UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1998

Commission file number 1-1402

SOUTHERN CALIFORNIA GAS COMPANY

(Exact name of registrant as specified in its charter)

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

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

(213) 244-1200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Common stock outstanding: Wholly owned by Pacific Enterprises

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

SOUTHERN CALIFORNIA GAS COMPANY AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED INCOME (Unaudited)
(In millions of dollars)

	Three Months Ended June 30		Six Months Ended June 30	
	1998	1997	1998	1997
Operating Revenues	$578	$575	$1,242	$1,303
Operating Expenses:				
Cost of gas distributed	185	167	486	517
Operating and maintenance	248	181	411	342
Depreciation	63	62	126	125
Income taxes	17	52	56	97
Other taxes and franchise fees	24	22	53	49
Total operating expenses	537	484	1,132	1,130
Operating income	41	91	110	173
Other Income and (Deductions)	(3)	--	(3)	--
Income Before Interest Charges and Preferred Dividends	38	91	107	173
Interest Charges:				
Long-term debt	18	20	38	41
Other interest	2	(1)	4	1
Allowance for borrowed funds used during construction	(1)	--	(1)	(1)
Net interest charges	19	19	41	41
Net Income	19	72	66	132
Dividends on Preferred Stock	--	2	1	4
Earnings Applicable to Common Stock	$ 19	$ 70	$ 65	$ 128

See notes to consolidated financial statements.

SOUTHERN CALIFORNIA GAS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
ASSETS
(In millions of dollars)

	June 30, 1998 (Unaudited)	December 31, 1997
Utility Plant - at original cost	$6,024	$5,978
Accumulated depreciation	3,019	2,904
Utility plant - net	3,005	3,074
Current Assets:		
Cash and cash equivalents	42	--
Accounts and notes receivable	303	499
Regulatory balancing accounts - net	--	355
Deferred income taxes	55	11
Inventories	33	38
Other	3	14
Total current assets	436	917
Regulatory Assets	224	214
Total	$3,665	$4,205

See notes to consolidated financial statements.

SOUTHERN CALIFORNIA GAS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
CAPITALIZATION AND LIABILITIES
(In millions of dollars)

	June 30, 1998 (Unaudited)	December 31, 1997
Capitalization:		
Common equity	$1,271	$1,370
Preferred stock	21	97
Long-term debt	1,041	968
Total capitalization	2,333	2,435
Current Liabilities:		
Short-term debt	46	351
Long-term debt due within one year	--	147
Accounts payable	356	417
Accrued interest	48	52
Accrued taxes	23	69
Regulatory balancing accounts - net	62	--
Other	118	78
Total current liabilities	653	1,114
Deferred Credits:		
Customer advances for construction	30	34
Deferred income taxes	385	373
Deferred investment tax credits	59	61
Other deferred credits	205	188
Total deferred credits	679	656
Total	$3,665	$4,205

See notes to consolidated financial statements.

SOUTHERN CALIFORNIA GAS COMPANY AND SUBSIDIARIES
CONDENSED STATEMENT OF CONSOLIDATED CASH FLOWS (Unaudited)
(In millions of dollars)

	Six Months Ended June 30	
	1998	1997
Cash Flows From Operating Activities:		
Net income	$ 66	$132
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	126	125
Deferred income taxes	12	12
Other	(15)	(8)
Net change in other working capital components	481	143
Net cash provided by operating activities	670	404
Cash Flows from Financing Activities:		
Dividends paid	(110)	(181)
Payment on long-term debt	(149)	(188)
Increase (decrease) in short-term debt	(305)	1
Issuance of long-term debt	75	--
Redemption of preferred stock	(75)	--
Net cash used in financing activities	(564)	(368)
Cash Flows from Investing Activities:		
Expenditures for utility plant	(54)	(78)
Other - net	(10)	28
Net cash used in investing activities	(64)	(50)
Increase (Decrease) in Cash and Cash Equivalents	42	(14)
Cash and Cash Equivalents, beginning of period	--	14
Cash and Cash Equivalents, end of period	$ 42	$ --
Supplemental Disclosure of Cash Flow Information:		
Income tax payments, net of refunds	$ 33	$ 93
Interest payments, net of amount capitalized	$ 45	$ 44

See notes to consolidated financial statements.

1. GENERAL

This Quarterly Report on Form 10-Q is a filing of Southern California Gas Company (SoCalGas), a wholly owned subsidiary of Pacific Enterprises (PE). The financial statements presented herein represent the consolidated financial statements of SoCalGas and its subsidiaries.

The accompanying consolidated financial statements have been prepared in accordance with the interim-reporting requirements of Form 10-Q. This quarterly report should be read in conjunction with SoCalGas' 1997 Annual Report on Form 10-K which includes the financial statements and notes thereto, its Quarterly Report on Form 10-Q for the three months ended March 31, 1998, and the Current Report on Form 8-K filed by Sempra Energy (Commission no. 1-14201) with the Securities and Exchange Commission on June 30, 1998 in connection with the completion of the business combination of Pacific Enterprises and Enova Corporation.

Results of operations for interim periods are not necessarily indicative of results for the entire year. In the opinion of management, the accompanying statements reflect all adjustments necessary for a fair presentation. These adjustments are of a normal recurring nature. Certain changes in account classification have been made to prior presentations to conform to the current financial statement presentation.

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

2. BUSINESS COMBINATION

On June 26, 1998 (pursuant to an October 1996 agreement) Enova Corporation (Enova) and Pacific Enterprises (PE) combined the two companies into a new company named Sempra Energy. As a result of the combination, (i) each outstanding share of common stock of Enova was converted into one share of common stock of Sempra Energy, (ii) each outstanding share of common stock of PE was converted into 1.5038 shares of common stock of Sempra Energy and (iii) the preferred stock and/or preference stock of Enova's principal subsidiary, San Diego Gas & Electric Company (SDG&E); PE; and SoCalGas remain outstanding. Additional information on the business combination is discussed in the Current Report on Form 8-K filed by Sempra Energy (Commission no. 1-14201) on June 30, 1998 and incorporated herein by reference.

Expenses incurred in connection with the business combination are $32 million and $7 million, after-tax, for the six-month periods ended June 30, 1998 and 1997, respectively. These costs consist primarily of employee-related costs, and investment banking, legal, regulatory and consulting fees.

3. COMPREHENSIVE INCOME

In conformity with generally accepted accounting principles, the Company has adopted Statement of Financial Accounting Standards No. 130 "Reporting Comprehensive Income." Comprehensive income for the three-month and the six-month periods ended June 30, 1998 and 1997 was equal to net income.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the financial statements contained in this Form 10-Q and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's 1997 Form 10-K.

INFORMATION REGARDING FORWARD-LOOKING COMMENTS

The following discussion 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. The words "estimates", "believes", "expects", "anticipates", "plans" and "intends," variations of such words, and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties. These statements are necessarily based upon various assumptions involving judgments with respect to the future including, among others, national, regional and local economic, competitive and regulatory conditions, technological developments, inflation rates, interest rates, energy markets, weather conditions, business and regulatory or legal decisions, and other uncertainties, all of which are difficult to predict and many of which are beyond the control of the Company. Accordingly, while the Company believes that the assumptions are reasonable, there can be no assurance that they will approximate actual experience, or that the expectations will be realized.

CAPITAL RESOURCES AND LIQUIDITY

Cash flows from operations for the six-month period ended June 30, 1998 increased $266 million from the corresponding period in 1997. The increase is primarily due to gas costs' being lower than amounts collected in rates (resulting in a decrease in previously undercollected regulatory balancing accounts) and an increase in gas volumes sold.

Capital expenditures for utility plant are expected to be $180 million in 1998 and will be financed primarily by internally-generated funds.

Cash used for financing activities for the six-month period ended June 30, 1998 increased $196 million from the corresponding period in 1997. The increase is primarily due to greater short-term debt repayments and the repurchase of preferred stock. On February 2, 1998, the Company redeemed all outstanding shares of 7-3/4% Series Preferred Stock for a total cost of $75 million, including unpaid dividends.

RESULTS OF OPERATIONS

The decreases in net income are primarily due to the lower base margin established in the PBR decision (see below) and the business-combination costs discussed in Note 2 of the notes to consolidated financial statements.

The table below compares the Company's throughput and revenues by customer class for the six-month periods ended June 30, 1998 and 1997.

	Gas Sales		Transportation and Exchanges		Total	
	Throughput	Revenue	Throughput	Revenue	Throughput	Revenue
	(Revenues in millions of dollars, volume in billion cubic feet)					
1998:						
Residential	154	$1,153	2	$ 7	156	$1,160
Commercial and industrial	43	259	157	136	200	395
Utility electric generation			40	20	40	20
Wholesale			74	30	74	30
Exchange			3		3	
Total in rates	197	$1,412	276	$193	473	1,605
Balancing accounts and other						(363)
Total operating revenues						$1,242
1997:						
Residential	128	$ 866	1	$ 5	129	$871
Commercial and industrial	44	280	149	124	193	404
Utility electric generation			56	28	56	28
Wholesale			69	31	69	31
Exchange			2	1	2	1
Total in rates	172	$1,146	277	$189	449	1,335
Balancing accounts and other						(32)
Total operating revenues						$1,303

The decrease in year-to-date operating revenues is primarily due to the margin reduction established in PBR (see below) and lower prices for gas. The increase in total throughput was primarily due to colder weather in 1998 compared to 1997.

The decrease in the cost of gas is primarily due to a decrease in the average cost of gas purchased to $2.11 per thousand cubic feet (MCF) for the six-month period ended June 30, 1998, compared to $2.45 per MCF in the corresponding period of 1997. Under the current regulatory framework, changes in revenue resulting from changes in core market volumes and cost of gas do not affect net income.

The increase in operating and maintenance expense is primarily due to the favorable settlements of contingencies in the first half of 1997.

Recent CPUC Regulatory Activity

Under the Gas Cost Incentive Mechanism (GCIM), the Company can recover all costs within a "tolerance band" above the benchmark price and refunds all savings within the tolerance band below the benchmark price. The cost of purchases or savings outside the tolerance band is shared equally between customers and shareholders.

The Company's gas costs were below the specified GCIM benchmark for the annual period ended March 1997. In June 1997 the Company filed a motion with the CPUC requesting a reward for shareholders under the procurement portion of the incentive mechanism. A reward of $11 million was approved by the CPUC in June 1998 and is included in income for the three-month period ended June 30, 1998.

The CPUC has approved the use of gas futures for managing risks associated with the GCIM. The Company enters into gas futures contracts in the open market on a limited basis to mitigate risk and better manage gas costs.

Regulatory Activity Influencing Future Performance

On July 16, 1997, the CPUC issued its final decision on the Company's application for Performance Based Ratemaking (PBR), which was filed with the CPUC in 1995.

PBR replaces the general rate case and certain other regulatory proceedings through December 31, 2002. Under PBR, regulators allow future income potential to be tied to achieving or exceeding specific performance and productivity measures, rather than relying solely on expanding utility rate base in a market where the Company already has a highly developed infrastructure. Key elements of the PBR include a reduction in base rates, an indexing mechanism that limits future rate increases to the inflation rate less a productivity factor, a sharing mechanism with customers if earnings exceed the authorized rate of return on rate base, and rate refunds to customers if service quality deteriorates.

The Company implemented the base-margin reduction on August 1, 1997, and all other PBR elements on January 1, 1998. The CPUC intends the PBR decision to be in effect for five years; however, the CPUC decision allows for the possibility that changes to the PBR mechanism could be adopted in a decision to be issued in the Company's 1998 Biennial Cost Allocation Proceeding (BCAP) application which is anticipated to become effective August 1, 1999.

Under PBR, annual Cost of Capital proceedings are replaced by an automatic adjustment mechanism if changes in certain indices exceed established tolerances. The mechanism is triggered if interest rates increase or decrease by more than 150 basis points and are forecasted to vary by at least 150 basis points for the next year. If this occurs, there would be an automatic adjustment of rates for the change in the cost of capital according to a pre-established formula which applies a percentage of the change to various capital components.

For 1998, the Company is authorized to earn a rate of return on common equity of 11.6 percent and a 9.49 percent return on rate base, the same as in 1997.

The Company has considered the effect of Statement of Financial Accounting Standard No. 121 "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of" (SFAS 121) on its financial statements, including the potential effect of electric industry restructuring. Although the Company believes that the volume of gas transported may be adversely impacted by electric restructuring, it is not anticipated to result in an impairment of assets as defined in SFAS 121 because the expected undiscounted future cash flows from the gas transportation infrastructure are greater than the assets' carrying amounts.

PART II. OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27 - Financial Data Schedules

27.1 Financial Data Schedule for the six months ended June 30, 1998 for SoCalGas.

(b) Reports on Form 8-K

A Current Report on Form 8-K filed on July 1, 1998 announced the completion of the business combination between Enova Corporation and Pacific Enterprises, and the related changes in control.

SIGNATURE

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

SOUTHERN CALIFORNIA GAS COMPANY
(Registrant)

Date: August 14, 1998

By: /s/ Warren Mitchell

Warren Mitchell
Chairman and President

UT
THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONDENSED STATEMENT OF CONSOLIDATED INCOME, BALANCE SHEET AND CASH FLOWS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
0000092108
SOUTHERN CALIFORNIA GAS COMPANY
1,000,000

YEAR
DEC-31-1998
JUN-30-1998
PER-BOOK
3,005
0
436
224
0
3,665
835
0
436
1,271
0
21
1,041
46
0
0
0
0
0
0
1,286
3,665
1,242
56
1,076
1,132
110
(3)
107
41
66
1
65
109
0
670
0
0