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 September 30, 1999

Commission file number 1-1402

SOUTHERN CALIFORNIA GAS COMPANY
(Exact name of registrant as specified in its charter)

California	95-1240705
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

(213) 244-1200
(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: Wholly owned by Pacific Enterprises

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

SOUTHERN CALIFORNIA GAS COMPANY AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME (Unaudited)
(Dollars in millions)

	Three Months Ended September 30,	
	1999	1998
Operating Revenues	$562	$520
Expenses:		
Cost of natural gas distributed	188	162
Operating expenses	179	164
Depreciation	65	64
Income taxes	42	39
Franchise payments and other taxes	20	20
Total	494	449
Operating Income	68	71
Other Income and (Deductions):		
Regulatory interest - net	(6)	--
Allowance for equity funds used during construction	--	--
Income taxes on non-operating income	(1)	(4)

Other - net	8	5
Total	1	1
Income before interest charges and preferred dividends	69	72
Interest Charges:		
Long-term debt	19	19
Other	2	(1)
Total	21	18
Net Income	48	54
Preferred Dividend Requirements	--	--
Earnings Applicable to Common Shares	$ 48	$ 54

See Notes to Consolidated Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME (Unaudited)
(Dollars in millions)

	Nine Months Ended September 30,	
	1999	1998
Operating Revenues	$1,793	$1,762
Expenses:		
Cost of natural gas distributed	685	648
Operating expenses	524	575
Depreciation	194	190
Income taxes	123	95
Franchise payments and other taxes	65	73
Total	1,591	1,581
Operating Income	202	181
Other Income and (Deductions):		
Regulatory interest - net	(12)	(1)
Allowance for equity funds used during construction	2	1
Income taxes on non-operating income	--	(3)
Other - net	11	1
Total	1	(2)
Income before interest charges and preferred dividends	203	179
Interest Charges:		
Long-term debt	56	57
Other	5	2
Total	61	59
Net Income	142	120
Preferred Dividend Requirements	1	1
Earnings Applicable to Common Shares	$141	$119

See notes to Consolidated Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	Balance at September 30, 1999 (Unaudited)	Balance at December 31, 1998
ASSETS:		
Utility plant - at original cost	$6,152	$6,063
Less accumulated depreciation	(3,290)	(3,111)
Utility plant - net	2,862	2,952
Current Assets:		
Cash and cash equivalents	110	11
Accounts receivable	285	453
Due from affiliates	167	--
Deferred income taxes	192	157
Natural gas in storage	80	49
Materials and supplies	12	14
Prepaid expenses	19	14
Total current assets	865	698
Regulatory and other assets	183	184
Total	$3,910	$3,834

See notes to Consolidated Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in millions)

	Balance at September 30, 1999 (Unaudited)	Balance at December 31, 1998
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock	$ 835	$ 835
Retained earnings	388	525
Total common equity	1,223	1,360
Preferred stock	22	22
Long-term debt	939	967
Total capitalization	2,184	2,349
Current Liabilities:		
Accounts payable - trade	191	153
Accounts payable - affiliates	--	111
Accounts payable - other	231	221
Regulatory balancing accounts overcollected - net	283	129
Other taxes payable	26	31
Accrued income taxes	48	30
Interest accrued	32	46
Dividends payable	78	--
Long-term debt due within one year	105	75
Other	80	75
Total current liabilities	1,074	871
Customer advances for construction	27	31
Deferred income taxes - net	372	323
Deferred investment tax credits	56	58
Deferred credits and other liabilities	197	202

Total deferred credits	652	614
Commitments and contingent liabilities (Note 3)		
Total	$3,910	$3,834

See notes to Consolidated Financial Statements.

SOUTHERN CALIFORNIA GAS COMPANY AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS (Unaudited)
(Dollars in millions)

	Nine Months Ended September 30,	
	1999	1998
Cash Flows from Operating Activities:		
Net income	$ 142	$120
Adjustments to reconcile net income to Net cash provided by operating activities:		
Depreciation	194	190
Deferred income taxes	47	12
Other - net	(4)	(17)
Net change in other working capital components	29	431
Net cash provided by operating activities	408	736
Cash Flows from Investing Activities:		
Capital expenditures	(106)	(84)
Other - net	(2)	(10)
Net cash used in investing activities	(108)	(94)
Cash Flows from Financing Activities:		
Redemption of preferred stock	--	(76)
Issuance of long-term debt	--	75
Payment on long-term debt	--	(148)
Decrease in short-term debt	--	(321)
Dividends paid	(201)	(166)
Net cash used in financing activities	(201)	(636)
Increase in Cash and Cash Equivalents	99	6
Cash and Cash Equivalents, January 1	11	--
Cash and Cash Equivalents, September 30	$110	$ 6
Supplemental Disclosure of Cash Flow Information:		
Interest payments (net of amount capitalized)	$ 75	$ 61
Income tax payments (net of refunds)	$ 100	$204

See notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL

This Quarterly Report on Form 10-Q is that of the Southern California Gas Company (SoCalGas or the Company), the sole subsidiary of Pacific Enterprises (PE). PE is a wholly owned subsidiary of Sempra Energy, a

California-based Fortune 500 energy services company. The financial statements herein are the Consolidated Financial Statements of SoCalGas 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, as well as those of its subsidiaries, are described in the notes to Consolidated Financial Statements in the Company's 1998 Annual Report. The same accounting policies are followed for interim reporting purposes.

This Quarterly Report should be read in conjunction with the Company's 1998 Annual Report and its Quarterly Reports on Form 10-Q for the three-month periods ended March 31, and June 30, 1999.

In conformity with generally accepted accounting principles, SoCalGas' accounting policies reflect the financial effects of rate regulation authorized by the California Public Utilities Commission (CPUC). SoCalGas applies the provisions of Statement of Financial Accounting Standards No. 71, "Accounting for the Effects of Certain Types of Regulation" (SFAS No. 71). This statement requires cost-based rate-regulated entities that meet certain criteria to reflect the authorized recovery of costs due to regulatory decisions in their financial statements. SoCalGas continues to meet the criteria of SFAS No. 71 in accounting for its regulated operations.

2. BUSINESS COMBINATIONS

PE/Enova

On June 26, 1998 (pursuant to an October 1996 agreement) Enova Corporation(Enova), the parent company of San Diego Gas & Electric (SDG&E), and PE completed a business combination in which the two companies became subsidiaries of a new company named Sempra Energy. As a result of the combination, (i) each outstanding share of common stock of Enova was converted into one share of common stock of Sempra Energy, (ii) each outstanding share of common stock of PE was converted into 1.5038 shares of common stock of Sempra Energy and (iii) the preferred stock and/or preference stocks of SDG&E, PE and SoCalGas remained outstanding. Additional information on the business combination is discussed in the Company's 1998 Annual Report.

No expenses were incurred in connection with the above for the nine months and three months ended September 30, 1999. During the nine-month and three-month periods ended September 30, 1998, expenses of $33 million, after tax, and $1 million, after tax, respectively, were incurred.

KN Energy

On February 22, 1999, Sempra Energy and KN Energy, Inc. (KN Energy) announced that their respective boards of directors had approved Sempra Energy's acquisition of KN Energy, subject to approval by the shareholders of both companies and by various federal and state regulatory agencies. On June 21, 1999, Sempra Energy and KN Energy announced that they had agreed to terminate the proposed acquisition.

3. MATERIAL CONTINGENCIES

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.

In August 1998, California enacted a law prohibiting the CPUC from enacting any natural gas industry restructuring decision for core (residential and small commercial) customers prior to January 1, 2000; the CPUC continues to study the issue. During the implementation moratorium, the CPUC has been holding hearings throughout the state and intends to give the legislature a draft ruling before adopting a final market-structure policy. SDG&E and SoCalGas 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.

In October 1999, the State of California enacted a law (AB 1421) which requires that 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 gas from a non-utility provider. The law prohibits the CPUC from unbundling distribution-related gas services (metering, billing, etc.) and after-meter services (leak investigation, inspecting customer piping and appliances, pilot relighting, carbon monoxide investigation, etc.) for most customers. The objective is to preserve both customer safety and customer choice.

4. COMPREHENSIVE INCOME AND OTHER SHAREHOLDERS' EQUITY

In conformity with generally accepted accounting principles, the Company has adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." Comprehensive income for the three-month and nine-month periods ended September 30, 1999 and 1998 was equal to net income.

5. SEGMENT INFORMATION

The Company has two separately managed reportable segments: natural gas distribution and natural gas transmission/storage. The accounting policies of the segments are the same as those described in the notes to Consolidated Financial Statements in the Company's 1998 Annual Report, and segment performance is evaluated by management based on reported operating income. Intersegment transactions are generally recorded the same as sales or transactions with third parties. Interest expense and income tax expense are not allocated to the reportable segments. Interest revenue is included in other income on the Statements of Consolidated Income herein. It is not allocated to the reportable segments. There were no significant changes in segment assets for the nine months ended September 30, 1999.

	Three months ended September 30,		Nine months ended September 30,	
(Dollars in millions)	1999	1998	1999	1998
Revenues:				
Distribution	$ 434	$ 412	$1,441	$1,439
Transmission and storage	133	131	365	349
Other	(5)	(23)	(13)	(26)
Total	$ 562	$ 520	$1,793	$1,762
Segment Income:				
Distribution	$ 88	$ 100	$ 281	$ 244
Transmission and storage	28	33	57	55
Other	(6)	(23)	(13)	(24)
Total segment income	110	110	325	275
Interest expense	(21)	(18)	(61)	(59)
Income tax expense	(42)	(39)	(123)	(95)
Nonoperating expense	1	1	--	(2)
Net income	$ 48	$ 54	$ 141	$ 119

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 1998 Annual Report.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "estimates," "believes," "expects," "anticipates," "plans" and "intends," variations of such words, and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties which could cause actual results to differ materially from those anticipated.

These statements are necessarily based upon various assumptions involving judgments with respect to the future 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; energy markets; weather conditions; business, regulatory or legal decisions; the pace of deregulation of retail natural gas and electricity industries; 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. Accordingly, while the Company believes that the assumptions are reasonable, there can be no assurance that they will approximate actual experience, or that the expectations will be realized. Readers 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. Readers are cautioned not to put undue reliance on any forward-looking statements. For those statements, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

BUSINESS COMBINATIONS

See Note 2 of the notes to Consolidated Financial Statements regarding the PE/Enova business combination and the agreement to terminate the KN Energy acquisition.

CAPITAL RESOURCES AND LIQUIDITY

The Company's 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. These capital resources are expected to remain available. Major changes in cash flows not described elsewhere are described below. Cash and cash equivalents at September 30, 1999 are available for investment in utility plant, the retirement of debt, and other corporate purposes.

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operations decreased primarily due to payments on behalf of affiliated companies, and less overcollections on regulatory balancing accounts compared to 1998.

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures for property, plant and equipment are estimated to be $150 million for the full year 1999 and will be financed primarily by internally generated funds. These expenditures will largely represent investment in rate base. 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 decreased primarily due to greater long-term and short-term debt repayments and the redemption of SoCalGas' preferred stock in 1998, partially offset by greater dividends paid to Sempra Energy in 1999.

On February 2, 1998, SoCalGas redeemed all outstanding shares of its 7-3/4% Series Preferred Stock for a total cost of $75 million, including unpaid dividends.

RESULTS OF OPERATIONS

SoCalGas' net income decreased for the three-month period ended September 30, 1999, compared to the same period in 1998, primarily due to lower earnings in the noncore market. SoCalGas' net income for the nine-month period ended September 30, 1999 increased primarily due to lower business-combination costs in 1999.

UTILITY OPERATIONS

The table below summarizes the components of natural gas volumes and revenues by customer class for the nine months ended September 30, 1999 and 1998.

Gas Sales, Transportation & Exchange
(Dollars in millions, volumes in billion cubic feet)

	Gas Sales		Transportation & Exchange		Total	
	Throughput	Revenue	Throughput	Revenue	Throughput	Revenue
1999:						
Residential	201	$1,319	2	$ 6	203	$1,325
Commercial and industrial	63	334	227	175	290	509
Utility electric generation	--	--	128	52	128	52
Wholesale	--	--	111	43	111	43
	264	$1,653	468	$276	732	$1,929
Balancing accounts and other						(136)
Total						$1,793
1998:						
Residential	189	$1,434	2	$ 9	191	$1,443
Commercial and industrial	58	342	232	196	290	538
Utility electric generation	--	--	120	58	120	58
Wholesale	--	--	119	48	119	48
	247	$1,776	473	$311	720	2,087
Balancing accounts and other						(325)
Total						$1,762

Natural gas revenues increased 8 percent and 2 percent for the three-month and nine-month periods ended September 30, 1999, compared to the same periods in 1998. The increase for the three-month period is primarily due to higher sales to residential customers. The increase for the nine-month period is primarily due to lower overcollections in 1999, partially offset by a decrease in residential and commercial and industrial revenues. The decrease in residential and commercial and industrial revenues is due to lower gas rates.

Cost of natural gas distributed increased 16 percent and 6 percent for the three-month and nine-month periods ended September 30, 1999 compared to the same periods in 1998. The increase for the three-month period is primarily due to higher natural gas prices, partially offset by lower total sales. The increase for the nine-month period is primarily due to higher natural gas prices and increased sales in 1999. Under the current regulatory framework, changes in revenue resulting from core-market changes in volumes and the cost of natural gas do not affect net income.

Utility operating expenses increased 9 percent for the three-month period ended September 30, 1999 compared to the same period in 1998. Operating expenses decreased 9 percent for the nine-month period ended September 30, 1999 compared to the same period in 1998. The year-to-date decrease is primarily due to lower business-combination costs. The increase for the quarter is due to the timing of certain occupancy expenses.

YEAR 2000 ISSUES

Most companies are affected by the inability of many automated systems and applications to process the year 2000 and beyond. The Year 2000 issues are the result of computer programs and other automated processes using two digits to identify a year, rather than four digits. Any of the Company's computer programs that include date-sensitive software may recognize a date using "00" as representing the year 1900, instead of the year 2000, or "01" as 1901, etc., which could lead to system malfunctions. The Year 2000 issue impacts both Information Technology ("IT") systems and also non-IT systems, including systems incorporating embedded processors. To address this problem, in 1996, both Pacific Enterprises and Enova Corporation established company-wide Year 2000 programs. These programs were consolidated into Sempra Energy's overall Year 2000 readiness effort. Sempra Energy established a central Year 2000 Program Office, which reports to Sempra Energy's Chief Information Technology Officer and reports periodically to the audit committee of the Board of Directors.

The Company's State of Readiness

Sempra Energy has identified all significant IT and non-IT systems (including embedded systems) that might not be Year 2000 ready and categorized them in the following areas: IT applications, computer hardware and software infrastructure, telecommunications, embedded systems, and third parties. The Company evaluated its exposure in all of these areas. These systems and applications are being tracked and measured through four key phases: inventory, assessment, remediation/testing, and Year 2000 readiness. The Company has prioritized so that, when possible, critical systems were assessed and modified/replaced first. Critical systems are those applications and systems, including embedded processor technology, which, if not appropriately remediated, may have a significant impact on energy delivery, revenue collection, or the safety of personnel, customers or facilities. The Company's Year 2000 testing effort includes functional testing of Year 2000 dates and validating that changes have not altered existing functionality. The Company uses an independent, internal review process to verify that the appropriate testing has occurred.

The Company's Year 2000 project is currently on schedule, with critical energy delivery systems for both SoCalGas and SDG&E Year 2000 Ready since June 30, 1999. The Company defines "Year 2000 Ready" as suitable for continued use into the year 2000 with no significant operational problems.

Sempra Energy's current schedule for Year 2000 testing and readiness for non-critical systems is to be completed by the end of 1999. In certain cases, this schedule is dependent upon the efforts of third parties, such as suppliers (including energy producers) and customers. Accordingly, delays by third parties may cause the Company's schedule to change. In addition, a continued readiness management process has been implemented to monitor and review the progress of Year 2000 readiness of the Company's systems.

The Costs to Address the Company's Year 2000 Issues

Sempra Energy's budget for the Year 2000 program is $48 million, of which $44 million has been spent. As the Company continues to assess its systems and as the remediation and testing efforts progress, cost estimates may change. The Company's Year 2000 readiness effort is being funded entirely by operating cash flows.

The Risks of the Company's Year 2000 Issues

Based upon its current assessment and testing of the Year 2000 issue, the Company believes the reasonably likely worst case Year 2000 scenarios to have the following impacts upon Sempra Energy and its operations. With respect to the Company's ability to provide energy to its domestic utility customers, the Company believes that the scenario is for small, localized interruptions of utility service which are restored in a time frame that is within normal service levels. With respect to services that are essential to Sempra Energy's operations, such as customer service, business operations, supplies and emergency response capabilities, the scenario is for minor disruptions of essential services with rapid recovery and all essential information and processes ultimately recovered.

To assist in preparing for and mitigating these possible scenarios, Sempra Energy is a member of several industry-wide efforts established to deal with Year 2000 problems affecting embedded systems and equipment used by the nation's natural gas and electric power companies. Successful contingency drills were held with eight west-coast natural gas pipeline companies on August 24, 1999 and with the North American Electric Reliability Council (NERC) on September 9, 1999.

Under these efforts, participating utilities are working together to assess specific vendors' system problems and to test plans. These assessments are being shared by the industry as a whole to facilitate Year 2000 problem solving.

A portion of this risk is due to the various Year 2000 Ready schedules of major suppliers and customers. The Company continues to contact its major suppliers and customers to survey their Year 2000 remediation programs. While risks related to the lack of Year 2000 readiness by third parties could materially and adversely affect the Company's business, results of operations and financial condition, the Company expects its Year 2000 readiness efforts to reduce significantly the Company's level of uncertainty about the impact of third party Year 2000 issues on both its IT systems and its non-IT systems.

The Company's Contingency Plans

The Company's contingency plans for Year-2000-related interruptions have been completed and were submitted to the CPUC on July 1, 1999. These plans will continue to be revised and improved during the remainder of 1999. The contingency plans include emergency backup and recovery procedures, replacing electronic applications with manual processes, and identification of alternate suppliers, along with increasing inventory levels. In addition, the following key contingency actions will be taken.

? Only critical system changes will be implemented during December 1999 and January 2000.
? An hour-by-hour plan will be developed to cover key contingency actions.
? On-site staffing will be in place at key operational and administrative locations.
? Designated standby staff will be on-call with thirty-minute availability.
? Emergency Operations Centers will be activated on December 31, 1999.
? Walk-through drills are being held during the fourth quarter of 1999.

Due to the speculative and uncertain nature of contingency planning, there can be no assurances that such plans actually will be sufficient to reduce the risk of material impacts on the Company's operations due to Year 2000 issues.

FACTORS INFLUENCING FUTURE PERFORMANCE

Because of the ratemaking and regulatory process, electric and natural gas industry restructuring, and the changing energy marketplace, there are several factors that will influence the Company's future financial performance. These factors are discussed in this section.

Industry Restructuring

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

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 both SoCalGas and SDG&E. 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 rate base in a market where a utility already has a highly developed infrastructure.

SoCalGas' PBR is in effect through December 31, 2002; however, the CPUC decision allows for the possibility that changes to the 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 first quarter of 2000. See additional discussion in "Biennial Cost Allocation Proceeding" below.

Cost of Capital

Under PBR, annual Cost of Capital proceedings were replaced by an automatic adjustment mechanism if changes in certain indices exceed established tolerances. For 1999, 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), unchanged from 1998.

Annual Earnings Assessment Proceeding

An application was filed in May 1999 to recover shareholder rewards for the Demand Side Management (DSM) programs and incentives earned for the energy-efficiency and low-income programs totaling $5 million. The revenue requirement increase is proposed to become effective on January 1, 2000. The DSM rewards and low-income program incentives will be collected and recorded in earnings over ten years. The energy-efficiency program incentives are recovered in one year. Rewards and incentives for these programs are subject to CPUC approval. A final decision is expected during the first quarter of 2000.

The CPUC has extended interim utility administration of energy-efficiency and low-income programs through December 31, 2001.

Biennial Cost Allocation Proceeding (BCAP)

The BCAP determines how a utility's costs are allocated among various customer classes (residential, commercial, industrial, etc.). SoCalGas filed the 1999 BCAP application in October 1998, with hearings held during the first half of 1999. At the conclusion of hearings, a joint BCAP recommendation was reached proposing, among other things, an overall natural gas rate reduction of $229 million for SoCalGas. A CPUC decision is expected during the first quarter of 2000.

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 1998. "ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" herein includes discussion of various risk issues.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Except for the matters referred to in the Company's 1998 Annual Report or referred to elsewhere in this Quarterly Report on Form 10-Q for the three months ended September 30, 1999, neither the Company nor any of its affiliates is a party to, nor is its property the subject of, any material pending legal proceedings other than routine litigation incidental to its businesses.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27 - Financial Data Schedules

27.1 Financial Data Schedule for the nine months ended September 30, 1999.

(b) Reports on Form 8-K

None.

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.

SOUTHERN CALIFORNIA GAS COMPANY

(Registrant)

By: /s/ Warren Mitchell

Date: November 12, 1999

Warren Mitchell
Chairman and President

UT
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.
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SOUTHERN CALIFORNIA GAS COMPANY
1,000,000

9-MOS
DEC-31-1999
SEP-30-1999
PER-BOOK
2,862
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865
183
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3,910
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388
1,223
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22
939
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105
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203
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142
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278
41
408
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