating natural gas sales to noncore customers. On January 21, 1998, the CPUC released a staff report initiating a project to assess the current market and regulatory framework for California's natural gas industry. The general goals of the plan are to consider reforms to the current regulatory framework emphasizing market-oriented policies benefiting California's natural gas consumers.

The CPUC has held hearings throughout the state and intends to give the legislature a draft ruling before adopting a final market-structure policy. The California utilities have been actively participating in this effort and have argued in support of competition intended to maximize benefits to customers rather than to protect competitors. During this process various large customers on the California utilities' systems are in the process of negotiating a restructuring of intrastate transmission receipt points, balancing policies and storage rights. The California utilities and other interested parties are expected to file a settlement with the CPUC on these matters in the second quarter of 2000 with evidentiary hearings before the CPUC in June 2000. A CPUC decision is not expected until late 2000.

In October 1999, the State of California enacted a law (AB 1421) which requires that natural gas utilities provide "bundled basic gas service" (including transmission, storage, distribution, purchasing, revenue-cycle services and after-meter services) to all core customers, unless the customer chooses to purchase natural gas from a non-utility provider. The law prohibits the CPUC from unbundling distribution-related natural gas services (including meter reading and billing) and after-meter services (including leak investigation, inspecting customer piping and appliances, pilot relighting and carbon monoxide investigation) for most customers. The objective is to preserve both customer safety and customer choice.

NUCLEAR INSURANCE

SDG&E and the co-owners of SONGS have purchased primary insurance of $200 million, the maximum amount available, for public-liability claims. An additional $9.3 billion of coverage is provided by secondary financial protection required by the Nuclear Regulatory Commission and provides for loss sharing among utilities owning nuclear reactors if a costly accident occurs. SDG&E could be assessed retrospective premium adjustments of up to $36 million in the event of a nuclear incident involving any of the licensed, commercial reactors in the United States, if the amount of the loss exceeds $200 million. In the event these coverages are insufficient, the Price-Anderson Act provides for Congress to enact further revenue-raising measures to pay claims, which could include an additional assessment on all licensed reactor operators.

Insurance coverage is provided for up to $2.8 billion of property damage and decontamination liability. Coverage is also provided for the cost of replacement power, which includes indemnity payments for up to three years and six weeks, after a waiting period of 12 weeks. Coverage is provided primarily through mutual insurance companies owned by utilities with nuclear facilities. If losses at any of the nuclear facilities covered by the risk-sharing arrangements were to exceed the accumulated funds available from these insurance programs, SDG&E could be assessed retrospective premium adjustments of up to $5 million.

QUASI-REORGANIZATION

In 1993 PE divested its merchandising operations and most of its oil and gas exploration and production business. In connection with the divestitures, PE effected a quasi-reorganization for financial-reporting purposes effective December 31, 1992. Unitary tax issues and certain other liabilities established in connection with the quasi-reorganization were favorably resolved in November 1999. Excess reserves of $80 million resulting from the favorable resolution of these issues were added to shareholders' equity at that time. Other liabilities established in connection with discontinued operations and the quasi-reorganization will be resolved in future years. Management believes the provisions for these matters are adequate.

4. COMPREHENSIVE INCOME

Comprehensive income for the three-month periods ended March 31, 2000 and March 31, 1999 was $187 million and $99 million, respectively. The difference between net income and comprehensive income for the three-month period ended March 31, 2000 was due to foreign currency translation adjustments of $39 million, minimum pension liability adjustments and $34 million of unrealized gains on marketable securities that are classified as available-for-sale (although they cannot be sold until November 2000). For the three-month period ended March 31, 1999 comprehensive income was equal to net income.

As was the case for the three-month period ended March 31, 2000, it is likely that comprehensive income in future periods will differ significantly from net income and will be more volatile than net income.

5. SEGMENT INFORMATION

The Company is primarily an energy-services company and has three separately managed reportable segments comprised of SDG&E, SoCalGas and Sempra Energy Trading (SET). The two utilities operate in essentially separate service territories under separate regulatory frameworks and rate structures set by the CPUC. As described in the notes to Consolidated Financial Statements in the Company's 1999 Annual Report, SDG&E provides electric and natural gas service to San Diego and southern Orange counties. SoCalGas is a natural gas distribution utility, serving customers throughout most of southern California and part of central California. SET is based in Stamford, Connecticut and is engaged in the wholesale trading and marketing of natural gas, power and petroleum in the U.S. and in other countries. The accounting policies of the segments are the same as those described in the notes to Consolidated Financial Statements in the Company's 1999 Annual Report, and segment performance is evaluated by management based on reported net income. Intersegment transactions generally are recorded the same as sales or transactions with third parties. Utility transactions are based primarily on rates set by the CPUC and FERC. There were no significant changes in segment assets during the three-month period ended March 31, 2000. Information concerning SoCalGas' own segments is provided in its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

	Three months ended March 31,	
(Dollars in millions)	2000	1999
Operating Revenues:		

San Diego Gas & Electric	$ 471	$ 461
Southern California Gas	698	607
Sempra Energy Trading	176	73
Intersegment revenues	(11)	(14)
Other	108	42
Total	$1,442	$1,169
Net Income:		
San Diego Gas & Electric*	$ 52	$ 53
Southern California Gas	50	47
Sempra Energy Trading	18	1
Other	(7)	(2)
Total	$ 113	$ 99

* after preferred dividends

6. SEMPRA ENERGY HOLDINGS

Sempra Energy Holdings (SEH), a wholly owned subsidiary of Sempra Energy, has a $500 million credit agreement that expires in October 2000 and is available to support commercial paper. Borrowings under the agreement would bear interest at various rates based on market rates and Sempra Energy's credit rating. At March 31, 2000, SEH had no borrowings or commercial paper obligations outstanding. Borrowings and the commercial paper would be guaranteed by Sempra Energy.

On May 5, 1999, SEH filed a shelf registration for the issuance of debt securities, guaranteed by Sempra Energy, to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933. At March 31, 2000, SEH had not issued any securities under the registration statement.

Summarized financial information of SEH is provided below.

(Dollars in millions)

	At March 31, 2000	At December 31, 1999
Current assets	$2,604	$2,271
Non-current assets	1,386	1,317
Current liabilities	2,487	2,124
Non-current liabilities	493	502

	Three Months Ended March 31,	
	2000	1999
Operating revenues	$283	$114
Operating expenses	272	129
Net income (loss)	14	(10)

ITEM 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements contained in this Form 10-Q and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's 1999 Annual Report.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "estimates," "believes," "expects," "anticipates," "plans," "intends," "may" and "should" or similar expressions, or discussions of strategy or of plans are intended to identify forward-looking statements that involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements.

These statements are necessarily based upon various assumptions involving judgments with respect to the future and other risks, including, among others, local, regional, national and international economic, competitive, political and regulatory conditions and developments; technological developments; capital market conditions; inflation rates; interest rates; exchange rates; energy markets, including the timing and extent of changes in commodity prices; weather conditions; business, regulatory or legal decisions; the pace of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; and other uncertainties -- all of which are difficult to predict and many of which are beyond the control of the Company. Readers are cautioned not to rely unduly on any forward-looking statements and are urged to review and consider carefully the risks, uncertainties and other factors which affect the Company's business described in this quarterly report and other reports filed by the Company from time to time with the Securities and Exchange Commission.

MAJOR FINANCIAL TRANSACTIONS

See Note 2 of the notes to Consolidated Financial Statements concerning common stock repurchases, a reduction in common dividends, the acquisitions of Chilquinta Energia S.A. and Luz del Sur S.A., and the agreement to terminate the KN Energy acquisition.

The effect of the stock repurchases, which did not affect the number of common shares outstanding until March 9, 2000, was to increase earnings per share by $0.01. The impact of the repurchases on future periods is dependent on the amount of future net income and cannot be predicted, and could even be negative if net income fell to the level where the cost of the repurchases' financing had a greater impact on earnings per share than did the reduction in the number of shares. However, if the repurchase had taken place on January 1, 1999 and been financed at the cost of the actual repurchase in 2000, the impact would have been to increase 1999's earnings per share by $0.12.

CAPITAL RESOURCES AND LIQUIDITY

The Company's California utility operations continue to be a major source of liquidity. In addition, working capital requirements are met through the issuance of short-term and long-term debt. Major changes in cash flows not described elsewhere are described below. Cash and cash equivalents at March 31, 2000 are available for investment in utility plant, the retirement of debt, energy-related domestic and international projects and other corporate purposes. Approximately $514 million of the cash and cash equivalents at March 31, 2000 is that of the California utilities.

CASH FLOWS FROM OPERATING ACTIVITIES

The increase in cash flows from operations is primarily due to higher income tax refunds and lower income tax payments in the three-month period ended March 31, 2000, and increases in accounts payable in the three-month period ended March 31, 2000 compared to decreases in accounts payable in the three-month period ended March 31, 1999.

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures for property, plant and equipment by the California utilities are estimated to be $530 million for the full year 2000 and will be financed primarily by internally generated funds. Construction, investment and financing programs are continuously reviewed and revised in response to changes in competition, customer growth, inflation, customer rates, the cost of capital, and environmental and regulatory requirements.

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash used in financing activities increased primarily due to greater short-term debt repayments in the three-month period ended March 31, 2000 compared to the corresponding period in 1999.

As described in Note 2 of the notes to Consolidated Financial Statements, the Company purchased 36.1 million shares of its outstanding common stock at $20.00 per share. The Company issued $500 million of notes and $200 million of preferred securities to finance substantially all of the purchase.

As described in Note 2 of the notes to Consolidated Financial Statements, the Company announced a reduction of its quarterly dividend per share to $0.25 from its previous level of $0.39 commencing with the dividend payable in the second quarter of 2000.

RESULTS OF OPERATIONS

The increase in net income and net income per share for the three-month period ended March 31, 2000 is primarily due to higher earnings at Sempra Energy Trading and Sempra Energy International.

UTILITY OPERATIONS

The tables below summarize the components of natural gas and electric volumes and revenues for Sempra Energy by customer class for the three-month periods ended March 31, 2000 and 1999.

Gas Sales, Transportation & Exchange
For the three months ended March 31
(Dollars in millions, volumes in billion cubic feet)

	Gas Sales		Transportation & Exchange		Total	
	Throughput	Revenue	Throughput	Revenue	Throughput	Revenue
2000:						
Residential	102	$ 720	1	$ 6	103	$ 726
Commercial and industrial	31	194	98	84	129	278
Utility electric generation	--	--	35	11	35	11
Wholesale	--	--	9	7	9	7
	133	$ 914	143	$108	276	1,022
Balancing accounts and other						(201)
Total						$ 821
1999:						
Residential	115	$ 724	1	$ 1	116	$ 725
Commercial and industrial	32	178	84	68	116	246
Utility electric generation*	12	5	16	7	28	12
Wholesale	--	--	8	2	8	2
	159	$ 907	109	$ 78	268	985
Balancing accounts and other						(287)
Total						$ 698

* The portion representing SDG&E's sales to its electric plants includes margin only.

Natural gas revenues increased 18 percent for the three-month period ended March 31, 2000 compared to the same period in 1999. The increase is primarily due to higher natural gas prices.

Electric Distribution & Transmission
(Dollars in millions, volumes in millions of Kwhrs)
For the three months ended March 31

	2000		1999	
	Volumes	Revenue	Volumes	Revenue
Residential	1,680	$ 169	1,685	$ 170
Commercial	1,427	120	1,518	125
Industrial	564	37	489	31
Direct access	879	28	657	21
Street and highway lighting	19	2	19	2
Off-system sales	104	3	26	-
	4,673	359	4,394	349
Balancing and other		(10)		11
Total	4,673	$ 349	4,394	$ 360

Cost of natural gas distributed increased 34 percent for the three-month period ended March 31, 2000 compared to the corresponding period in 1999. The increase was primarily due to higher natural gas prices. Under the current regulatory framework, changes in core-market natural gas prices do not affect net income.

Depreciation and amortization expense decreased 6 percent for the three-month period ended March 31, 2000, compared to the corresponding period in 1999 due to the sale of SDG&E's fossil power plants and combustion turbines.

Net income at SoCalGas increased slightly due to reduced operating expenses. Net income at SDG&E decreased slightly due to decreased rate base and authorized rate of return on equity, and increased interest expense on rate reduction bond refunds (all of which began in mid 1999 and which are related to industry restructuring) offset by the elimination of a regulatory balancing account at the end of 1999. With the elimination of the balancing account, SDG&E's net income now fluctuates with changes in natural gas demand, due to seasonal and other factors. During the three-month period ended March 31, 2000, this resulted in a $14 million increase in net income. This was based on a timing difference that likely will reverse later in the year.

FACTORS INFLUENCING FUTURE PERFORMANCE

Base results of the Company in the near future will depend primarily on the results of the California utilities. Earnings growth and fluctuations will depend on changes in the utility industry and activities at SEI, SET and other businesses. Because of the ratemaking and regulatory process, electric- and natural gas-industry restructuring, the changing energy marketplace and developments in the businesses other than the California utilities, there are several factors that will influence future financial performance. These factors are summarized below.

Chilquinta Energia S.A. Acquisition

See Note 2 of the notes to Consolidated Financial Statements and "International Operations" below for a discussion of the 1999 acquisitions of Chilquinta Energia S.A. and Luz del Sur S.A.

Industry Restructuring

See discussion of industry restructuring in Note 3 of the notes to Consolidated Financial Statements.

Electric-Generation Assets and Electric Rates

Note 3 of the notes to Consolidated Financial Statements describes regulatory and legislative actions that affect SDG&E's electric rates.

Performance-Based Regulation (PBR)

To promote efficient operations and improved productivity and to move away from reasonableness reviews and disallowances, the CPUC has been directing utilities to use PBR. PBR has replaced the general rate case and certain other regulatory proceedings for the California utilities. Under PBR, regulators require future income potential to be tied to achieving or exceeding specific performance and productivity goals, as well as cost reductions, rather than relying solely on expanding utility plant in a market where a utility already has a highly developed infrastructure. Each utility's PBR mechanism is scheduled to be updated at December 31, 2002, to reflect, among other things, changes in costs and volumes.

Changes to the SoCalGas PBR mechanism could be adopted in a decision to be issued in SoCalGas' 1999 Biennial Cost Allocation Proceeding application, which is expected to become effective during the second quarter of 2000. See additional discussion in "Biennial Cost Allocation Proceeding" below.

Key elements of the mechanisms include an initial reduction in base rates, an indexing mechanism that limits future rate increases to the inflation rate less a productivity factor, a sharing mechanism with customers if earnings exceed the authorized rate of return on rate base, and rate refunds to customers if service quality deteriorates or awards if service quality exceeds set standards. Specifically, the key elements of the mechanisms include the following:

- -- Earnings up to 25 basis points in excess of the authorized rate of return on rate base are retained 100 percent by shareholders. Earnings that exceed the authorized rate of return on rate base by greater than 25 basis points are shared between customers and shareholders on a sliding scale that begins with 75 percent of the additional earnings being given back to customers and declining to 0 percent as earned returns approach 300 basis points above authorized amounts. There is no sharing if actual earnings fall below the authorized rate of return. In 1999, SDG&E and SoCalGas were authorized to earn 9.05 percent and 9.49 percent, respectively, on rate base. For 2000, the authorized return is 8.75 percent for SDG&E and 9.49 percent for SoCalGas.

- -- Base rates are indexed based on inflation less an estimated productivity factor.

- -- SDG&E would be authorized to earn or be penalized up to a maximum of $14.5 million annually as a result of its performance related to employee safety, electric reliability, customer satisfaction, and call-center responsiveness. The SoCalGas mechanism authorizes penalties of up to $4 million annually, or more in certain, limited situations.

- -- SoCalGas' mechanism allows for pricing flexibility for residential and small-commercial customers, with any shortfalls in revenue being borne by shareholders and with any increase in revenue shared between shareholders and customers.

- -- Annual cost of capital proceedings are replaced by an automatic adjustment mechanism. If changes in certain indices exceed established tolerances, there would be an automatic adjustment of rates for the change in the cost of capital according to a formula which applies a percentage of the change to various capital components.

Cost of Capital

For 2000, SoCalGas is authorized to earn a rate of return on common equity (ROE) of 11.6 percent and a 9.49 percent return on rate base (ROR), the same as in 1999, unless interest-rate changes are large enough to trigger an automatic adjustment as discussed in the Company's 1999 Annual Report. For SDG&E, electric-industry restructuring has changed the method of calculating the utility's annual cost of capital. In June 1999, the CPUC adopted a 10.6 percent ROE and an 8.75 percent ROR for SDG&E's electric-distribution and natural gas businesses. The electric-transmission cost of capital is determined under a separate FERC proceeding.

Biennial Cost Allocation Proceeding (BCAP)

The BCAP determines how a utility's natural gas transportation costs are allocated among various customer classes (residential, commercial, industrial, etc.). In October 1998, the California utilities filed 1999 BCAP applications requesting that new rates become effective August 1, 1999, and remain in effect through December 31, 2002. On April 20, 2000, the CPUC issued a decision adopting overall decreases in natural gas revenues of $210 million for SoCalGas and $37 million for SDG&E. The decrease has no effect on net income.

Gas Cost Incentive Mechanism (GCIM)

This mechanism for evaluating SoCalGas' natural gas purchases substantially replaced the previous process of reasonableness reviews. In December 1998 the CPUC extended the GCIM program indefinitely.

GCIM compares SoCalGas' cost of natural gas with a benchmark level, which is the average price of 30-day firm spot supplies in the basins in which SoCalGas purchases natural gas. The mechanism permits full recovery of all costs within a tolerance band above the benchmark price and refunds all savings within a tolerance band below the benchmark price. The costs or savings outside the tolerance band are shared equally between customers and shareholders.

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

In June 1999, SoCalGas filed its annual GCIM application with the CPUC, requesting an award of $8 million for the annual period ended March 31, 1999. A CPUC decision is expected during the second quarter of 2000.

INTERNATIONAL OPERATIONS

As discussed in Note 2 of the notes to Consolidated Financial Statements, Sempra Energy invested in two additional utility companies in South America during 1999.

Results for international operations for the three-month period ended March 31, 2000 were net income of $5 million compared to a loss of $6 million for the corresponding period in 1999. (The 1999 loss has been restated to reflect the current configuration of this business unit, which now includes two small, domestic natural gas utilities.) The increase in net income is primarily due to income from Chilquinta Energia S.A. and Luz del Sur S.A.

Accounting for international operations has resulted in foreign currency translation adjustments, as discussed in Note 4 of the notes to Consolidated Financial Statements.

OTHER OPERATIONS

Sempra Energy Trading Corp. (SET) is a leading natural-gas power marketing firm headquartered in Stamford, Connecticut. For the three-month period ended March 31, 2000, SET recorded net income of $18 million compared to $1 million for the same period in 1999. The increase in income was primarily due to greater penetration of all customer segments and increased volatility in energy prices, resulting in higher volumes traded in the three-month period ended March 31, 2000. In addition, new European crude oil and natural gas trading contributed significantly to increased earnings.

Sempra Energy Financial (SEF) invests as a limited partner in affordable-housing properties and alternative-fuel projects. SEF's portfolio includes over 1,250 properties throughout the United States. These investments are expected to provide income-tax benefits (primarily from income-tax credits) over 10-year periods. For the three-month period ended March 31, 2000, SEF recorded net income of $8 million, compared to $7 million for the corresponding period in 1999. This is expected to decline as the various 10-year periods expire, unless SEF makes sufficient new investments. SEF's future investment policy is dependent on the Company's future income-tax position.

NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133 "Accounting for Derivative Instruments and Hedging Activities." As amended, SFAS 133, which is effective for the company on January 1, 2001, requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position, measure those instruments at fair value and recognize changes in the fair value of derivatives in earnings in the period of change unless the derivative qualifies as an effective hedge that offsets certain exposures. The effect of this standard on the company's Consolidated Financial Statements has not yet been determined.

ITEM 3.   MARKET RISK

There have been no significant changes in the risk issues affecting the Company subsequent to those discussed in the Annual Report on Form 10-K for 1999.

PART II - OTHER INFORMATION

ITEM 1.   LEGAL PROCEEDINGS

Neither the Company nor its subsidiaries are party to, nor is their property the subject of, any material pending legal proceedings other than routine litigation incidental to their businesses.

ITEM 4. SUBMISSION OF MATTERS TO VOTE

Sempra Energy's 14-member board of directors is divided into three classes whose terms are staggered so that the term of one class expires at each Annual Meeting of Shareholders. At the annual meeting on May 2, 2000, the shareholders of Sempra Energy elected five directors for a three-year term expiring in 2003. The name of each nominee and the number of shares voted for or withheld were as follows:

Nominees	Votes For	Votes Withheld
Herbert L. Carter	170,743,338	7,911,048
Wilford D. Godbold, Jr.	170,954,807	7,699,579
William D. Jones	170,918,438	7,735,948
Ralph R. Ocampo	170,829,870	7,824,516
William G. Ouchi	171,028,489	7,625,897

A shareholder proposal regarding voting approval requirements, recommending a simple majority vote rule on all issues that are submitted to shareholder vote, was not approved. The vote on the proposal was as follows:

In Favor	59,266,212
Opposed	83,954,401
Abstained	6,918,028
Broker Non-Vote	28,515,745

Additional information concerning the election of the board of directors and the shareholder proposal is contained in Sempra Energy's Notice of 2000 Annual Meeting of Shareholders and Proxy Statement.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 12 - Computation of ratios

12.1 Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends.

Exhibit 27 - Financial Data Schedules

27.1 Financial Data Schedule for the three-month period ended March 31, 2000.

(b) Reports on Form 8-K

The following reports on Form 8-K were filed after December 31, 1999:

Current report on Form 8-K filed January 28, 2000 and Amended Current Report on Form 8-K/A filed February 8, 2000 reported earnings for the year ended December 31, 1999 and announced a tender offer to purchase common shares and a dividend reduction.

Current Report on Form 8-K filed February 18, 2000 and Current Report on Form 8-K filed February 22, 2000 announced the sale of $200,000,000 of 8.9% Cumulative Quarterly Income Preferred Securities (Series A) and the execution of an underwriting agreement for the issuance and sale of $500,000,000 aggregate principal amount 7.95% Notes due 2010.

Current Report on Form 8-K filed March 9, 2000 reported the final results of the tender offer to purchase common shares.

Current Report on Form 8-K filed March 30, 2000 reporting the analyst conference discussion of strategic initiatives.

Current Report on Form 8-K filed April 27, 2000 reporting the Company's press release of that date giving the financial results for the three-month period ended March 31, 2000.

SIGNATURE

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

SEMPRA ENERGY

(Registrant)

Date: May 3, 2000

By: /s/ F. H. Ault

F. H. Ault
Vice President and Controller

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM THE STATEMENT OF CONSOLIDATED INCOME, BALANCE SHEET,
AND CASH FLOWS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO
SUCH FINANCIAL STATEMENTS.
0001032208
SEMPRA ENERGY
1,000,000

YEAR
DEC-31-2000
MAR-31-2000
PER-BOOK
5,005
2,253
3,553
868
252
11,931
1,412
0
996
2,400
225
179
3,321
0
0
0
152
0
28
1
5,625
11,931
1,442
68
1,212
1,280
162
24
186
73
113
0
113
50
39
657
.49
.49

PREFERRED DIVIDEND OF SUBSIDIARY INCLUDED IN OTHER OPERATING
EXPENSE

SEMPRA ENERGY
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS
(Dollars in millions)

	1995	1996	1997	1998	1999	For the three Months Ended March 31, 2000
Fixed Charges and Preferred Stock Dividends:						
Interest	$ 227	$ 205	$ 209	$ 210	$ 233	77
Interest Portion of Annual Rentals	32	28	25	20	10	2
Preferred dividends of subsidiaries (1)	50	37	31	18	16	5
Total Fixed Charges and Preferred Stock Dividends For Purpose of Ratio	$ 309	$ 270	$ 265	$ 248	$ 259	$ 84
Earnings:						
Pretax income from continuing operations	$ 665	$ 727	$ 733	$ 432	$ 573	181
Add:						
Fixed charges (from above)	309	270	265	248	259	84
Less: Fixed charges capitalized	6	5	3	3	5	-
Fixed charges net of capitalized charges	303	265	262	245	254	84
Total Earnings for Purpose of Ratio	$ 968	$ 992	$ 995	$ 677	$ 827	$ 265
Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends	3.13	3.67	3.75	2.73	3.19	3.15

(1) In computing this ratio, "Preferred dividends of subsidiaries" represents the before-tax earnings necessary to pay such dividends, computed at the effective tax rates for the applicable periods.