Company: San Diego Gas & Electric Company (U 902 M)
Proceeding: 2024 General Rate Case
Application: A.22-05-____
Exhibit: SDG&E-40

PREPARED DIRECT TESTIMONY OF

KENNETH E. SCHIERMEYER

(ELECTRIC CUSTOMER FORECAST)

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

May 2022

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SUMMARY

- The annual average total electric customers are forecasted to increase from 1,489,949 in 2021 to 1,531,337 in 2024.
- Electric customer growth is forecasted to be 0.83%, 0.93% and 0.99% in, 2022, 2023 and 2024, respectively.

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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) 2024 General Rate Case (GRC). The SDG&E Gas Customer Forecast is discussed in the testimony of witness Mr. Scott Wilder (see Exhibit SDG&E-39). Table KES-1 sets forth the estimated customer levels for SDG&E's electric customer classes.

TABLE KS-1
AVERAGE ANNUAL ELECTRIC CUSTOMERS

Electric Customers	2021	2022	2023	2024	Average Annual % Change, 2021-2024
Residential	1,329,156	1,341,338	1,354,871	1,369,484	1.0%
Small Commercial	133,968	134,297	134,696	135,126	0.3%
Med/Lg Com/Ind	17,345	17,248	17,299	17,354	0.0%
Agriculture	4,068	4,107	4,137	4,168	0.8%
Lighting	5,412	5,335	5,269	5,205	-1.3%
Total System	1,489,949	1,502,325	1,516,272	1,531,337	0.9%

B. Support To Other Witnesses

The electric customer forecast is used primarily to determine financial needs for certain customer services and new meter installations in TY 2024. For this purpose, total customers are defined as total active meters. SDG&E electric customer growth is discussed in the following exhibits:

- SDG&E Customer Service - Field Operations testimony of David Thai (Exhibit (Ex.) SDG&E-17)
- SDG&E Customer Service - Office Operations testimony of Sandra Baule (Ex. SDG&E-18)
- SDG&E Electric Distribution Capital testimony of Oliva Reyes (Ex. SDG&E-11)
- SDG&E Miscellaneous Revenues testimony of Christine Fischer (Ex. SDG&E-42)

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 December 2021 information released from IHS Global Insight's Regional Economic Service and December 2021 information released from Moody's Regional Economic Service. A 50/50 blend of these forecasts allows SDG&E to reflect the different views of each economic forecasting service. This methodology was adopted by the CPUC in the TY 2019 GRC Phase 1 Decision (D.19-09-051).[1]

The residential customer forecast was developed using an econometric model based on the service area's projected level of housing completions, seasonal factors and other factors that influence customer growth. The residential forecast was based on quarterly historical data from 1990 through 2021.

The commercial/industrial customer forecast was developed using a statistical analysis based on growth in residential customers relative to the growth of commercial/industrial customers. The commercial/industrial forecast was based on quarterly historical data from 2017 through 2021.

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-40-WP).

III. CONCLUSION

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

This concludes my prepared direct testimony.

[1] *See* D.19-09-051 at 669-670, "It is not established that Moody's forecast is certain to be accurate or that Global Insight's forecast is certain to be inaccurate. We find it more prudent to rely on both forecasts to minimize the impact of a vastly incorrect forecast from either company. Therefore, we find that relying on both sets of data is reasonable and that the forecast of 1,468,391 electric customers for TY2019 should be adopted."

IV. WITNESS QUALIFICATIONS

My name is Kenneth E. Schiermeyer. My business address is 8326 Century Park Court, San Diego, California, 92123. I am employed by SDG&E as the Forecasting and Analysis 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 this Commission.

APPENDIX A

GLOSSARY OF TERMS

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