Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2019 General Rate Case
Application: A.17-10-____
Exhibit: SDG&E-38

SDG&E

DIRECT TESTIMONY OF KENNETH E. SCHIERMEYER

(ELECTRIC CUSTOMER FORECAST)

October 6, 2017

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

317044

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SUMMARY

- The annual average total electric customers are forecasted to increase from 1,430,175 in 2016 to 1,468,391 in 2019.
- Electric customer growth is forecasted to be 0.75%, 0.93% and 0.97% in 2017, 2018, and 2019, respectively.

SDG&E DIRECT TESTIMONY OF KENNETH E. SCHIERMEYER
(ELECTRIC CUSTOMER FORECAST)

I. INTRODUCTION

A. Summary of Proposals

My testimony presents the forecast of electric customers for San Diego Gas & Electric Company's (SDG&E's) Test Year (TY) 2019 General Rate Case (GRC). Table KS-1 sets forth the estimated customer levels for SDG&E's electric customer classes.

Table KES-1
SDG&E Average Annual Electric Customers

Electric Customers	2016	2017	2018	2019	Avg. Annual % Change 2016-2019
Residential	1,271,638	1,280,858	1,292,468	1,304,891	0.9%
Small Commercial	128,855	131,111	132,227	133,240	1.1%
Medium/Large Commercial/Industrial	19,970	19,327	20,068	20,746	1.3%
Agriculture	3,967	3,938	3,938	3,938	-0.2%
Lighting	5,745	5,684	5,630	5,576	-1.0%
Total System	**1,430,175**	**1,440,919**	**1,454,331**	**1,468,391**	**0.9%**

Total customers shown in Table KS-1 are defined as total active meters. The electric customer forecast for the five customer classes provided in Table KS-1 are further described in Section II below.

B. Organization of Testimony

Section II of my testimony discusses the electric customer forecast methodology. The SDG&E gas customer forecast is discussed in the testimony of Gas Customer Forecast witness Rose-Marie Payan (Exhibit SDG&E-37). This testimony does not discuss electric energy sales, as it will be provided in SDG&E's TY 2019 GRC Phase 2 application.

C. Support To/From Other Witnesses

The electric customer forecast is used primarily to determine financial needs for certain customer services and new meter installations in TY 2019. For this purpose, total customers are defined as total active meters. SDG&E electric customer growth is discussed in the following exhibits:

- Electric Distribution Capital testimony of Alan Colton (Exhibit SDG&E-14);
- Customer Services Field testimony of Gwen Marelli (Exhibit SDG&E-17);
- Customer Service Office Operations testimony of Jerry Stewart (Exhibit SDG&E-18); and
- Miscellaneous Revenues testimony of Eric Dalton (Exhibit SDG&E-40).

II. CUSTOMER FORECAST METHODOLOGY

SDG&E develops electric customer forecasts using statistical models based on economic and demographic data, seasonal patterns and other inputs that influence customer growth. Economic and demographic data for this electric customer forecast are based on February 2017 information released from IHS Global Insight's Regional Economic Service and February 2017 information released from Moody's Regional Economic Service.[1] Using a blend of these forecasts allows SDG&E to reflect the different views of each economic forecasting service.

The residential customer forecast was developed using an econometric model based on the service area's projected level of housing starts, seasonal factors and other inputs that influence customer growth. The residential forecast was based on quarterly historical data from 1990 through 2016.

The commercial/industrial customer forecast was developed using a statistical analysis based on growth in employment relative to the growth of commercial/industrial customers. The commercial/industrial forecast was based on quarterly historical data from 1990 through 2016.

Other customer classes, such as agriculture and street lighting, were forecasted using trend analyses.

Detailed equations, methods and data are provided in the workpapers corresponding to this exhibit (See Exhibit SDG&E-38-WP).

[1] IHS Global Insight and Moody's are internationally recognized economic forecasting firms.

III. CONCLUSION

SDG&E seeks adoption of the electric customer forecast presented herein in Table KS-1.

This concludes my prepared direct testimony.

IV. WITNESS QUALIFICATIONS

My name is Kenneth E. Schiermeyer. My business address is 8306 Century Park Court, San Diego, California, 92123. I am employed by SDG&E as the Electric Demand Forecasting Manager in the Customer Pricing Department. My primary responsibilities include developing and coordinating forecasts of customer growth and electric energy usage.

I have held my current position since December 2013. Since 1999, I have been employed by SDG&E in various forecasting and analysis positions of increasing responsibility. From 1996 to 1999, I worked as a Computer Programmer and Project Manager for Directions in Research, Inc.

I received a Bachelor of Science degree in Economics from Truman State University in 1994 and obtained a Master of Arts degree in Economics from Western Illinois University in 1996.

I have previously testified before the Commission.

LIST OF ACRONYMS

ACRONYM	DEFINITION
GRC	General Rate Case
SDG&E	San Diego Gas & Electric Company
TY	Test Year