

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

THE REGISTRANT MEETS THE CONDITIONS SET FORTH IN
GENERAL INSTRUCTION H(1)(a) AND (b) OF FORM 10-Q AND
IS THEREFORE FILING THIS FORM WITH THE REDUCED DISCLOSURE FORMAT

(Mark One)

[..X..] Quarterly report pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the quarterly period ended March 31, 2004 .
Or

[.....] Transition report pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File No. 333-30761

CALIFORNIA INFRASTRUCTURE AND ECONOMIC
DEVELOPMENT BANK SPECIAL PURPOSE TRUST SDG&E-1
(Issuer of the Certificates)

SDG&E FUNDING LLC
(Exact Name Of Registrant As Specified In
Its Certificate Of Formation)

Delaware 95-1184800

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

101 Ash Street, Room 111,
San Diego, California 92101

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (619) 696-2328

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Sections 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

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Rule 12b-2 of the Exchange Act).

Yes No X

PART I

Item 1. Financial Statements.

SDG&E FUNDING LLC
STATEMENTS OF OPERATIONS AND CHANGES IN MEMBER'S EQUITY
(In thousands of dollars)

	Quarter Ended March 31,	
	2004	2003
INCOME		

Interest income	\$ 4,036	\$ 5,060
Other income	301	301
	-----	-----
Total Income	4,337	5,361
	-----	-----
EXPENSES		

Interest expense	4,147	5,171
General & administrative	190	190
	-----	-----
Total Expenses	4,337	5,361
	-----	-----
NET INCOME	--	--
Member's equity at beginning of period	3,290	3,290
	-----	-----
MEMBER'S EQUITY AT END OF PERIOD	\$ 3,290	\$ 3,290
	=====	=====

See note to financial statements.

SDG&E FUNDING LLC
BALANCE SHEET
(In thousands of dollars)

	March 31, 2004	December 31, 2003
	-----	-----
ASSETS		

Current Assets:		
Cash and cash equivalents	\$ 565	\$ 565
Interest and other receivables	4,077	3,914
Current portion of transition property	65,800	65,800
	-----	-----
Total Current Assets	70,442	70,279
Noncurrent Assets:		
Transition property	173,300	190,404
Deferred financing costs	2,454	2,617
Restricted funds	19,833	18,157
	-----	-----
TOTAL ASSETS	\$ 266,029	\$ 281,457
	=====	=====
LIABILITIES AND MEMBER'S EQUITY		

Current Liabilities:		
Current portion of long-term debt	\$ 65,800	\$ 65,800
Overcollections from SDG&E customers	16,643	14,967
	-----	-----
Total Current Liabilities	82,443	80,767
Long-term debt	180,296	197,400
	-----	-----
Total Liabilities	262,739	278,167
Member's Equity	3,290	3,290
	-----	-----
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 266,029	\$ 281,457
	=====	=====

See note to financial statements.

SDG&E FUNDING LLC
STATEMENT OF CASH FLOWS
(In thousands of dollars)

	Quarter Ended March 31,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ --	\$ --
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred financing costs	163	163
Increase in interest and other receivables	(163)	(157)
Increase in overcollections from SDG&E customers	1,676	2,893
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,676	2,899
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collection of transition property from SDG&E	17,104	17,133
Payments on long-term debt	(17,104)	(17,133)
Increase in restricted funds	(1,676)	(2,899)
	-----	-----
NET CASH USED BY FINANCING ACTIVITIES	(1,676)	(2,899)
	-----	-----
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	--	--
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	565	565
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 565	\$ 565
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest payments	\$ 4,165	\$ 5,188
	=====	=====

See note to financial statements.

Note to Financial Statements

Basis of Presentation

This Quarterly Report on Form 10-Q includes the financial statements of SDG&E Funding LLC, a Delaware special-purpose limited-liability company whose sole member is San Diego Gas & Electric Company (SDG&E), a provider of electric and natural-gas services. SDG&E is a wholly owned subsidiary of Semptra Energy. Information in this quarterly report is unaudited and should be read in conjunction with SDG&E Funding LLC's Financial Statements and Notes to Financial Statements included in its 2003 Annual Report on Form 10-K.

SDG&E Funding LLC believes that the accompanying statements reflect all adjustments that are necessary to present a fair statement of the financial position and results of operations for the interim periods. All material adjustments are of a normal, recurring nature unless otherwise disclosed in this Quarterly Report on Form 10-Q. Results of operations for interim periods are not necessarily indicative of results to be expected for a full year.

SDG&E Funding LLC was organized for the limited purposes of issuing Notes and holding and servicing Transition Property. Notes are SDG&E Funding LLC Notes, Series 1997-1, Class A-1 through Class A-7 (presented in the financial statements as Long-Term Debt), secured by the Transition Property and other, limited collateral. Transition Property is the right to be paid a specified amount (presented in the financial statements as Transition Property) from nonbypassable charges, frequently referred to as FTA Charges, levied on residential electric customers and small commercial electric customers of SDG&E. The nonbypassable charges were authorized by the California Public Utilities Commission (CPUC) pursuant to the electric industry restructuring mandated by California Assembly Bill 1890, as amended by California Senate Bill 477.

Since SDG&E Funding LLC is a single-member, limited-liability company, its federal income tax effects and its State of California franchise tax effects accrue to SDG&E.

Item 2. Management's Narrative Analysis of the Results of Operations.

The following analysis of the financial condition and results of operations of SDG&E Funding LLC (the Note Issuer) is in an abbreviated format pursuant to Instruction H of Form 10-Q. Such analysis should be read in conjunction with the Financial Statements and Note to Financial Statements included in Item 1 above and the Financial Statements and Notes to Financial Statements included in the Note Issuer's Annual Report on Form 10-K for the year ended December 31, 2003.

The Note Issuer is limited by its organizational documents to engaging in the activities of owning certain property created pursuant to the California Public Utilities Code (the Transition Property) and issuing SDG&E Funding LLC Notes, Series 1997-1, Class A-1 through Class A-7 (the Notes) secured by the Transition Property and other, limited collateral, and related activities. The Notes were issued pursuant to an Indenture between the Note Issuer and Bankers Trust Company of California, N.A., as trustee (the Indenture). The Note Issuer sold the Notes to the California Infrastructure and Economic Development Bank Special Purpose Trust SDG&E-1, a Delaware business trust (the Trust), which issued certificates corresponding to each class of the Notes in a public offering.

Operating statement effects are limited primarily to income generated from the Transition Property, interest expense on the Notes and incidental investment interest income. The Note Issuer expects to use collections with respect to the Transition Property to make scheduled principal and interest payments on the Notes. Interest income earned on the Transition Property is expected to offset (1) interest expense on the Notes, (2) amortization of debt-issuance expenses and the discount on the Notes, and (3) the fees charged by SDG&E for servicing the Transition Property and providing administrative services to the Note Issuer.

Collections of \$23,134,000 resulted in a net overcollection for the quarter ended March 31, 2004, of \$1,592,000 after deducting scheduled principal and interest payments of \$21,269,000, payments of \$191,000 for servicing fees and other expenses, and \$82,000 retained to fund the Overcollateralization Account established under the Notes' indenture. Collections of \$25,452,000 resulted in a net overcollection for the quarter ended March 31, 2003, of \$2,817,000 after deducting scheduled principal and interest payments of \$22,321,000, payments of \$232,000 for servicing fees and other expenses, and \$82,000 retained to fund the Overcollateralization Account.

The FTA Charges are adjusted at least annually if there is a material shortfall or overage in collections. Management believes that it is reasonable to expect future collections of FTA Charges to be sufficient to make scheduled payments on the Notes and pay related expenses on a timely basis.

ITEM 4. CONTROLS AND PROCEDURES

The Note Issuer has designed and maintains disclosure controls and procedures to ensure that information required to be disclosed in the Note Issuer's reports under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods

specified in the rules and forms of the Securities and Exchange Commission and is accumulated and communicated to the Note Issuer's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating these controls and procedures, management recognizes that any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired objectives and necessarily applies judgment in evaluating the cost-benefit relationship of other possible controls and procedures.

Under the supervision and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, the Note Issuer as of March 31, 2004 has evaluated the effectiveness of the design and operation of its disclosure controls and procedures. Based on that evaluation, the Note Issuer's Chief Executive Officer and Chief Financial Officer have concluded that the controls and procedures are effective.

There have been no significant changes in the Note Issuer's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Note Issuer completed its evaluation.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 5. Other Information.

Attached, with respect to the Note Issuer and the Trust, as Exhibit 99.1 is the Quarterly Servicer's Certificate for the quarter ended March 31, 2004, delivered pursuant to the Note Indenture. It includes information relating to the collections of the nonbypassable charges (the FTA Charges) payable by residential electric customers and small commercial electric customers.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit 31--Section 302 Certification

31.1 Statement of Registrant's Chief Executive Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.

31.2 Statement of Registrant's Chief Financial Officer pursuant to Rules 13a-14 and 15d-14 of the Securities Exchange Act of 1934.

Exhibit 32--Section 906 Certification

32.1 Statement of Registrant's Chief Executive Officer pursuant to 18 U.S.C. Sec. 1350.

32.2 Statement of Registrant's Chief Financial Officer pursuant to 18 U.S.C. Sec. 1350.

Exhibit 99--Miscellaneous

99.1 Quarterly Servicer's Certificate dated March 8, 2004.

(b) Reports on 8-K:

None.

SIGNATURES

Pursuant to the requirement 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.

SDG&E Funding LLC,
as Registrant

Date: May 17, 2004

By: /s/ James P. Trent
James P. Trent
Chief Financial Officer and
Chief Accounting Officer