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- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

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

On May 2, 2007, Sempra Energy, of which San Diego Gas & Electric Company is a consolidated subsidiary, issued a press release announcing consolidated net income of \$228 million, or \$0.86 per diluted share of common stock, for the first quarter of 2007. The press release has been posted on Sempra Energy's website (www.sempra.com) and a copy is attached as Exhibit 99.1.

Concurrently with the website posting of such press release and as noted therein, Sempra Energy also posted its Income Statement Data by Business Unit for the three months ended March 31, 2007 and 2006. A copy of such information is attached as Exhibit 99.2.

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

Item 9.01 Financial Statements and Exhibits.

Exhibits

- 99.1 May 2, 2007 Sempra Energy News Release (including tables)
- 99.2 Sempra Energy's Income Statement Data by Business Unit for the three months ended March 31, 2007 and 2006.

SIGNATURE

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

SAN DIEGO GAS & ELECTRIC COMPANY
(Registrant)

Date: May 2, 2007

By: /S/ Dennis V. Arriola

Dennis V. Arriola
Sr. Vice President and Chief Financial Officer

NEWS RELEASE

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SEMPRA ENERGY REPORTS FIRST-QUARTER 2007 EARNINGS

- **Company on Track to Meet 2007 Earnings-per-Share Guidance of \$3.75 to \$3.95**
- **Sempra Utilities' Quarterly Net Income Increases 22 Percent**

SAN DIEGO, May 2, 2007 – Sempra Energy today reported first-quarter 2007 net income of \$228 million, or \$0.86 per diluted share, compared with \$255 million, or \$0.98 per diluted share, in the first quarter 2006. From continuing operations, Sempra Energy earned \$227 million, or \$0.86 per diluted share, in the first quarter 2007, compared with \$234 million, or \$0.90 per diluted share, in the year-ago period.

First-quarter 2007 results at Sempra Commodities do not reflect \$86 million of natural gas storage and transportation mark-to-market profits, which are deferred under current accounting rules. First-quarter 2006 results did not reflect \$44 million for similar items.

“We are pleased with our operating results in the first quarter, led by the solid performance of Sempra Utilities,” said Donald E. Felsing, chairman and chief executive officer of Sempra Energy. “At Sempra Commodities, we expect the strong economic benefits from our natural gas storage and transportation contracts to be largely recognized in reported results by year-end. Overall, we remain on track to meet our 2007 earnings-per-share guidance of \$3.75 to \$3.95.”

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SUBSIDIARY OPERATING RESULTS

Sempra Utilities

Net income for Sempra Utilities -- San Diego Gas & Electric (SDG&E) and Southern California Gas Co. (SoCalGas) -- increased 22 percent to \$117 million in the first quarter 2007 from \$96 million in the first quarter 2006.

SDG&E's first-quarter net income rose to \$62 million in 2007 from \$47 million in 2006, due primarily to higher earnings from the Palomar Energy Center and the San Onofre Nuclear Generating Station.

Net income for SoCalGas rose to \$55 million in the first quarter 2007 from \$49 million in the prior-year's quarter, due to improved operations.

“The majority of our \$11 billion, five-year capital plan is being dedicated to investments in new infrastructure and technology for Sempra Utilities,” Felsing said. “These investments will enhance energy reliability, provide access to renewable resources, reduce customer costs and promote conservation.”

On April 12, 2007, the California Public Utilities Commission approved SDG&E's “smart meter” project, which will dramatically change how SDG&E delivers services and will help customers manage their energy usage efficiently. SDG&E plans to spend \$572 million through 2011 to replace an estimated 1.4 million electric meters with smart meters and to retrofit approximately 900,000 gas meters throughout its service territory.

Sempra Commodities

Sempra Commodities earned \$71 million in the first quarter 2007, compared with \$116 million in the first quarter 2006. Contributing factors included the effect of accounting rules that defer mark-to-market profits on natural gas storage and transportation contracts used in forward-sale transactions and reduced margins in natural gas and power marketing, offset by higher margins in metals.

Sempra Generation

First-quarter net income for Sempra Generation rose to \$54 million in 2007 from \$41 million in 2006, due primarily to a favorable change in mark-to-market earnings on long-term contracts with Sempra Commodities and higher interest income.

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Sempra Pipelines & Storage

Net income for Sempra Pipelines & Storage in the first quarter 2007 was \$16 million, compared with \$11 million in the first quarter 2006, due to lower income-tax expense and improved results in its Mexican and South American operations.

On April 19, 2007, Sempra Pipelines & Storage and its partners in the Rockies Express Pipeline project received approval from the Federal Energy Regulatory Commission (FERC) to begin construction on the Rockies Express-West project, which extends the pipeline from Colorado to Missouri. This 713-mile leg of the 1,678-mile natural gas pipeline is expected to be in service in early 2008. Earlier this week, the project partners filed with the FERC for authorization to construct the 638-mile Rockies Express-East pipeline, covering the final leg of the project from Missouri to Ohio. The entire Rockies Express Pipeline project is scheduled for completion in 2009.

Sempra LNG

Sempra LNG recorded a net loss of \$10 million in the first quarter 2007, compared with a net loss of \$5 million in the first quarter 2006.

Discontinued Operations

Sempra Energy's 2007 first-quarter net income included \$1 million in discontinued operations, compared with \$21 million, primarily from asset sales, in the year-ago quarter.

INTERNET BROADCAST

Sempra Energy will broadcast a live discussion of its earnings results over the Internet today at 1 p.m. EDT with senior management of the company. Access is available by logging onto the Web site at www.sempra.com. For those unable to log onto the live webcast, the teleconference will be available on replay a few hours after its conclusion by dialing (888) 203-1112 and entering passcode 2247326.

Sempra Energy, based in San Diego, is a Fortune 500 energy services holding company with 2006 revenues of nearly \$12 billion. The Sempra Energy companies' 14,000 employees serve more than 29 million consumers worldwide.

Income-statement information by business unit is available on Sempra Energy's Web site at <http://www.sempra.com/downloads/1Q2007.pdf>

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This press release contains statements that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. When the company uses words like "believes," "expects," "anticipates," "intends," "plans," "estimates," "may," "would," "should" or similar expressions, or when the company discusses its strategy or plans, the company is making forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future results may differ materially from those expressed in the forward-looking statements. Forward-looking 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, legislative and regulatory conditions and developments; actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources, the Federal Energy Regulatory Commission and other environmental and regulatory bodies in the United States and other countries; capital market conditions, inflation rates, interest rates and exchange rates; energy and trading markets, including the timing and extent of changes in commodity prices; the availability of natural gas and liquefied natural gas; weather conditions and conservation efforts; war and terrorist attacks; business, regulatory, environmental, and legal decisions and requirements; the status of deregulation of retail natural gas and electricity delivery; the timing and success of business development efforts; the resolution of litigation; and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the company. These risks and uncertainties are further discussed in the company's reports filed with the Securities and Exchange Commission that are available through the EDGAR system without charge at its Web site, www.sec.gov and on the company's Web site, www.sempra.com.

Sempra LNG and Sempra Pipelines & Storage are not the same companies as the utilities, SDG&E or SoCalGas, and are not regulated by the California Public Utilities Commission. Sempra Energy Trading, doing business as Sempra Commodities, and Sempra Generation are not the same companies as the utilities, SDG&E or SoCalGas, and the California Public Utilities Commission does not regulate the terms of their products and services.

STATEMENTS OF CONSOLIDATED INCOME

(Dollars in millions, except per share amounts)	Three months ended	
	March 31,	
	2007	2006
	(Unaudited)	
Operating revenues		
Sempra Utilities	\$ 2,059	\$ 2,128
Sempra Global and parent	945	1,208
Total operating revenues	<u>3,004</u>	<u>3,336</u>
Operating expenses		
Sempra Utilities:		
Cost of natural gas	1,050	1,130
Cost of electric fuel and purchased power	149	210
Sempra Global and parent:		
Cost of natural gas, electric fuel and purchased power	336	298
Other cost of sales	319	376
Other operating expenses	633	676
Depreciation and amortization	169	157
Franchise fees and other taxes	81	77
Total operating expenses	<u>2,737</u>	<u>2,924</u>
Operating income	267	412
Other income, net	11	4
Interest income	26	14
Interest expense	(70)	(96)
Preferred dividends of subsidiaries	(2)	(2)
Income from continuing operations before income taxes and equity in earnings of certain unconsolidated subsidiaries	232	332
Income tax expense	63	108
Equity in earnings of certain unconsolidated subsidiaries	58	10
Income from continuing operations	<u>227</u>	<u>234</u>
Discontinued operations, net of income tax	1	21
Net income	<u>\$ 228</u>	<u>\$ 255</u>
Basic earnings per share:		
Income from continuing operations	\$ 0.88	\$ 0.92
Discontinued operations, net of income tax	-	0.08
Net income	<u>\$ 0.88</u>	<u>\$ 1.00</u>
Weighted-average number of shares outstanding (thousands)	<u>259,459</u>	<u>254,257</u>
Diluted earnings per share:		
Income from continuing operations	\$ 0.86	\$ 0.90
Discontinued operations, net of income tax	-	0.08
Net income	<u>\$ 0.86</u>	<u>\$ 0.98</u>
Weighted-average number of shares outstanding (thousands)	<u>263,996</u>	<u>259,251</u>
Dividends declared per share of common stock	<u>\$ 0.31</u>	<u>\$ 0.30</u>

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table B

CONSOLIDATED BALANCE SHEETS

(Dollars in millions)	March 31, 2007 (unaudited)	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,658	\$ 920
Restricted cash	1	4
Accounts receivable	917	1,035
Deferred income taxes	376	270
Interest receivable	7	40
Trading-related receivables and deposits, net	2,452	3,047
Derivative trading instruments	3,332	4,068
Commodities owned	1,399	1,845
Inventories	111	215
Regulatory assets	143	193
Other	275	317
Current assets of continuing operations	10,671	11,954
Current assets of discontinued operations	60	62
Total current assets	10,731	12,016
Investments and other assets:		
Regulatory assets arising from fixed-price contracts and other derivatives	339	353
Regulatory assets arising from pension and other postretirement benefit obligations	367	356
Other regulatory assets	462	472
Nuclear decommissioning trusts	710	702
Investments	1,138	1,086
Sundry	791	789
Total investments and other assets	3,807	3,758
Property, plant and equipment, net	13,486	13,175
Total assets	\$ 28,024	\$ 28,949
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	\$ 101	\$ 252
Accounts payable	1,013	1,587
Income taxes payable	114	9
Trading-related payables	2,769	3,211
Derivative trading instruments	2,450	2,304
Commodities sold with agreement to repurchase	144	537
Dividends and interest payable	153	145
Regulatory balancing accounts, net	457	332
Fixed-price contracts and other derivatives	55	87
Current portion of long-term debt	656	681
Other	1,283	1,197
Current liabilities of continuing operations	9,195	10,342
Current liabilities of discontinued operations	5	7
Total current liabilities	9,200	10,349
Long-term debt	4,520	4,525
Deferred credits and other liabilities:		
Due to unconsolidated affiliate	162	162
Customer advances for construction	124	126
Pension and other postretirement benefit obligations, net of plan assets	622	609
Deferred income taxes	378	412
Deferred investment tax credits	66	67
Regulatory liabilities arising from removal obligations	2,353	2,330
Asset retirement obligations	1,187	1,128
Other regulatory liabilities	224	221
Fixed-price contracts and other derivatives	346	358

Deferred credits and other	954	972
Total deferred credits and other liabilities	<u>6,416</u>	<u>6,385</u>
Preferred stock of subsidiaries	179	179
Shareholders' equity	<u>7,709</u>	<u>7,511</u>
Total liabilities and shareholders' equity	<u>\$ 28,024</u>	<u>\$ 28,949</u>

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table C

CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS

(Dollars in millions)	Three months ended	
	March 31,	
	2007	2006
	(Unaudited)	
Cash Flows from Operating Activities:		
Income from continuing operations	\$ 227	\$ 234
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	169	157
Deferred income taxes and investment tax credits	(104)	(44)
Equity in income of unconsolidated subsidiaries	(52)	(6)
Other	20	32
Net changes in other working capital components	1,115	399
Changes in other assets	16	(18)
Changes in other liabilities	(7)	6
Net cash provided by continuing operations	<u>1,384</u>	<u>760</u>
Net cash provided by (used in) discontinued operations	<u>(1)</u>	<u>95</u>
Net cash provided by operating activities	<u>1,383</u>	<u>855</u>
Cash Flows from Investing Activities:		
Expenditures for property, plant and equipment	(423)	(415)
Proceeds from sale of assets from continuing operations	32	22
Expenditures for investments	(5)	(103)
Purchases of nuclear decommissioning and other trust assets	(211)	(122)
Proceeds from sales by nuclear decommissioning and other trusts	213	116
Other	(6)	(1)
Net cash used in continuing operations	<u>(400)</u>	<u>(503)</u>
Net cash used in discontinued operations	<u>-</u>	<u>(2)</u>
Net cash used in investing activities	<u>(400)</u>	<u>(505)</u>
Cash Flows from Financing Activities:		
Common dividends paid	(79)	(65)
Issuances of common stock	16	17
Repurchases of common stock	-	(12)
Decrease in short-term debt, net	(151)	(369)
Payments on long-term debt	(35)	(44)
Issuance of long-term debt	2	-
Other	2	2
Net cash used in continuing operations	<u>(245)</u>	<u>(471)</u>
Net cash provided by discontinued operations	<u>-</u>	<u>2</u>
Net cash used in financing activities	<u>(245)</u>	<u>(469)</u>
Increase (decrease) in cash and cash equivalents	738	(119)
Cash and cash equivalents, January 1	920	769
Cash and cash equivalents, March 31	<u>\$ 1,658</u>	<u>\$ 650</u>

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table D

BUSINESS UNIT EARNINGS AND CAPITAL EXPENDITURES & INVESTMENTS (Unaudited)

(Dollars in millions)	Three months ended March 31,	
	2007	2006
Net Income		
Sempra Utilities:		
San Diego Gas & Electric	\$ 62	\$ 47
Southern California Gas	55	49
Total Sempra Utilities	<u>117</u>	<u>96</u>
Sempra Global:		
Sempra Commodities	71	116
Sempra Generation*	54	41
Sempra Pipelines & Storage*	16	11
Sempra LNG	(10)	(5)
Total Sempra Global	<u>131</u>	<u>163</u>
Parent & Other	<u>(21)</u>	<u>(25)</u>
Continuing Operations	227	234
Discontinued Operations, Net of Income Tax	1	21
Consolidated Net Income	<u>\$ 228</u>	<u>\$ 255</u>

* Excludes amounts now classified as discontinued operations.

(Dollars in millions)	Three months ended March 31,		
	2007	2006	
Capital Expenditures and Investments			
Sempra Utilities:			
San Diego Gas & Electric	\$ 157	\$ 583	(1)
Southern California Gas	86	97	
Total Sempra Utilities	<u>243</u>	<u>680</u>	
Sempra Global:			
Sempra Commodities	13	20	
Sempra Generation	1	29	
Sempra Pipelines & Storage	79	105	
Sempra LNG	86	152	
Total Sempra Global	<u>179</u>	<u>306</u>	
Parent & Other	6	(468)	(1)
Consolidated Capital Expenditures and Investments	<u>\$ 428</u>	<u>\$ 518</u>	

(1) Includes the transfer of the Palomar plant.

As a result of the decisions in 2006 to dispose of the Twin Oaks power plant, Sempra Energy Production Company, and the Energy Services and Facilities Management businesses, all within Sempra Generation, and Bangor Gas and Frontier Energy, both within Sempra Pipelines & Storage, these operations have been reflected above as discontinued operations in all periods presented.

SEMPRA ENERGY

Table E

OTHER OPERATING STATISTICS (Unaudited)

	Three months ended March 31,	
	2007	2006
SEMPRA UTILITIES		
Revenues (Dollars in millions)		
SDG&E (excludes intercompany sales)	\$ 705	\$ 718
SoCalGas (excludes intercompany sales)	\$ 1,354	\$ 1,410
Gas Sales (bcf)	141	141
Transportation and Exchange (bcf)	120	122
Total Deliveries (bcf)	<u>261</u>	<u>263</u>
Total Gas Customers (Thousands)	6,487	6,406
Electric Sales (Millions of kWhs)	4,190	4,043

Direct Access (Millions of kWhs)	778	898
Total Deliveries (Millions of kWhs)	4,968	4,941
Total Electric Customers (Thousands)	1,357	1,342

SEMPRA GENERATION

Power Sold (Millions of kWhs)	5,377	4,910 (1)
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(1) Revised to exclude the Twin Oaks, Coletto Creek and Topaz power plants.

SEMPRA PIPELINES & STORAGE

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

Natural Gas Sales (bcf)		
Argentina	63	52
Mexico	11	10
Chile	-	1
Natural Gas Customers (Thousands)		
Argentina	1,552	1,511
Mexico	101	99
Chile	39	38
Electric Sales (Millions of kWhs)		
Peru	1,269	1,165
Chile	665	614
Electric Customers (Thousands)		
Peru	793	772
Chile	538	525

SEMPRA ENERGY

Table E (Continued)

SEMPRA COMMODITIES

<i>Margin * (Dollars in millions)</i>	Three months ended March 31,	
	2007	2006
Geographical:		
North America	\$ 104	\$ 359
Europe/Asia	63	6
Total	\$ 167	\$ 365
Product Line:		
Gas	\$ (56)	\$ 179
Power	82	101
Oil - Crude & Products	57	53
Metals	60	27
Other	24	5
Total	\$ 167	\$ 365

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

<i>Effect of EITF 02-03 (Dollars in millions)</i>	Three months ended March 31,	
	2007	2006
Mark-to-Market Earnings *	\$ 157	\$ 160
Effect of EITF 02-03 **	(86)	(44)
GAAP Net Income	\$ 71	\$ 116

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

** Consists of the income statement effect of not recognizing changes in the fair market value of certain physical inventories, capacity contracts for transportation and storage, and derivative hedging activities related to synthetic fuels tax credits.

<i>Net Unrealized Revenue (Dollars in millions)</i>	Fair Market Value March 31,	Scheduled Maturity (in months)			
	2007	0 - 12	13 - 24	25 - 36	> 36
OTC Fair Value of forwards, swaps and options (1)	\$ 854	369	340	2	143
Maturity of OTC Fair Value - Cumulative Percentages		43.2%	83.0%	83.3%	100.0%

Exchange Contracts (2)		49		203		(134)		75		(95)
Total Net Unrealized Revenue at March 31, 2007	\$	903	\$	572	\$	206	\$	77	\$	48
Net Unrealized Revenue - Cumulative Percentages				63.3%		86.2%		94.7%		100.0%

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

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

	March 31,	December 31,
<i>Credit Quality of Unrealized Trading Assets (net of margin)</i>	2007	2006
Commodity Exchanges	8%	13%
Investment Grade	62%	57%
Below Investment Grade	30%	30%

	Three months ended	
<i>Risk Adjusted Performance Indicators (Mark-to-Market Basis)</i>	March 31,	
	2007	2006
VaR at 95% (Dollars in millions) (1)	\$ 10.3	\$ 22.0
VaR at 99% (Dollars in millions) (2)	\$ 14.5	\$ 31.1

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

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

<i>Physical Statistics</i>		
	2007	2006
Natural Gas (bcf/Day)	12.4	12.6
Electric (Billions of kWhs)	122.9	114.9
Oil & Liquid Products (Millions Bbls/Day)	0.6	0.7

SEMPRA ENERGY
Table F (Unaudited)

**Income Statement
Data by Business
Unit**

**Three Months Ended
March 31, 2007**

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Operating Revenues	\$ 709	\$ 1,368	\$ 512	\$ 397	\$ 77	\$ (7)	\$ (52)	\$ 3,004
Cost of Sales and Other Operating Expenses	514	1,191	474	299	70	10	10	2,568
Depreciation & Amortization	75	69	7	12	3	-	3	169
Operating Income (Loss)	120	108	31	86	4	(17)	(65)	267
Other Income (Expense), Net	4	(2)	-	-	-	-	9	11
Income (Loss) before Interest & Taxes ⁽¹⁾	124	106	31	86	4	(17)	(56)	278
Net Interest Expense (Income) ⁽²⁾	24	12	2	(7)	1	1	13	46
Income Tax Expense (Benefit)	38	39	4	39	(1)	(8)	(48)	63
Equity in Earnings of Certain Unconsolidated Subsidiaries	-	-	46	-	12	-	-	58
Discontinued Operations	-	-	-	-	-	-	1	1
Net Income (Loss)	\$ 62	\$ 55	\$ 71	\$ 54	\$ 16	\$ (10)	\$ (20)	\$ 228

**Three Months Ended
March 31, 2006**

(Dollars in millions)	SDG&E	SoCalGas	Commodities	Generation	Pipelines & Storage	LNG	Consolidating Adjustments, Parent & Other	Total
Operating Revenues	\$ 722	\$ 1,425	\$ 780	\$ 396	\$ 76	\$ -	\$ (63)	\$ 3,336
Cost of Sales and Other Operating Expenses	556	1,258	578	314	70	10	(19)	2,767
Depreciation & Amortization	67	66	7	11	3	-	3	157
Operating Income (Loss)	99	101	195	71	3	(10)	(47)	412
Other Income (Expense), Net	2	-	(1)	1	1	(1)	2	4

Income (Loss) before Interest & Taxes ⁽¹⁾	101	101	194	72	4	(11)	(45)	416
Net Interest Expense ⁽²⁾	19	15	16	6	-	-	28	84
Income Tax Expense (Benefit)	35	37	62	25	3	(6)	(48)	108
Equity in Earnings of Certain Unconsolidated Subsidiaries	-	-	-	-	10	-	-	10
Discontinued Operations	-	-	-	-	-	-	21	21
Net Income (Loss)	<u>\$ 47</u>	<u>\$ 49</u>	<u>\$ 116</u>	<u>\$ 41</u>	<u>\$ 11</u>	<u>\$ (5)</u>	<u>\$ (4)</u>	<u>\$ 255</u>

⁽¹⁾ Management believes "Income (Loss) before Interest & Taxes" (Operating Income plus Other Income, Net) is a useful measurement of our business units' performance because it can be used to evaluate the effectiveness of our operations exclusive of interest and income taxes, neither of which is directly relevant to the efficiency of those operations.

⁽²⁾ Net Interest Expense (Income) includes Interest Income, Interest Expense and Preferred Dividends of Subsidiaries.