FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 [Fee Required]

For the fiscal year ended December 31, 1993
Commission file number 1-40

PACIFIC ENTERPRISES
(Exact name of Registrant as specified in its charter)

California	95-0743670
(State of incorporation)	(IRS Employer Identification No.)

633 West Fifth Street, Los Angeles, California	90071-2006
(Address of principal executive offices)	(Zip Code)

(213) 895-5000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock and Associated Common Stock Purchase Rights	New York Stock Exchange Pacific Stock Exchange
Preferred Stock $7.64 dividend $4.75 dividend $4.50 dividend $4.40 dividend $4.36 dividend	American Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. /X/

The aggregate market value of Registrant's voting stock (Common Stock and Voting Preferred Stock) held by non-affiliates at March 16, 1994, was approximately $1.9 billion. This amount excludes the market value of 780,000 shares of Common Stock held by Registrant's directors and executive officers.

Registrant's Common Stock outstanding at March 16, 1994, numbered 84,391,373 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information in this Annual Report is incorporated by reference to information contained or to be contained in other documents filed or to be filed by Registrant with the Securities and Exchange Commission. The following table identifies the information so incorporated in each Part of this Annual Report on Form 10-K and the document in which it is or will be contained.

Annual Report On Form 10-K		Information Incorporated by Reference and Document in Which Information is or will be Contained
Part II	-	Information contained under the captions "Financial Review -- Management's Discussion and Analysis", "Quarterly Financial Data", "Range of Market Prices and Capital Stock" and "Selected Financial Data and Comparative Statistics 1983-1993", in Registrant's 1993

Annual Report to Shareholders.

Part III	-	Information contained under the captions "Election of Directors", "Share Ownership of Directors and Executive Officers" and "Executive Compensation" in Registrant's Proxy Statement for its Annual Meeting of Shareholders scheduled to be held on May 5, 1994.

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PART I

ITEM 1. BUSINESS

PACIFIC ENTERPRISES

Pacific Enterprises is a Los Angeles-based utility holding company primarily engaged in supplying natural gas throughout most of Southern and portions of Central California. These operations are conducted through Southern California Gas Company, the nation's largest natural gas distribution utility, serving 4.7 million meters and 535 communities throughout a 23,000-square mile service territory with a population of approximately 16 million. Through other subsidiaries, Pacific Enterprises is also engaged in interstate and offshore natural gas transmission and in alternate energy development.

STRATEGIC PLAN AND RECENT RESTRUCTURING

Pacific Enterprises returned to profitability in 1993 and resumed dividends on its Common Stock. This was accomplished through the completion of a strategic restructuring and the continued strong performance of gas utility operations conducted through Southern California Gas Company, which has achieved or exceeded its authorized rate of return on rate base for the last 11 consecutive years.

The restructuring was part of a new strategic plan to refocus on natural gas utility operations. It was adopted in 1992 in response to increasingly unsatisfactory financial performance and shareholder returns attributable to non-utility operations. Non-utility operations had been greatly expanded in 1986 with the initial acquisition of retailing operations and, to a lesser extent, again in 1988 with additional acquisitions in retailing and in oil and gas exploration and production. The profitability of gas utility operations could not offset declines in non-utility operations and earnings per share increasingly declined beginning in 1988 and substantial and increasing losses were incurred beginning in 1990. As a result, non-utility related indebtedness increased substantially and dividends on Common Stock were reduced in 1991 and suspended in 1992.

During 1992 and early 1993, retailing and oil and gas exploration and production operations were sold with the sale proceeds applied to reduce non-utility related debt and the remaining debt was refinanced. Corporate staff and other expenses also were reduced. In addition, a quasi-reorganization for financial reporting purposes was effected on December 31, 1992 restating assets and liabilities to their fair value and eliminating an accumulated deficit in retained earnings.

In mid-1993, Pacific Enterprises completed a public offering of 8 million shares of its Common Stock and applied a portion of the proceeds of the offering to the repayment of substantially all remaining non-utility debt. Cash dividends on Common Stock were then resumed at an initial annual rate of $1.20 per share.

The restructuring was completed later in 1993 by establishing common membership for the Boards of Directors of Pacific Enterprises and Southern California Gas Company and electing several officers in common between the two companies. These include Willis B. Wood, Jr., Chairman and Chief Executive Officer of Pacific Enterprises, who was elected as Presiding Director of Southern California Gas Company and Richard D. Farman, Chief Executive Officer of Southern California Gas Company, who was elected as President of Pacific Enterprises.

Pacific Enterprises was incorporated in California in 1907 as the successor to a corporation organized in 1886. Its principal executive offices are located at 633 West Fifth Street, Los Angeles, California 90071-2006 and its telephone number is (213) 895-5000.

SOUTHERN CALIFORNIA GAS COMPANY

Pacific Enterprises' principal subsidiary is Southern California Gas Company ("SoCalGas"), a public utility owning and operating a natural gas transmission, storage and distribution system that supplies natural gas in 535 cities and communities throughout most of Southern California and parts of Central California. SoCalGas is the nation's largest natural gas distribution utility, providing gas service to approximately 16 million residential, commercial, industrial, utility electric generation and wholesale customers through approximately 4.7 million meters in a 23,000-square mile service area.

SoCalGas is subject to regulation by the California Public Utilities Commission (CPUC) which, among other things, establishes rates SoCalGas may charge for gas service, including an authorized rate of return on investment. SoCalGas' future earnings and cash flow will be determined primarily by the allowed rate of return on common equity, growth in rate base, noncore pricing and the variance in gas volumes delivered to these noncore customers versus CPUC-adopted forecast deliveries, the recovery of gas and contract restructuring costs if the Comprehensive Settlement (see "Recent Developments - Comprehensive Settlement of Regulatory Issues") is not approved and the ability of management to control expenses and investment in line with the amounts authorized by the CPUC to be collected in rates. Also, SoCalGas' ability to earn revenues in excess of its authorized return from noncore customers due to volume increases will be substantially eliminated for the five years of the Comprehensive Settlement referenced above. This is because forecasted deliveries in excess of the 1991 throughput levels used to establish rates were contemplated in estimating the costs of the Comprehensive Settlement, and are reflected in current year liabilities. In addition, the impact of any future regulatory restructuring and increased competitiveness in the industry, including the continuing threat of customers bypassing SoCalGas' system and obtaining service directly from interstate pipelines, can affect SoCalGas' performance.

For 1994, the CPUC has authorized SoCalGas to earn a rate of return on rate base of 9.22 percent and a 11.00 percent rate of return on common equity compared to 9.99 percent and 11.90 percent, respectively, in 1993. Growth in rate base for 1993 was approximately 1.8 percent and rate base is expected to increase by approximately 4 percent to 5 percent in 1994. SoCalGas has achieved or exceeded its authorized return on rate base for the last eleven consecutive years and its authorized rate of return on equity for the last nine consecutive years.

RECENT DEVELOPMENTS

REGULATORY ACTIVITY

On December 17, 1993, the CPUC issued its decision in SoCalGas' 1994 general rate case which authorized a net $97 million rate reduction. SoCalGas plans to adjust its operations with the intention of operating within the amounts authorized in rates. Approximately $21 million of the rate reduction represents productivity improvements. Other items include non-operational issues, primarily reductions in marketing programs and income tax effects of the rate reduction. The decision also includes the effects of the reduction of SoCalGas' rate of return authorized in its 1994 cost of capital proceeding, which increased the total reduction in rates to $132 million. New rates emanating from the CPUC decision became effective January 1, 1994.

RESTRUCTURING OF GAS SUPPLY CONTRACTS

SoCalGas and the Company's gas supply subsidiaries have reached agreements with suppliers of California offshore and Canadian gas for a restructuring of long-term gas supply contracts. The cost of these supplies to SoCalGas has been substantially in excess of its average delivered cost of gas. During 1993, these excess costs totaled approximately $125 million.

The new agreements substantially reduce the ongoing delivered costs of these gas supplies and provide lump sum settlement payments of $375 million to the suppliers. The expiration date for the Canadian gas supply contract has been shortened from 2012 to 2003, and the supplier of California offshore gas continues to have an option to purchase related gas treatment and pipeline facilities owned by the Company's gas supply subsidiary. The agreement with the suppliers of Canadian gas is subject to certain Canadian regulatory and other approvals.

COMPREHENSIVE SETTLEMENT OF REGULATORY ISSUES

SoCalGas and a number of interested parties, including the Division of Ratepayer Advocates ("DRA") of the CPUC, large noncore customers and ratepayer groups, have filed for CPUC approval a comprehensive settlement (the "Comprehensive Settlement") of a number of pending regulatory issues including partial rate recovery of restructuring costs associated with the gas supply contracts discussed above. The Comprehensive Settlement, if approved by the CPUC, would permit SoCalGas to recover in utility rates approximately 80 percent of its contract restructuring costs of $375 million and accelerated depreciation of related pipeline assets of its gas supply affiliates of approximately $130 million, together with interest, over a period of approximately five years. SoCalGas has filed a financing application with the CPUC primarily for the borrowing of $425 million to provide for funds needed under the Comprehensive Settlement. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Comprehensive Settlement of Regulatory Issues" for a discussion of the regulatory issues, in addition to the gas supply issues, addressed in the Comprehensive Settlement.

OPERATING STATISTICS

The following table sets forth certain operating statistics of SoCalGas from 1989 through 1993.

OPERATING STATISTICS

	Year Ended December 31,				
	1993	1992	1991	1990	1989
Gas Revenues (thousands of dollars):					
Residential	$1,652,562	$1,483,654	$1,673,837	$1,547,492	1,484,099
Commercial/Industrial	853,579	836,672	977,065	1,057,030	1,016,267
Utility Electric Generation	147,208	194,639	148,573	235,102	482,747
Wholesale	116,737	128,881	144,779	164,716	191,817
Exchange	3,745	5,863	7,482	8,496	8,371
Total	$2,773,831	$2,649,709	$2,951,736	$3,012,836	$3,183,301
Volumes (millions of cubic feet):					
Residential	247,507	243,920	249,522	261,887	255,414
Commercial/Industrial	339,706	363,124	460,368	436,330	400,554
Utility Electric Generation	212,720	220,642	170,043	158,985	201,845
Wholesale	147,978	149,232	141,931	139,034	145,923
Exchange	16,969	23,888	25,604	30,246	29,725
Total	964,880	1,000,806	1,047,468	1,026,482	1,033,461
Sales	352,052	355,177	411,414	515,757	594,327
Transportation	595,859	621,741	610,450	480,479	409,409
Exchange	16,969	23,888	25,604	30,246	29,725
Total	964,880	1,000,806	1,047,468	1,026,482	1,033,461
Revenues (per thousand cubic feet):					
Residential	$6.68	$6.08	$6.71	$5.91	$5.81
Commercial/Industrial	$2.51	$2.30	$2.12	$2.42	$2.54
Utility Electric Generation	$0.69	$0.88	$0.87	$1.48	$2.39
Wholesale	$0.79	$0.86	$1.02	$1.18	$1.31
Exchange	$0.22	$0.25	$0.29	$0.28	$0.28
Customers					
Active Meters (at end of period):					
Residential	4,459,250	4,445,500	4,429,896	4,381,563	4,295,838
Commercial	187,602	189,364	193,051	193,409	192,269
Industrial	23,924	24,419	25,642	26,530	26,957
Utility Electric Generation	8	8	8	8	7
Wholesale	3	2	2	2	2
Total	4,670,787	4,659,293	4,648,599	4,601,512	4,515,073
Residential Meter Usage (annual average):					
Revenues	$371	$334	$380	$356	$349
Volumes (thousands of cubic feet)	55.6	55.0	56.6	60.3	60.1
System Usage (millions of cubic feet):					
Average Daily Sendout	2,611	2,717	2,881	2,824	2,852
Peak Day Sendout	4,578	4,547	4,356	5,267	5,295
Sendout Capacity (at end of period)	7,351	7,419	7,073	7,073	7,027
Degree Days(1):					
Number	1,255(2)	1,258	1,409	1,432	1,344
Average (20 Year)	1,433	1,458	1,474	1,506	1,509
Percent of Average	87.6%	86.3%	95.6%	95.1%	89.1%
Population of Service Area (estimated at year end)	15,600,000	15,600,000	15,600,000	15,100,000	14,800,000

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(1) The number of degree days for any period of time indicates whether the temperature is relatively hot or cold. A degree day is recorded for each degree the average temperature for any day falls below 65 degrees Fahrenheit.

(2) Estimated calendar degree days.

SERVICE AREA

SoCalGas distributes natural gas throughout a 23,000 - square mile service territory with a population of approximately 16 million people. As indicated by the following map, its service territory includes most of Southern California and portions of Central California.

[MAP]

Natural gas service is also provided on a wholesale basis to the distribution systems of the City of Long Beach, San Diego Gas & Electric Company and Southwest Gas Company.

UTILITY SERVICES

SoCalGas' customers are divided, for regulatory purposes, into core and noncore customers. Core customers are primarily residential and small commercial and industrial customers, without alternative fuel capability. Noncore customers are primarily electric utilities, wholesale and large commercial and industrial customers, with alternative fuel capability.

SoCalGas offers two basic utility services, sale of gas and transmission of gas. Residential customers and most other core customers purchase gas directly from SoCalGas. Noncore customers and large core customers have the option of purchasing gas either from SoCalGas or from other sources (such as brokers or producers) for delivery through SoCalGas' transmission and distribution system. Smaller customers are permitted to aggregate their gas requirements and also to purchase gas directly from brokers or producers, up to a limit of 10 percent of SoCalGas' core market. SoCalGas generally earns the same contribution to earnings whether a particular customer purchases gas from SoCalGas or utilizes SoCalGas' system for transportation of gas purchased from others. (See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Ratemaking Procedures.")

SoCalGas continues to be obligated to purchase reliable supplies of natural gas to serve the requirements of its core customers. However, the only gas supplies that SoCalGas may offer for sale to noncore customers are the same supplies that it purchases to serve its core customers. Noncore customers that elect to purchase gas supplies from SoCalGas must for a two-year period agree to take-or-pay for 75 percent of the gas that they contract to purchase.

SoCalGas also provides a gas storage service for noncore customers on a bid basis. The storage service program provides opportunities for customers to store gas on an "as available" basis during the summer to reduce winter purchases when gas costs are generally higher, or to reduce their level of winter curtailment in the event temperatures are unusually cold. During 1993, SoCalGas stored approximately 24 billion cubic feet of customer-owned gas.

DEMAND FOR GAS

Natural gas is a principal energy source in SoCalGas' service area for residential, commercial and industrial uses as well as utility electric generation (UEG) requirements. Gas competes with electricity for residential and commercial cooking, water heating and space heating uses, and with other fuels for large industrial, commercial and UEG uses. Demand for natural gas in Southern California is expected to continue to increase but at a slower rate due primarily to a slowdown in housing starts, new energy efficient building construction and appliance standards and general recessionary business conditions.

During 1993, 97 percent of residential energy customers in SoCalGas' service territory used natural gas for water heating and 94 percent for space heating. Approximately 78 percent of those customers used natural gas for cooking and over 72 percent for clothes drying.

Demand for natural gas by large industrial and UEG customers is very sensitive to the price of alternative competitive fuels. These customers number only approximately 1,000; however, during 1993, accounted for approximately 19 percent of total revenues, 65 percent of total gas volumes delivered and 15 percent of the authorized gas margin. Changes in the cost of gas or alternative fuels, primarily fuel oil, can result in significant shifts in this market, subject to air quality regulations. Demand for gas for UEG use is also affected by the price and availability of electric power generated in other areas and purchased by SoCalGas' UEG customers.

Since the completion of the Kern River/Mojave Interstate Pipeline (Mojave) in February 1992, SoCalGas' throughput to customers in the Kern County area who use natural gas to produce steam for enhanced oil recovery projects has decreased significantly because of the bypass of SoCalGas' system. Mojave now delivers to customers formerly served by SoCalGas 350 to 400 million cubic feet of gas per day. The decrease in revenues from enhanced oil recovery customers is subject to full balancing account treatment, except for a five percent incentive to SoCalGas for attaining certain throughput levels, and therefore, does not have a material impact on earnings. However, bypass of other Company markets also may occur as a result of plans by Mojave to extend its pipeline north to Sacramento through portions of SoCalGas' service territory. The effect of bypass is to increase SoCalGas' rates to other customers and thus make its natural gas service less competitive with that of competing pipelines and available alternate fuels.

In response to bypass, SoCalGas has received authorization from the CPUC for expedited review of price discounts proposed for long-term gas transportation contracts with some noncore customers. In addition, in December 1992, the CPUC approved changes in the methodology for allocating SoCalGas' costs between core and noncore customers to reduce the subsidization of core customer rates by noncore customers. Effective in June 1993, these new rate changes implemented the CPUC's policy known as "long-run marginal cost." The revised methodologies have resulted in a reduction of noncore rates and a corresponding increase in core rates that better reflect the cost of serving each customer class and, together with price discounting authority, has enabled SoCalGas to better compete with interstate pipelines for noncore customers. In addition, in August 1993 a capacity brokering program was implemented. Under the program, for a fee, SoCalGas provides to noncore customers, or others, a portion of its control of interstate pipeline capacity to allow more direct access to producers. Also, the Comprehensive Settlement (see "Recent Developments - Comprehensive Settlement of Regulatory Issues") will help SoCalGas' competitiveness by reducing the cost of transportation service to noncore customers.

SUPPLIES OF GAS

In 1993, SoCalGas delivered slightly less than 1 trillion cubic feet of natural gas through its system. Approximately 64 percent of these deliveries were customer-owned gas for which SoCalGas provided transportation services, compared to 65 percent in 1992. The balance of gas deliveries was gas purchased by SoCalGas and resold to customers.

Most of the natural gas delivered by SoCalGas is produced outside of California. These supplies are delivered to the California border by interstate pipeline companies (primarily El Paso Natural Gas Company and Transwestern Natural Gas Company) that produce or purchase the supplies or provide transportation services for supplies purchased from other sources by SoCalGas or its transportation customers. These supplies enter SoCalGas' intrastate transmission system at the California border for delivery to customers.

SoCalGas currently has paramount rights to daily deliveries of up to 2,200 million cubic feet of natural gas over the interstate pipeline systems of El Paso Natural Gas Company (up to 1,450 million cubic feet) and Transwestern Pipeline Company (up to 750 million cubic feet). The rates that interstate pipeline companies may charge for gas and transportation services and other terms of service are regulated by the Federal Energy Regulatory Commission (FERC).

The following table sets forth the sources of gas deliveries by SoCalGas from 1989 through 1993.

SOUTHERN CALIFORNIA GAS COMPANY

SOURCES OF GAS

	Year Ended December 31,				
	1993	1992	1991	1990	1989
Gas Purchases: (Millions of Cubic Feet)					
Market Gas:					
30-Day	84,696	20,695	139,649	148,849	202,316
Other	159,197	198,049	168,486	225,710	161,078
Total Market Gas	243,893	218,744	308,135	374,559	363,394
El Paso Natural Gas Company	--	--	--	--	7,288
Transwestern Pipeline Company	--	--	--	--	87,475
Affiliates	96,559	99,226	98,566	103,406	104,097
California Producers & Federal Offshore	28,107	42,262	39,613	52,633	54,145
Total Gas Purchases	368,559	360,232	446,314	530,598	616,399
Customer-Owned Gas and Exchange Receipts	622,307	641,080	629,038	531,263	436,239
Storage Withdrawal (Injection) - Net	(9,498)	14,379	(8,451)	(13,288)	1,010
Company Use and Unaccounted For	(16,488)	(14,885)	(19,432)	(22,091)	(20,185)
Net Gas Deliveries	964,880	1,000,806	1,047,469	1,026,482	1,033,463
Gas Purchases: (Millions of dollars)					
Commodity Costs	$ 815,145	$ 805,550	$1,071,445	$1,371,854	$1,514,494
Fixed Charges*	397,714	397,579	358,294	405,233	430,242
Total Gas Purchases	$1,212,859	$1,203,129	$1,429,739	$1,777,087	$1,944,736
Average cost of gas purchased (dollars per thousand cubic feet)**	$2.21	$2.24	$2.40	$2.59	$2.46

* Fixed charges primarily include pipeline demand charges, take or pay settlement costs and other direct billed amounts allocated over the quantities delivered by the interstate pipelines serving SoCalGas.

** The average commodity cost of gas purchased excludes fixed charges.

Market sensitive gas supplies (supplies purchased on the spot market as well as under longer-term contracts and ranging from one month to ten years based on spot prices) accounted for approximately 66 percent of total gas volumes purchased by SoCalGas during 1993, as compared with 61 percent and 69 percent, respectively, during 1992 and 1991. These supplies were generally purchased at prices significantly below those for other long-term sources of supply.

See "Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Comprehensive Settlement of Regulatory Issues" for a discussion of the contemplated gas cost incentive mechanism. On March 16, 1994, the CPUC issued its decision approving the gas cost incentive mechanism for implementation for a three year trial period beginning April 1, 1994.

SoCalGas estimates that sufficient natural gas supplies will be available to meet the requirements of its customers into the next century. Because of the many variables upon which estimates of future service are based, however, actual levels of service may vary significantly from estimated levels.

RATES AND REGULATION

SoCalGas is regulated by the CPUC. The CPUC consists of five commissioners appointed by the Governor of California for staggered six-year terms. It is the responsibility of the CPUC to determine that utilities operate in the best interest of the ratepayer with a reasonable profit. The regulatory structure is complex and has a very substantial impact on the profitability of SoCalGas.

The return that SoCalGas is authorized to earn is the product of the authorized rate of return on rate base and the amount of rate base. Rate base consists primarily of net investment in utility plant. Thus, SoCalGas' earnings are affected by changes in the authorized rate of return on rate base and the growth in rate base and by SoCalGas' ability to control expenses and investment in rate base within the amounts authorized by the CPUC in setting rates. SoCalGas' ability to achieve its authorized rate of return is affected by other regulatory and operating factors. See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Ratemaking Procedures."

SoCalGas' operating and fixed costs, including return on rate base, are allocated between core and noncore customers under a methodology that is based upon the costs incurred in serving these customer classes. For 1994, approximately 87 percent of the CPUC-authorized gas margin has been allocated to core customers and 13 percent to noncore customers, including wholesale customers. Under the current regulatory framework, costs may be reallocated between the core and the noncore markets once every other year in a biennial cost allocation proceeding (BCAP).

PROPERTIES

At December 31, 1993, SoCalGas owned approximately 3,280 miles of transmission and storage pipeline, 42,250 miles of distribution pipeline and 42,406 miles of service piping. It also owned twelve transmission compressor stations and six underground storage reservoirs (with a combined working storage capacity of approximately 116 billion cubic feet) and general office buildings, shops, service facilities, and certain other equipment necessary in the conduct of its business.

Southern California Gas Tower, a wholly owned subsidiary of SoCalGas, has a 15% limited partnership interest in a 52-story office building in downtown Los Angeles. SoCalGas occupies about half of the building. See also "Item 2. Properties."

ENVIRONMENTAL MATTERS

SoCalGas has identified and reported to California environmental authorities 42 former gas manufacturing sites for which it (together with other utilities as to 21 of the sites) may have remedial obligations under environmental laws. In addition, SoCalGas is one of a large number of major corporations that have been named by federal authorities as potentially responsible parties for environmental remediation of two other industrial sites and a landfill site. These 45 sites are in various stages of investigation or remediation. It is anticipated that the investigation, and if necessary, remediation of these sites will be completed over a period of from ten years to twenty years.

The CPUC approved approximately $9 million in SoCalGas' base rates for expenditures beginning in 1990 through 1993 associated with investigating these sites. In addition, the CPUC previously has approved a special ratemaking procedure with respect to environmental remediation costs under which, upon approval by the CPUC on a site-by-site basis, these costs are accumulated for recovery in future rates subject to a reasonableness review. However, in a decision issued in late 1992 in connection with its initial reasonableness review of these costs, the CPUC concluded that SoCalGas had failed to demonstrate by clear and convincing evidence, the reasonableness for rate recovery of the applied for remediation costs under the existing ratemaking procedure. The decision concluded that a reasonableness review procedure may not be appropriate for rate recovery of environmental remediation costs. In addition, the CPUC ordered SoCalGas, along with other California energy utilities and the DRA, to work toward the development of an alternate ratemaking procedure including cost sharing between shareholder and ratepayers.

In November 1993, a collaborative settlement agreement between the above parties was submitted to the CPUC for approval that recommends a ratemaking mechanism that would provide recovery of 90 percent of environmental investigation and remediation costs without reasonableness review. In addition, the utilities would have the opportunity to retain a percentage of any insurance recoveries to offset the 10 percent of costs not recovered in rates. On March 10, 1994, an administrative law judge's proposed decision was issued which adopted the sharing mechanism discussed above. A final CPUC decision is expected in mid-1994.

Through the end of 1993, preliminary investigations at 33 sites have been completed by SoCalGas and remediation liabilities are estimated to be $82 million for all 45 sites. The liability estimated for these sites is subject to future adjustment pending further investigation. (See Note 5 of Notes to Consolidated Financial Statements filed as Exhibit 1.07 to this Annual Report.)

INTERSTATE PIPELINE OPERATIONS

Pacific Enterprises is engaged, through Pacific Interstate Company, in interstate and offshore purchase and transmission of natural gas which is resold to SoCalGas under long-term supply contracts. Two subsidiaries own and operate pipelines and related facilities for deliveries to SoCalGas of gas produced from offshore fields near Santa Barbara, California. Another subsidiary has an interest in pipeline facilities for deliveries to SoCalGas of gas from Western Canada.

The operations of one of these subsidiaries is regulated by the Federal Energy Regulatory Commission which has approved tariffs which provide for the recovery from SoCalGas of virtually all costs related to the purchase and delivery of natural gas. During 1993, these operations accounted for approximately 26% of the total volume of gas purchased by SoCalGas and 10% of SoCalGas' total throughput.

ALTERNATE ENERGY OPERATIONS

Through Pacific Energy, Pacific Enterprises builds and operates electricity generating plants fueled by renewable energy sources, including gas from sanitary landfills, waste wood, hydropower and geothermal. Electricity produced by these plants is sold to electric utilities under long-term contracts generally providing for escalating fixed prices for ten years with pricing thereafter at the utility's short-run avoided cost. The fixed pricing periods for Pacific Energy's existing contracts expire between 1995 and 1997 and Pacific Enterprises anticipates that avoided cost pricing will result in substantially lower prices for its electrical production than the fixed prices currently being received.

Pacific Energy also develops and operates centralized heating and air conditioning plants. These plants supply heated and chilled water for heating and cooling major office buildings, hotels and apartments.

EMPLOYEES

Pacific Enterprises and its subsidiaries employ approximately 9,300 persons. Of these, approximately 9,000 are employed by SoCalGas.

Most field, clerical and technical employees of SoCalGas are represented by the Utility Workers' Union of America, or the International Chemical Workers' Union. Collective bargaining agreements covering these approximately 6,400 employees expired on June 30, 1993, principally as a consequence of failure to reach agreement with respect to SoCalGas' proposal to permit the use of outside contractors for certain services now being provided by union represented employees, if costs were not lowered to an amount that would be incurred through the use of outside contractors. In August 1993, after reaching an impasse, SoCalGas unilaterally implemented the majority of its proposals and after two failed strike votes and further negotiations, the Union membership voted in February 1994 on a contract with terms consistent with that implemented by SoCalGas. On February 28, 1994, the Union notified SoCalGas that the contract had been ratified by the membership and a contract was signed on March 9, 1994. The collective bargaining agreement with respect to wages and working conditions will extend through March 31, 1996. The medical plan agreement will expire on December 31, 1995.

MANAGEMENT

The executive officers of Pacific Enterprises are as follows:

Name	Age	Position
Willis B. Wood, Jr.	59	Chairman of the Board and Chief Executive Officer and Presiding Director of Southern California Gas Company
Richard D. Farman	58	President and Chief Operating Officer and Chief Executive Officer of Southern California Gas Company
Warren I. Mitchell	56	President of Southern California Gas Company
Lloyd A. Levitin	61	Executive Vice President, Treasurer and Chief Financial Officer
Charles F. Weiss	54	Senior Vice President and Chief Administrative Officer
Leslie E. LoBaugh, Jr.	48	Vice President and General Counsel

Executive officers are elected annually and serve at the pleasure of the Board of Directors.

All of Pacific Enterprises' executive officers have been employed by Pacific Enterprises or its subsidiaries in management positions for more than five years.

There are no family relationships between any of Pacific Enterprises' executive officers.

ITEM 2. PROPERTIES

Pacific Library Tower, a wholly-owned subsidiary of Pacific Enterprises, has a 25% ownership interest in a 72-story office building in downtown Los Angeles that was completed in late 1990. Pacific Enterprises and its subsidiaries occupy twelve floors of the building.

Information with respect to the properties of other Pacific Enterprises' subsidiaries is set forth in Item 1 of this Annual Report.

ITEM 3. LEGAL PROCEEDINGS

Except for the matters referred to in the financial statements filed with or incorporated by reference in Item 8 or referred to elsewhere in this Annual Report, neither Pacific Enterprises nor any of its subsidiaries is a party to, nor is their property the subject of, any material pending legal proceedings other than routine litigation incidental to its businesses.

Pacific Enterprises and certain of its directors and former directors are defendants in seven shareholder actions. Three of the actions are substantially identical shareholder derivative actions in which Pacific Enterprises is named only as a nominal defendant. The derivative actions seek recovery from the defendant directors on behalf of Pacific Enterprises for damages asserted to have been suffered by Pacific Enterprises by alleged breaches of fiduciary duties by the directors in connection with Pacific Enterprises' diversification program. The remaining four actions are shareholder class actions filed on behalf of shareholders who purchased shares of Pacific Enterprises between June 5, 1990 and February 4, 1992 and seek recovery from Pacific Enterprises and the defendant directors for damages asserted to have been suffered as a result of allegedly improper disclosures under the federal securities laws. In January 1994, Pacific Enterprises announced an agreement had been reached to settle the shareholder lawsuits which were originally filed in February 1992. The settlement, which is subject to court approval, totals $45 million. The settlement and related legal costs, after giving effect to amounts paid by other parties, had been fully provided in liabilities established in prior years. Pacific Enterprises is a defendant in various lawsuits arising in the normal course of business; however, management believes that the resolution of these pending claims and legal proceedings will not have a material adverse effect on Pacific Enterprises' financial statements.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted during the fourth quarter of 1993 to a vote of Pacific Enterprises' security holders.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Pacific Enterprises' Common Stock is traded on the New York and Pacific Stock Exchanges. Information as to the high and low sales prices for such stock as reported on the composite tape for stocks listed on the New York Stock Exchange and dividends paid for each quarterly period during the two years ended December 31, 1993 is set forth under the captions "Range of Market Prices of Capital Stock" and "Quarterly Financial Data" in Pacific Enterprises' 1993 Annual Report to Shareholders filed as Exhibit 13.01 to this Annual Report. Such information is incorporated herein by reference.

At December 31, 1993, there were 45,414 holders of record of Pacific Enterprises' Common Stock.

ITEM 6. SELECTED FINANCIAL DATA

The information required by this Item is set forth under the caption "Financial Review - Selected Financial Data and Comparative Statistics 1983-1993" in Pacific Enterprises' 1993 Annual Report to Shareholders filed as Exhibit 13.01 to this Annual Report. Such information is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information required by this Item is set forth under the caption "Financial Review - Management's Discussion and Analysis" in Pacific Enterprises' 1993 Annual Report to Shareholders filed as Exhibit 13.01 to this Annual Report. Such information is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Pacific Enterprises' consolidated financial statements and schedules required by this Item are listed in Item 14(a)1 and 2 in Part IV of this Annual Report. The consolidated financial statements listed in Item 14(a)1 are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No change in the Company's accountants has taken place.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this Item with respect to the Company's directors is set forth under the caption "Election of Directors" in the Company's Proxy Statement for its Annual Meeting of Shareholders scheduled to be held on May 5, 1994. Such information is incorporated herein by reference.

Information required by this Item with respect to the Company's executive officers is set forth in Item 1 of this Annual Report.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item is set forth under the caption "Election of Directors", "Executive Compensation" and "Employee Benefit Plans" in the Company's Proxy Statement for its Annual Meeting of Shareholders scheduled to be held on May 5, 1994. Such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this Item is set forth under the caption "Election of Directors" in the Company's Proxy Statement for its Annual Meeting of Shareholders scheduled to be held on May 5, 1994. Such information is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Not applicable.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) DOCUMENTS FILED AS PART OF THIS REPORT:

1.01 Report of Deloitte & Touche, Independent Auditors (Contained in Exhibit 13.01).

1.02 Consolidated Balance Sheet at December 31, 1993 and 1992 (Contained in Exhibit 13.01).

1.03 Statement of Consolidated Income for the years ended December 31, 1993, 1992 and 1991 (Contained in Exhibit 13.01).

1.04 Statement of Consolidated Shareholders' Equity for the years ended December 31, 1993, 1992 and 1991 (Contained in Exhibit 13.01).

1.05 Statement of Consolidated Cash Flows for the years ended December 31, 1993, 1992 and 1991 (Contained in Exhibit 13.01).

1.06 Statement of Business Segment Information for the years ended December 31, 1993, 1992 and 1991 (Contained in Exhibit 13.01).

1.07 Notes to Consolidated Financial Statements (Contained in Exhibit 13.01).

2. SUPPLEMENTAL FINANCIAL STATEMENT SCHEDULES:

2.01 Report of Deloitte & Touche, Independent Auditors

2.02 Pacific Enterprises and Subsidiary Companies - Property, Plant and Equipment for the years ended December 31, 1993, 1992 and 1991 - Schedule V

2.03 Pacific Enterprises and Subsidiary Companies - Accumulated Depreciation, and Amortization of Property, Plant and Equipment for the years ended December 31, 1993, 1992, and 1991 - Schedule VI

2.04 Pacific Enterprises and Subsidiary Companies - Short-Term Borrowings, December 31, 1993, 1992 and 1991 - Schedule IX

2.05 Pacific Enterprises and Subsidiary Companies - Supplementary Income Statement Information December 31, 1993, 1992 and 1991 - Schedule X

3. ARTICLES OF INCORPORATION AND BY-LAWS:

3.01 Articles of Incorporation of Pacific Enterprises (Note 22; Exhibit 4.1)

3.02 Bylaws of Pacific Enterprises (Note 21; Exhibit 3.02)

4. INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS:

(Note: As permitted by Item 601(b)(4)(iii) of Regulation S-K, certain instruments defining the rights of holders of long-term debt for which the total amount of securities authorized thereunder does not exceed ten percent of the total assets of Southern California Gas Company and its subsidiaries on a consolidated basis are not filed as exhibits to this Annual Report. The Company agrees to furnish a copy of each such instrument to the Commission upon request.)

4.01 Specimen Common Stock Certificate of Pacific Enterprises (Note 16; Exhibit 4.01).

4.02 Specimen Preferred Stock Certificates of Pacific Enterprises (Note 8; Exhibit 4.02)

4.03 Specimen Remarketed Preferred Stock Certificate (Note 17; Exhibit 4.03)

4.04 First Mortgage Indenture of Southern California Gas Company to American Trust Company dated October 1, 1940 (Note 1; Exhibit B-4).

4.05 Supplemental Indenture of Southern California Gas Company to American Trust Company dated as of July 1, 1947 (Note 2; Exhibit B-5).

4.06 Supplemental Indenture of Southern California Gas Company to American Trust Company dated as of August 1, 1955 (Note 3; Exhibit 4.07).

4.07 Supplemental Indenture of Southern California Gas Company to American Trust Company dated as of June 1, 1956 (Note 4; Exhibit 2.08).

4.08 Supplemental Indenture of Southern California Gas Company to Wells Fargo Bank, National Association dated as of August 1, 1972 (Note 6; Exhibit 2.19).

4.09 Supplemental Indenture of Southern California Gas Company to Wells Fargo Bank, National Association dated as of May 1, 1976 (Note 5; Exhibit 2.20).

4.10 Supplemental Indenture of Southern California Gas Company to Wells Fargo Bank, National Association dated as of September 15, 1981 (Note 9; Exhibit 4.25).

4.11 Supplemental Indenture of Southern California Gas Company to Manufacturers Hanover Trust Company of California, successor to Wells Fargo Bank, National Association, and Crocker National Bank as Successor Trustee dated as of May 18, 1984 (Note 11; Exhibit 4.29).

4.12 Supplemental Indenture of Southern California Gas Company to Bankers Trust Company of California, N.A., successor to Wells Fargo Bank, National Association dated as of January 15, 1988 (Note 13; Exhibit 4.11).

4.13 Supplemental Indenture of Southern California Gas Company to First Trust of California, National Association, successor to Bankers Trust Company of California, N.A. (Note 18; Exhibit 4.37)

4.14 Rights Agreement dated as of March 7, 1990 between Pacific Enterprises and Security Pacific National Bank, as Rights Agent (Note 19; Exhibit 4).

10. MATERIAL CONTRACTS

10.01 Sale and Purchase Agreement, dated as of May 22, 1992, as amended between TCH Corporation and Pacific Enterprises (Note 19; Exhibit 1).

10.02 Sale and Purchase Agreement, dated as of May 22, 1992, as amended, among Big 5 Holdings, Inc., Pacific Enterprises and Thrifty Corporation (Note 19; Exhibit 2).

10.03 Sale and Purchase Agreement, dated as of October 11, 1992 by and between Hunt Oil Company and Pacific Enterprises Oil Company (USA) (Note 19; Exhibit 1).

10.04 Sale and Purchase Agreement, dated as of October 11, 1992 by and between Hunt Oil Company and Pacific Enterprises Mineral Company (Note 20; Exhibit 2).

10.05 Sale and Purchase Agreement, dated as of October 11, 1992 by and between Hunt Oil Company and Pacific Enterprises Oil Company (Western) (Note 20; Exhibit 3).

10.06 Sale and Purchase Agreement, dated as of October 11, 1992 by and between Hunt Oil Company and Pacific Gas Gathering Company (Note 6; Exhibit 4).

10.07 Form of Indemnification Agreement between Pacific Enterprises and each of its directors and officers (Note 21; Exhibit 10.07)

10.08 Credit Agreement dated as of March 4, 1993 among Pacific Enterprises, Morgan Guaranty Trust Company of New York and the other banks named therein. (Note 21; Exhibit 10.08)

EXECUTIVE COMPENSATION PLANS AND ARRANGEMENTS

10.09 Restatement and Amendment of Pacific Enterprises 1979 Stock Option Plan (Note 7; Exhibit 1.1).

10.10 Pacific Enterprises Supplemental Medical Reimbursement Plan for Senior Officers (Note 8; Exhibit 10.24).

10.11 Pacific Enterprises Financial Services Program for Senior Officers (Note 8; Exhibit 10.25).

10.12 Pacific Enterprises Supplemental Retirement and Survivor Plan (Note 11; Exhibit 10.36).

10.13 Pacific Enterprises Stock Payment Plan (Note 11; Exhibit 10.37).

10.14 Pacific Enterprises Pension Restoration Plan (Note 8; Exhibit 10.28).

10.15 Southern California Gas Company Pension Restoration Plan For Certain Management Employees (Note 8; Exhibit 10.29).

10.16 Pacific Enterprises Executive Incentive Plan (Note 13; Exhibit 10.13).

10.17 Pacific Enterprises Deferred Compensation Plan for Key Management Employees (Note 12; Exhibit 10.41).

10.18 Pacific Enterprises Employee Stock Ownership Plan and Trust Agreement as amended in toto effective October 1, 1992. (Note 21; Exhibit 10.18).

10.19 Pacific Enterprises Stock Incentive Plan (Note 15; Exhibit 4.01).

10.20 Pacific Enterprises Retirement Plan for Directors (Note 21; Exhibit 10.20).

10.21 Pacific Enterprises Director's Deferred Compensation Plan (Note 21; Exhibit 10.21).

11. STATEMENT RE COMPUTATION OF EARNINGS PER SHARE

11.01 Pacific Enterprises Computation of Earnings per Share (see Statement of Consolidated Income contained in Exhibit 13.01).

13. ANNUAL REPORT TO SECURITY HOLDERS

13.01 Pacific Enterprises 1993 Annual Report to Shareholders. (Such report, except for the portions thereof which are expressly incorporated by reference in this Annual Report, is furnished for the information of the Securities and Exchange Commission and is not to be deemed "filed" as part of this Annual Report).

22. SUBSIDIARIES OF THE REGISTRANT

22.01 List of subsidiaries of Pacific Enterprises

24. CONSENTS OF EXPERTS AND COUNSEL

24.01 Consent of Deloitte & Touche, Independent Auditors.

25. POWER OF ATTORNEY

25.01 Power of Attorney of Certain Officers and Directors of Pacific Enterprises (contained on signature pages).

(b) REPORTS ON FORM 8-K:

The following reports on Form 8-K were filed during the last quarter of 1993.

REPORT DATE	ITEM REPORTED
Nov. 3, 1993	Item 5
Dec. 9, 1993	Item 5
Dec. 17, 1993	Item 5

NOTE: Exhibits referenced to the following notes were filed with the documents cited below under the exhibit or annex number following such reference. Such exhibits are incorporated herein by reference.

Note Reference	Document
1	Registration Statement No. 2-4504 filed by Southern California Gas Company on September 16, 1940.
2	Registration Statement No. 2-7072 filed by Southern California Gas Company on March 15, 1947.
3	Registration Statement No. 2-11997 filed by Pacific Lighting Corporation on October 26, 1955.
4	Registration Statement No. 2-12456 filed by Southern California Gas Company on April 23, 1956.
5	Registration Statement No. 2-56034 filed by Southern California Gas Company on April 14, 1976.
6	Registration Statement No. 2-59832 filed by Southern California Gas Company on September 6, 1977.
7	Registration Statement No. 2-66833 filed by Pacific Lighting Corporation on March 5, 1980.
8	Annual Report on Form 10-K for the year ended December 31, 1980, filed by Pacific Lighting Corporation.
9	Annual Report on Form 10-K for the year ended December 31, 1981, filed by Pacific Lighting Corporation.
10	Annual Report on Form 10-K for the year ended December 31, 1983 filed by Pacific Lighting Corporation.
11	Annual Report on Form 10-K for the year ended December 31, 1984 filed by Pacific Lighting Corporation.
12	Annual Report on Form 10-K for the year ended December 31, 1985 filed by Pacific Lighting Corporation.
13	Annual Report on Form 10-K for the year ended December 31, 1987, filed by Pacific Enterprises.
14	Current Report on Form 8-K dated March 7, 1990 filed by Pacific Enterprises.

15	Registration Statement No. 33-21908 filed by Pacific Enterprises on May 17, 1988.
16	Annual Report on Form 10-K for the year ended December 31, 1988 filed by Pacific Enterprises.
17	Annual Report on form 10-K for the year ended December 31, 1989 filed by Pacific Enterprises.
18	Registration Statement No. 33-50826 filed by Southern California Gas Company on August 13, 1992.
19	Current Report on Form 8-K dated September 25, 1992 filed by Pacific Enterprises.
20	Current Report on Form 8-K dated January 5, 1993 filed by Pacific Enterprises.
21	Annual Report on Form 10-K for the year ended December 31, 1992 filed by Pacific Enterprises.
22	Registration Statement No. 33-61278 filed by Pacific Enterprises on April 20, 1993.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

PACIFIC ENTERPRISES

By: /s/ WILLIS B. WOOD, JR.

Name: Willis B. Wood, Jr.

Title: Chairman of the Board and
Chief Executive Officer

Dated: March 28, 1994

Each person whose signature appears below hereby authorizes Willis B. Wood, Jr. and Lloyd A. Levitin, and each of them, severally, as attorney-in-fact, to sign on his or her behalf, individually and in each capacity stated below, and file all amendments to this Annual Report.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ WILLIS B. WOOD, JR. ---------------------------- (Willis B. Wood, Jr.)	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	March 28, 1994
/s/ LLOYD A. LEVITIN ---------------------------- (Lloyd A. Levitin)	Executive Vice - President and Chief Financial Officer (Principal Financial Officer)	March 28, 1994
/s/ HYLA H. BERTEA ---------------------------- (Hyla H. Bertea)	Director	March 28, 1994
/s/ HERBERT L. CARTER ---------------------------- (Herbert L. Carter)	Director	March 28, 1994
/s/ JAMES F. DICKASON ---------------------------- (James F. Dickason)	Director	March 28, 1994
/s/ RICHARD D. FARMAN ---------------------------- (Richard D. Farman)	Director	March 28, 1994
/s/ WILFORD D. GODBOLD, JR. ---------------------------- (Wilford D. Godbold, Jr.)	Director	March 28, 1994
/s/ IGNACIO E. LOZANO, JR. ---------------------------- (Ignacio E. Lozano, Jr.)	Director	March 28, 1994

/s/ HAROLD M. MESSMER, JR. - ---------------------------- (Harold M. Messmer, Jr.)	Director	March 28, 1994
/s/ PAUL A. MILLER - ---------------------------- (Paul A. Miller)	Director	March 28, 1994
/s/ JOSEPH N. MITCHELL - ---------------------------- (Joseph N. Mitchell)	Director	March 28, 1994
/s/ JOSEPH R. RENSCH - ---------------------------- (Joseph R. Rensch)	Director	March 28, 1994
/s/ ROCCO C. SICILIANO - ---------------------------- (Rocco C. Siciliano)	Director	March 28, 1994
/s/ LEONARD H. STRAUS - ---------------------------- (Leonard H. Straus)	Director	March 28, 1994
/s/ DIANA L. WALKER - ---------------------------- (Diana L. Walker)	Director	March 28, 1994

INDEPENDENT AUDITORS' REPORT

Pacific Enterprises:

We have audited the consolidated financial statements of Pacific Enterprises and subsidiaries listed on the Index at Item 14(a)1 as of December 31, 1993 and 1992, and for each of the three years in the period ended December 31, 1993, and have issued our report thereon dated January 31, 1994; such financial statements and report are included in your 1993 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the consolidated financial statement schedules of Pacific Enterprises and subsidiaries listed in Item 14(a)2. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedules when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE
Los Angeles, California
January 31, 1994

SUPPLEMENTAL
FINANCIAL
STATEMENT
SCHEDULE 2.02

SCHEDULE V

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 1993
(MILLIONS OF DOLLARS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS AT ACTUAL OR ESTIMATED COST	OTHER CHARGES	BALANCE AT END OF PERIOD
Utility Related:					
Utility:					
Distribution	$3,526	$176	$20	$1	$3,681
Transmission	672	66	2	3	733
Storage	477	19	2		494
General (including automotive and construction equipment)	341	47	5		383
Construction Work in Progress	116	3			119
Other	5	4		(4)	13
Total Utility	5,137	315	29		5,423
Interstate Pipeline	240	11	1		250
Total Utility Related	5,377	326	30		5,673
Other	89	1			90
TOTAL	$5,466	$327	$30		$5,763

SUPPLEMENTAL
FINANCIAL
STATEMENT
SCHEDULE 2.02

SCHEDULE V

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 1992
(MILLIONS OF DOLLARS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS AT ACTUAL OR ESTIMATED COST	OTHER CHARGES*	BALANCE AT END OF PERIOD
Utility Related:					
Utility:					
Distribution	$3,340	$204	$18		$3,526
Transmission	659	17	4		672
Storage	458	22	3		477
General (including automotive and construction equipment)	305	43	7		341
Construction Work in Progress	79	37			116
Other	2	3			5
Total Utility	4,843	326	32		5,137
Interstate Pipeline	239	1			240
Total Utility Related	5,082	327	32		5,377
Other	226	2	7	132	89
TOTAL	$5,308	$329	$39	$132	$5,466

* Fair value adjustments to assets. See Note 3 of Notes to Consolidated Financial Statements.

SUPPLEMENTAL
FINANCIAL
STATEMENT
SCHEDULE 2.02

SCHEDULE V

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 1991
(MILLIONS OF DOLLARS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS AT COST	RETIREMENTS AT ACTUAL OR ESTIMATED COST	BALANCE AT END OF PERIOD
Utility Related:				
Utility:				
Distribution	$3,163	$195	$18	$3,340
Transmission	619	44	4	659
Storage	446	14	2	458
General (including automotive and construction equipment)	255	56	6	305
Construction Work in Progress	79			79
Other	3		1	2
Total Utility	4,565	309	31	4,843
Interstate Pipeline	229	11	1	239
Total Utility Related	4,794	320	32	5,082
Other	224	8	6	226
TOTAL	$5,018	$328	$38	$5,308

SCHEDULE VI

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
ACCUMULATED DEPRECIATION AND AMORTIZATION OF
PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 1993
(MILLIONS OF DOLLARS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS CHARGED TO OTHER ACCOUNTS	RETIREMENTS AT ACTUAL OR ESTIMATED COST LESS SALVAGE	OTHER CHARGES **	BALANCE AT END OF PERIOD
Utility Related:						
Utility:						
Distribution	$1,338	$153	$	$26		$1,465
Transmission	353	25		3		375
Storage	228	23		5		246
General (including automotive and construction equipment	96	27	2	6		119
Total Utility	2,015	228	2	40		2,205
Interstate Pipeline	116	11		1	120	246
Total Utility Related	2,131	239	2	41	120	2,451
Other	22	4		1		25
TOTAL	$2,153	$243	$2 *	$42	$120	$2,476

* PROVISIONS CHARGED TO CLEARING ACCOUNTS AND APPORTIONED TO OPERATIONS, CONSTRUCTION AND ACCOUNTS RECEIVABLE.

** ACCELERATED AMORTIZATION OF PIPELINE RELATED ASSETS PROVIDED IN THE COMPREHENSIVE SETTLEMENT. SEE NOTE 4 OF NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

SUPPLEMENTAL
FINANCIAL
STATEMENT
SCHEDULE 2.03

SCHEDULE VI

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
ACCUMULATED DEPRECIATION AND AMORTIZATION OF
PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 1992
(MILLIONS OF DOLLARS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS CHARGED TO OTHER ACCOUNTS	RETIREMENTS AT ACTUAL OR ESTIMATED COST LESS SALVAGE	BALANCE AT END OF PERIOD
Utility Related:					
Utility:					
Distribution	$1,218	$146	$	$26	$1,338
Transmission	334	24		5	353
Storage	213	23		8	228
General (including automotive and construction equipment)	76	26	1	7	96
Total Utility	1,841	219	1	46	2,015
Interstate Pipeline	106	10			116
Total Utility Related	1,947	229	1	46	2,131
Other	27	7		12	22
TOTAL	$1,974	$236	$1 *	$58	$2,153

* PROVISIONS CHARGED TO CLEARING ACCOUNTS AND APPORTIONED TO OPERATIONS, CONSTRUCTION AND ACCOUNTS RECEIVABLE.

SUPPLEMENTAL
FINANCIAL
STATEMENT
SCHEDULE 2.03

SCHEDULE VI

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
ACCUMULATED DEPRECIATION AND AMORTIZATION OF
PROPERTY, PLANT AND EQUIPMENT
FOR THE YEAR ENDED DECEMBER 31, 1991
(MILLIONS OF DOLLARS)

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS CHARGED TO OTHER ACCOUNTS	RETIREMENTS AT ACTUAL OR ESTIMATED COST LESS SALVAGE	BALANCE AT END OF PERIOD
Utility Related:					
Utility:					
Distribution	$1,105	$138	$	$25	$1,218
Transmission	314	24		4	334
Storage	194	22		3	213
General (including automotive and construction equipment	59	24	1	8	76
Total Utility	1,672	208	1	40	1,841
Interstate Pipeline	97	10		1	106
Total Utility Related	1,769	218	1	41	1,947
Other	24	7		4	27
TOTAL	$1,793	$225	$1 *	$45	$1,974

* PROVISIONS CHARGED TO CLEARING ACCOUNTS AND APPORTIONED TO OPERATIONS, CONSTRUCTION AND ACCOUNTS RECEIVABLE.

SUPPLEMENTAL
FINANCIAL
STATEMENT
SCHEDULE 2.04

SCHEDULE IX

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
SHORT-TERM BORROWINGS
DECEMBER 31, 1993, 1992 AND 1991
(MILLIONS OF DOLLARS)

CATEGORY OF AGGREGATE SHORT-TERM BORROWINGS	BALANCE AT END OF PERIOD	WEIGHTED AVERAGE INTEREST RATE	MAXIMUM AMOUNT OUSTANDING AT ANY MONTH END DURING THE PERIOD	AVERAGE DAILY AMOUNT OUTSTANDING DURING THE PERIOD	WEIGHTED AVERAGE INTEREST RATE DURING THE PERIOD
Commercial Paper:					
December 31, 1993	$267	3.25%	$267	$76	3.22%
December 31, 1992	$215	3.82%	$215	$31	3.84%
December 31, 1991	$123	4.84%	$709	$494	6.35%

SUPPLEMENTAL
FINANCIAL
STATEMENT
SCHEDULE 2.05

SCHEDULE X

PACIFIC ENTERPRISES AND SUBSIDIARY COMPANIES
SUPPLEMENTARY INCOME STATEMENT INFORMATION
(MILLIONS OF DOLLARS)

	YEAR ENDED DECEMBER 31		
	1993	1992	1991
Maintenance and Repairs	$100	$105	$114

17. PACIFIC ENTERPRISES

MANAGEMENT'S DISCUSSION AND ANALYSIS

Pacific Enterprises (Company) is a public utility holding company and parent of Southern California Gas Company (SoCalGas). This section includes management's analysis of operating results from 1991 through 1993, and is intended to provide additional information about the Company's financial performance. This section also focuses on many of the factors that influence future operating results and discusses future investment and financing plans. This section should be read in conjunction with the Consolidated Financial Statements.

In 1993, the Company completed a strategic restructuring to refocus on its natural gas utility and related businesses. This restructuring included divestiture of its retailing and oil and gas operations in late 1992 and early 1993, substantial reduction of its corporate overhead and sale of 8 million shares of common stock, the proceeds of which were used to repay all of the Company's parent bank debt, excluding debt related to the employee benefit plans, and for other general corporate purposes. The Company resumed its dividend at a $1.20 per common share annual rate in the third quarter of 1993 after having suspended the regular quarterly dividend in the second quarter of 1992.

RESULTS OF CONSOLIDATED OPERATIONS. Net income for 1993 was $181 million, or $2.06 per share of common stock, compared to a net loss of $550 million, or $7.57 per share, in 1992 and a net loss of $88 million, or $1.45 per share, in 1991. The net losses resulted from losses from discontinued operations of $686 million, or $9.17 per share, in 1992 and $255 million, or $3.54 per share, in 1991. Income from continuing operations was $181 million, or $2.06 per share, $136 million, or $1.60 per share and $167 million, or $2.09 per share, in 1993, 1992 and 1991, respectively.

In 1992, the loss from discontinued operations was primarily due to losses on disposal of retailing operations of $475 million after-tax and of oil and gas operations of $156 million after-tax and a provision for downsizing the Company's corporate operations of $37 million after-tax. In addition, operating losses from these units were $18 million after-tax. In connection with the divestitures, the Company effected a quasi-reorganization for financial reporting purposes effective December 31, 1992. Assets and liabilities of the remaining entities were adjusted to their fair values and the accumulated deficit in retained earnings was eliminated by a charge to capital stock. Fair value adjustments charged to shareholders' equity totaled $190 million. The financial statements of SoCalGas were not affected by the quasi-reorganization.

In 1991, the loss from discontinued operations included a write-down of oil and gas properties of $132 million after-tax, a provision for loss on disposal of a portion of the retailing operations of $110 million after-tax and a provision for restructuring at the parent company of $8 million after-tax.

The weighted average number of shares of common stock outstanding increased 8 percent to 80.5 million in 1993, following a 4 percent increase in 1992. The increase in 1993 was due primarily to 8 million shares issued in a second quarter public offering. The increase in 1992 was due to the Company's employee benefit and shareholder dividend reinvestment and stock purchase plans.

Common shareholders' equity per share was $12.19, $9.44 and $19.74 at December 31, 1993, 1992 and 1991, respectively. The decrease in 1992 was due to losses from discontinued operations and fair value adjustments related to the quasi-reorganization.

SOCALGAS FINANCIAL AND OPERATING PERFORMANCE. SoCalGas provides natural gas distribution, transmission and storage in a 23,000-square-mile service area in southern California and parts of central California.

SoCalGas's markets are separated into core customers and noncore customers. Core customers include approximately 4.7 million customers (4.5 million residential and 0.2 million smaller commercial and industrial customers). The noncore market consists of over 1,000 customers which primarily includes utility electric generation, wholesale, and large commercial and industrial customers. The noncore customers are sensitive to the price relationship between natural gas and alternate fuels, and are capable of readily switching from one fuel to another, subject to air quality regulations.

Key financial and operating data for SoCalGas are highlighted in the table below.

(Dollars in Millions)	1993	1992	1991
Net income (after preferred dividends)	$184	$188	$204
Authorized return on rate base	9.99%	10.49%	10.79%
Authorized return on common equity	11.90%	12.65%	13.00%
Weighted average rate base	$2,769	$2,720	$2,663
Growth in weighted average rate base over prior period	1.8%	2.1%	4.5%

SoCalGas has achieved or exceeded the rate of return on rate base authorized by the California Public Utilities Commission (CPUC) for 11 consecutive years. In 1994, SoCalGas is authorized to earn 9.22 percent on rate base and 11.00 percent on common equity. This compares to authorized returns of 9.99 percent on rate base and 11.90 percent on common equity in 1993. Rate base is expected to increase approximately 4 percent to 5 percent in 1994.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Net income decreased $4 million in 1993 due primarily to a reduction in SoCalGas's authorized rate of return on common equity and lower earnings from the noncore market, partially offset by continued reductions in SoCalGas's cost of service, including operating and financing costs, and growth in rate base. During 1992, net income decreased $16 million due primarily to the recognition in 1991 of a $15 million gain on the 1987 sale of SoCalGas's former headquarters property. In addition, 1992 results reflect a reduction in SoCalGas's authorized rate of return on common equity and disallowances related to its new headquarters, partially offset by growth in rate base and higher earnings from the noncore market.

The table below summarizes the components of gas revenues.

	Sales		Transportation and Exchange		Total	
	Volume (bcf)	Revenue ($ Millions)	Volume (bcf)	Revenue ($ Millions)	Throughput (bcf)	Gas Revenue ($ Millions)
1993	352	2,282	613	492	965	2,774
1992	355	2,116	646	534	1,001	2,650
1991	411	2,607	636	345	1,047	2,952

The table shows the composition of SoCalGas's throughput and gas revenue for the past three years. Although the revenues associated with transportation volumes are less than for gas sales, SoCalGas generally earns the same margin whether it buys the gas and sells it to the customer or transports gas already owned by the customer. Throughput, the total gas sales and transportation volumes moved through SoCalGas's system, is affected by weather and general economic conditions. In addition, throughput has declined over the last two years as a result of bypass of SoCalGas's system, primarily by enhanced oil recovery customers. (See Factors Influencing Future Performance.) The average commodity cost of gas purchased by SoCalGas, excluding fixed charges, for 1993 was $2.21 per thousand cubic feet, compared to $2.24 per thousand cubic feet in 1992 and $2.40 per thousand cubic feet in 1991.

RATEMAKING PROCEDURES. SoCalGas is regulated by the CPUC. It is the responsibility of the CPUC to determine that utilities operate in the best interest of the ratepayer with a reasonable profit. The current ratemaking procedures are summarized below. Some of these procedures would be modified by the Comprehensive Settlement discussed later in this section.

The return that SoCalGas is authorized to earn is the product of the authorized rate of return on rate base and the amount of rate base. Rate base consists primarily of net investment in utility plant. Thus, SoCalGas's earnings are affected by changes in the authorized rate of return on rate base and the growth in rate base and by SoCalGas's ability to control expenses and investment in rate base within the amounts authorized by the CPUC in setting rates. In addition, achievement of the authorized rate of return is affected by other regulatory and operating factors.

General rate applications are filed every three years. New rates emanating from SoCalGas's most recent rate case went into effect on January 1, 1994. In a general rate case, the CPUC establishes a margin, which is the amount of revenue authorized to be collected from customers to recover authorized operating expenses (other than the cost of gas), depreciation, interest, taxes and return on rate base.

In a process referred to as the annual attrition allowance, the CPUC annually adjusts rates for years between general rate cases to cover the effects of inflation and changes in rate base. Separate proceedings are held annually to review SoCalGas's cost of capital, including return on common equity, interest costs and changes in capital structure.

The CPUC separately reviews and issues decisions on the reasonableness of various aspects of SoCalGas's operations. The CPUC has disallowed costs it determined to be imprudent, and further disallowances are possible in the future.

In the biennial cost allocation proceeding (BCAP), the CPUC specifies for each two-year period the allocation of total margin to be collected from SoCalGas's core and noncore customer classes and the expected volumes of gas each customer class will consume annually. SoCalGas maintains regulatory accounts to accumulate undercollections and overcollections from customers and makes periodic filings with the CPUC to adjust future gas rates to account for variances between forecasted and actual gas costs and deliveries. In August 1993, SoCalGas filed a $134 million rate increase with the CPUC. Included in this BCAP filing is a rate structure designed to further reduce subsidies by nonresidential core customers to residential customers by better aligning residential rates with the cost of providing residential service. The CPUC, in an interim decision, granted SoCalGas a $121 million revenue increase effective January 1, 1994. A final CPUC decision is expected in mid-1994.

For the core market, the regulatory procedures provide for recording margin ratably each month. The BCAP balancing account procedure, which substantially eliminates the effect on income of variances in gas costs and volumes sold, allows SoCalGas to increase rates for increased gas acquisition costs or for revenue shortfalls due to reductions in demand by core customers. Conversely, SoCalGas reduces rates for decreased gas acquisition costs or for higher than projected revenues from increases in demand by core customers.

For the noncore market, the CPUC has created a risk-and-reward mechanism. Earnings may be enhanced by delivering higher than forecast gas volumes to noncore customers. Conversely, SoCalGas is at risk for unfavorable variances in noncore volumes or pricing. This upside and downside earnings potential in the noncore market was limited by the CPUC's procurement rulemaking decision in August 1991. This decision significantly reduced SoCalGas's gas procurement activities on behalf of noncore customers and adopted new service level options and rate structures. It also included a provision for balancing account treatment for 75 percent of any undercollection or overcollection in the recovery of noncore margin and other costs, as compared to what was designated by the CPUC, to be recovered or returned in rates at a later date. The CPUC's revised noncore rate design generally provides for single, rolled-in, volumetric rates, which include use-or-pay provisions in lieu of rates with demand charges.

The collection of up-front demand charges had provided compensation to SoCalGas for standing ready to provide a contracted level of service and buffered the potential earnings loss from lower than forecast volumes in the noncore market. Under certain conditions, noncore rates, including demand charges, and terms of service are negotiable.

REGULATORY ACTIVITY. On December 17, 1993, the CPUC issued its decision in SoCalGas's 1994 general rate case which authorized a net $97 million rate reduction. SoCalGas plans to attempt to adjust its operations with the intention of operating within the amounts authorized in rates. Approximately $21 million of the rate reduction represents productivity improvements. Other items include non-operational issues, primarily reductions in marketing programs and income tax effects of the rate reduction. The decision also includes the effects of the reduction of SoCalGas's rate of return authorized in its 1994 cost of capital proceeding, which increased the total reduction in rates to $132 million. New rates emanating from the decision became effective on January 1, 1994.

RESTRUCTURING OF GAS SUPPLY CONTRACTS. SoCalGas and the Company's gas supply subsidiaries have reached agreements with suppliers of California offshore and Canadian gas for a restructuring of long-term gas supply contracts. The cost of these supplies to SoCalGas has been substantially in excess of SoCalGas's average delivered cost of gas. During 1993, these excess costs totaled approximately $125 million.

The new agreements substantially reduce the ongoing delivered costs of these gas supplies and provide lump sum settlement payments of $375 million to the suppliers. The expiration date for the Canadian gas supply contract has been shortened from 2012 to 2003, and the supplier of California offshore gas continues to have an option to purchase related gas treatment and pipeline facilities owned by the Company's gas supply subsidiary. The agreement with the suppliers of Canadian gas is subject to certain Canadian regulatory and other approvals.

COMPREHENSIVE SETTLEMENT OF REGULATORY ISSUES. SoCalGas and a number of interested parties (including the Division of Ratepayer Advocates of the CPUC, large noncore customers and ratepayer groups) have proposed for CPUC approval a comprehensive settlement (Comprehensive Settlement) of a number of pending regulatory issues including partial rate recovery of restructuring costs associated with the gas supply contracts discussed above. The Comprehensive Settlement, if approved by the CPUC, would permit SoCalGas to recover in utility rates approximately 80 percent of its contract restructuring costs of $375 million and accelerated depreciation of related pipeline assets of approximately $130 million, together with interest, over a period of approximately five years. SoCalGas has filed a financing application with the CPUC primarily for the borrowing of $425 million to provide for funds needed under the Comprehensive Settlement. In addition to the gas supply issues, the Comprehensive Settlement addresses the following other regulatory issues:

- NONCORE CUSTOMER RATES. The Comprehensive Settlement also contemplates changes in the CPUC ratemaking procedures for determining rates to be charged by SoCalGas to its customers for the five-year period commencing with the approval of the Comprehensive Settlement by the CPUC. Rates charged to the customers would be established based upon SoCalGas's recorded throughput to these customers for 1991. The existing limited regulatory balancing account treatment for variances in noncore volumes from those estimated in establishing rates would be eliminated subject to a crediting mechanism for noncore revenues in excess of certain limits. Consequently, SoCalGas would bear the full risk of any declines in noncore deliveries from 1991 levels. Any revenue enhancement from deliveries in excess of 1991 levels will be limited by a crediting account mechanism that will require a credit to customers of 87.5 percent of revenues in excess of certain limits. These annual limits above which the credit is applicable increase from $11 million to $19 million over the five-year period to which the Comprehensive Settlement is applicable.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

- REASONABLENESS REVIEWS. The Comprehensive Settlement contemplates the settlement of all pending CPUC reasonableness reviews with respect to SoCalGas's gas purchases from 1989 through 1992 as well as certain other future reasonableness review issues. The Comprehensive Settlement also allows recovery of future excess interstate pipeline capacity costs in SoCalGas rates.

- GAS COST INCENTIVE MECHANISM. The Comprehensive Settlement contemplates that a gas cost incentive mechanism (GCIM) would be implemented with an initial term of three years. Gas costs in excess of a tolerance band over average market price would be shared equally between ratepayers and SoCalGas. Savings from gas purchased below the average market price would be also shared equally between the ratepayers and SoCalGas. The GCIM would provide a 4 1/2 percent tolerance band in 1994 and a 4 percent tolerance band in 1995 and 1996. The GCIM is intended to replace the current gas procurement reasonableness review process.

- ATTRITION ALLOWANCES. The Comprehensive Settlement contemplates that SoCalGas may receive annual allowances for operational attrition for 1995 and 1996 only to the extent that the annual inflation rate for those years exceeds 2 percent and 3 percent, respectively. This is a departure from past regulatory practice of allowing recovery of the full effect of inflation in rates. SoCalGas intends to continue to attempt to control operating expenses and investment in those years to amounts authorized in rates to offset the effect of this regulatory change.

The Company believes the Comprehensive Settlement will be approved by the CPUC; therefore, it has been reflected in the Company's financial statements. Approximately $465 million is included in Regulatory Accounts Receivable and Regulatory Assets for the recovery of costs as provided in the Comprehensive Settlement. Upon giving effect to liabilities previously recognized at the Company and SoCalGas, the costs of the Comprehensive Settlement, including the restructuring of gas supply contracts, did not result in any additional charge to the Company's consolidated earnings. In the event the Comprehensive Settlement is not approved by the CPUC, SoCalGas will seek other regulatory approvals for the recovery of these costs.

FERC REGULATED SUBSIDIARIES. The Company's interstate pipeline subsidiaries purchase natural gas from producers in Canada and from federal waters offshore California and transport it for resale to SoCalGas. During 1993, these deliveries from the interstate pipeline subsidiaries accounted for approximately 26 percent of the total volume of gas purchased by SoCalGas and approximately 10 percent of SoCalGas's total throughput. The gas is purchased under long-term contracts with producers which have recently been restructured in conjunction with the Comprehensive Settlement described above. The activities of these companies have been regulated by the Federal Energy Regulatory Commission (FERC), which has approved tariffs that provide for the recovery of virtually all costs related to the purchase and delivery of natural gas purchased under these contracts. In August 1993, the FERC issued an order which disclaimed regulation of one of the subsidiaries. Management does not anticipate this change will have any financial impact on the Company's operations.

FACTORS INFLUENCING FUTURE PERFORMANCE. Based on existing ratemaking policies, future SoCalGas earnings and cash flow will be determined primarily by the allowed rate of return on common equity, the growth in rate base, noncore pricing and the variance in gas volumes delivered to these customers versus CPUC-adopted forecast deliveries, the recovery of gas and contract restructuring costs if the Comprehensive Settlement is not approved and the ability of management to control expenses and investment in line with the amounts authorized by the CPUC to be collected in rates. Also, the Company's ability to earn revenues in excess of SoCalGas's authorized return from noncore customers due to volume increases will be eliminated for the five years of the Comprehensive Settlement described above. This is because forecasted deliveries in excess of the 1991 throughput levels used to establish rates were contemplated in estimating the costs of the Comprehensive Settlement, and are reflected in current year liabilities. The impact of any future regulatory restructuring and increased competitiveness in the industry, including the continuing threat of customers bypassing SoCalGas's system and obtaining service directly from interstate pipelines, can also affect SoCalGas's performance.

SoCalGas's earnings for 1994 will be affected by the reduction in the authorized rate of return on common equity, reflecting the overall decline in cost of capital offset by higher rate base than in 1993. For 1994, SoCalGas is authorized to earn a rate of return on rate base of 9.22 percent and an 11.00 percent rate of return on common equity compared to 9.99 percent and 11.90 percent, respectively, in 1993. Rate base is expected to increase by approximately 4 percent to 5 percent in 1994. At 1994 authorized levels, a 1 percent change in weighted average rate base changes earnings by approximately $.02 per share. A change in the authorized return on common equity of 1 percent changes earnings approximately $.17 per share.

Since the completion of the Kern River/Mojave Interstate Pipeline (Mojave) in February 1992, SoCalGas's throughput to customers in the Kern County area who use natural gas to produce steam for enhanced oil recovery projects has decreased significantly because of the bypass of SoCalGas's system. Mojave now delivers to customers formerly served by SoCalGas 350 million to 400 million cubic feet per day. The decrease in revenues from enhanced oil recovery customers is subject to full balancing account treatment, except for a 5 percent incentive to SoCalGas for attaining certain throughput levels, and therefore, does not have a material impact on SoCalGas's earnings. However, bypass of other markets may also occur as a result of plans by Mojave to extend its pipeline north to Sacramento through portions of SoCalGas's service territory. The effect of bypass is to increase SoCalGas's rates to other customers and thus make its natural gas service less competitive with that of competing pipelines and available alternate fuels.

In response to bypass, SoCalGas has received authorization from the CPUC for expedited review of price discounts proposed for long-term gas transportation contracts with some noncore customers. In addition, in December 1992, the CPUC approved changes in the methodology for allocating SoCalGas's costs between core and noncore customers to reduce subsidization of core customer rates by noncore customers. Effective in June 1993, these new rate changes implemented the CPUC's policy known as "long-run marginal cost." The revised methodologies have resulted in a reduction of noncore rates and a corresponding increase in core rates that better reflects the cost of serving each customer class and, together with price discounting authority, has enabled SoCalGas to better compete with interstate pipelines for noncore customers. In addition, in August 1993 a capacity brokering program was implemented. Under the program, for a fee, SoCalGas provides to noncore customers, or others, a portion of its control of interstate pipeline capacity to allow more direct access to producers. Also, the Comprehensive Settlement will help SoCalGas's competitiveness by reducing the cost of transportation service to noncore customers.

Over the past 11 years, management has been able to control operating expenses and investment within the amounts authorized to be collected in rates and intends to continue to do so. However, it may not be able to accomplish this goal. It also bears the risk of nonrecovery of margin or other costs authorized by the CPUC for the noncore market subject to the Comprehensive Settlement as discussed above. Unanticipated sharp increases in the inflation rate could also reduce earnings and cash flow. This possibility is increased with the limits on attrition allowance in 1995 and 1996 under the proposed Comprehensive Settlement.

SoCalGas's earnings are subject to variability depending on gas throughput for its noncore customers. There is a continuing risk that an unfavorable variance in noncore volumes can result from external factors such as weather, the use of increased hydroelectric power, the price relationship between alternative fuels and natural gas and the operational capacity and/or competing pipeline bypass of SoCalGas's system. In these cases SoCalGas is at risk for the lost revenue. In addition, although an economic downturn or recession does not affect SoCalGas as significantly as nonregulated businesses, there is a risk that an unfavorable variance in the noncore volumes can result.

SoCalGas's operations are affected by a growing number of environmental laws and regulations. These laws and regulations affect current operations as well as future expansion and also require clean up of facilities no longer in use. Because of expected regulatory treatment, SoCalGas believes that compliance with these laws will not have a significant impact on its financial statements. For further discussion of regulatory and environmental matters, see Note 5 of Notes to Consolidated Financial Statements.

SoCalGas employs approximately 9,000 persons. Most field, clerical and technical employees are represented by the Utility Workers' Union of America or the International Chemical Workers' Union. Collective bargaining agreements covering these approximately 6,400 employees expired on June 30, 1993, principally as a consequence of failure to reach agreement with respect to SoCalGas's proposal to permit the use of outside contractors for certain services now being provided by union represented employees, if costs could not be lowered to an amount that would be incurred through the use of outside contractors. In August 1993, after reaching an impasse, SoCalGas unilaterally implemented the majority of the proposals that were on the table during the union negotiations. Since there is no contract currently in effect, the no strike/no lock-out provisions of the collective bargaining agreements are no longer in effect and no assurance can be given that a new collective bargaining agreement will be concluded or that picketing, work stoppages or a strike may not occur. However, SoCalGas anticipates that it would be able to provide essential levels of utility service during any work stoppages and any work stoppages would not materially affect its results of operations. A revised contract along the lines previously implemented was submitted to union members for a vote in February, 1994, but results were not available as this report was being printed.

On January 17, 1994, SoCalGas's service area was struck by a major earthquake. The result was a temporary disruption to approximately 150,000 of its customers and damage to some facilities. The financial impact of the damages related to the earthquake not recovered by insurance is expected to be recovered in rates under an existing balancing account mechanism, and should have no impact on the Company's financial statements.

OTHER OPERATIONS. Other operations include Pacific Energy, Pacific Enterprises Leasing Company, the Company's partnership interest in its headquarters building and other miscellaneous activities. Pacific Energy develops and operates alternate energy facilities and operates centralized heating and air conditioning plants. Pacific Enterprises Leasing Company manages leases of commercial and industrial equipment and manages a portfolio of commercial loans secured by real estate. The Company is phasing out the activities of Pacific Enterprises Leasing Company.

Net income of other operations was $10 million in 1993 compared to net losses of $4 million in 1992 and $8 million in 1991. The increase from the prior year is due primarily to the reduction of amortization expense in 1993 resulting from the quasi-reorganization and a liability provided for leveraged leases at Pacific Enterprises Leasing Company in 1992. Results in 1991 include a loss of $21 million at a small sporting goods manufacturing and wholesaling subsidiary which has been liquidated.

PARENT COMPANY. During 1993, 1992 and 1991, net losses were $17 million, $52 million and $51 million, including $17 million, $23 million and $34 million of interest expense after-tax, respectively. The decrease from 1992 to 1993 is due to reductions in parent company workforce and other cost reduction measures, tax benefits of $8 million for the federal tax rate change in 1993 and provisions for parent downsizing costs recorded in 1991 and 1992. The increase from 1991 to 1992 is primarily due to favorable tax events in 1991.

CAPITAL EXPENDITURES. Capital expenditures for continuing operations were $331 million, $329 million and $335 million in 1993, 1992 and 1991, respectively. Capital expenditures are estimated to be $350 million in 1994 and will be financed primarily by internally-generated funds and by issuance of long-term debt. Capital expenditures primarily represent investment into SoCalGas operations.

LIQUIDITY AND DIVIDENDS. On May 26, 1993, the Company completed an underwritten public offering and sale of 8 million shares of common stock. As a result of the sale of discontinued operations, the Company has significantly reduced cash requirements. The proceeds from the sales, including tax benefits together with cash provided by continuing operations and sale of common stock, were used to repay the Company's parent bank debt, excluding debt related to the employee benefit plans, and for other general corporate purposes. The consolidated cash balance at December 31, 1993 was $152 million which includes $133 million of cash at the parent.

Interest expense for continuing operations was $135 million, $157 million and $136 million in 1993, 1992 and 1991, respectively. Interest expense in 1993 was reduced from its 1992 levels as a result of payment of nonutility debt and refinancing of SoCalGas debt at lower interest rates. Interest expense in 1991 was reduced by the reversal of tax related interest accruals.

In 1993, as a result of the Comprehensive Settlement, Accounts Payable-Other includes the liability for lump sum settlement payments of $375 million to restructure long-term gas supply contracts; Property, Plant and Equipment-Net has been reduced for accelerated amortization of related pipeline assets of $130 million; and Regulatory Assets includes the long-term portion of the accrual of amounts to be recovered in rates. Regulatory Accounts Receivable increased in 1993 and 1992 reflecting higher undercollections under the BCAP balancing account procedures due primarily to throughput falling below CPUC-adopted forecast levels. The 1993 balance also includes the current portion of the accrual for the Comprehensive Settlement and undercollections for the transition costs in connection with the capacity brokering program.

The Company expects to incur additional borrowings of up to approximately $425 million to finance the Comprehensive Settlement, at which time approximately $50 million of debt at the gas supply subsidiaries will be retired. Borrowings are expected to include primarily commercial paper and medium-term notes. The Company has no plans to issue additional debt beyond that required by the Comprehensive Settlement and up to $100 million to finance ongoing utility operations.

As a result of the losses from discontinued operations, the Company has a remaining net operating loss carryforward for federal income tax purposes of approximately $237 million at December 31, 1993. Based on expected taxable income from continuing operations, the Company expects to realize fully the $83 million in tax benefits associated with the net operating loss carryforward. (See Note 3 of Notes to Consolidated Financial Statements.)

In January 1994, the Company announced an agreement had been reached to settle pending shareholder lawsuits originally filed in February 1992. An amount sufficient to cover the settlement had been fully reserved in liabilities established in prior years.

In 1993, the Company paid dividends on common and preferred stock of $65 million. This included common dividends of $.30 per share in the third and fourth quarters of 1993. This compares to $48 million in 1992 and $203 million in 1991. The increase in 1993 was due to the resumption of common dividends, effective with the third quarter of 1993. The decrease in 1992 was due to common dividends being suspended, effective with the second quarter of 1992.

The payment of future dividends will depend upon the existence of funds legally available for dividends (primarily retained earnings), the prior payment of dividends on Preferred Stock and Class A Preferred Stock, the Company's then existing and anticipated financial condition and results of operations, then existing and anticipated business conditions, capital requirements, opportunities and prospects, and such other factors as the Board of Directors may from time to time deem relevant.

23. PACIFIC ENTERPRISES

STATEMENT OF CONSOLIDATED INCOME

(Dollars are in millions, except per-share amounts)	Year Ended December 31 1993	1992	1991
REVENUES AND OTHER INCOME			
Operating revenues	$2,899	$2,900	$3,007
Other	24	9	45
Total	2,923	2,909	3,052
EXPENSES			
Cost of gas distributed	1,086	1,081	1,267
Operating expenses	1,029	1,048	1,023
Depreciation and amortization	243	236	225
Franchise payments and other taxes	113	122	116
Preferred dividends of a subsidiary	10	7	7
Total	2,481	2,494	2,638
Income from Continuing Operations Before Interest and Taxes	442	415	414
Interest	135	157	136
Income from Continuing Operations Before Income Taxes	307	258	278
Income Taxes	126	122	111
Income from Continuing Operations	181	136	167
Discontinued Operations:			
Loss from discontinued operations		(18)	(137)
Loss on disposal of discontinued operations		(668)	(118)
Total		(686)	(255)
Net Income (Loss)	181	(550)	(88)
Dividends on Preferred Stock	15	16	16
Net Income (Loss) Applicable to Common Stock	$ 166	$ (566)	$(104)
NET INCOME (LOSS) PER SHARE OF COMMON STOCK			
Continuing operations	$ 2.06	$ 1.60	$ 2.09
Discontinued operations		(9.17)	(3.54)
Total	$ 2.06	$(7.57)	$(1.45)
Dividends Declared	$ .60	$ .44	$ 2.62
WEIGHTED AVERAGE NUMBER OF SHARES OF COMMON STOCK OUTSTANDING (In thousands)	80,472	74,820	71,877

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

24. PACIFIC ENTERPRISES

CONSOLIDATED BALANCE SHEET

(Dollars in Millions)	December 31 1993	1992
ASSETS		
Property, Plant and Equipment	$5,763	$5,466
Less accumulated depreciation and amortization	2,476	2,153
Total property, plant and equipment-net	3,287	3,313
Current Assets:		
Cash and cash equivalents	152	432
Accounts receivable-trade (less allowance for doubtful receivables of $19 in 1993 and $18 in 1992)	469	477
Accounts and notes receivable-other	50	160
Income taxes receivable	20	66
Deferred income taxes	8	
Gas in storage	53	40
Other inventories	33	29
Regulatory accounts receivable	449	281
Prepaid expenses	30	62
Total current assets	1,264	1,547
Other Investments	51	48
Other Receivables	31	44
Regulatory Assets	918	423
Other Assets	45	39
Total assets	$5,596	$5,414

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED BALANCE SHEET

(Dollars in Millions)	December 31 1993	1992
CAPITALIZATION		
Shareholders' Equity:		
Capital stock:		
Remarketed Preferred, Series A	$ 148	$ 148
Preferred	110	110
Common	1,048	859
Total capital stock	1,306	1,117
Retained earnings, after elimination of accumulated deficit of $452 million against common stock at December 31, 1992 as part of the quasi-reorganization	116	
Less deferred compensation relating to Employee Stock Ownership Plan	(138)	(148)
Total shareholders' equity	1,284	969
Preferred Stocks of a Subsidiary	195	195
Long-Term Debt	1,262	1,774
Debt of Employee Stock Ownership Plan	132	141
Total capitalization	2,873	3,079
LIABILITIES		
Current Liabilities:		
Short-term debt	267	215
Accounts payable-trade	216	226
Accounts payable-other	724	280
Other taxes payable	52	59
Deferred income taxes		27
Long-term debt due within one year	58	217
Accrued interest	62	58
Other	84	83
Total current liabilities	1,463	1,165
Long-Term Liabilities	251	294
Customer Advances for Construction	45	45
Postretirement Benefits Other than Pensions	255	267
Deferred Income Taxes	181	89
Deferred Investment Tax Credits	73	77
Other Deferred Credits	455	398
Commitments and Contingent Liabilities (Note 5)		
Total capitalization and liabilities	$5,596	$5,414

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

STATEMENT OF CONSOLIDATED CASH FLOWS

(Dollars in Millions)	Year Ended December 31 1993	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES			
Income from continuing operations	$ 181	$ 136	$ 167
Adjustments to reconcile income from continuing operations to net cash provided (used) by operating activities:			
Depreciation and amortization	243	236	225
Deferred income taxes	95	26	17
Other	(12)	7	(29)
Net change in other working capital components	(130)	(209)	(144)
Total from continuing operations	377	196	236
Loss from discontinued operations		(686)	(255)
Adjustments to reconcile loss from discontinued operations to net cash provided by operating activities:			
Provision for losses		668	250
Changes in operating assets and liabilities of discontinued operations	106	200	196
Total from discontinued operations	106	182	191
Net cash provided by operating activities	483	378	427
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(331)	(329)	(335)
(Increase) decrease in other investments	(3)	(6)	5
Total capital expenditures and other investments	(334)	(335)	(330)
Proceeds from disposition of properties		2	14
(Increase) decrease in other receivables, regulatory assets and other assets	(28)	7	(1)
Net investing activities relating to discontinued operations	102	109	(114)
Net cash used in investing activities	(260)	(217)	(431)
CASH FLOWS FROM FINANCING ACTIVITIES			
Sale of common stock	189	43	73
Sale of preferred stock of a subsidiary	75		50
Redemption of preferred stock of a subsidiary	(75)		
Increase in long-term debt	931	805	694
Decrease in long-term debt	(1,610)	(623)	(84)
Increase (decrease) in short-term debt	52	92	(368)
Common and preferred dividends	(65)	(48)	(203)
Net financing activities relating to discontinued operations		(96)	(241)
Net cash provided by (used in) financing activities	(503)	173	(79)
Increase (decrease) in cash and cash equivalents	(280)	334	(83)
Cash and cash equivalents, January 1	432	98	181
Cash and cash equivalents, December 31	$ 152	$ 432	$ 98

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

STATEMENT OF CONSOLIDATED CASH FLOWS

(Dollars in Millions)	1993	1992	1991
	Year Ended December 31		
CHANGES IN OTHER WORKING CAPITAL COMPONENTS			
(Excluding cash and cash equivalents, short-term debt and long-term debt due within one year)			
Current Assets:			
Receivables	$ 5	$ 24	$ (31)
Income taxes receivable	(49)	(1)	(40)
Inventories	(17)	15	(29)
Regulatory accounts receivable	(113)	(107)	21
Other	32	25	6
Total	(142)	(44)	(73)
Current Liabilities:			
Accounts payable	38	(135)	10
Other taxes payable	(8)	(7)	11
Deferred income taxes	(23)	(10)	27
Other	5	(13)	(119)
Total	12	(165)	(71)
Net change in other working capital components	$ (130)	$ (209)	$(144)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid (refunded) during the year for:			
Interest (net of amount capitalized)	$ 131	$ 207	$ 230
Income taxes	$ (25)	$ (91)	$ 141

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

STATEMENT OF CONSOLIDATED SHAREHOLDERS' EQUITY

Years Ended December 31, 1993, 1992 and 1991 (In millions, except share amounts)	Preferred Stock Number of shares	Preferred Stock No par value	Common Stock Number of shares	Common Stock No par value	Retained earnings	Deferred compensation relating to Employee Stock Ownership Plan (ESOP)	Total shareholders' equity
BALANCES AT DECEMBER 31, 1990	1,101,903	$258	70,698,976	$1,385	$419	$(173)	$1,889
Net loss					(88)		(88)
Change in subsidiary's fiscal year					18		18
Cash dividends declared:							
Preferred stock					(16)		(16)
Common stock					(187)		(187)
Common stock sold			2,319,465	73			73
Common stock repurchased			(1,000)				
Decrease in deferred compensation relating to ESOP						10	10
BALANCES AT DECEMBER 31, 1991	1,101,903	258	73,017,441	1,458	146	(163)	1,699
Net loss					(550)		(550)
Cash dividends declared:							
Preferred stock					(16)		(16)
Common stock					(32)		(32)
Common stock sold			2,272,387	43			43
Quasi-Reorganization (see Note 2 of Notes to Consolidated Financial Statements)				(642)	452		(190)
Decrease in deferred compensation relating to ESOP						15	15
BALANCES AT DECEMBER 31, 1992	1,101,903	258	75,289,828	859		(148)	969
Net Income					181		181
Cash dividends declared:							
Preferred stock					(15)		(15)
Common stock					(50)		(50)
Common stock sold			8,904,387	189			189
Decrease in deferred compensation relating to ESOP						10	10
BALANCES AT DECEMBER 31, 1993	1,101,903	$258	84,194,215	$1,048	$116	$(138)	$1,284

THE NUMBER OF SHARES OF COMMON STOCK AUTHORIZED AT DECEMBER 31, 1993 AND 1992 IS 600,000,000. THE NUMBER OF SHARES OF PREFERRED STOCK AND CLASS A PREFERRED STOCK AUTHORIZED AND OUTSTANDING AT DECEMBER 31, 1993 AND 1992 IS SET FORTH IN NOTE 11 OF NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.
SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION. The consolidated financial statements include the accounts of all subsidiaries. Investments in 50-percent-or-less owned joint ventures and partnerships are accounted for by the equity method.

RESTATEMENTS AND RECLASSIFICATION. Certain changes in account classification have been made in the prior years' consolidated financial statements to conform to the 1993 financial statement presentation.

REGULATION. Southern California Gas Company (SoCalGas) follows accounting policies prescribed or authorized by the California Public Utilities Commission (CPUC). Interstate natural gas transmission subsidiaries follow accounting policies prescribed or authorized by the Federal Energy Regulatory Commission (FERC).

INVENTORIES. Gas in storage inventory is stated at last-in, first-out (LIFO) cost. As a result of the regulatory accounting procedure, the pricing of gas in storage does not have any effect on net income. If the first-in, first-out (FIFO) method of accounting for gas in storage inventory had been used by SoCalGas, inventory would have been higher than reported at December 31, 1993 and 1992 by $58 million and $66 million, respectively. Other inventories are generally stated at the lower of cost, determined on an average cost basis, or market.

PROPERTY, PLANT AND EQUIPMENT. The costs of additions, renewals and improvements to utility plant are charged to the appropriate plant accounts. These costs include labor, material, other direct costs, indirect charges, and an allowance for funds used during construction. The cost of utility plant retired or otherwise disposed of, plus removal costs and less salvage, is charged to accumulated depreciation. Depreciation is recorded on the straight-line remaining-life basis.

OTHER. Cash equivalents include short-term investments purchased with maturities of less than 90 days. Interest of $7 million in 1993, $6 million in 1992 and $5 million in 1991 was capitalized. Certain assets and liabilities of a real estate finance subsidiary which is being phased out are shown on a net basis. Other major accounting policies are included in the following notes.

2. DISCONTINUED OPERATIONS AND QUASI-REORGANIZATION

The Company has implemented a strategic plan to refocus on its natural gas utility and related businesses. The strategy has included the divestiture of its retailing operations and substantially all of its oil and gas exploration and production business in late 1992 and early 1993.

Retailing operations were sold in several transactions for net cash proceeds of approximately $50 million, and related tax benefits of approximately $225 million. The Company also received warrants, which expire in three to five years, to purchase 10 percent of the shares of the purchasers of the sold companies. In connection with the sale, the Company assumed Thrifty's Employee Stock Ownership Plan (ESOP) and related indebtedness (see Notes 8 and 12), and is entitled to quarterly payments from the buyer as shares are released to participant accounts.

In the fourth quarter of 1991, the Company provided a charge of $110 million ($110 million after-tax, or $1.53 per share) for the loss on disposal of a portion of its retailing operations, and in the first quarter of 1992, provided an additional charge of $730 million ($475 million after-tax, or $6.45 per share) for the loss on disposal of the remaining retailing operations. Revenues from the retailing operations were $2,091 million for 1992 (through September 25, the date of sale) and $3,253 million for 1991. The loss from the discontinued retailing operations was $28 million for 1992 and $81 million for 1991, net of related income tax benefits of $12 million and $50 million, respectively.

Oil and gas exploration and production operations were sold in two separate transactions for net cash proceeds of $410 million in late 1992 and early 1993. In the second quarter of 1992, the Company provided a charge of $232 million ($156 million after tax, or $2.09 per share) for the loss on disposal. Annual revenues from the oil and gas operations were $232 million for 1992 and $324 million for 1991. The income (loss) from the discontinued oil and gas operations was $10 million for 1992 and $(56) million for 1991, net of related income tax benefits (expense) of $(4) million and $10 million, respectively.

The Company also charged to the loss on disposal of discontinued operations the costs from downsizing its corporate operations of $37 million in 1992 and $8 million in 1991, net of related income tax benefits of $24 million and $5 million, respectively.

Interest expense of $47 million and $69 million in 1992 and 1991, respectively, was allocated to discontinued operations. These allocations were based on net assets of the discontinued operations, in relation to consolidated net assets.

The sold retailing and oil and gas segments have been reported as discontinued operations in the Consolidated Financial Statements.

On February 2, 1993, the Company's Board of Directors adopted a resolution approving a quasi-reorganization for financial reporting purposes effective December 31, 1992. The quasi-reorganization resulted in a

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. DISCONTINUED OPERATIONS AND QUASI-REORGANIZATION (CONTINUED)

restatement of the assets and liabilities to their estimated fair value at December 31, 1992 and the elimination of the Company's retained earnings deficit by a reduction of $452 million in the common stock account. This restatement resulted in a net after-tax charge to the common stock account of $190 million, representing $53 million related to the Company's ownership interest and occupancy of the Company's headquarters building, $50 million for undeveloped mineral interests and real estate, $43 million for alternate energy plants, $18 million for financial instruments and $26 million for other adjustments, including gas contract issues. The financial statements of SoCalGas were not affected by the quasi-reorganization.

Certain of the liabilities established in connection with discontinued operations and the quasi-reorganization will be resolved in future years. As of December 31, 1993, the provisions previously established for these matters are adequate.

3. INCOME TAXES

In 1992, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," the effect of which was not material.

A reconciliation of the difference between computed statutory federal income tax expense and actual income tax expense for continuing operations is as follows:

	Year Ended December 31		
(Dollars in Millions)	1993	1992	1991
Computed statutory federal income tax expense	$108	$ 88	$ 95
Increases (reductions) resulting from:			
Temporary differences-SoCalGas	18	17	16
Federal income tax rate change	(8)		
State income taxes-net of federal income tax benefit	16	13	9
Research and development credit	(6)		
Investment tax credits	(4)	(4)	(6)
Other-net	2	8	(3)
Income tax expense from continuing operations	$126	$122	$111

The components of income tax expense for continuing operations are as follows:

	Year Ended December 31		
(Dollars in Millions)	1993	1992	1991
Federal			
Current	$ 59	$ 20	$ 78
Deferred	38	82	18
	97	102	96
State			
Current	17	24	28
Deferred	12	(4)	(13)
	29	20	15
Total			
Current	76	44	106
Deferred	50	78	5
	$126	$122	$111

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. INCOME TAXES (CONTINUED)

The principal components of net deferred tax liabilities are as follows:

	December 31					
	1993			1992		
(Dollars in Millions)	Assets	Liabilities	Total	Assets	Liabilities	Total
Accelerated depreciation for tax purposes	$	$382	$382	$	$378	$378
Net operating loss carryforward	(83)		(83)	(150)		(150)
Regulatory accounts receivable		162	162		111	111
Restructuring costs deferred for tax purposes	(80)		(80)	(104)		(104)
Deferred investment tax credits	(32)		(32)	(33)		(33)
Partnership income		36	36		35	35
Customer advances for construction	(22)		(22)	(28)		(28)
Regulatory asset		45	45		28	28
Other regulatory	(154)	57	(97)	(98)	34	(64)
AMT carryforward	(69)		(69)	(20)		(20)
Other	(123)	54	(69)	(110)	73	(37)
Total deferred income tax (assets) liabilities	$(563)	$736	$173	$(543)	$659	$116

As a result of the losses from discontinued operations, the Company has a net operating loss carryforward for federal income tax purposes at December 31, 1993 of approximately $237 million, which expires in 2007. The tax benefit of $83 million related to the net operating loss is included in deferred taxes. No valuation allowance has been provided for deferred tax assets since they are expected to be realized through either reversal of existing temporary differences or future taxable income.

SoCalGas generally provides for income taxes on the basis of amounts expected to be paid currently, except for the provision for deferred taxes on regulatory accounts, customer advances for construction and accelerated depreciation of property placed in service after 1980. In addition, SoCalGas recognizes certain other deferred tax liabilities (primarily accelerated depreciation of property placed in service prior to 1981 and deferred investment tax credits) which are expected to be recovered through future rates. At December 31, 1993 and 1992, $109 million and $105 million, respectively, of deferred income taxes have been offset by an equivalent amount in regulatory assets.

4. RESTRUCTURING OF GAS SUPPLY CONTRACTS AND COMPREHENSIVE SETTLEMENT OF REGULATORY ISSUES

RESTRUCTURING OF GAS SUPPLY CONTRACTS. SoCalGas and the Company's gas supply subsidiaries have reached agreements with suppliers of California offshore and Canadian gas for a restructuring of long-term gas supply contracts. The cost of these supplies to SoCalGas has been substantially in excess of SoCalGas's average delivered cost of gas. During 1993, these excess costs totaled approximately $125 million.

The agreements substantially reduce the ongoing delivered costs of these gas supplies and provide lump sum settlement payments of $375 million to the suppliers. The expiration date for the Canadian gas supply contract has been shortened from 2012 to 2003, and the supplier of California offshore gas continues to have an option to purchase related gas treatment and pipeline facilities owned by the Company's gas supply subsidiary. The agreement with the suppliers of Canadian gas is subject to certain Canadian regulatory and other approvals.

COMPREHENSIVE SETTLEMENT OF REGULATORY ISSUES. SoCalGas and a number of interested parties (including the Division of Ratepayer Advocates (DRA) of the CPUC, large noncore customers and ratepayer groups) have proposed for CPUC approval a comprehensive settlement of a number of pending regulatory issues including partial rate recovery of restructuring costs associated with the gas supply contracts discussed above. The Comprehensive Settlement, if approved by the CPUC, would permit SoCalGas to recover in utility rates approximately 80 percent of its contract restructuring costs of $375 million and accelerated amortization of related pipeline assets of approximately $130 million, together with interest, over a period of approximately five years. SoCalGas has filed a financing application with the CPUC primarily for the borrowing of $425 million to provide for funds needed under the Comprehensive Settlement. In addition to the gas supply issues, the Comprehensive Settlement addresses the following other regulatory issues:

- NONCORE CUSTOMER RATES. The Comprehensive Settlement also contemplates changes in the CPUC ratemaking procedures for determining rates to be charged by SoCalGas to its customers for the five-year period commencing with the approval of the Comprehensive Settlement by the CPUC. Rates charged to the customers would be established based upon SoCalGas's recorded throughput to these customers for 1991. The existing limited regulatory balancing account treatment for variances in noncore volumes from those estimated in establishing rates would be eliminated subject to a crediting mechanism for noncore revenues in excess of certain limits. Consequently, SoCalGas would bear the full risk of any declines in noncore

4. RESTRUCTURING OF GAS SUPPLY CONTRACTS AND COMPREHENSIVE SETTLEMENT OF REGULATORY ISSUES (CONTINUED)

deliveries from 1991 levels. Any revenue enhancement from deliveries in excess of 1991 levels will be limited by a crediting account mechanism that will require a credit to customers of 87.5 percent of revenues in excess of certain limits. These annual limits above which the credit is applicable increase from $11 million to $19 million over the five-year period to which the Comprehensive Settlement is applicable.

- - REASONABLENESS REVIEWS. The Comprehensive Settlement contemplates the settlement of all pending CPUC reasonableness reviews with respect to SoCalGas's gas purchases from 1989 through 1992 as well as certain other future reasonableness review issues. The Comprehensive Settlement also allows recovery of future excess interstate pipeline capacity costs in SoCalGas rates.

- - GAS COST INCENTIVE MECHANISM. The Comprehensive Settlement contemplates that a gas cost incentive mechanism (GCIM) would be implemented with an initial term of three years. Gas costs in excess of a tolerance band over average market price would be shared equally between ratepayers and SoCalGas. Savings from gas purchased below the average market price would be also shared equally between the ratepayers and SoCalGas. The GCIM would provide a 4 1/2 percent tolerance band in 1994 and a 4 percent tolerance band in 1995 and 1996. The GCIM is intended to replace the current gas procurement reasonableness review process.

- - ATTRITION ALLOWANCES. The Comprehensive Settlement contemplates that SoCalGas may receive annual allowances for operational attrition for 1995 and 1996 only to the extent that the annual inflation rate for those years exceeds 2 percent and 3 percent, respectively. This is a departure from past regulatory practice of allowing recovery of the full effect of inflation in rates. SoCalGas intends to continue to attempt to control operating expenses and investment in those years to amounts authorized in rates to offset the effect of this regulatory change.

The Company believes the Comprehensive Settlement will be approved by the CPUC and; therefore, it has been reflected in the Company's financial statements. Approximately $465 million is included in Regulatory Accounts Receivable and Regulatory Assets for the recovery of costs as provided in the Comprehensive Settlement. Accounts Payable-Other includes the liability for lump sum settlement payments of $375 million to restructure long-term gas supply contracts. Property, Plant and Equipment-Net has been reduced for accelerated amortization of pipeline related assets of $130 million. Upon giving effect to liabilities previously recognized at the Company and SoCalGas, the costs of the Comprehensive Settlement, including the restructuring of gas supply contracts, did not result in any additional charge to the Company's consolidated earnings. In the event the Comprehensive Settlement is not approved by the CPUC, SoCalGas will seek other regulatory approvals for the recovery of these costs.

5. COMMITMENTS AND CONTINGENT LIABILITIES

ENVIRONMENTAL OBLIGATIONS. SoCalGas has identified and reported to California environmental authorities 42 former gas manufacturing sites for which it (together with other utilities as to 21 of the sites) may have remedial obligations under environmental laws. In addition, SoCalGas is one of a large number of major corporations that have been named by federal authorities as potentially responsible parties for environmental remediation of two other industrial sites and a landfill site. These 45 sites are in various stages of investigation or remediation. It is anticipated that the investigation and, if necessary, remediation of these sites will be completed over a period of from 10 years to 20 years.

The CPUC approved approximately $9 million in SoCalGas's base rates for expenditures beginning in 1990 through 1993 associated with investigating these sites. In addition, the CPUC previously has approved a special ratemaking procedure with respect to environmental remediation costs under which, upon approval by the CPUC on a site-by-site basis, these costs are accumulated for recovery in future rates subject to a reasonableness review. However, in a decision issued in late 1992 in connection with its initial reasonableness review of these costs, the CPUC concluded that SoCalGas had failed to demonstrate, by clear and convincing evidence, the reasonableness for rate recovery of the applied for remediation costs under the existing ratemaking procedure. The decision concluded that a reasonableness review procedure may not be appropriate for rate recovery of environmental remediation costs. In addition, the CPUC ordered SoCalGas along with other California energy utilities and the DRA to work toward the development of an alternate ratemaking procedure including cost sharing between shareholder and ratepayers.

In November 1993, a collaborative settlement agreement between the above parties was submitted to the CPUC for approval that recommends a ratemaking mechanism that would provide recovery of 90 percent of environmental investigation and remediation costs without reasonableness review. In addition, the utilities

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. COMMITMENTS AND CONTINGENT LIABILITIES (CONTINUED)

would have the opportunity to retain a percentage of any insurance recoveries to offset the 10 percent of costs not recovered in rates. A CPUC decision is expected in mid-1994.

Through the end of 1993, preliminary investigations at 33 sites have been completed by SoCalGas, and investigation and remediation liabilities are estimated to be $82 million for all 45 sites. The liability estimated for these sites is subject to future adjustment pending further investigation. In 1993 and 1992 the Company charged $7 million and $5 million, respectively, to income and the remaining amount is included in Regulatory Assets. The Company believes that any costs not ultimately recovered through rates, insurance or other means, upon giving effect to previously established liabilities, will not have a material adverse effect on the Company's financial statements.

LITIGATION. The Company and certain of its officers, directors and former directors are defendants in seven shareholder actions. Three of the actions are substantially identical shareholder derivative actions in which the Company is named only as a nominal defendant. The derivative actions seek recovery from the defendant directors on behalf of the Company for damages asserted to have been suffered by the Company by alleged breaches of fiduciary duties by the directors in connection with the Company's diversification program. The remaining four actions are shareholder class actions filed on behalf of shareholders who purchased shares of the Company between June 5, 1990 and February 4, 1992 and seek recovery from the Company and the defendant directors for damages asserted to have been suffered as a result of allegedly improper disclosures under the federal securities laws. In January 1994, the Company announced an agreement had been reached to settle the shareholder lawsuits which were originally filed in February 1992. The settlement, which is subject to court approval, totals $45 million. The settlement and related legal costs, after giving effect to amounts paid by other parties, had been fully provided in liabilities established in prior years.

The Company is a defendant in various lawsuits arising in the normal course of business; however, management believes that the resolution of these pending claims and legal proceedings will not have a material adverse effect on the Company's financial statements.

OTHER COMMITMENTS AND CONTINGENCIES. On January 17, 1994, SoCalGas's service area was struck by a major earthquake. The result was a disruption in service to less than 3 percent of its customers at any given time and damage to some facilities. The financial impact of the damages related to the earthquake not recovered by insurance are expected to be recovered in rates under an existing regulatory mechanism, and should have no impact on the Company's financial statements.

At December 31, 1993, commitments for capital expenditures were approximately $30 million.

6. LEASES

The Company and its subsidiaries have leases on real and personal property expiring at various dates from 1994 to 2011. The rentals payable under these leases are determined on both fixed and percentage bases and most leases contain options to extend which are exercisable by the Company or the subsidiaries.

Rental expense under operating leases was $63 million, $62 million and $46 million in 1993, 1992 and 1991, respectively.

The following is a schedule of future minimum operating lease commitments as of December 31, 1993:

(Dollars in Millions)	Future Minimum Lease Payments
Year Ending December 31	
1994	$ 51
1995	48
1996	47
1997	46
1998	45
Later years	451
Total	$688

In connection with the quasi-reorganization (see Note 2) and loss on disposal of discontinued operations (see Note 2), the Company established reserves of $102 million to fair value operating leases related to its headquarters and other leases at December 31, 1992. The amount of these reserves was $97 million at December 31, 1993.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. COMPENSATING BALANCES AND SHORT-TERM BORROWING ARRANGEMENTS

The parent has $400 million of unsecured revolving credit with banks, which have terms longer than one year and require fees of .250 percent per annum. SoCalGas has an additional $825 million of unsecured revolving lines of credit, of which $325 million is a multi-year credit agreement requiring annual fees of .125 percent and $500 million is a 364 day credit agreement requiring annual fees of .10 percent. At December 31, 1993 all bank lines of credit were unused. The unused bank lines of credit support SoCalGas's commercial paper program and provide liquidity for the Company.

At December 31, 1993 and 1992, the Company's short-term debt of $267 million and $215 million, respectively, consists of SoCalGas commercial paper obligations. The weighted average annual interest rate of commercial paper obligations outstanding was 3.25 percent and 3.81 percent at December 31, 1993 and 1992, respectively.

8. LONG-TERM DEBT

	December 31	
(Dollars in Millions)	1993	1992
SOUTHERN CALIFORNIA GAS COMPANY		
FIRST MORTGAGE BONDS:		
8 3/4% May 1, 1996	$	$ 17
8 1/2% October 1, 1997		20
6 1/2% December 15, 1997	125	125
5 1/4% March 1, 1998	100	
9 3/8% June 15, 1998		100
6 7/8% August 15, 2002	100	100
5 3/4% November 15, 2003	100	
9 3/8% March 1, 2016		100
9% December 1, 2016		100
9 5/8% November 1, 2018		125
9 3/4% December 1, 2020	18	120
8 3/4% October 1, 2021	150	150
7 3/8% March 1, 2023	100	
7 1/2% June 15, 2023	125	
6 7/8% November 1, 2025	175	
OTHER LONG-TERM DEBT:		
4.69% Notes, June 16, 1995	31	
8 3/4% Notes, August 4, 1995	20	20
5.03% Notes, August 21, 1995	28	28
5.83% Notes, December 1, 1995	7	7
8 3/4% Notes, July 6, 1996	20	20
5.98% Notes, August 21, 1997	22	22
8 3/4% Notes, July 6, 2000	10	10
SFr. 100,000,000 5 1/8% Bonds, February 6, 1998 (Foreign currency exposure hedged through currency swap at an interest rate of 9.725%)	47	47
SFr. 150,000,000 7 1/2% Foreign Interest Payment Securities, May 14, 1996	75	75
	1,253	1,186
PACIFIC INTERSTATE COMPANIES		
7.65%-10.0% 1994-1995	57	62
OTHER		
4.38%-6.125% Revolving Credit, September 27, 1993		150
4.4375% Revolving Credit, December 31, 1994		100
3.3125%-4.1875% Revolving Credit, February 15, 1995		475
8.0%-10.0% 1999-2004	28	30
Total outstanding	1,338	2,003
LESS:		
Long-term debt due within one year	58	217
Unamortized debt discount less premium	18	12
	76	229
Long-Term Debt	$1,262	$1,774

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. LONG-TERM DEBT (CONTINUED)

The annual principal payment requirements, after deduction of long-term debt held in treasury and including sinking fund payments, of long-term debt for the years 1995 through 1998 are $90 million, $99 million, $151 million, and $151 million, respectively. Substantially all of utility plant serves as collateral for the First Mortgage Bonds, and certain assets of the nonutility subsidiaries are pledged as collateral for their obligations.

During 1992, SoCalGas established irrevocable trusts to satisfy future principal and interest payments related to $200 million of its first mortgage bonds. The first mortgage bonds, accrued interest thereon and related unamortized debt discount were removed from the 1992 Consolidated Balance Sheet in an in-substance defeasance transaction.

EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST (TRUST) (SEE NOTE 12).

The trust has an ESOP feature and covers substantially all employees. The variable rate ESOP debt bears interest at a rate necessary to place or remarket the notes at par. Principal is payable annually and interest is payable monthly through 1999.

The trust holds approximately 3 million shares of common stock of the Company. These shares are treated as outstanding shares in the financial statements of the Company. The trust is used to fund the Company's retirement savings plan program.

The Company is obligated to make contributions sufficient to satisfy debt service requirements. This obligation is recorded as long-term debt, with a corresponding reduction to shareholders' equity. As the trust repays its debt, the liability will be reduced with a corresponding increase to shareholders' equity. The trust debt is secured by letters of credit issued by banks which expire in April 1996.

As the Company makes contributions to the trust, these contributions, plus any dividends paid on the Company's common stock held by the trust, will be used to repay the debt. As dividends are increased or decreased, required contributions are reduced or increased, respectively. Interest on ESOP debt amounted to $6 million in 1993, $8 million in 1992 and $10 million in 1991. Dividends used for debt service amounted to $2 million, $2 million and $15 million in 1993, 1992 and 1991, respectively, and are deductible for federal income tax purposes.

CURRENCY AND INTEREST RATE SWAPS. In February 1986, SoCalGas issued SFr. 100 million of 5 1/8 percent bonds which will mature on February 6, 1998. SoCalGas has entered into a swap transaction with a major international bank to hedge the currency exposure. The terms of the swap result in a U.S. dollar liability of $47 million at an interest rate of 9.725 percent with the principal payable on February 6, 1998.

In May 1986, SoCalGas issued SFr. 150 million of 7 1/2 percent Foreign Interest Payment Securities which are renewable at 10-year intervals at reset interest rates. Interest is payable in U.S. dollars. The principal was exchanged into $75 million at an exchange rate of 1.9925, which is also the minimum rate of exchange for determining the amount of principal repayable in Swiss francs.

The Company has entered into interest rate swap agreements to reduce the impact of fluctuations in interest rates on its floating rate debt. The differential of interest to be paid or received is accrued as interest rates change and is recognized over the life of the agreements.

During 1993 and 1992, the Company had outstanding interest rate swaps related to continuing operations which effectively set $100 million of ESOP debt to a fixed 7.3 percent until September 15, 1995 and $50 million of its commercial paper to a fixed 9.448 percent until December 15, 1992. At December 31, 1993 and 1992, the Company also had outstanding two interest rate swaps related to discontinued operations which set the interest rate on $100 million of long-term debt to a fixed 9.12 percent until September 5, 1995 and $125 million of long-term debt to a fixed 8.445 percent until December 5, 1994. The swaps related to continuing operations were adjusted to market value in the 1992 quasi-reorganization. Losses on the swaps related to discontinued operations were included in the 1992 loss on disposal.

The Company is exposed to credit losses in the event of nonperformance by the other parties to the interest rate swap agreements. However, the Company does not anticipate nonperformance by the counterparties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of those instruments.

The Flexible Auction preferred stocks of SoCalGas approximate fair value since they are remarketed periodically. The debt of the ESOP approximates fair market value based on rates currently available to the Company for debt with similar terms and maturity.

Interest rate swaps were adjusted to fair value as part of the quasi-reorganization. The fair value of interest rate swaps is the estimated amount that the bank would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the current credit worthiness of the swap counterparties. The carrying amount of interest rate swaps approximates fair value.

The fair value of SoCalGas's long-term debt and 6 percent preferred, 6 percent Series A preferred and 7 3/4 percent preferred stock is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of similar remaining maturities. The fair value of these financial instruments is different from the carrying amount. These instruments were not adjusted to fair value in the quasi-reorganization because they represent obligations of the rate regulated subsidiaries which are recoverable in future rates.

The following financial instruments have a fair value which is different from the carrying amount as of December 31.

	1993		1992	
(Dollars in Millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-Term Debt of SoCalGas	$1,253	$1,272	$1,186	$1,228
Preferred Stocks of SoCalGas	$ 95	$ 94	$ 20	$ 16

10. PREFERRED STOCKS OF A SUBSIDIARY

The amount of preferred stocks of SoCalGas outstanding is as follows:

	December 31, 1993		December 31, 1992	
	Number of Shares	Millions of Dollars	Number of Shares	Millions of Dollars
6%, $25 par value	29,642	$ 1	31,220	$ 1
6% Series A, $25 par value	783,032	19	783,032	19
Series Preferred, no par value				
Flexible Auction, Series A	500	50	500	50
Flexible Auction, Series B			750	75
Flexible Auction, Series C	500	50	500	50
7 3/4%, $25 Stated Value	3,000,000	75		
		$195		$195

10. PREFERRED STOCKS OF A SUBSIDIARY (CONTINUED)

Each issue of the Flexible Auction Series Preferred Stock is auctioned on specified dividend dates. The term of each subsequent dividend period is, at SoCalGas's option, 49 days or longer, not to exceed ten years. The weighted average dividend rates for the Flexible Auction Preferred Stock for 1993, 1992 and 1991 were: Series A, 2.67 percent, 3.21 percent and 4.77 percent, respectively; Series B, 3.28 percent, 3.24 percent and 4.89 percent, respectively; Series C, 2.75 percent, 3.28 percent and 4.1 percent, respectively. Subsequent dividend rates may be affected by general market conditions and the credit rating assigned to the Flexible Auction Series Preferred Stock. SoCalGas has the option of redeeming the shares, in whole or in part, at $100,000 per share plus accumulated dividends on any scheduled dividend payment date.

In January 1993, SoCalGas issued 3 million shares of 7 3/4 percent Series Preferred Stock. The proceeds of $75 million were used to redeem the Flexible Auction Series Preferred Stock, Series B.

11. PREFERRED STOCK

The Company has 1,500 shares of Remarketed Preferred (RP) Stock outstanding with a liquidation preference of $100,000 per share. The RP shares are remarketed by designated agents at specified dividend dates. In connection with the remarketing process, the holders of the shares may elect dividend periods of seven or 49 days. The dividend rate may be affected by general market conditions and the credit rating assigned to the RP shares. On September 10, 1991, the Company established a special dividend period for 500 shares of RP stock ending October 11, 1994 at a dividend rate of 7.5 percent per year. The weighted average dividend rates for 1993 and 1992 were 6.2 percent and 7.17 percent, respectively. The Company has the option of redeeming the rp shares, in whole or in part, at $100,000 per share plus accumulated dividends on any scheduled dividend payment date.

All or any part of every series of presently outstanding preferred stock is subject to redemption at the Company's option at any time upon not less than 30 days notice, at the applicable redemption prices for each series, together with the accrued and accumulated dividends to the date of redemption. None of the outstanding issues of preferred stock has any conversion rights.

The number of shares of preferred stock and class A preferred stock authorized and outstanding is as follows:

	Redemption Price Per Share	December 31, 1993 Shares Authorized	December 31, 1993 Shares Outstanding	December 31, 1992 Shares Authorized	December 31, 1992 Shares Outstanding
Preferred stock-cumulative, no par value:					
Remarketed, Series A	$100,000.00	1,500	1,500	1,500	1,500
$7.64 Dividend	101.00	300,000	300,000	300,000	300,000
$4.75 Dividend	100.00	200,000	200,000	200,000	200,000
$4.50 Dividend	100.00	300,000	300,000	300,000	300,000
$4.40 Dividend	101.50	100,000	100,000	100,000	100,000
$4.36 Dividend	101.00	200,000	200,000	200,000	200,000
$4.75 Dividend	101.00	353	353	403	403
Unclassified		8,898,147		8,898,097	
Total preferred		10,000,000	1,101,853	10,000,000	1,101,903
Class A preferred stock-cumulative, no par value		5,000,000		5,000,000	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. PENSION, POSTRETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS

PENSION PLANS. The Company and certain subsidiaries have noncontributory pension plans covering substantially all of their employees. Over 90 percent of the employees covered by the plans are employed by SoCalGas. Benefits are based on an employee's years of service and compensation during his or her last years of employment. The Company's policy is to fund the plans annually at a level which is fully deductible for federal income tax purposes and as necessary on an actuarial basis to provide assets sufficient to meet the benefits to be paid to plan members.

Pension expense for continuing operations was as follows:

	Year Ended December 31		
(Dollars in Millions)	1993	1992	1991
Service cost-benefits earned during the period	$ 34	$ 34	$ 31
Interest cost on projected benefit obligation	84	82	75
Actual return on plan assets	(160)	(72)	(233)
Net amortization and deferral	57	(14)	154
Net periodic pension cost	15	30	27
Special early retirement program	18	12	
Regulatory adjustment	1	(9)	1
Total pension expense	$ 34	$ 33	$ 28

A reconciliation of the plans' funded status to the pension liability recognized in the Consolidated Balance Sheet is as follows:

	December 31	
(Dollars in Millions)	1993	1992
Actuarial present value of pension benefit obligations:		
Accumulated benefit obligation, including $862 and $717 in vested benefits at December 31, 1993 and 1992, respectively	$ 981	$ 820
Effect of future salary increases	278	286
Projected benefit obligation	1,259	1,106
Plan assets at fair value, primarily publicly traded common stocks and equity pooled funds	1,348	1,213
Plan assets greater than projected benefit obligation	89	107
Unrecognized net gain	(161)	(183)
Unrecognized prior service cost	42	45
Unrecognized transition obligation	13	16
Accrued pension liability included in the Consolidated Balance Sheet	$ (17)	$ (15)
The plans' major actuarial assumptions include:		
Weighted average discount rate	7%	8%
Rate of increase in future compensation levels	5%	6%
Expected long-term rate of return on plan assets	8 1/2%	8 1/2%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. PENSION, POSTRETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS (CONTINUED)

POSTRETIREMENT BENEFIT PLANS. In 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106). SFAS 106 requires the accrual of the cost of certain postretirement benefits other than pensions over the active service period of the employee. The Company previously recorded these costs when paid or funded. SFAS 106 allows amortization of the cumulative adjustment over 20 years. However, at December 31, 1992, the Company implemented a quasi-reorganization and accrued the postretirement liability at its entire fair value. The CPUC and the FERC in late 1992 authorized SFAS 106 amounts to be recovered in rates for the regulated entities; therefore, a regulatory asset has been recorded to reflect the portion of the liability which will be recovered in future rates. The cumulative impact of $5 million after-tax for the nonregulated portion of the postretirement liability was charged to common stock as part of the quasi-reorganization in 1992.

The Company's postretirement benefit plan currently provides medical and life insurance benefits to qualified retirees. In the past, employee cost-sharing provisions have been implemented to control the increasing costs of these benefits. Other changes could occur in the future. The Company's policy is to fund these benefits at a level which is fully tax deductible for federal income tax purposes, not to exceed amounts recoverable in rates for regulated companies, and as necessary on an actuarial basis to provide assets sufficient to be paid to plan participants. The net periodic postretirement benefit cost was as follows:

	Year Ended December 31	
(Dollars in Millions)	1993	1992
Service cost-benefits earned during the period	$ 12	$ 12
Interest cost on projected benefit obligation	28	26
Actual return on plan assets	(10)	(4)
Net amortization and deferral	3	11
Net periodic postretirement benefit cost	33	45
Regulatory adjustment	13	(21)
Net postretirement benefit cost	$ 46	$ 24

A reconciliation of the plan's funded status to the postretirement liability recognized in the Consolidated Balance Sheet is as follows:

	December 31	
(Dollars in Millions)	1993	1992
Accumulated postretirement benefit obligation:		
Retirees	$ 162	$ 127
Fully eligible active plan participants	187	176
Other active plan participants	32	41
	381	344
Plan assets at fair value, primarily publicly traded common stocks and equity pooled funds	(114)	(77)
Unrecognized net loss	(6)	
Net postretirement benefit liability included in the Consolidated Balance Sheet	$ 261	$ 267
The plan's major actuarial assumptions include:		
Health care cost trend rate	8%	9%
Weighted average discount rate	7%	8%
Rate of increase in future compensation levels	5%	6%
Expected long-term rate of return on plan assets	8 1/2%	8 1/2%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. PENSION, POSTRETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS (CONTINUED)

The assumed health care cost trend rate is 8 percent for 1994. The trend rate is expected to decrease from 1995 to 1998 with a 6 percent ultimate trend rate thereafter. The effect of a one-percentage-point increase in the assumed health care cost trend rate for each future year is $40 million on the aggregate of the service and interest cost components of net periodic postretirement cost for 1993 and $65 million on the accumulated postretirement benefit obligation at December 31, 1993. The estimated income tax rate used in the return on plan assets is zero since the assets are invested in tax exempt funds.

OTHER EMPLOYEE BENEFIT PLANS. At December 31, 1992, the Company adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112). SFAS 112 requires the accrual of the obligation to provide benefits to former or inactive employees after employment but before retirement. The adoption of SFAS 112 resulted in the recognition of a $35 million liability, primarily for disability benefits. There was no impact on earnings since these costs are currently recovered in rates as paid, and as such, have been reflected as a regulatory asset. At December 31, 1993, the liability was $39 million.

Upon completion of one year of service, all employees of the Company and certain subsidiaries are eligible to participate in the Company's retirement savings plan administered by bank trustees. Employees may contribute from 1 percent to 14 percent of their regular earnings. The Company generally contributes an amount of cash or a number of shares of the Company's common stock of equivalent fair market value which, when added to prior forfeitures, will equal 50 percent of the first 6 percent of eligible base salary contributed by employees. The employees' contributions, at the direction of the employees, are primarily invested in the Company's common stock, mutual funds or guaranteed interest accounts. The Company's contributions, which were invested in the Company's common stock, were $9 million in 1991 and 1992. In 1993 the Company's contributions were funded by the Pacific Enterprises Employee Stock Ownership Plan and Trust.

The Company retained Thrifty's Profit Sharing Plan and Trust as Pacific Enterprises Employee Stock Ownership Plan and Trust (TRUST) subsequent to the sale of the retailing operations. The Company funds contributions, as required, to service the TRUST debt. All contributions to the TRUST are made by the Company, and there are no contributions by the participants. The Company's net contributions (and compensation expense) were 1993, $9 million; 1992, $20 million and 1991, $6 million. The 1992 and 1991 amounts are included in discontinued operations. The level of net contributions to the trust by the Company is dependent on the amount of dividends paid on the unallocated shares held by the trust and the quarterly payments made by the buyer of the retailing operations (See Note 2).

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared by management. The integrity and objectivity of these financial statements and the other financial information in the Annual Report, including the estimates and judgments on which they are based, are the responsibility of management. The financial statements have been audited by Deloitte & Touche, independent certified public accountants, appointed by the Board of Directors. Their report is shown below. Management has made available to Deloitte & Touche all of the Company's financial records and related data, as well as the minutes of shareholders' and directors' meetings.

Management maintains a system of internal accounting control which it believes is adequate to provide reasonable, but not absolute, assurance that assets are properly safeguarded and accounted for, that transactions are executed in accordance with management's authorization and are properly recorded and reported, and for the prevention and detection of fraudulent financial reporting. Management monitors the system of internal control for compliance through its own review and a strong internal auditing program which also independently assesses the effectiveness of the internal controls. In establishing and maintaining internal controls, the Company exercises judgment in determining that the costs of such controls do not exceed the benefits to be derived.

Management acknowledges its responsibility to provide financial information (both audited and unaudited) that is representative of the Company's operations, reliable on a consistent basis, and relevant for a meaningful financial assessment of the Company. Management believes that the control process enables them to meet this responsibility.

Management also recognizes its responsibility for fostering a strong ethical climate so that the Company's affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in the Company's code of corporate conduct, which is publicized throughout the Company. The Company maintains a systematic program to assess compliance with this policy.

The Board of Directors has an Audit Committee composed solely of directors who are not officers or employees. The Committee recommends for approval by the full Board the appointment of the independent auditors. The Committee meets periodically with management, with the Company's internal auditors, and with the independent auditors. The independent auditors and the internal auditors also meet alone with the Audit Committee and have free access to the Audit Committee at any time.

/s/Willis B. Wood Jr.

Willis B. Wood, Jr.
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER
January 31, 1994

/s/ Lloyd A. Levitin

Lloyd A. Levitin
EXECUTIVE VICE PRESIDENT, TREASURER
AND CHIEF FINANCIAL OFFICER

INDEPENDENT AUDITORS' REPORT

[LOGO]

Pacific Enterprises:

We have audited the consolidated financial statements of Pacific Enterprises and subsidiaries (pages 23 to 40) as of December 31, 1993 and 1992, and for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pacific Enterprises and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993 in conformity with generally accepted accounting principles.

/s/Deloitte & Touche

Los Angeles, California
January 31, 1994

SELECTED FINANCIAL DATA AND
COMPARATIVE STATISTICS 1983-1993

(Dollars in millions, except per-share amounts)	1993	1992	1991	1990
Consolidated:				
Operating revenues from continuing operations	$2,899	$2,900	$3,007	$3,376
Income from continuing operations	$ 181	$ 136	$ 167	$ 142
Income (loss) from discontinued operations		(686)	(255)	(201)
Net income (loss)	181	(550)	(88)	(59)
Dividends on preferred stock	15	16	16	17
Net income (loss) applicable to common stock	$ 166	$ (566)	$ (104)	$ (76)
Net income (loss) per share of common stock:				
Continued operations	$ 2.06	$ 1.60	$ 2.09	$ 1.78
Discontinued operations		(9.17)	(3.54)	(2.87)
	$ 2.06	$(7.57)	$(1.45)	$(1.09)
Cash dividends per share of common stock	$ 0.60	$ 0.44	$ 2.62	$ 3.48
Common shareholders' equity per share	$12.19	$ 9.44	$19.74	$23.07
Capital expenditures of continuing operations	$ 331	$ 329	$ 335	$ 386
Total assets	$5,596	$5,414	$5,462	$5,702
Capitalization				
Short-term debt	$ 267	$ 215	$ 123	$ 491
Long-term debt due within one year	58	217	25	30
Long-term debt	1,262	1,774	1,776	1,161
Long-term debt of ESOP	132	141	149	163
Obligations under capital leases				
Preferred stocks of a subsidiary:				
Redeemable				
Nonredeemable	195	195	195	145
Preferred stock	258	258	258	258
Common stock	1,048	859	1,458	1,385
Retained earnings	116		146	419
Less deferred compensation relating to ESOP	138	148	163	173
Total	$3,198	$3,511	$3,967	$3,879
Total capitalization, net of short-term investments	$3,050	$3,089	$3,873	$3,703
Number of employees	9,200	9,884	40,953	42,370
SoCalGas:				
Gas revenues				
Residential	$1,653	$1,484	$1,674	$1,548
Commercial/Industrial	853	836	977	1,057
Utility electric generation	147	195	149	235
Wholesale	117	129	145	165
Exchange	4	6	7	8
Total	$2,774	$2,650	$2,952	$3,013
Gas volumes delivered (billion cubic feet):				
Residential	248	244	249	262
Commercial/Industrial	339	363	460	436
Utility electric generation	213	221	170	159
Wholesale	148	149	142	139
Exchange	17	24	26	30
Total	965	1,001	1,047	1,026
Gas volumes sold (billion cubic feet)	352	355	411	515
Gas volumes transported or exchanged (billion cubic feet)	613	646	636	511
Total	965	1,001	1,047	1,026
Number of customers:				
Residential	4,459,250	4,445,500	4,429,896	4,381,563
Commercial	187,602	189,364	193,051	193,409
Industrial	23,924	24,419	25,642	26,530
Utility electric generation/wholesale	11	10	10	10
Total number of customers	4,670,787	4,659,293	4,648,599	4,601,512
Gas purchased (billion cubic feet):				
Market gas:				

30-day	85	21	140	149
Other	159	198	168	226
Total market gas	244	219	308	375
Affiliates	97	99	99	103
Other long-term supplies	28	42	39	53
Total gas purchased	369	360	446	531
Average cost of gas purchased excluding fixed costs (per thousand cubic feet)	$ 2.21	$ 2.24	$ 2.40	$ 2.59
Weighted average rate base	$2,769	$2,720	$2,663	$2,549
Authorized rate of return on:				
Rate base	9.99%	10.49%	10.79%	10.75%
Common equity	11.90%	12.65%	13.00%	13.00%
Degree Days	1,255	1,258	1,409	1,432

43. PACIFIC ENTERPRISES

(Dollars in millions, except per-share amounts)	1989	1988	1987	1986
Consolidated:				
Operating revenues from continuing operations	$3,344	$3,301	$3,385	$3,691
Income from continuing operations	$ 142	$ 142	$ 148	$ 138
Income (loss) from discontinued operations	64	75	101	(56)
Net income (loss)	206	217	249	82
Dividends on preferred stock	13	6	6	6
Net income (loss) applicable to common stock	$ 193	$ 211	$ 243	$ 76
Net income (loss) per share of common stock:				
Continued operations	$ 1.98	$ 2.20	$ 2.40	$ 2.27
Discontinued operations	.99	1.23	1.70	(.96)
	$ 2.97	$ 3.43	$ 4.10	$ 1.31
Cash dividends per share of common stock	$ 3.48	$ 3.48	$ 3.48	$ 3.48
Common shareholders' equity per share	$27.10	$28.26	$27.05	$26.21
Capital expenditures of continuing operations	$ 340	$ 351	$ 328	$ 332
Total assets	$5,874	$5,496	$4,374	$4,584
Capitalization				
Short-term debt	$ 637	$ 572	$ 128	$ 469
Long-term debt due within one year	30	65	72	16
Long-term debt	1,045	1,220	1,067	1,194
Long-term debt of ESOP	173	31	38	44
Obligations under capital leases		25	26	27
Preferred stocks of a subsidiary:				
Redeemable	60	60	60	60
Nonredeemable	70	20	20	20
Preferred stock	258	110	110	110
Common stock	1,331	1,066	875	855
Retained earnings	738	770	771	734
Less deferred compensation relating to ESOP	189	31	38	44
Total	$4,153	$3,908	$3,129	$3,485
Total capitalization, net of short-term investments	$3,866	$3,773	$3,086	$3,429
Number of employees	43,891	40,538	27,928	26,571
SoCalGas:				
Gas revenues				
Residential	$1,484	$1,482	$1,496	$1,275
Commercial/Industrial	1,016	1,008	1,059	1,068
Utility electric generation	483	554	662	610
Wholesale	192	252	302	362
Exchange	8	12	18	19
Total	$3,183	$3,308	$3,537	$3,334
Gas volumes delivered (billion cubic feet):				
Residential	255	253	259	234
Commercial/Industrial	400	344	269	223
Utility electric generation	202	199	309	225
Wholesale	146	144	159	124
Exchange	30	39	55	55
Total	1,033	979	1,051	861
Gas volumes sold (billion cubic feet)	594	654	759	767
Gas volumes transported or exchanged (billion cubic feet)	439	325	292	94
Total	1,033	979	1,051	861
Number of customers:				
Residential	4,295,838	4,196,010	4,086,365	3,969,671
Commercial	192,269	190,908	189,611	186,773
Industrial	26,957	27,133	27,227	27,942
Utility electric generation/wholesale	9	9	8	8
Total number of customers	4,515,073	4,414,060	4,303,211	4,184,394
Gas purchased (billion cubic feet):				
Market gas:				
30-day	202	219	271	242
Other	161	87	48	
Total market gas	363	306	319	242

Affiliates	104	118	113	113
Other long-term supplies	149	247	343	421
Total gas purchased	616	671	775	776
Average cost of gas purchased excluding fixed costs (per thousand cubic feet)	$ 2.46	$ 2.39	$ 2.20	$ 2.52
Weighted average rate base	$2,386	$2,268	$2,167	$2,092
Authorized rate of return on:				
Rate base	10.96%	10.93%	11.51%	12.74%
Common equity	13.00%	12.75%	13.90%	14.60%
Degree Days	1,344	1,354	1,498	1,058

(Dollars in millions, except per-share amounts)	1985	1984	1983
Consolidated:			
Operating revenues from continuing operations	$4,955	$4,682	$4,537
Income from continuing operations	$ 105	$ 96	$ 148
Income (loss) from discontinued operations	82	69	41
Net income (loss)	187	165	189
Dividends on preferred stock	6	6	6
Net income (loss) applicable to common stock	$ 181	$ 159	$ 183
Net income (loss) per share of common stock:			
Continued operations	$ 1.78	$ 1.69	$ 2.90
Discontinued operations	1.47	1.30	.83
	$ 3.25	$ 2.99	$ 3.73
Cash dividends per share of common stock	$ 3.36	$ 3.20	$ 3.04
Common shareholders' equity per share	$27.70	$27.38	$26.29
Capital expenditures of continuing operations	$ 372	$ 381	$ 303
Total assets	$4,134	$4,228	$3,907
Capitalization			
Short-term debt	$ 81	$ 229	$ 171
Long-term debt due within one year	48	87	17
Long-term debt	1,151	1,205	1,253
Long-term debt of ESOP	37		
Obligations under capital leases	27		
Preferred stocks of a subsidiary:			
Redeemable	60	60	60
Nonredeemable	20	21	21
Preferred stock	110	110	110
Common stock	759	697	607
Retained earnings	838	801	763
Less deferred compensation relating to ESOP	37		
Total	$3,094	$3,210	$3,002
Total capitalization, net of short-term investments	$3,081	$3,140	$3,002
Number of employees	26,550	25,965	25,551
SoCalGas:			
Gas revenues			
Residential	$1,596	$1,440	$1,483
Commercial/Industrial	1,392	1,356	1,364
Utility electric generation	1,380	1,258	1,146
Wholesale	534	524	490
Exchange	14	12	11
Total	$4,916	$4,590	$4,494
Gas volumes delivered (billion cubic feet):			
Residential	267	237	257
Commercial/Industrial	223	203	209
Utility electric generation	318	248	223
Wholesale	130	118	107
Exchange	44	28	33
Total	982	834	829
Gas volumes sold (billion cubic feet)	938	806	796
Gas volumes transported or exchanged (billion cubic feet)	44	28	33
Total	982	834	829
Number of customers:			

Residential	3,878,861	3,796,332	3,731,569
Commercial	189,068	187,010	180,259
Industrial	29,047	29,267	29,346
Utility electric generation/wholesale	8	8	8
Total number of customers	4,096,984	4,012,617	3,941,182
Gas purchased (billion cubic feet):			
Market gas:			
30-day	118		
Other			
Total market gas	118		
Affiliates	116	60	35
Other long-term supplies	705	766	778
Total gas purchased	939	826	813
Average cost of gas purchased excluding fixed costs (per thousand cubic feet)	$ 3.31	$ 3.70	$ 3.86
Weighted average rate base	$1,968	$1,910	$1,715
Authorized rate of return on:			
Rate base	13.04%	12.92%	12.80%
Common equity	15.75%	15.75%	15.75%
Degree Days	1,663	1,245	1,380

QUARTERLY FINANCIAL DATA (UNAUDITED)

(Dollars are in millions, except per-share amounts)	Three Months Ended 1993 Mar 31	Jun 30	Sep 30	Dec 31	Total
Operating revenues from continuing operations	$ 773	$ 652	$ 649	$ 825	$ 2,899
Net income	$ 38	$ 42	$ 54	$ 47	$ 181
Net income per share of common stock	$ .45	$ .49	$ .59	$ .52	$ 2.06
Dividends declared per share of common stock	$	$ .30	$ .30	$	$ .60
Dividends paid per share of common stock	$	$	$ .30	$ .30	$ .60
Weighted average number of shares of common stock outstanding (in thousands)	75,367	78,673	83,702	84,014	80,472

(Dollars are in millions, except per-share amounts)	Three Months Ended 1992 Mar 31	Jun 30	Sep 30	Dec 31	Total
Operating revenues from continuing operations	$ 747	$ 648	$ 630	$ 875	$ 2,900
Income (loss):					
Continuing operations	$ 34	$ 33	$ 33	$ 36	$ 136
Discontinued operations	(498)	(151)		(37)	(686)
Net income (loss)	$ (464)	$ (118)	$ 33	$ (1)	$ (550)
Net income (loss) per share of common stock:					
Continuing operations	$ .41	$ .39	$ .38	$ .42	$ 1.60
Discontinued operations	(6.77)	(2.02)		(.49)	(9.17)
Net income (loss) per share of common stock	$ (6.36)	$ (1.63)	$ .38	$ (.07)	$ (7.57)
Dividends declared per share of common stock	$ .44	$	$	$	$ .44
Dividends paid per share of common stock	$ .44	$	$	$	$ .44
Weighted average number of shares of common stock outstanding (in thousands)	73,589	74,646	75,000	75,217	74,820

PACIFIC ENTERPRISES

RANGE OF MARKET PRICES OF CAPITAL STOCK

Three Months Ended	1993 Mar 31	Jun 30	Sep 30	Dec 31
Common Stock	25 - 18 1/2	25 - 21 3/8	27 3/8 - 23 7/8	27 3/8 - 23 5/8
Preferred Stock:				
$7.64	96 7/8 - 86 1/2	100 1/2 - 93 1/2	101 3/4 - 97 1/2	102 7/8 - 97
$4.75	62 5/8 - 52 1/2	65 3/8 - 60 1/2	70 3/4 - 63 1/2	69 1/4 - 65 1/4
$4.50	62 - 50 1/2	63 5/8 - 57 3/8	68 - 60 1/4	66 1/8 - 61 3/8
$4.40	62 - 51 1/2	60 1/2 - 57 7/8	64 3/4 - 60 1/8	65 7/8 - 61
$4.36	61 - 47 3/8	60 - 55	63 1/8 - 59 3/4	64 1/8 - 58 3/4
Remarketed (1)				

Three Months Ended	1992 Mar 31	Jun 30	Sep 30	Dec 31
Common Stock	27 3/8 - 17 3/8	22 3/4 - 18 3/4	20 3/4 - 17 1/2	20 1/8 - 17 5/8
Preferred Stock:				

$7.64	86 - 71	85 - 80	90 3/8 - 83 1/8	92 - 87 1/8
$4.75	57 - 46 1/2	53 1/4 - 50 1/8	57 - 53	57 - 53
$4.50	51 3/8 - 44 1/8	52 - 47 3/8	54 5/8 - 49 5/8	55 - 50
$4.40	53 - 44	51 7/8 - 46 1/8	56 1/4 - 51	56 7/8 - 49 1/8
$4.36	49 7/8 - 43	52 - 45 3/4	53 1/8 - 48 1/2	54 5/8 - 49
Remarketed (1)				

(1) SEE NOTE 11 OF NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Market prices for the common stock are as reported on the composite tape for stocks listed on the New York Stock Exchange.

Market prices for the preferred stock were obtained from the American Stock Exchange.

The number of shareholders of common stock at December 31, 1993; 45,414.

Exhibit 22.01

LIST OF SUBSIDIARIES
OF PACIFIC ENTERPRISES

Burney Mountain Power
Central Plants, Inc.
Coalition Undertaking Remedial Efforts, Inc.
EcoTrans Aftermarket Corporation
EcoTrans OEM Corporation
FTM Sports Corporation
Landfill Control Technologies
Mammoth Geothermal Company
Mammoth Power Company
Mt. Lassen Power
Pacific Bio-Energy Company
Pacific Energy
Pacific Energy Resources Incorporated
Pacific Enterprises
Pacific Enterprises ABC Corporation
Pacific Enterprises Commercial Loans, Inc.
Pacific Enterprises Leasing Company
Pacific Enterprises Oil Company
Pacific Enterprises Oil Company (Canada)
Pacific Enterprises Oil Company (USA)
Pacific Enterprises Oil Company (Western)
Pacific Enterprises Minerals Company
Pacific Gas Gathering Company
Pacific Geothermal Company
Pacific Hydropower Company
Pacific Interstate Company
Pacific Interstate Mojave Company
Pacific Interstate Offshore Company
Pacific Interstate Transmission Company
Pacific Interstate Transmission Company (Arctic)
Paciifc Library Tower
Pacific Lighting Corporation
Pacific Lighting Gas Development Company
Pacific Lighting Land Company
Pacific Lighting Real Estate Group
Pacific Offshore Pipeline Company
Pacific Oroville Power, Inc.
Pacific Penobscot Power Company
Pacific Recovery Corporation
Pacific Synthetic Fuel Company
Pacific Western Resources Company
Pacific Wood Fuels Company
Pacific Wood Power
Pay'n Save Drug Stores, Incorporated
Penstock Power Company
Presley ASW Finance Co., Inc.
Presley Financial Corporation

Presley-Home Mac Finance Co., Inc.
Presley RAC Finance Co., Inc.
Sabagli N.V.
Southern California Gas Company
Southern California Gas Tower
Southern California Conservation Financing Company
Western Power, Inc.
8309 Tujunga Avenue Corp.

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 2-96782, 33-26357, 2-66833, 2-96781, and 33-21908 of Pacific Enterprises on Forms S-8 and Registration Statement Nos. 33-24830 and 33-44338 of Pacific Enterprises on Forms S-3 of our reports dated January 31, 1994, appearing in and incorporated by reference in this Annual Report on Form 10-K of Pacific Enterprises for the year ended December 31, 1993.

DELOITTE & TOUCHE

Los Angeles, California
March 24, 1994