

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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PACIFIC ENTERPRISES AND SUBSIDIARIES
    STATEMENTS OF CONSOLIDATED INCOME (Unaudited)
                        (Dollars in millions)
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| Revenues and Other Income: |  |  |
| :--- | :---: | ---: |
| Operating revenues | $\$ 561$ | $\$ 531$ |
| Other | $(6)$ | $(10)$ |
| Total | --- | ---- |
|  | 555 | 521 |
| Expenses: | ---- | --- |
| Cost of natural gas distributed |  |  |
| Operating expenses | 188 | 150 |
| Depreciation and amortization | 65 | 185 |
| Franchise payments and other taxes | 20 | 65 |
| Preferred dividends of subsidiaries | -- | 21 |
|  | --- | --- |
| Total | 450 | 421 |
| Income Before Interest and Income Taxes | --- | --- |
| Interest |  |  |


| Income Before Income Taxes | --- | --- |
| :--- | ---: | ---: |
| Income Taxes | 30 | 78 |
|  | 35 | 33 |
| Net Income | --- | --- |
| Preferred Dividend Requirements | 45 | 45 |
|  | 1 | 1 |
| Earnings Applicable to | --- | ---- |
| $\quad$ Common Shares | $\$ 44$ | $\$ 44$ |
|  | $====$ | $===$ |

See notes to Consolidated Financial Statements.

PACIFIC ENTERPRISES AND SUBSIDIARIES STATEMENTS OF CONSOLIDATED INCOME (Unaudited) (Dollars in millions)

|  | Nine Mon Septem | s Ended 30, |
| :---: | :---: | :---: |
|  | 1999 | 1998 |
| Revenues and Other Income: |  |  |
| Operating revenues | \$1,796 | \$1,781 |
| Other | (4) | 3 |
| Total | 1,792 | 1,784 |
| Expenses: |  |  |
| Cost of natural gas distributed | 685 | 608 |
| Operating expenses | 533 | 665 |
| Depreciation and amortization | 195 | 193 |
| Franchise payments and other taxes | 65 | 76 |
| Preferred dividends of subsidiaries | 1 | 1 |
| Total | 1,479 | 1,543 |
| Income Before Interest and Income Taxes | 313 | 241 |
| Interest | 70 | 57 |
| Income Before Income Taxes | 243 | 184 |
| Income Taxes | 110 | 87 |
| Net Income | 133 | 97 |
| Preferred Dividend Requirements | 3 | 3 |
| Earnings Applicable to |  |  |
| Common Shares | \$130 | \$ 94 |

See notes to Consolidated Financial Statements.

PACIFIC ENTERPRISES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Dollars in millions)

Balance at

```
September 30, December 31, 1999 1998
(Unaudited)
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| Income taxes receivable | -- | 22 |
| :---: | :---: | :---: |
| Deferred income taxes | 192 | 130 |
| Natural gas in storage | 80 | 49 |
| Materials and supplies | 12 | 16 |
| Prepaid expenses | 20 | 19 |
| Total current assets | 863 | 844 |
| Investments and other assets: |  |  |
| Regulatory assets | 340 | 351 |
| Other receivables | 129 | 130 |
| Investments | 4 | 209 |
| Other assets | 62 | 61 |
| Total investments and other assets | 535 | 751 |
| Property, plant and equipment | 6,165 | 6,152 |
| Less accumulated depreciation and amortization | $(3,301)$ | $(3,149)$ |
| Total property, plant and equipment - net | 2,864 | 3,003 |
| Total | \$4,262 | \$4,598 |

See notes to Consolidated Financial Statements.

THE 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.
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PACIFIC ENTERPRISES
1,000,000

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9-MOS
            DEC-31-1999
                SEP-30-1999
                        PER-BOOK
        2,862
            6
                863
            340
                191
                4,262
                                    1,072
            0
                13
1,085
                0
            1,069
                                    7 0
            0
            0
        105
            0
            0
1,853
    4,262
        1,796
            110
        1,479
        1,589
            207
            (4)
    203
                70
                            1 3 3
            3
    130
        100
        4 1
            281
                0
```

