

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act
of 1934

Date of Report
(Date of earliest event reported): May 21, 1999

SAN DIEGO GAS & ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

CALIFORNIA	1-3779	95-1184800
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(State of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

8326 CENTURY PARK COURT, SAN DIEGO, CALIFORNIA	92123
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(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code-----
(619) 696-2000

(Former name or former address, if changed since last report.)

FORM 8-K

Item 2. Acquisition or Disposition of Assets

On May 21, 1999 San Diego Gas & Electric Company (SDG&E) completed the sale of its 965-megawatt Encina Power Plant and 17 combustion-turbine generators to Dynegy Inc. and NRG Energy Inc. for \$356 million in cash. The power plant began operating in Carlsbad, California, in 1954 and consists of five steam-generating units and an on-site combustion turbine. Other assets sold along with the plant are substantial acreage including the outer and middle sections of the Agua Hedionda Lagoon.

Previously, on April 23, 1999, SDG&E completed the sale of its 693-megawatt South Bay Power Plant to the San Diego Unified Port District for \$110 million, which the Port District is financing through revenue bonds.

SDG&E will operate and maintain both facilities for the new owners for the next two years. The press releases announcing the completion of these sales are attached as Exhibits 99.1 and 99.2.

Item 7. Financial Statements And Exhibits.

(c) Exhibits

99.1 Press release dated May 21, 1999 announcing the completion of the sale of Encina Power Plant and combustion turbines to Dynegy, NRG Energy.

99.2 Press release dated April 23, 1999 announcing the completion of the sale of South Bay Power Plant to the San Diego Unified Port District.

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 21, 1999

By: /s/ E.A. Guiles

E.A. Guiles
President

Media Contacts: John Sousa

Dynegy
(713) 507-3936
www.dynegy.com

Ed Van Herik

SDG&E
(877) 866-2066
www.sdge.com

Trudy Marshall

NRG Energy
(612) 373-5410

Investor Relations
Contacts:

Margaret Nollen
Dynegy Inc.
(713) 767-8707

Clem Teng
SDG&E
(877) 736-7727

SDG&E COMPLETES SALE OF ENCINA POWER
PLANT AND COMBUSTION TURBINES
TO DYNEGY, NRG ENERGY

SAN DIEGO, May 21, 1999 -- San Diego Gas & Electric (SDG&E) today completed the sale of its 965-megawatt Encina Power Plant in Carlsbad and 253 megawatts (MW) of combustion turbine facilities in San Diego County to Dynegy Inc. and NRG Energy Inc.

Dynegy and NRG Energy jointly paid \$356 million in cash to acquire both the plant and 17 combustion-turbine generators, which are used during times of peak electricity demand. Dynegy will provide fuel-management services and market energy out of the Encina Power Plant and combustion turbines for the partnership. NRG Energy will manage the operation of the power generation assets out of its new San Diego office.

"The sale of these two San Diego power plants is enabling us to move to a competitive marketplace for the commodity of electricity two-and-a-half years sooner than expected, a step that will benefit both our shareholders and customers," said Edwin A. Guiles, president of SDG&E. "The sale also allows us to focus more on the future of SDG&E, on becoming a world-class energy-delivery company."

Under the terms of the sale, SDG&E will operate and maintain the facility for the new owners for two years after the sale.
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"The timing of the addition of these assets to our power-generation franchise enables us to capitalize on the opportunities in the California power market during the onset of the peak summer season," said Chuck Watson, chairman and chief executive officer of Dynegy. "We look forward to a strong long-term relationship with the Carlsbad community and its residents."

"This Southern California addition to our West Coast portfolio is an integral part of our strategy to focus on building our core markets in order to become one of the top players," said David Peterson, chairman, president and chief executive officer of NRG Energy. "Consistent with that leadership position, we are committed to high standards for safety, environmental performance and reliability for the communities we serve."

The Encina Power Plant began operation in 1954 and was expanded throughout the 1970s. The facility consists of five steam-generating units and an on-site combustion turbine. Other assets being sold along with the plant are substantial acreage including the outer and middle sections of the Agua Hedionda Lagoon.

Proceeds from the sale of the Encina Power Plant are being used by SDG&E to pay down the Competition Transition Charge (CTC), now on customer bills. The CTC is a line item on the bills for all customers of the state's investor-owned utilities -- SDG&E, Southern California Edison and Pacific Gas & Electric (PG&E) -- to recover the cost of past capital investments, including power plants and other generating assets, made uneconomic by the shift to a competitive market.

SDG&E has asked the California Public Utilities Commission for authority to end collection of the majority of its CTC on July 1, 1999, in part because of proceeds from the sale of its power plants. The sale of SDG&E's South Bay Power Plant in Chula Vista, Calif., to the San Diego Unified Port District was completed April 23, 1999.

The Encina Power Plant and associated combustion turbines increase the number of power generation assets owned by Dynegy in California to 21. In addition to the El Segundo and Long Beach facilities, Dynegy has natural gas-fired facilities in Bakersfield, Corona, Crockett, Stockton, and Taft. Encina and the combustion turbines increase the generating capacity of Dynegy's California assets to 3,478 MW. The capacity of Dynegy's 31 U.S. generation assets currently operating or under construction is more than 6,800 gross MW.
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Dynegy (NYSE: DYN), formerly known as NGC Corp., is one of the country's leading marketers of energy products and services. The name Dynegy reflects the company's evolution from a natural gas marketing company to a dynamic energy company with a fully integrated energy network to meet the growing challenges of the energy market of the future. Through its leadership position in gathering, processing, transportation, independent power generation, and marketing of energy, the company provides energy solutions to its customers located primarily in North America and the United Kingdom.

NRG is one of the world's leading independent power producers, specializing in the development, construction, operation, maintenance and ownership of low-cost, environmentally sensitive power plants. Established in 1989, NRG has a high quality portfolio of projects in the United States, Europe, the Pacific Rim, and Latin America. NRG is involved in over 16,000 MW of projects utilizing diverse fuel types including natural and landfill gas, hydro, and solid fuels such as coal, lignite, biomass and refuse-derived fuel.

San Diego Gas & Electric (SDG&E) is a public utility that provides service to 3 million consumers through 1.2 million electric meters and 720,000 natural gas meters in San Diego and southern Orange counties. SDG&E is a subsidiary of Sempra Energy (NYSE: SRE), a Fortune 500 energy services holding company based in San Diego.

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San Diego Unified Port District, SDG&E complete South Bay power plant sale

Contacts:

Doug Kline/Ed Van Herik
SDG&E
(877) 866-2066

Rita Vandergaw/Diana Lucero
San Diego Unified Port District
(619) 686-6462

SAN DIEGO, April 23, 1999 -- San Diego Gas & Electric (SDG&E) today officially completed the sale of its South Bay Power Plant to the San Diego Unified Port District.

The sale, which was first announced Sept. 17, 1998, clears the way for the Port District to become the new owner of the 693-megawatt, natural gas-fired power plant, which has been in operation in Chula Vista, Calif., since 1960. Duke South Bay, a subsidiary of Duke Energy Power Services, will manage the plant for the Port District and SDG&E will continue to operate the facility for the next two years, as mandated by state law.

"The South Bay Power Plant has served San Diego's electricity needs successfully for four decades, and we will ensure that the transition to its new owner, the Port District, is a smooth one," said Edwin A. Guiles, president of SDG&E. "As operators of the plant, SDG&E will continue to provide safe and reliable electric service for the next two years under its new manager, Duke South Bay. This really is a win-win situation for SDG&E, the Port District and all of our San Diego customers."

The Port District is financing the \$110 million purchase of the plant through the issuance of revenue bonds, and SDG&E is donating excess value of the plant, plus nearly 165 acres of land.

SDG&E's donation encompasses approximately 165 acres, including the main 116-acre site surrounding the plant, plus an adjacent 33-acre parcel southeast of the plant that has been previously used for storing liquefied natural gas, and a 16-acre transmission site to the north of the plant, between J and F streets in Chula Vista.

The South Bay Power Plant has been designated a "must-run" generating facility by California's Independent System Operator (ISO), the state's centralized control center for electricity transmission in the state. If another electric generating facility is built in the San Diego region, this must-run designation could be removed and the plant decommissioned.

"The Port's ultimate goal is to decommission the plant and convert the land to beneficial public uses," said Commissioner David Malcolm, who spearheaded the Port's power plant purchase.

Proceeds from the sale of the South Bay Power Plant are being used by SDG&E to pay down the Competition Transition Charge (CTC), now on customer bills. The CTC is a line item on the bills for all customers of the state's investor-owned utilities -- SDG&E, Southern California Edison and Pacific Gas & Electric (PG&E) -- to recover the cost of past capital investments, including power plants and other generating assets, made uneconomic by the shift to a competitive market.

SDG&E has asked the California Public Utilities Commission for authority to end collection of the majority of its CTC on July 1, 1999, in part because of proceeds from the sale of its power plants. The sale of SDG&E's Encina Power Plant in Carlsbad, Calif., to Dynegy and NRG Energy was announced Dec. 14, 1998. That sale is expected to close next month.

SDG&E is a public utility that provides service to 3 million consumers through 1.2 million electric meters and 720,000 natural gas meters in San Diego and southern Orange counties. SDG&E is a subsidiary of Sempra Energy (NYSE: SRE), a Fortune 500 energy services holding company based in San Diego.

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