

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
JUNE 30, 2006

1. UTILITY PLANT		<u>2006</u>
101	UTILITY PLANT IN SERVICE	\$7,692,210,359
102	UTILITY PLANT PURCHASED OR SOLD	-
105	PLANT HELD FOR FUTURE USE	290,020
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	142,069,557
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(3,631,686,981)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(182,745,073)
118	OTHER UTILITY PLANT	458,751,952
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(113,090,609)
120	NUCLEAR FUEL - NET	<u>33,879,930</u>
TOTAL NET UTILITY PLANT		<u>4,399,679,155</u>
 2. OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	2,931,382
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(386,143)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	3,290,000
124	OTHER INVESTMENTS	1,277,340
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>649,224,168</u>
TOTAL OTHER PROPERTY AND INVESTMENTS		<u>656,336,747</u>

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3. CURRENT AND ACCRUED ASSETS		2006
131	CASH	15,993,794
132	INTEREST SPECIAL DEPOSITS	-
134	OTHER SPECIAL DEPOSITS	-
135	WORKING FUNDS	82,241
136	TEMPORARY CASH INVESTMENTS	-
141	NOTES RECEIVABLE	-
142	CUSTOMER ACCOUNTS RECEIVABLE	160,246,012
143	OTHER ACCOUNTS RECEIVABLE	34,347,962
144	ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(2,173,417)
145	NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	-
146	ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	37,834,033
151	FUEL STOCK	-
152	FUEL STOCK EXPENSE UNDISTRIBUTED	-
154	PLANT MATERIALS AND OPERATING SUPPLIES	49,549,353
156	OTHER MATERIALS AND SUPPLIES	-
163	STORES EXPENSE UNDISTRIBUTED	-
164	GAS STORED	36,755,656
165	PREPAYMENTS	14,336,928
171	INTEREST AND DIVIDENDS RECEIVABLE	16,285,768
173	ACCRUED UTILITY REVENUES	44,147,000
174	MISCELLANEOUS CURRENT AND ACCRUED ASSETS	57,188,684
175	DERIVATIVE INSTRUMENT ASSETS	6,699,503
TOTAL CURRENT AND ACCRUED ASSETS		471,293,517
4. DEFERRED DEBITS		
181	UNAMORTIZED DEBT EXPENSE	18,230,449
182	UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,318,393,009
183	PRELIMINARY SURVEY & INVESTIGATION CHARGES	12,376,053
184	CLEARING ACCOUNTS	(426,355)
185	TEMPORARY FACILITIES	-
186	MISCELLANEOUS DEFERRED DEBITS	14,946,432
188	RESEARCH AND DEVELOPMENT	-
189	UNAMORTIZED LOSS ON REACQUIRED DEBT	39,603,826
190	ACCUMULATED DEFERRED INCOME TAXES	142,625,585
TOTAL DEFERRED DEBITS		1,545,748,999
TOTAL ASSETS AND OTHER DEBITS		\$7,073,058,418

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
JUNE 30, 2006

5 PROPRIETARY CAPITAL		2006
201	COMMON STOCK ISSUED	\$291,458,395
204	PREFERRED STOCK ISSUED	78,475,400
207	PREMIUM ON CAPITAL STOCK	592,222,753
210	GAIN ON RETIRED CAPITAL STOCK	-
211	MISCELLANEOUS PAID-IN CAPITAL	279,618,042
214	CAPITAL STOCK EXPENSE	(25,990,045)
216	UNAPPROPRIATED RETAINED EARNINGS	671,407,734
219	ACCUMULATED OTHER COMPREHENSIVE INCOME	(14,051,290)
TOTAL PROPRIETARY CAPITAL		1,873,140,989

6. LONGTERM DEBT

221	BONDS	1,386,905,000
223	ADVANCES FROM ASSOCIATED COMPANIES	26,695,947
224	OTHER LONG-TERM DEBT	269,970,000
225	UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226	UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	(2,329,084)
TOTAL LONG-TERM DEBT		1,681,241,863

7 OTHER NONCURRENT LIABILITIES

227	OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	-
228.2	ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	27,404,382
228.3	ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	3,043,974
228.4	ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	581,259
230	ASSET RETIREMENT OBLIGATIONS	472,257,510
TOTAL OTHER NONCURRENT LIABILITIES		503,287,125

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8. CURRENT AND ACCRUED LIABILITES

	<u>2006</u>
231 NOTES PAYABLE	20,800,000
232 ACCOUNTS PAYABLE	247,014,576
233 NOTES PAYABLE TO ASSOCIATED COMPANIES	65,800,000
234 ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	17,282,315
235 CUSTOMER DEPOSITS	54,177,385
236 TAXES ACCRUED	43,269,497
237 INTEREST ACCRUED	12,995,488
238 DIVIDENDS DECLARED	1,204,917
241 TAX COLLECTIONS PAYABLE	2,104,090
242 MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	155,584,710
243 OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	-
244 DERIVATIVE INSTRUMENT LIABILITIES	456,194,770
245 DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
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TOTAL CURRENT AND ACCRUED LIABILITIES	<u>1,076,427,748</u>

9. DEFERRED CREDITS

252 CUSTOMER ADVANCES FOR CONSTRUCTION	28,024,647
253 OTHER DEFERRED CREDITS	390,297,762
254 OTHER REGULATORY LIABILITIES	921,034,337
255 ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	32,692,125
257 UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281 ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	5,201,256
282 ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	505,376,536
283 ACCUMULATED DEFERRED INCOME TAXES - OTHER	56,334,030
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TOTAL DEFERRED CREDITS	<u>1,938,960,693</u>

TOTAL LIABILITIES AND OTHER CREDITS \$7,073,058,418

\$0

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
SIX MONTHS ENDED JUNE 30, 2006

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		\$1,387,001,487
401	OPERATING EXPENSES	\$917,126,302	
402	MAINTENANCE EXPENSES	74,838,279	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	147,166,414	
408.1	TAXES OTHER THAN INCOME TAXES	25,982,491	
409.1	INCOME TAXES	242,114,622	
410.1	PROVISION FOR DEFERRED INCOME TAXES	16,951,543	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(184,921,760)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(1,390,383)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	<u>(1,170,105)</u>	
	TOTAL OPERATING REVENUE DEDUCTIONS		<u>1,236,697,403</u>
	NET OPERATING INCOME		150,304,084

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(679,197)	
418	NONOPERATING RENTAL INCOME	444,988	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	11,238,949	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	4,378,258	
421	MISCELLANEOUS NONOPERATING INCOME	718,040	
421.1	GAIN ON DISPOSITION OF PROPERTY	<u>73,319</u>	
	TOTAL OTHER INCOME	<u>16,174,357</u>	
421.2	LOSS ON DISPOSITION OF PROPERTY		
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	<u>243,997</u>	
	TOTAL OTHER INCOME DEDUCTIONS	<u>243,997</u>	
408.2	TAXES OTHER THAN INCOME TAXES	230,892	
409.2	INCOME TAXES	(1,192,404)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	1,372,408	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	<u>0</u>	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	<u>410,896</u>	
	TOTAL OTHER INCOME AND DEDUCTIONS		<u>16,007,458</u>
	INCOME BEFORE INTEREST CHARGES		166,311,542
	NET INTEREST CHARGES*		<u>52,302,651</u>
	NET INCOME		<u><u>\$114,008,891</u></u>

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (2,078,526)

**SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
SIX MONTHS ENDED JUNE 30, 2006**

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$559,808,678
NET INCOME (FROM PRECEDING PAGE)	114,008,891
DIVIDEND TO PARENT COMPANY	0
DIVIDENDS DECLARED - PREFERRED STOCK	(2,409,835)
OTHER RETAINED EARNINGS ADJUSTMENTS	<u>0</u>
RETAINED EARNINGS AT END OF PERIOD	<u><u>\$671,407,734</u></u>