

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

FORM 10-Q

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

For the quarterly period ended September 30, 2000

Commission file number 1-3779

SAN DIEGO GAS & ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

California 95-1184800

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

8326 Century Park Court, San Diego, California 92123

(Address of principal executive offices)  
(Zip Code)

(619) 696-2000

(Registrant's telephone number, including area code)

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

Yes X No  
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Common stock outstanding: Wholly owned by Enova Corporation

PART I FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS.

SAN DIEGO GAS & ELECTRIC COMPANY AND SUBSIDIARY  
STATEMENTS OF CONSOLIDATED INCOME  
Dollars in millions

|                                       | Three Months Ended<br>September 30, |        |
|---------------------------------------|-------------------------------------|--------|
|                                       | 2000                                | 1999   |
| Operating Revenues                    |                                     |        |
| Electric                              | \$ 645                              | \$ 438 |
| Natural gas                           | 86                                  | 82     |
| Total operating revenues              | 731                                 | 520    |
| Expenses                              |                                     |        |
| Electric fuel and net purchased power | 444                                 | 181    |
| Cost of natural gas distributed       | 52                                  | 29     |
| Operation and maintenance             | 105                                 | 111    |
| Depreciation and decommissioning      | 53                                  | 52     |
| Other taxes and franchise payments    | 26                                  | 20     |
| Income taxes                          | 18                                  | 45     |
| Total                                 | 698                                 | 438    |
| Operating Income                      | 33                                  | 82     |
| Other Income and (Deductions)         |                                     |        |
| Interest income                       | 16                                  | 9      |

|   |       |       |
|---|-------|-------|
| Regulatory interest                                 | (4)   | (1)   |
| Allowance for equity funds used during construction | 2     | 1     |
| Taxes on non-operating income                       | (5)   | (11)  |
| Other - net   | 2     | 17    |
|   | ----- | ----- |
| Total   | 11    | 15    |
|   | ----- | ----- |
| Income Before Interest Charges                      | 44    | 97    |
|   | ----- | ----- |
| Interest Charges                                    |       |       |
| Long-term debt                                      | 21    | 21    |
| Other   | 6     | 15    |
|   | ----- | ----- |
| Total   | 27    | 36    |
|   | ----- | ----- |
| Net Income  | 17    | 61    |
| Preferred Dividend Requirements                     | 2     | 2     |
|   | ----- | ----- |
| Earnings Applicable to Common Shares                | \$ 15 | \$ 59 |
|   | ===== | ===== |

See notes to Consolidated Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY AND SUBSIDIARY  
STATEMENTS OF CONSOLIDATED INCOME  
Dollars in millions

|   | Nine Months Ended<br>September 30, |         |
|---|------------------------------------|---------|
|   | 2000                               | 1999    |
|   | -----                              | -----   |
| Operating Revenues                                    |                                    |         |
| Electric  | \$1,467                            | \$1,443 |
| Natural gas   | 309                                | 277     |
|   | -----                              | -----   |
| Total operating revenues                              | 1,776                              | 1,720   |
|   | -----                              | -----   |
| Expenses  |                                    |         |
| Electric fuel and net purchased power                 | 841                                | 391     |
| Cost of natural gas distributed                       | 154                                | 119     |
| Operation and maintenance                             | 277                                | 337     |
| Depreciation and decommissioning                      | 157                                | 510     |
| Other taxes and franchise payments                    | 62                                 | 60      |
| Income taxes  | 101                                | 83      |
|   | -----                              | -----   |
| Total   | 1,592                              | 1,500   |
|   | -----                              | -----   |
| Operating Income                                      | 184                                | 220     |
|   | -----                              | -----   |
| Other Income and (Deductions)                         |                                    |         |
| Interest income                                       | 44                                 | 26      |
| Regulatory interest                                   | (8)                                | (3)     |
| Allowance for equity funds used during construction   | 5                                  | 3       |
| Taxes on non-operating income                         | (13)                               | (22)    |
| Other - net   | (4)                                | 23      |
|   | -----                              | -----   |
| Total   | 24                                 | 27      |
|   | -----                              | -----   |
| Income Before Interest Charges                        | 208                                | 247     |
|   | -----                              | -----   |
| Interest Charges                                      |                                    |         |
| Long-term debt  | 61                                 | 63      |
| Allowance for borrowed funds used during construction | (1)                                | (1)     |
| Other   | 36                                 | 21      |
|   | -----                              | -----   |
| Total   | 96                                 | 83      |
|   | -----                              | -----   |
| Net Income  | 112                                | 164     |
| Preferred Dividend Requirements                       | 5                                  | 5       |
|   | -----                              | -----   |
| Earnings Applicable to Common Shares                  | \$ 107                             | \$ 159  |
|   | =====                              | =====   |

See notes to Consolidated Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
Dollars in millions

|  | Balance at            |                      |
|--|-----------------------|----------------------|
|  | September 30,<br>2000 | December 31,<br>1999 |
| ASSETS                                       |                       |                      |
| Utility plant - at original cost             | \$4,679               | \$4,483              |
| Accumulated depreciation and decommissioning | (2,492)               | (2,326)              |
| Utility plant - net                          | 2,187                 | 2,157                |
| Nuclear decommissioning trusts               | 578                   | 551                  |
| Current assets                               |                       |                      |
| Cash and cash equivalents                    | 210                   | 337                  |
| Accounts receivable                          | 309                   | 192                  |
| Due from affiliates                          | 279                   | 152                  |
| Income taxes receivable                      | 3                     | 87                   |
| Inventories                                  | 62                    | 61                   |
| Other  | 9                     | 5                    |
| Total current assets                         | 872                   | 834                  |
| Other Assets                                 |                       |                      |
| Loan to parent                               | --                    | 422                  |
| Deferred taxes recoverable in rates          | 90                    | 114                  |
| Regulatory assets                            | 696                   | 233                  |
| Deferred charges and other assets            | 54                    | 55                   |
| Total other assets                           | 840                   | 824                  |
| Total  | \$4,477               | \$4,366              |

See notes to Consolidated Financial Statements.

SAN DIEGO GAS & ELECTRIC COMPANY AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
Dollars in millions

|   | Balance at            |                      |
|---|-----------------------|----------------------|
|   | September 30,<br>2000 | December 31,<br>1999 |
| CAPITALIZATION AND LIABILITIES                      |                       |                      |
| Capitalization                                      |                       |                      |
| Common stock  | \$ 857                | \$ 857               |
| Retained earnings                                   | 167                   | 460                  |
| Accumulated other comprehensive income              | (1)                   | (3)                  |
| Total common equity                                 | 1,023                 | 1,314                |
| Preferred stock not subject to mandatory redemption | 79                    | 79                   |
| Preferred stock subject to mandatory redemption     | 25                    | 25                   |
| Long-term debt                                      | 1,361                 | 1,418                |

|   |         |         |
|---|---------|---------|
| Total capitalization                            | 2,488   | 2,836   |
| Current liabilities                             |         |         |
| Current portion of long-term debt               | 66      | 66      |
| Accounts payable                                | 256     | 155     |
| Deferred income taxes                           | 95      | 106     |
| Regulatory balancing accounts - net             | 281     | 192     |
| Customer refunds payable                        | 254     | --      |
| Other   | 174     | 161     |
| Total current liabilities                       | 1,126   | 680     |
| Deferred Credits and other liabilities          |         |         |
| Customer advances for construction              | 43      | 44      |
| Deferred income taxes                           | 353     | 327     |
| Deferred investment tax credits                 | 48      | 51      |
| Deferred credits and other liabilities          | 419     | 428     |
| Total deferred credits and other liabilities    | 863     | 850     |
| Commitments and contingent liabilities (Note 2) |         |         |
| Total   | \$4,477 | \$4,366 |
|   | =====   | =====   |

See notes to Consolidated Financial Statements.

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION  
EXTRACTED FROM THE CONDENSED STATEMENT OF CONSOLIDATED INCOME,  
BALANCE SHEET AND CASH FLOWS AND IS QUALIFIED IN ITS ENTIRETY  
BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

0000086521

SAN DIEGO GAS & ELECTRIC COMPANY

1,000,000

9-MOS

|       | DEC-31-2000 | SEP-30-2000 | PER-BOOK |
|-------|-------------|-------------|----------|
|       | 2,187       |             |          |
|       | 578         |             |          |
|       | 872         |             |          |
|       | 827         |             |          |
|       |             | 13          |          |
|       |             | 4,477       |          |
|       |             |             | 291      |
|       | 566         |             |          |
|       |             | 167         |          |
| 1,023 |             |             |          |
|       |             | 25          |          |
|       |             |             | 79       |
|       |             | 1,340       |          |
|       |             | 0           |          |
|       | 0           |             |          |
| 0     |             |             |          |
| 66    |             |             |          |
|       | 0           |             |          |
|       | 21          |             |          |
|       |             |             | 0        |
| 1,923 |             |             |          |
| 4,477 |             |             |          |
|       | 1,776       |             |          |
|       |             | 101         |          |
|       | 1,491       |             |          |
|       | 1,592       |             |          |
|       |             | 184         |          |
|       |             |             | 24       |
| 208   |             |             |          |
|       |             | 96          |          |
|       |             |             | 112      |
|       | 5           |             |          |
| 107   |             |             |          |
|       | 400         |             |          |
|       | 61          |             |          |
|       | 218         |             |          |
|       |             |             | 0        |
|       |             |             | 0        |

EXHIBIT 12.1  
SAN DIEGO GAS & ELECTRIC COMPANY  
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES  
AND PREFERRED STOCK DIVIDENDS  
(Dollars in millions)

|   | For the nine<br>months ended<br>September 30, |       |       |       |       |       |
|---|---|-------|-------|-------|-------|-------|
| 1995  | 1996  | 1997  | 1998  | 1999  | 2000  |       |
|   |   |       |       |       |       |       |
| Fixed Charges and Preferred Stock Dividends:                              |   |       |       |       |       |       |
| Interest:   |   |       |       |       |       |       |
| Long-Term Debt  | \$ 82   | \$ 76 | \$ 69 | \$ 55 | \$ 49 | \$37  |
| Rate Reduction Bonds  | --  | --    | --    | 41    | 35    | 24    |
| Short-Term Debt & Other   | 18  | 13    | 14    | 14    | 40    | 32    |
| Amortization of Debt Discount and Expense, Less Premium                   | 5   | 5     | 5     | 8     | 7     | 4     |
| Interest Portion of Annual Rentals  | 10  | 8     | 10    | 7     | 5     | 2     |
|   |   |       |       |       |       |       |
| Total Fixed Charges   | 115   | 102   | 98    | 125   | 136   | 99    |
|   |   |       |       |       |       |       |
| Preferred Dividends for Purpose of Ratio (1)                              | 14  | 13    | 13    | 11    | 10    | 10    |
|   |   |       |       |       |       |       |
| Total Fixed Charges and Preferred Stock Dividends For Purpose of Ratio    | \$129   | \$115 | \$111 | \$136 | \$146 | \$109 |
|   |   |       |       |       |       |       |
| Earnings:   |   |       |       |       |       |       |
| Net Income (before preferred dividend requirements)                       | \$219   | \$222 | \$238 | \$191 | \$199 | \$112 |
| Add:  |   |       |       |       |       |       |
| Fixed charges (from above)  | 115   | 102   | 98    | 125   | 136   | 99    |
| Less: Fixed charges capitalized   | 2   | 1     | 2     | 1     | 1     | --    |
| Taxes on Income   | 173   | 198   | 219   | 141   | 126   | 114   |
|   |   |       |       |       |       |       |
| Total Earnings for Purpose of Ratio                                       | \$505   | \$521 | \$553 | \$456 | \$460 | \$325 |
|   |   |       |       |       |       |       |
| Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends | 3.92  | 4.54  | 5.00  | 3.36  | 3.15  | 2.98  |
|   |   |       |       |       |       |       |

(1) In computing this ratio, "Preferred dividends" represents the before-tax earnings necessary to pay such dividends, computed at the effective tax rates for the applicable periods.