

Company: San Diego Gas & Electric Company (U 902 M)  
Proceeding: 2016 General Rate Case  
Application: A.14-11-\_\_\_\_\_  
Exhibit: SDG&E-32

**SDG&E**

**DIRECT TESTIMONY OF ROSE-MARIE PAYAN**

**(CUSTOMERS)**

**November 2014**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**





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## **SUMMARY**

- Year-average total gas customers are forecasted to increase from 861,573 in 2013 to 891,506 in 2016.
- Active customers are expected to grow by 0.84%, 1.18% and 1.41% in 2014, 2015 and 2016, respectively.

1 **SDG&E DIRECT TESTIMONY OF ROSE-MARIE PAYAN**  
2 **CUSTOMERS**

3 **I. INTRODUCTION**

4 **A. Summary of Proposals**

5 The purpose of my testimony is to present San Diego Gas & Electric Company's  
6 (SDG&E) gas customer forecast for Test Year 2016. The SDG&E electric customer forecast is  
7 discussed in the testimony of witness Kenneth E. Schiermeyer, Exhibit SDG&E-31.

8 **B. Organization of Testimony**

9 Section I discusses the forecast. Section II discusses the forecast methodology. This  
10 testimony does not discuss gas volumes, as SDG&E is using the currently authorized throughput  
11 forecast as its gas sales assumption, as adopted in the California Public Utilities Commission  
12 (CPUC) Decision 14-06-007, the Triennial Cost Allocation Proceeding Phase II Settlement  
13 Agreement.

14 **C. Support To/From Other Witnesses**

15 The gas customer forecast is used primarily to determine financial needs for certain  
16 customer services and new meter installations in Test Year 2016. Needs related to new meter  
17 installations are discussed in the testimony of witness Mr. Frank Ayala in Exhibit SDG&E-04.  
18 Cost estimates for customer service field operations resulting from forecasted gas customer  
19 growth are discussed in the testimony of witness Ms. Sara A. Franke in Exhibit SDG&E-13.  
20 Customer growth is also discussed in the testimony of witness Ms. Michelle Somerville, in  
21 Exhibit SDG&E-34, as it relates to SDG&E's miscellaneous revenues.

22 **II. RECORDED DATA AND OVERVIEW**

23 **A. 2016 Forecast of SDG&E Customers and New Meters**

24 Year-average total gas customers are forecasted to increase from 861,573 in 2013 to  
25 891,506 in 2016. This represents a total three-year increase of 29,933 customers and a  
26 compound annual growth rate of 1.1 percent. Table SDG&E-RMP-1 shows annual total gas  
27 customer recorded data from 2009 through 2013, and forecasted data from 2014 through 2016.  
28 Gas customers are forecasted to grow by a net 12,376 from 2015 to 2016, compared to recorded  
29 net growth of 5,133, from 2012 to 2013.  
30

1

**TABLE 1**

TABLE SDG&E-RMP-1 SDG&E Average Annual Total Gas Customers		
<u>Year</u>	<u>Gas Customers</u>	<u>% change</u>
2009	842,442	0.43%
2010	847,305	0.58%
2011	852,135	0.57%
2012	856,440	0.51%
2013	861,573	0.60%
2014	868,851	0.84%
2015	879,130	1.18%
2016	891,506	1.41%

2 **III. FORECAST METHODOLOGY**

3 **A. General Description**

4 The total gas customer count includes quarterly-data forecasts for two major customer  
5 classes: residential meters and total commercial and industrial (C&I) meters. Total customers  
6 are defined as total active meters. Detailed equations, methods and data are shown in the  
7 workpapers corresponding to this exhibit (see Exhibit SDG&E-32-WP). Recorded and  
8 forecasted housing-start assumptions underlying the residential customer forecast came from IHS  
9 Global Insight’s February 2014 regional forecast for San Diego County.<sup>1</sup> The employment  
10 assumptions underlying the non-residential customer forecast are based on San Diego County  
11 recorded data from the California Employment Development Department. Recorded  
12 employment data were then projected into the forecast period by applying IHS Global Insight’s  
13 forecasted percentage growth rates to the latest year of corresponding recorded data at the time  
14 the forecast was made.

15 **1. Residential**

16 Residential customers are first forecasted in terms of gas-service residential dwelling  
17 units as a function of lagged authorized housing starts. Some residential gas meters have  
18 multiple residential units connected to them. Total residential customers are forecasted to  
19 increase from 831,403 in 2013 to 861,283 in 2016, with average annual compound growth of  
20 1.2%.

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<sup>1</sup> IHS Global Insight is an internationally recognized econometric forecasting firm. The firm’s forecasts have been used in many regulatory proceedings.

1                   **2. Non-Residential**

2                   C&I customers are all other non-residential customers. C&I customers are forecasted  
3 based on total San Diego County employment and are predicted to be 30,121 in 2016, nearly the  
4 same as in 2013.

5                   Table SDG&E-RMP-2 shows gas customers by class for each year, plus the forecasted  
6 three-year percentage change from recorded year 2013 through Test Year 2016.

<b>TABLE SDG&amp;E-RMP-2</b>					
<b>AVERAGE ANNUAL GAS CUSTOMERS BY CLASS</b>					
	2013	2014	2015	2016	Total % Change, 2013 to 2016
Gas Customers					
Residential	831,403	838,671	848,964	861,283	+ 3.6%
Commercial & Industrial	30,079	30,085	30,067	30,121	+ 0.14%
NGV	25	25	25	25	+ 0.0%
Electric Generation	66	70	74	77	+ 16.7%
TOTAL	861,573	868,851	879,130	891,506	+ 3.5%

7 **IV. CONCLUSION**

8                   This concludes my prepared direct testimony.  
9

1 **V. WITNESS QUALIFICATIONS**

2 My name is Rose-Marie Payan. I am employed by Sempra Energy Utilities as a  
3 forecasting advisor in the Gas Regulatory Affairs Department for SoCalGas and SDG&E. My  
4 business address is 555 West Fifth Street, Los Angeles, California, 90013. In this role, I am  
5 responsible for the development of the customer forecasts for SDG&E and SoCalGas. I have  
6 been in this position since August 2005.

7 My academic and professional qualifications are as follows: I earned an undergraduate  
8 degree in Economics from the University of California, Davis in 1990, and a Master of Arts  
9 Degree in Economics from the University of California, Santa Barbara in 1993. My employment  
10 outside of SoCalGas has been in the area of Economics. I held the positions of: Analyst at  
11 Micronomics, Consultant at Navigant Consulting; Economics Lecturer at California Polytechnic  
12 Institute, San Luis Obispo; and Adjunct Lecturer at California State University, Channel Islands,  
13 Diablo Valley College, Glendale Community College and California State University, Los  
14 Angeles.



## GLOSSARY OF ACRONYMS

<b>ACRONYM</b>	<b>DEFINITION</b>
C&I	Commercial and Industrial