

PACIFIC ENTERPRISES INC
 Form 10-Q
 May 04, 2010

UNITED STATES
 SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period to
 from

Commission File No.	Exact Name of Registrants as Specified in their Charters, Address and Telephone Number	States of Incorporation	I.R.S. Employer Identification Nos.	Former name, former address and former fiscal year, if changed since last report
1-14201	SEMPRA ENERGY 101 Ash Street San Diego, California 92101 (619)696-2034	California	33-0732627	No change
1-3779	SAN DIEGO GAS & ELECTRIC COMPANY 8326 Century Park Court San Diego, California 92123 (619)696-2000	California	95-1184800	No change
1-40	PACIFIC ENTERPRISES 101 Ash Street San Diego, California 92101 (619)696-2020	California	94-0743670	No change
1-1402	SOUTHERN CALIFORNIA GAS COMPANY 555 West Fifth Street Los Angeles, California 90013 (213)244-1200	California	95-1240705	No change

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Indicate by check mark whether the registrants (1) have 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 registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrants were required to submit and post such files).

Sempra Energy	Yes	X	No
San Diego Gas & Electric Company	Yes		No
Pacific Enterprises	Yes		No
Southern California Gas Company	Yes		No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
Sempra Energy	[X]	[]	[]	[]
San Diego Gas & Electric Company	[]	[]	[X]	[]
Pacific Enterprises	[]	[]	[X]	[]
Southern California Gas Company	[]	[]	[X]	[]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Sempra Energy	Yes	No	X
San Diego Gas & Electric Company	Yes	No	X
Pacific Enterprises	Yes	No	X
Southern California Gas Company	Yes	No	X

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

Common stock outstanding on April 30, 2010:

Sempra Energy	247,539,008 shares
San Diego Gas & Electric Company	Wholly owned by Enova Corporation, which is wholly owned by Sempra Energy
Pacific Enterprises	Wholly owned by Sempra Energy
	Wholly owned by Pacific Enterprises, which is wholly owned by Sempra Energy

Southern California Gas
Company

SEMPRA ENERGY FORM 10-Q
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This combined Form 10-Q is separately filed by Sempra Energy, San Diego Gas & Electric Company, Pacific Enterprises and Southern California Gas Company. Information contained herein relating to any individual company is filed by such company on its own behalf. Each company provides information only as to itself and its consolidated entities and not as to any other company.

You should read this report in its entirety as it pertains to each respective reporting company. No one section of the report deals with all aspects of the subject matter. Separate Part I - Item 1 sections are provided for each reporting company, except for the Notes to Condensed Consolidated Financial Statements. The Notes to Condensed Consolidated Financial Statements for all of the reporting companies are combined. All Items other than Part I - Item 1 are combined for the reporting companies.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

We make statements in this report that are not historical fact and constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are necessarily based upon assumptions with respect to the future, involve risks and uncertainties, and are not guarantees of performance. These forward-looking statements represent our estimates and assumptions only as of the date of this report.

In this report, when we use words such as "believes," "expects," "anticipates," "plans," "estimates," "projects," "contemplates," "intends," "depends," "should," "could," "would," "may," "potential," "target," "goals," or similar expressions, or when we discuss our strategy, plans or intentions, we are making forward-looking statements.

Factors, among others, that could cause our actual results and future actions to differ materially from those described in forward-looking statements include

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local, regional, national and international economic, competitive, political, legislative and regulatory conditions and developments;

§

actions by the California Public Utilities Commission, the California State Legislature, the California Department of Water Resources, the Federal Energy Regulatory Commission, the Federal Reserve Board, and other regulatory and governmental bodies in the United States and other countries in which we operate;

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capital markets conditions and inflation, interest and exchange rates;

§

energy and trading markets, including the timing and extent of changes and volatility in commodity prices;

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the availability of electric power, natural gas and liquefied natural gas;

§

weather conditions and conservation efforts;

§

war and terrorist attacks;

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business, regulatory, environmental and legal decisions and requirements;

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the status of deregulation of retail natural gas and electricity delivery;

§

the timing and success of business development efforts;

§

the resolution of litigation; and

§

other uncertainties, all of which are difficult to predict and many of which are beyond our control.

We caution you not to rely unduly on any forward-looking statements. You should review and consider carefully the risks, uncertainties and other factors that affect our business as described in this report and other reports that we file with the Securities and Exchange Commission.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SEMPRA ENERGY**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS***(Dollars in millions, except per share amounts)*

	Three months ended March 31,	
	2010	2009
	(unaudited)	
REVENUES		
Sempra Utilities	\$ 1,912	\$ 1,642
Sempra Global and parent	622	466
Total revenues	2,534	2,108
EXPENSES AND OTHER INCOME		
Sempra Utilities:		
Cost of natural gas	(758)	(540)
Cost of electric fuel and purchased power	(148)	(171)
Sempra Global and parent:		
Cost of natural gas, electric fuel and purchased power	(338)	(268)
Other cost of sales	(25)	(17)
Litigation expense	(168)	7
Other operation and maintenance	(576)	(523)
Depreciation and amortization	(210)	(183)
Franchise fees and other taxes	(90)	(82)
Equity earnings:		
RBS Sempra Commodities LLP	7	153
Other	8	7
Other income, net	8	3
Interest income	4	6
Interest expense	(109)	(82)
Income before income taxes and equity earnings of certain unconsolidated subsidiaries	139	418
Income tax expense	(58)	(109)
Equity earnings, net of income tax	19	16
Net income	100	325
Losses (earnings) attributable to noncontrolling interests	8	(7)
Preferred dividends of subsidiaries	(2)	(2)
Earnings	\$ 106	\$ 316
Basic earnings per common share	\$ 0.43	\$ 1.31
Weighted-average number of shares outstanding, basic (thousands)	246,083	241,766
Diluted earnings per common share	\$ 0.42	\$ 1.29
Weighted-average number of shares outstanding, diluted (thousands)	250,373	245,017

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Dividends declared per share of common stock	\$	0.39	\$	0.39
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See Notes to Condensed Consolidated Financial Statements.

SEMPRA ENERGY
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	March 31, 2010 (unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 222	\$ 110
Restricted cash	44	35
Trade accounts receivable, net	848	971
Other accounts and notes receivable, net	130	159
Due from unconsolidated affiliates	29	41
Income taxes receivable	156	221
Deferred income taxes	5	10
Inventories	160	197
Regulatory assets	90	54
Fixed-price contracts and other derivatives	85	77
Insurance receivable related to wildfire litigation (Note 10)	194	273
Other	144	147
Total current assets	2,107	2,295
Investments and other assets:		
Regulatory assets arising from fixed-price contracts and other derivatives	251	241
Regulatory assets arising from pension and other postretirement benefit obligations	978	959
Other regulatory assets	739	603
Nuclear decommissioning trusts	706	678
Investment in RBS Sempra Commodities LLP	2,178	2,172
Other investments	2,202	2,151
Goodwill and other intangible assets	523	524
Sundry	598	608
Total investments and other assets	8,175	7,936
Property, plant and equipment:		
Property, plant and equipment	25,391	25,034
Less accumulated depreciation and amortization	(6,901)	(6,753)
Property, plant and equipment, net (\$645 at March 31, 2010 related to VIEs)	18,490	18,281
Total assets	\$ 28,772	\$ 28,512

See Notes to Condensed Consolidated Financial Statements.

SEMPRA ENERGY
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in millions)

	March 31, 2010 (unaudited)	December 31, 2009
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 912	\$ 618
Accounts payable - trade	554	522
Accounts payable - other	115	171
Due to unconsolidated affiliates	6	29
Dividends and interest payable	223	190
Accrued compensation and benefits	162	264
Regulatory balancing accounts, net	517	382
Current portion of long-term debt	327	573
Fixed-price contracts and other derivatives	108	95
Customer deposits		