SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[..X..] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

March 31, 1998

For the quarterly period ended...........................

Or

[.....] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ____________ to _____________

Commission File Number	Name of Registrant as specified in its charter	State of Incorporation	IRS Employer Identification Number
1-11439	ENOVA CORPORATION	California	33-0643023
1-3779	SAN DIEGO GAS & ELECTRIC COMPANY	California	95-1184800

101 ASH STREET, SAN DIEGO, CALIFORNIA 92101

(Address of principal executive offices) (Zip Code)

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

No Change

Former name, former address and former fiscal year, if changed since last report

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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......

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock outstanding April 30, 1998:

Enova Corporation	113,614,942
San Diego Gas & Electric Company	Wholly owned by Enova Corporation

ENOVA CORPORATION

AND

SAN DIEGO GAS & ELECTRIC COMPANY

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STATEMENTS OF INCOME (unaudited)
In thousands except per share amounts

	Enova Corporation and Subsidiaries		SDG&E	
For the three months ended March 31	1998	1997	1998	1997
Operating Revenues				
Electric	$497,199	$373,670	$497,199	$373,670
Gas	108,654	120,966	108,654	120,966
Other	11,039	13,294	--	--
Total operating revenues	616,892	507,930	605,853	494,636
Operating Expenses				
Electric fuel	30,614	39,681	30,614	39,681
Purchased power	96,057	87,750	96,057	87,661
Gas purchased for resale	52,333	67,881	52,333	67,761
Maintenance	20,444	21,966	20,444	21,966
Depreciation and decommissioning	204,067	85,707	198,713	80,622
Property and other taxes	11,290	11,712	11,290	11,626
General and administrative	47,749	44,601	45,028	39,070
Other	55,950	54,864	44,949	42,565
Income taxes	12,123	24,373	29,435	40,754
Total operating expenses	530,627	438,535	528,863	431,706
Operating Income	86,265	69,395	76,990	62,930
Other Income and (Deductions)				
Allowance for equity funds used during construction	876	1,423	876	1,423
Taxes on nonoperating income	1,265	5,068	(2,528)	432
Other - net	(2,792)	(405)	6,013	(1,691)
Net other income and (deductions)	(651)	6,086	4,361	164
Income Before Interest Charges and Preferred Dividends	85,614	75,481	81,351	63,094
Interest Charges and Preferred Dividends				
Long-term debt	31,713	21,729	27,314	17,925
Short-term debt and other	4,232	3,872	4,156	3,872
Allowance for borrowed funds used during construction	(342)	(632)	(342)	(632)
Preferred dividend requirements of SDG&E	1,646	1,646	--	--
Net interest charges and preferred dividends	37,249	26,615	31,128	21,165
Net Income	48,365	48,866	50,223	41,929
Preferred Dividend Requirements	--	--	1,646	1,646
Earnings Applicable to Common Shares	$ 48,365	$ 48,866	$ 48,577	$ 40,283
Average Common Shares Outstanding	113,616	116,452		
Earnings Per Common Share (basic and diluted)	$0.43	$0.42		
Dividends Declared Per Common Share	$0.39	$0.39		

See notes to financial statements.

BALANCE SHEETS
In thousands of dollars

	Enova Corporation and Subsidiaries	SDG&E

Balance at	March 31, 1998 (unaudited)	December 31, 1997	March 31, 1998 (unaudited)	December 31, 1997
ASSETS				
Utility plant - at original cost	$5,921,128	$5,888,539	$5,921,128	$5,888,539
Accumulated depreciation and decommissioning	(3,137,994)	(2,952,455)	(3,137,994)	(2,952,455)
Utility plant-net	2,783,134	2,936,084	2,783,134	2,936,084
Investments in partnerships and unconsolidated subsidiaries	546,332	516,113	--	--
Nuclear decommissioning trust	433,056	399,143	433,056	399,143
Current assets				
Cash and temporary investments	664,220	624,375	612,398	536,050
Accounts receivable	196,440	231,678	192,220	229,148
Notes receivable	27,713	27,083	--	--
Due from affiliates	--	--	58,792	125,417
Inventories	59,269	67,074	57,572	65,390
Other	37,159	89,826	26,368	51,840
Total current assets	984,801	1,040,036	947,350	1,007,845
Deferred taxes recoverable in rates	222,882	184,837	222,882	184,837
Deferred charges and other assets	227,285	157,711	198,377	126,584
Total	$5,197,490	$5,233,924	$4,584,799	$4,654,493
CAPITALIZATION AND LIABILITIES				
Capitalization				
Common equity	$1,573,788	$1,570,383	$1,291,639	$1,387,363
Preferred stock of SDG&E				
Not subject to mandatory redemption	78,475	78,475	78,475	78,475
Subject to mandatory redemption	25,000	25,000	25,000	25,000
Long-term debt	2,003,396	2,057,033	1,766,775	1,787,823
Total capitalization	3,680,659	3,730,891	3,161,889	3,278,661
Current liabilities				
Current portion of long-term debt	124,126	121,700	72,603	72,575
Accounts payable	148,390	163,395	145,783	161,039
Dividends payable	45,952	46,050	45,952	45,968
Interest and taxes accrued	25,234	23,160	57,215	10,468
Regulatory balancing accounts overcollected - net	65,130	58,063	65,130	58,063
Other	129,837	146,267	97,529	114,388
Total current liabilities	538,669	558,635	484,212	462,501
Customer advances for construction	36,756	37,661	36,756	37,661
Accumulated deferred income taxes-net	489,629	501,030	459,825	471,890
Accumulated deferred investment tax credits	93,635	62,332	93,635	62,332
Deferred credits and other liabilities	358,142	343,375	348,482	341,448
Total	$5,197,490	$5,233,924	$4,584,799	$4,654,493

See notes to financial statements.

STATEMENTS OF CASH FLOWS (unaudited)
In thousands of dollars

	Enova Corporation and Subsidiaries		SDG&E	
For the three months ended March 31	1998	1997	1998	1997
Cash Flows from Operating Activities				
Net income	$ 48,365	$ 48,866	$ 50,223	$ 41,929
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and decommissioning	204,067	85,707	198,713	80,622
Amortization of deferred charges and other assets	1,824	1,902	1,824	1,701
Amortization of deferred credits and other liabilities	(7,638)	(9,832)	(1,168)	(1,060)
Allowance for equity funds used during construction	(876)	(1,423)	(876)	(1,423)

Deferred income taxes and investment tax credits	(68,857)	2,214	69,021	30
Application of balancing accounts to stranded costs	(86,000)	--	(86,000)	--
Other - net	(947)	340	(19,865)	(2,140)
Changes in working capital components				
Accounts and notes receivable	34,608	2,753	36,928	3,251
Inventories	7,805	10,236	7,818	10,966
Other current assets	8,420	(1,413)	(32)	814
Interest and taxes accrued	103,995	53,313	(8,617)	75,796
Accounts payable and other current liabilities	(31,435)	(66,206)	(65,490)	(79,222)
Regulatory balancing accounts	7,067	21,210	7,067	21,210
Net cash provided by operating activities	220,398	147,667	189,546	152,474
Cash Flows from Financing Activities				
Regular dividends paid	(44,399)	(45,567)	(45,963)	(47,131)
Special dividend paid	--	--	--	(66,150)
Repayment of long-term debt	(50,059)	(45,001)	(19,868)	(25,000)
Redemption of common stock	(658)	(66,314)	--	--
Issuances of long-term debt	--	279	--	--
Net cash used by financing activities	(95,116)	(156,603)	(65,831)	(138,281)
Cash Flows from Investing Activities				
Utility construction expenditures	(40,957)	(34,074)	(40,957)	(34,074)
Contributions to decommissioning funds	(5,505)	(5,505)	(5,505)	(5,505)
Other - net	(38,975)	6,674	(905)	(1,648)
Net cash used by investing activities	(85,437)	(32,905)	(47,367)	(41,227)
Net increase (decrease) in cash and temporary investments	39,845	(41,841)	76,348	(27,034)
Cash and temporary investments, beginning of year	624,375	173,079	536,050	81,409
Cash and temporary investments, end of year	$664,220	$131,238	$612,398	$ 54,375
Supplemental Disclosure of Cash Flow Information				
Income tax refunds	$(12,800)	$(19,001)	$(12,800)	$(19,001)
Interest payments, net of amounts capitalized	$ 39,060	$ 23,764	$ 25,494	$ 15,113
Supplemental Schedule of Noncash Activities:				
Investing and Financing				
Real estate investments	$ --	$ 74,641	$ --	$ --
Cash paid	--	--	--	--
Liabilities assumed	$ --	$ 74,641	$ --	$ --
Dividend to Parent of Intercompany Receivable	$ --	$ --	$100,000	$ --

See notes to financial statements.

ENOVA CORPORATION/SAN DIEGO GAS & ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. GENERAL

This Quarterly Report on Form 10-Q is a combined filing of Enova Corporation and SDG&E. The financial statements presented herein represent the consolidated statements of Enova Corporation and its subsidiaries (including SDG&E), as well as the stand-alone statements of SDG&E. Unless otherwise indicated, the "Notes to Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" herein pertain to Enova Corporation as a consolidated entity.

The Registrants believe all adjustments necessary to present a fair statement of the consolidated financial position and results of operations for the periods covered by this report, consisting of recurring accruals, have been made.

The Registrants' significant accounting policies, as well as those of their subsidiaries, are described in the notes to consolidated financial statements in Enova Corporation's 1997 Annual Report to Shareholders. The same accounting policies are followed for interim reporting purposes.

This quarterly report should be read in conjunction with the Registrants' 1997 Annual Report on Form 10-K which included the "Management's Discussion & Analysis of Financial Condition and Results of Operations," as well as financial statements and notes thereto.

2. BUSINESS COMBINATION

In October 1996 Enova and Pacific Enterprises Inc., parent company of Southern California Gas Company, announced an agreement to combine the two companies. Additional information on the proposed business combination is discussed on page 11 in "Management's Discussion and Analysis of Financial Condition and Results of Operations."

3. MATERIAL CONTINGENCIES

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 adopts the December 1995 California Public Utilities Commission (CPUC) policy decision that restructures 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 (i.e., private generators, brokers, etc.) or 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, nuclear units and, lastly, from the lowest-bidding suppliers. The California investor-owned electric utilities (IOUs) are obligated to bid their power supply, including electric generation and purchased-power contracts, into the PX. An Independent System Operation (ISO) schedules power transactions and access to the transmission system. The local utility continues to provide distribution service regardless of which source the customer chooses.

As discussed in Note 10 in the notes to consolidated financial statements of the 1997 Annual Report to Shareholders, the IOUs have been given a reasonable opportunity to recover their stranded costs via a competition transition charge (CTC) to customers through December 31, 2001. SDG&E has identified that its estimated transition costs total $2 billion (net present value in 1998 dollars). Through March 31, 1998 SDG&E has recovered transition costs of $0.3 billion for nuclear generation, $0.1 billion for non-nuclear generation and $0.1 billion for purchased-power contracts. Additionally, overcollections of $0.1 billion recorded in the Energy Cost Adjustment Clause and Electric Revenue Adjustment Mechanism balancing accounts at December 31, 1997 have been applied to transition cost recovery, leaving approximately $1.4 billion for future CTC recovery. Included therein is $0.4 billion for post-2001 purchased-power contract payments that may be recovered after 2001, subject to an annual reasonableness review. During the 1998-2001 period, recovery of transition costs is limited by the rate cap (discussed below). Generation plant additions made after December 20, 1995 are not eligible for transition cost recovery. Instead, each utility must file a separate application seeking a reasonableness review thereof. In March 1998 SDG&E reached an agreement with the CPUC's Office of Ratepayer Advocates for the recovery of $13.6 million of SDG&E's $14.5 million in 1996 capital additions for the Encina and South Bay power plants. A final CPUC decision is expected in the second quarter of 1998.

In November 1997 SDG&E announced a plan to auction its power plants and other electric-generating assets. This plan includes the divestiture of SDG&E's fossil power plants and combustion turbines, its 20-percent interest in San Onofre Nuclear Generating Station (SONGS) and its portfolio of long-term purchased-power contracts. The power plants have a net book value as of March 31, 1998 of $700 million ($200 million for fossil and $500 million for SONGS). The proceeds from the auction will be applied directly to SDG&E's transition costs. SDG&E has proposed to the CPUC that the sale of its fossil plants be completed by the end of 1998. Management believes that the rates within the rate cap and the proceeds from the sale of electric-generating assets will be sufficient to recover all of SDG&E's approved transition costs by December 31, 2001, not including the post-2001 purchased-power contract payments that may be recovered after 2001 (see discussion above). However, if the proceeds from the sale of the power plants are less than expected or if generation costs, principally fuel costs, are greater than anticipated, SDG&E may be unable to recover all of its approved transition costs. This would result in a charge against earnings at the time it becomes probable that SDG&E will be unable to recover all of the transition costs.

California's electric restructuring law (AB 1890) required a 10-percent reduction of residential and small commercial customers' rates beginning in January 1998. AB 1890 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 charge on their electric bills. In 1997 SDG&E formed a subsidiary, SDG&E Funding LLC, to facilitate the issuance of the rate-reduction 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 customers. Consequently, the revenue streams are not the property of SDG&E nor are they available to satisfy any claims of SDG&E's creditors.

A coalition of consumer groups has organized a California ballot initiative that, among other things, would possibly result in an additional 10-percent rate reduction, require that this rate reduction be achieved through the elimination or reduction of CTC payments and prohibit the collection of the charge on customer bills that would finance the rate reduction. SDG&E cannot predict the final outcome of the initiative. If the initiative were to qualify for the ballot, be voted into law and upheld by the courts, the financial impact on SDG&E could be substantial. In December 1997 the California Supreme Court dismissed a petition submitted by a related coalition of consumer groups to overturn the CPUC's Rate-Reduction Bond financing orders.

AB 1890 includes a rate freeze for all customers. Until the earlier of March 31, 2002, or when transition cost recovery is complete, SDG&E's system average rate will be frozen at June 10, 1996 levels (9.64 cents per kilowatt-hour (kwh)), except for the impact of certain fuel cost changes and the 10-percent rate reduction described above. Beginning in 1998 rates were fixed at 9.43 cents per kwh, which includes the maximum permitted increase related to fuel cost increases and the mandatory rate reduction.

SDG&E has been accounting for the economic effects of regulation on all of its utility operations in accordance with SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," as described in the notes to consolidated financial statements in the 1997 Annual Report to Shareholders. SDG&E has ceased the application of SFAS No. 71 to its generation business, in accordance with the conclusion of the Financial Accounting Standards Board that the application of SFAS No. 71 should be discontinued when legislation is issued that determines that a portion of an entity's business will no longer be regulated. The discontinuance of SFAS No. 71 has not resulted in a write-off of SDG&E's generation assets, since the CPUC has approved the recovery of these assets by the distribution portion of its business, subject to the rate cap.

INDUSTRY RESTRUCTURING -- FEDERAL ENERGY REGULATORY COMMISSION

In October 1997 the FERC approved key elements of the California IOUs' restructuring proposal. This included the transfer by the IOUs of the operational control of their transmission facilities to the ISO, which is under FERC jurisdiction. The FERC also approved the establishment of the California PX to operate as an independent wholesale power pool. The IOUs pay to the PX an up-front restructuring charge (in four annual installments) and an administrative-usage charge for each megawatt-hour of volume transacted. SDG&E's share of the restructuring charge is approximately $10 million, which is being recovered as a transition cost. The IOUs have jointly guaranteed $300 million of commercial loans to the ISO and Power Exchange for their development and initial start-up. SDG&E's share of the guarantee is $30 million.

NUCLEAR INSURANCE

SDG&E and the co-owners of the SONGS units have purchased primary insurance of $200 million, the maximum amount available, for public liability claims. An additional $8.7 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 $32 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 the public liability limit stated above is 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 $2.75 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, after a waiting period of 17 weeks. Coverage is provided 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 $6 million.

CANADIAN GAS

SDG&E has long-term pipeline capacity commitments to support its contracts for Canadian natural-gas supplies. Certain of these supply contracts are in litigation, while others are in the process of being settled. If the supply of Canadian natural gas to SDG&E is not resumed to a level approximating the related committed long-term pipeline capacity, SDG&E intends to continue using the capacity in other ways, including the release of a portion of this capacity to third parties and the transport of replacement gas. Additional information regarding the Canadian gas contracts in litigation is provided under "Legal Proceedings" in the 1997 Annual Report on Form 10-K beginning on page 16.

ITEM 2.

ENOVA CORPORATION/SAN DIEGO GAS & ELECTRIC COMPANY
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes forward-looking statements within the definition of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in "Management's Discussion and Analysis of Financial Condition and Results of Operations," the words "estimates", "expects", "anticipates", "plans" and "intends," variations of such words, and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties.

Although the Registrants believe that their expectations are based on reasonable assumptions, they can give no assurance that those expectations will be realized. Important factors that could cause actual results to differ materially from those in the forward-looking statements herein include political developments affecting state and federal regulatory agencies, the pace and substance of electric industry deregulation in California and in the United States, the ability to effect a coordinated and orderly implementation of both state legislation and the CPUC's restructuring regulations, the consummation and timing of the proposed business combination of Enova and Pacific Enterprises, the timing and level of proceeds of sales of SDG&E's electric-generating assets, the level of sales of electricity, the rate of growth of nonutility subsidiary revenues, international political developments, environmental regulations, and the timing and extent of changes in interest rates and prices for natural gas and electricity.

RESULTS OF OPERATIONS

The following discussions reflect the results for the three months ended March 31, 1998 compared to the corresponding period in 1997:

EARNINGS

Basic and diluted earnings per common share for the first quarter were $0.43 in 1998, compared to $0.42 for the corresponding period in 1997. The increase in earnings in 1998 is due to numerous offsetting factors, primarily the previously announced seasonal variability related to the elimination of electric balancing accounts, rewards reflecting SDG&E's performance under the Gas Procurement Performance-Based Ratemaking (PBR) mechanism, expenses associated with the Enova-Pacific Enterprises merger and lower nonutility subsidiary earnings. The $0.42 earnings per share for the first quarter of 1997 includes $0.04 of nonrecurring earnings related to tax benefits from the 1995 sale of Wahlco Environmental Systems, Inc. Additional information concerning the sale of Wahlco is provided in Note 3 in the notes to consolidated financial statements of the 1996 Annual Report to Shareholders.

OPERATING REVENUES

For the quarter ended March 31, 1998 electric revenues increased from the corresponding period in 1997 primarily due to the recovery of stranded costs via the competition transition charge (CTC) and differences between forecasted and actual sales volume during the first quarter of 1998. This included the January 1998 application to stranded cost recovery of the $130-million balance in the Interim Transition Cost Balancing Account which had been transferred from the ECAC and ERAM balancing accounts at December 31, 1997 (see discussion in "Electric Balancing Accounts" below). Recovery of stranded costs via the CTC will cause earnings to fluctuate as the level of recovery fluctuates, but will be partially offset by increases to depreciation and amortization. In addition, the elimination of ECAC and ERAM, effective December 31, 1997, will cause earnings to be affected by electric-revenue fluctuations due to differences between forecasted and actual sales volume and forecasted and actual fuel and purchased-power costs. These fluctuations will no longer be offset by the accrual or deferral of revenue through the balancing accounts. Increases and decreases in electric sales volume and fuel and purchased-power costs will now impact earnings. Due to the delay in the ISO/PX startup until March 31, 1998, fuel and purchased-power costs for generation were placed temporarily in a balancing account and did not have a negative impact on earnings during the first quarter of 1998.

OPERATING EXPENSES

For the quarter ended March 31, 1998 electric fuel expense decreased from the corresponding period in 1997 primarily due to decreases in natural-gas prices, offset by increases in both natural-gas-fired and nuclear generation. The increase in purchased-power expense for the first quarter of 1998 is primarily due to increases in both purchased-power costs and capacity charges. Gas purchased for resale decreased for the quarter ended March 31, 1998 due to decreases in natural-gas prices.

In addition, for the quarter ended March 31, 1998 compared to the corresponding period in 1997, depreciation and decommissioning expense increased due to recovery of stranded costs via the CTC. This CTC recovery offsets the increases to depreciation and amortization (see discussion in "Operating Revenues" above). Income tax expense decreased due to the increase in income tax benefits related to Enova Financial's increased investments in affordable-housing projects and changes in the treatment and timing of the recognition of certain items due to electric industry restructuring. This change in treatment results in income taxes associated with certain regulatory items being deferred rather than recorded as current tax expense.

OTHER

The change in taxes on nonoperating income for the quarter ended March 31, 1998 compared to the corresponding period in 1997 is due to tax benefits included in 1997 from the 1995 sale of Wahlco Environmental Systems, Inc. Additional information concerning the sale of Wahlco is provided in Note 3 in the notes to consolidated financial statements of the 1996 Annual Report to Shareholders. Interest charges related to long-term debt increased due to the rate reduction bonds that were issued in December 1997.

BUSINESS COMBINATION

In March 1998 the CPUC issued its decision approving the business combination of Enova Corporation and Pacific Enterprises (PE), parent company of Southern California Gas Company (SoCalGas). In approving the combination, the CPUC found that it will benefit customers and the state and local economies, maintain or improve the financial condition of the utilities and quality of management, and be fair to employees and shareholders. The decision calls for the 50/50 sharing of the combination's net cost savings between shareholders and customers, but only for five years rather than the ten years sought, leaving the proper treatment of savings after the first five years to a future Commission. The decision disallows $54 million of the costs to achieve the business combination and reduces the total net shareable savings from $1.1 billion to $340 million. In addition, the decision requires, among other things, the divestiture by SDG&E of its gas-fired generation units (already in progress - see "Electric Generation" below) and the sale by SoCalGas of its options to purchase those portions of the Kern River and Mojave Pipeline gas-transmission facilities within California by September 1998. The CPUC decision adopts various conditions to prevent the improper use of information and cross-subsidies of affiliates by the regulated utilities, but it does not include costly utility-to-utility transaction rules. The decision also adopts a Negative Declaration, concluding that the combination would not have a significant adverse effect on the environment.

In March 1998 Enova and PE reached an agreement with the U.S. Department of Justice (DOJ) to gain clearance for the business combination under the Hart-Scott-Rodino Antitrust Act. Under the agreement, Enova has committed to follow through on its plan to divest SDG&E's fossil-fuel power plants (see "Electric Generation" below), with the new combined company required to gain prior DOJ approval before it can acquire or control any existing California generation facilities in excess of 500 megawatts.

Following a thorough review of the recent regulatory decisions, Enova and PE remain committed to the completion of the business combination, with the expected commencement of combined operations in the summer of 1998. Final regulatory approvals must still be gained from the Federal Energy Regulatory Commission (FERC) and the Securities and Exchange Commission. In June 1997 the FERC conditionally approved the combination subject to conditions that the combined company will not unfairly use any potential market power regarding natural-gas transportation to gas-fired electric-generation plants. In its decision, the FERC required that Sempra Energy adopt specific remedial measures to alleviate the market power concerns and that the CPUC would commit to the enforcement of these measures. The FERC also specifically noted that the divestiture of SDG&E's natural-gas-fired generation plants would eliminate any concerns about vertical market power arising from transactions between SDG&E and SoCalGas. The FERC acknowledged that these issues were clearly within the jurisdiction of the CPUC.

Earnings of the combined company will be negatively impacted in 1998 by delays in achieving cost savings from the combination caused by the later-than-expected effective combination date, the CPUC recovery disallowance of certain costs of the combination and lower-than-anticipated earnings from the start-up of its nonutility subsidiaries. Earnings in subsequent years will be impacted by the future decision of the CPUC concerning the treatment of the combination's cost savings after five years and the level of growth at its nonutility subsidiaries.

ELECTRIC GENERATION

In November 1997 SDG&E announced a plan to auction its power plants and other electric-generating assets, enabling it to continue to concentrate its business on the transmission and distribution of electricity and natural gas in a competitive marketplace. The plan includes the divestiture of SDG&E's fossil plants - the Encina (Carlsbad, California) and South Bay (Chula Vista, California) plants - and its combustion turbines, as well as its 20-percent interest in the San Onofre Nuclear Generating Station (SONGS) and its portfolio of long-term purchased-power contracts, including those with qualifying facilities. The power plants, including the interest in SONGS, have a net book value as of March 31, 1998 of $700 million ($200 million for fossil and $500 million for SONGS) and a combined generating capacity of 2,400 megawatts. The proceeds from the auction will be applied directly to SDG&E's transition costs (see Note 3 of the notes to consolidated financial statements). SDG&E has proposed to the CPUC that the sale of its fossil plants be completed by the end of 1998.

In April 1998 El Dorado Energy, a joint venture of Sempra Energy Resources (a recently formed Enova subsidiary) and Houston Industries Power Generation, began construction on a 480-megawatt natural-gas-fired power plant in Boulder City, Nevada. The $280 million project, which is expected to be completed in the fourth quarter of 1999, will employ an advanced combined-cycle gas-turbine technology, enabling it to efficiently produce electricity for sale into the wholesale market in the western United States.

OTHER REGULATORY MATTERS

CALIFORNIA PUBLIC UTILITIES COMMISSION'S INDUSTRY RESTRUCTURING

In September 1996 the state of California enacted a law restructuring California's electric utility industry to stimulate competition and reduce rates. See additional discussion of industry restructuring in Note 3 of the notes to consolidated financial statements.

CONSUMER EDUCATION

In August 1997 the CPUC authorized $89 million in rate recovery to fund California's Consumer Education Plan (CEP). SDG&E's share of this amount is approximately $9 million. The CEP's objective is to provide California electric customers information to help them compare and choose among electric products and services in the competitive environment. The CEP's program began in September 1997 and is expected to end by May 31, 1998.

PUBLIC PURPOSE PROGRAMS

The CPUC has established a new administrative structure and initial funding levels to manage demand-side management, renewable-energy, low-income assistance, and research and development (R&D) programs beginning in January 1998. The CPUC has formed independent boards to oversee a competitive bidding process to administer demand-side management (DSM) and low-income assistance programs. In an interim decision, the CPUC has required that the California IOUs transfer their administration of demand-side management and low-income programs to these independent boards by December 1998 and December 1999, respectively. Until the transition to a fully competitive energy-services market is complete, customers will be required to provide the funding. For 1998 SDG&E is being funded $32 million and $12 million for demand-side management and renewables programs, respectively. Low-income assistance funding remains at 1997 authorized levels ($12 million). The California Energy Commission is being allocated most of the $63 million authorized to administer the R&D programs, of which SDG&E is funded $4 million. SDG&E

earnings potential from DSM programs will be reduced when the transition to the competitive markets is complete.

ELECTRIC BALANCING ACCOUNTS

In October 1997 the CPUC issued a decision eliminating the Electric Cost Adjustment Clause (ECAC) and the Electric Revenue Adjustment Mechanism (ERAM) balancing accounts effective December 31, 1997. Net over-collections of $130 million for these accounts at December 31, 1997 were applied to transition cost recovery in the first quarter of 1998 by the use of a new Interim Transition Cost Balancing Account. The decision eliminates further ECAC proceedings for generation costs incurred after 1997. The elimination of ECAC and ERAM will cause annual earnings to be affected by electric-revenue fluctuations due to differences between forecasted and actual sales volume and forecasted and actual fuel and purchased-power costs. The largest expected quarterly impacts will be reduced first-quarter earnings and increased third-quarter earnings. In the first quarter of 1998, there was no impact since the ISO/PX startup was delayed until March 31.

PERFORMANCE-BASED RATEMAKING (PBR)

Distribution: In December 1997 the CPUC eliminated SDG&E's 1999 General Rate Case filing requirement and replaced it with a 1999 Cost of Service study in its new Distribution PBR application for electric distribution and gas operations (filed in January 1998 to begin in 1999). The application requests an increase in SDG&E's revenue requirements for electric distribution and gas. The electric distribution increase does not affect rates and, therefore, if approved, reduces the amount available for transition cost recovery.

The Distribution PBR proposes a formula for indexing year-to-year gas and electric distribution rates due to inflationary impacts. Rates under the new mechanism are self-calibrating and will be reset each year based on SDG&E's financial performance achieved the previous year. To the extent that return on rate base for any year differs from the authorized rate by more than 100 basis points, the next year's authorized rates will be adjusted up or down by an amount equal to 20 percent of that excess.

SDG&E's performance will be measured and compared with quantitative benchmarks for a set of indicators to determine whether a reward or penalty is earned each year. The proposed PBR includes performance indicators for customer satisfaction, employee safety, electric system reliability, electric competition enhancement, environmental citizenship and electric system maintenance. The total annual maximum reward or penalty for all of the performance indicators will be $20 million. SDG&E's ability to control its costs within the limits of the revenues authorized by the study and succeed in its performance indicators will impact future earnings.

Natural Gas: In February 1998 SDG&E reached an agreement with the CPUC's Office of Ratepayer Advocates for a proposed permanent Gas Procurement PBR mechanism. The new mechanism essentially continues the existing mechanism, establishing a monthly benchmark against which SDG&E's gas procurement activities are measured. The resulting costs or savings will be shared equally between shareholders and ratepayers. A final CPUC decision is expected in July 1998.

NATURAL GAS RESTRUCTURING

In January 1998 the CPUC opened a rulemaking proceeding designed to open the natural-gas industry to competition for all customers. The rulemaking will allow residential and small commercial customers to receive the price and service benefits already realized by larger customers. In developing a natural-gas retail restructuring proposal, the CPUC has provided several guiding principles: replace traditional regulation with competition in those markets where competition or the potential for competition exists, thereby allowing market forces to dictate prices; reform regulation for those utility functions that are not fully competitive; maintain a standard of consumer protection in both competitive and noncompetitive markets; and maintain supply reliability and ensure the safety of consumers' natural-gas service. In March 1998 SDG&E and SoCalGas submitted a joint filing to the CPUC, providing comments on the CPUC's plan. The filing recommends that the CPUC adopt an unbundled, open-access framework for gas storage and transmission to be combined with the commodity-market competition that currently exists. Hearings on the proposed restructuring began in April 1998, with a final CPUC policy decision expected to be issued by the end of 1998.

DISTRIBUTION COST OF CAPITAL

Electric industry restructuring has changed the method of calculating SDG&E's annual cost of capital. SDG&E's 1998 cost of capital, as regulated by the CPUC, remains at 1997 authorized levels of 11.60 percent for the rate of return on equity and 9.35 percent for the rate of return on rate base. These rates apply only to electric distribution and gas rate base, excluding electric transmission (regulated by the FERC) and electric generation (recovered as transition costs). In May 1998 SDG&E will file with the CPUC its Unbundled Cost of Capital application for 1999 rates. Historically, SDG&E's cost of capital has been determined on an incremental basis, with annual adjustments made to reflect market conditions. However, the current application will seek approval to establish new separate rates for SDG&E's electric distribution and gas businesses.

ENVIRONMENTAL MATTERS

In March 1998, the California Supreme Court denied a request for review of a December 1997 California Court of Appeal case involving Pacific Gas & Electric in which the Court of Appeal held that the CPUC has exclusive jurisdiction over personal injury and property-damage cases related to electric and magnetic fields.

LIQUIDITY AND CAPITAL RESOURCES

Utility operations continue to be a major source of liquidity. Liquidity has been favorably impacted by the issuance of Rate Reduction Bonds as described on page 7. In addition, financing needs are met primarily through issuances of short-term and long-term debt. These capital resources are expected to remain available. Cash requirements include utility capital expenditures, nonutility subsidiaries' investments, and repayments and retirements of long-term debt. Nonutility cash requirements include capital expenditures associated with subsidiary activities related to the plans to distribute natural gas in Mexico and the eastern United States; new products; investments in Sempra Energy Trading, Sempra Energy Solutions, El Dorado Energy and other ventures; and affordable-housing, leasing and other investments. In addition to changes described elsewhere, major changes in cash flows are described below.

OPERATING ACTIVITIES

Besides the effects of other items discussed in this report, the only significant changes in cash flows from operations for the three months ended March 31, 1998 compared to the corresponding 1997 period were related to accounts and notes receivable, other current assets, accounts payable and other current liabilities, accrued interest and taxes, and regulatory balancing accounts. Cash flows from accounts and notes receivable increased due to a decrease in utility customer receivables at March 31, 1998 resulting from a decrease in revenue billed to customers. This decrease is attributable to decreases in gas and electric usage due to weather and the 10-percent rate reduction. Cash flows from other current assets increased due to a shift in Enova's net deferred tax position from current assets to current liabilities, as also reflected in the increase in cash flows from accrued taxes. The increase in cash flows from accrued interest results from the increase in accrued interest due to the timing of payments on long-term debt. Cash flows from accounts payable and other current liabilities increased due to the high level of natural-gas prices in late 1996 and early 1997 which resulted in an amplified decrease in the purchased-gas payable in March 1997. Cash flows from regulatory balancing accounts increased due to the increase in the gas balancing accounts reflecting continued overcollections attributable to decreasing natural-gas prices.

FINANCING ACTIVITIES

Enova Corporation does not anticipate the need for short-term debt in 1998. In addition, Enova does not expect to issue stock or long-term debt in 1998, other than for stock issuances related to the Enova - Pacific Enterprises business combination.

On May 1, 1998 SDG&E announced a voluntary tender for the entire outstanding balances of three issuances of first mortgage bonds: $54.3 million of 9.625-percent bonds, $43.7 million of 8.5-percent bonds, and $80.0 million of 7.625-percent bonds. This, coupled with the $32 million of variable-rate, taxable IDBs retired previously and the $83 million of debt offset by temporary assets, will complete the anticipated debt-related use of rate-reduction bond proceeds. See discussion of rate-reduction bond proceeds on page 29 of "Management's Discussion & Analysis of Financial Condition and Results of Operations" of the 1997 Annual Report to Shareholders.

Enova Financial and SDG&E repaid $30.2 million and $19.9 million, respectively, of long-term debt during the first quarter of 1998 during the ordinary course of business. The amount repaid by SDG&E includes $3.2 million of rate-reduction-bond repayments. During that same period, no long-term debt was issued by either company.

SDG&E had short-term bank lines of $50 million and long-term bank lines of $340 million with no short-term loans outstanding at March 31, 1998. Commitment fees are paid on the unused portion of the lines and there are no requirements for compensating balances. The $50 million short-term bank line expired on April 30, 1998 and has been rewritten as a $30 million bank line expiring April 30, 1999. A $60 million long-term bank line expires at year end 1998 and is expected to be extended at that time.

Quarterly cash dividends of $0.39 per share were declared for the first quarter of 1998 and for each quarter during the year ended December 31, 1997. The dividend-payout ratio for the twelve months ended March 31, 1998 and years ended December 31, 1997, 1996, 1995, 1994 and 1993 were 71 percent, 71 percent, 79 percent, 80 percent, 130 percent and 82 percent, respectively. The increase in the payout ratio for the year ended December 31, 1994 was due to the writedowns recorded during 1994. For additional information regarding the writedowns, see Enova Corporation's 1996 Annual Report on Form 10-K. The payment of future dividends is within the discretion of the directors and is dependent upon future business conditions, earnings and other factors. The CPUC regulates SDG&E's capital structure, limiting the dividends it may pay Enova; this restriction is not expected to affect Enova's ability to meet its cash obligations. Net cash flows provided by operating activities currently are sufficient to maintain the payment of dividends at the current level.

SDG&E maintains its capital structure so as to obtain long-term financing at the lowest possible rates. The following table shows the percentages of capital represented by the various components. The capital structures are net of the construction funds held by a trustee in 1993.

	1993	1994	1995	1996	1997 (A)	1997 (B)	March 31, 1998 (A)	March 31, 1998 (B)
Common equity	47%	48%	49%	50%	51%	41%	50%	40%
Preferred stock	4	4	4	4	4	3	4	3
Debt and leases	49	48	47	46	45	56	46	57
Total	100%	100%	100%	100%	100%	100%	100%	100%

(A) Excludes rate reduction bonds ($658 million at December 31, 1997 and $655 million at March 31, 1998).
(B) Includes rate reduction bonds ($658 million at December 31, 1997 and $655 million at March 31, 1998).

The following table lists key financial ratios for SDG&E.

	Twelve months ended March 31, 1998	Year ended December 31, 1997
Pretax interest coverage*	5.9 X	5.8 X
Pretax interest coverage	5.4 X	5.8 X
Internal cash generation		
-with accelerated depreciation**	207 %	192 %
-without accelerated depreciation**	151 %	165 %
Construction expenditures as a percent of capitalization*	7.9 %	7.3 %

* Excludes December 1997 rate reduction bonds in calculation.
** Due to industry restructuring.

INVESTING ACTIVITIES

Cash used in investing activities for the three months ended March 31, 1998 included utility construction expenditures and payments to the SONGS decommissioning trust. Utility construction expenditures were $197 million in 1997 and are estimated to be $242 million in 1998. Nonutility expenditures were $158 million in 1997 and are estimated to be $100 million in 1998. 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. Among other things, the level of utility expenditures in the next few years will depend heavily on the impacts of industry restructuring and the sale of SDG&E's Encina and South Bay power plants and other electric-generating assets, as well as the timing and extent of expenditures to comply with air-emission reduction and other environmental requirements. Enova's level of nonutility expenditures in the next few years will depend primarily on activities such as Enova International's plan to develop natural-gas distribution systems in Mexico, Sempra Energy Solutions' activities including its plan to develop natural-gas distributions systems outside of California, and the level of investments by Enova and Enova Financial.

During the first quarter of 1998, Enova invested $0.6 million in Distribuidora de Gas Natural de Mexicali and $3 million in El Dorado Energy. In addition, in January 1998, Sempra Energy Solutions completed the acquisition of CES/Way International as previously reported. Investments in these and other nonutility ventures are responsible for the change in cash used by other-net investing activities during the three months ended March 31, 1998 as shown on the Statements of Cash Flows.

NEW ACCOUNTING STANDARDS

Enova has adopted Statement of Financial Accounting Standard (SFAS) No. 130, "Reporting Comprehensive Income," which requires the reporting and display of comprehensive income and its components. These components are items that affect equity without having been recognized in the determination of net income. Enova had no such items during the three months ended March 31, 1998.

SFAS 131, "Disclosures about Segments of an Enterprise and Related Information," requires annual and interim disclosure of certain information about a company's products and services. Under SFAS 131, operating segments are to be determined consistent with the way that management organizes and evaluates financial information internally. The impact of the adoption of SFAS 131 is the potential redefinition of Enova's segments, possibly electric operations, gas operations, energy services and other. Enova is not reporting this information at this time as it is not required for interim periods in the initial year of application. However, the disclosure of limited segment information will be required for interim periods during years subsequent to the initial year of application.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Other than as discussed below, there have been no significant subsequent developments in litigation proceedings that were outstanding at December 31, 1997, nor have there been any significant new litigation proceedings since that date.

SONGS PERSONAL INJURY LITIGATION

As described in the "Legal Proceedings -- SONGS Personal Injury Litigation" section on page 18 of the Registrants' Annual Report on Form 10-K, SDG&E holds a 20-percent interest in the San Onofre Nuclear Generating Station, and seven radiation personal injury cases have been filed against various parties in which plaintiffs allege that their various types of leukemia or other forms of cancers were caused by radiation exposure to "fuel fleas" (radioactive fuel particles). On March 6, 1998, the jury in one of these seven cases, the Kennedy litigation, reached a verdict in favor of defendants Southern California Edison and Combustion Engineering on all counts. A Motion for New Trial was filed on March 20, 1998 and has been scheduled for hearing on June 11, 1998. SDG&E was not a party to this action; however, because of its ownership interest in SONGS, SDG&E may be adversely affected if plaintiffs are successful.

CANADIAN NATURAL GAS

SDG&E and Canadian Hunter settled their dispute, and on April 8, 1998, the U.S. District Court entered an order in the case dismissing the litigation with prejudice.

ITEM 4. SUBMISSION OF MATTERS TO VOTE

ENOVA CORPORATION

The shareholders of Enova Corporation elected three Class III Directors at the annual meeting on April 28, 1998. The name of each nominee and the number of shares voted for or withheld were as follows:

Nominees	Votes For	Votes Withheld

W.D. Jones	90,254,837	1,601,110
R.R. Ocampo	90,196,530	1,659,417
T.C. Stickel	90,267,582	1,588,365

Additional information concerning the election of the board of directors is contained in Enova Corporation's 1998 Proxy Statement and Notice of Annual Meeting.

SAN DIEGO GAS & ELECTRIC COMPANY

The shareholders of San Diego Gas & Electric Company elected 9 directors at the annual meeting on April 28, 1998. The name of each nominee and the number of votes for or withheld are summarized below. All 116,583,358 common shares, which are owned by Enova Corporation, were voted for the nominees. The $20 par value preferred stock, of which there are 1,373,770 shares outstanding, has two votes per share.

Nominees	Votes For	Votes Withheld
R.C. Atkinson	118,263,484	31,570
A. Burr	118,266,074	28,980
R.A. Collato	118,266,854	28,200
D.W. Derbes	118,264,844	30,210
R.H. Goldsmith	118,266,174	28,880
E.A. Guiles	118,266,844	28,210
W.D. Jones	118,266,654	28,400
R.R. Ocampo	118,264,128	30,926
T.C. Stickel	118,266,254	28,800

Additional information concerning the election of the board of directors is contained in SDG&E's 1998 Proxy Statement and Notice of Annual Meeting.

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 as required under SDG&E's August 1993 registration of 5,000,000 shares of Preference Stock (Cumulative).

Exhibit 27 - Financial Data Schedules

27.1 Financial Data Schedule for the quarter ended March 31, 1998 for Enova Corporation.

27.2 Financial Data Schedule for the quarter ended March 31, 1998 for SDG&E.

(b) Reports on Form 8-K

A Current Report on Form 8-K was filed on March 16, 1998 to announce the U.S. Department of Justice clearance received for the Enova - Pacific Enterprises merger and the issuance of CPUC Commissioner Josiah L. Neeper's alternate decision regarding the merger.

A Current Report on Form 8-K was filed on March 27, 1998 to announce the issuance of the CPUC's final decision approving the Enova - Pacific Enterprises merger.

SIGNATURE

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

ENOVA CORPORATION
(Registrant)

Date: May 6, 1998 By: /s/ F. H. Ault

(Signature)

F. H. AULT
Vice President and Controller

and

SAN DIEGO GAS & ELECTRIC COMPANY
(Registrant)

Date: May 6, 1998 By: /s/ F. H. Ault

(Signature)
F. H. AULT
Vice President, Chief Financial
Officer, Treasurer and Controller

EXHIBIT 12.1

SAN DIEGO GAS & ELECTRIC COMPANY

COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

	1993	1994	1995	1996	1997	3 Months Ended 3/31/98*	3 Months Ended 3/31/98**
Fixed Charges:							
Interest:							
Long-Term Debt	$ 84,830	$ 81,749	$ 82,591	$ 76,463	$ 69,546	$ 15,431	$ 15,431
Short-Term Debt	6,676	8,894	17,886	12,635	13,825	2,654	2,654
Rate Reduction Bonds	--	--	--	--	--	--	11,883
Amortization of Debt Discount and Expense, Less Premium	4,162	4,604	4,870	4,881	5,154	1,352	1,352
Interest Portion of Annual Rentals	9,881	9,496	9,631	8,446	9,496	2,308	2,308
Total Fixed Charges	105,549	104,743	114,978	102,425	98,021	21,745	33,628
Preferred Dividends Requirements	8,565	7,663	7,663	6,582	6,582	1,646	1,646
Ratio of Income Before Tax to Net Income	1.79353	1.83501	1.78991	1.88864	1.91993	1.63772	1.63772
Preferred Dividends for Purpose of Ratio	15,362	14,062	13,716	12,431	12,637	2,696	2,696
Total Fixed Charges and Preferred Dividends for Purpose of Ratio	$120,911	$118,805	$128,694	$114,856	$110,658	$ 24,441	$ 36,324
Earnings:							
Net Income (before preferred dividend requirements)	$215,872	$206,296	$219,049	$222,765	$238,232	$ 50,223	$ 50,223
Add:							
Fixed Charges (from above)	105,549	104,743	114,978	102,425	98,021	21,745	33,628
Less: Fixed Charges Capitalized	1,483	1,424	2,040	1,495	2,052	356	356
Taxes on Income	171,300	172,259	173,029	197,958	219,156	32,028	32,028
Total Earnings for Purpose of Ratio	$491,238	$481,874	$505,016	$521,653	$553,357	$103,640	$115,523
Ratio of Earnings to Combined Fixed Charges and Preferred Dividends	4.06	4.06	3.92	4.54	5.00	4.24	3.18

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YEAR
DEC-31-1998
MAR-31-1998
PER-BOOK
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298,052
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25,000
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1,682,952
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0
0
65,852
0
83,823
6,751
1,350,307
4,584,799
605,853
29,435
499,428
528,863
76,990
4,361
81,351
31,128
50,223
1,646
48,577
45,963
27,314
189,546
0
0