Application of Southern California Gas Company
for authority to update its gas revenue requirement
and base rates effective on January 1, 2012.
(U904G)

Application 10-12-___
Exhibit No.: (SCG-30)

PREPARED DIRECT TESTIMONY OF

SCOTT R. WILDER

ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

DECEMBER 2010

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PREPARED DIRECT TESTIMONY
OF SCOTT R. WILDER
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY
(CUSTOMERS)

The purpose of my testimony is to present Southern California Gas Company's ("SoCalGas") customer and new meter forecast for Test Year 2012. Section I discusses the forecast. Section II discusses the forecast methodology. This testimony does not discuss gas volumes, as SoCalGas is using the current adopted throughput forecast as its gas sales assumption, as adopted in the California Public Utilities Commission ("CPUC's") Decision 09-11-006 regarding the Biennial Cost Allocation Proceeding Phase II Settlement Agreement.

I.   2012 FORECAST OF SOCALGAS CUSTOMERS AND NEW METERS

The customer forecast is used primarily to determine financial needs for certain customer services and new meter installations in Test Year 2012. For this purpose, total customers are defined as total active meters. The details of Customer Services resource needs, including use of the customer forecast, are sponsored in Exhibit SCG-7 – the Customer Service Field Operations and Customer Contact testimony of witness Mr. Edward Fong. Needs related to forecasted new meter installations are discussed in Exhibit SCG-2 -- the Gas Distribution testimony of witness Ms. Gina Orozco-Mejia. Customer growth is also discussed in Exhibit SCG-39 -- witness Mr. Herbert S. Emmrich's testimony as it relates to the Post-Test Year Ratemaking adjustment mechanism.

Year-average total active customers are forecasted to increase from 5.480 million in 2009 to 5.621 million in 2012. This represents a total three-year increase of 140,741 customers, and a compound annual growth rate of 0.85 percent. Table SCG-SRW-1 shows annual customers' recorded data from 2005 through 2009, and forecasted data from 2010 through 2012. Active customers are forecasted to grow by a net 55,000 from 2011 to 2012, compared to recorded net growth of 13,000 from 2008 to 2009.

TABLE SCG-SRW-1		
SoCalGas Average Annual Total Active Meters		
Year	Active Meters	Annual % change
2005	5,328,430	1.18%
2006	5,391,974	1.19%
2007	5,445,791	1.00%
2008	5,466,979	0.39%
2009	5,480,314	0.24%
2010	5,520,424	0.73%
2011	5,565,817	0.82%
2012	5,621,055	0.99%

II. FORECAST METHODOLOGY

The total customer count is comprised of forecasts by customer class: three sectors of residential, total commercial, and total industrial. New housing permit and employment assumptions underlying the customer forecast came from IHS Global Insight's Winter 2009 Regional forecast (state-level and the six most populous counties in SoCalGas' service territory) released in February 2009.[1] The Global Insight six-county forecast accounts for over 85% of the service area's total population and employment. This six-county new-housing and employment forecast was then scaled to better reflect the total economic and demographic characteristics of SoCalGas' service area, based on recent recorded data for the aggregated twelve-county area that SoCalGas serves. Recorded employment data came from the California Employment Development Department (EDD); recorded single-family and multi-family housing permit data came from the Construction Industry Research Board (CIRB) of Burbank, California. Recorded data were projected into the forecast period by applying Global Insight's forecasted percentage growth rates to the latest year of corresponding recorded data at the time the forecast was made.

SoCalGas uses econometric and statistical techniques to develop quarterly-data forecasts of residential, commercial and industrial customers. Detailed equations, methods and data are shown in the workpapers corresponding to this exhibit (see Exh. SCG-30-WP).

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[1] IHS Global Insight is an internationally recognized econometric forecasting firm. The firm's forecasts have been used in many regulatory proceedings.

1 Connected residential single-family and multi-family customers are a function of
2 lagged authorized housing permits. A small third sector of the residential class --master
3 meter customers (including sub-metered customers) -- is forecasted to decline at a
4 constant 0.84% annual rate, consistent with its decline in recent recorded years as some
5 existing master meters are gradually converted to individual meters.

6 The industrial class is defined as mining or manufacturing customers – those in
7 North American Industry Classification System (NAICS) sectors 210 to 213 and 311 to
8 339. Connected industrial customers are forecasted based on industrial employment, and
9 are forecasted to decline an average of 0.4% annually from 2009 to 2012.

10 The commercial class is defined as all other non-residential customers -- with the
11 exception of less than 300 customers in the natural gas vehicle (NGV) fueling, electric
12 generation, and wholesale sectors. Connected commercial customers are forecasted
13 based on commercial employment (defined as total nonfarm employment except mining
14 and manufacturing) and are predicted to be nearly the same in 2012 as in 2009.

15 Once the number of connected meters is forecasted for each customer class, it is
16 split into active and inactive meters, where inactive meters are those with no billed gas
17 use during a billing period. Inactive meters are forecasted by applying a factor to each
18 customer class of forecasted connected meters. The factors used are based on seasonal
19 and multi-year historical patterns of inactive meters for that particular customer class.
20 The number of active meters is equal to the number of connected meters less the number
21 of inactive meters. Table SCG-SRW-2 shows each customer class with its forecasted
22 2012 active meters, and the percentage of its connected meters that are active.

TABLE SCG-SRW-2		
SoCalGas Average 2012 Active versus Connected Meters		
Customer Class	Millions	As a % of Connected
Residential single-family	3.631	97.2%
Residential multi-family	1.738	94.3%
Residential master meter	0.041	98.2%
Commercial	0.191	78.6%
Industrial	0.020	69.8%
TOTAL	5.621	95.4%

1   Table SCG-SRW-3 shows average annual active meters by customer class for

2   each year, plus the forecasted three-year percentage change from recorded year 2009

3   through Test Year 2012.

TABLE SCG-SRW-3: AVERAGE ANNUAL ACTIVE METERS BY CUSTOMERS CLASS					
Gas Customers	2009	2010	2011	2012	Total % Change, 2009 to 2012
Residential single-family	3,547,653	3,563,668	3,594,118	3,631,310	+ 2.4%
Residential multi-family	1,681,251	1,705,188	1,720,026	1,738,410	+ 3.4%
Residential master meter	41,710	41,343	40,979	40,619	- 2.6%
Commercial	190,000	190,511	191,022	191,024	+ 0.5%
Industrial	19,699	19,714	19,672	19,693	- 0.0%
TOTAL	5,480,313	5,520,424	5,565,817	5,621,056	+ 2.6%

4   In the customer forecast model, the projected annual net gain in meters is assumed

5   to be equal to the annual change in year-end total connected customers. The net gain in

6   meters is comprised of new meter sets, plus reset meters, less meters removed.

7   This concludes my prepared direct testimony.

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1 **III.   WITNESS QUALIFICATIONS**

2   My name is Scott R. Wilder. I am employed by SoCalGas as a

3 Business/Economics Advisor in the Gas Regulatory Affairs Department for SoCalGas

4 and San Diego Gas & Electric Company. My business address is 555 West Fifth Street,

5 Los Angeles, California 90013-1011.

6   I have held my current position since February 2004. Since 1993 I have been

7 employed at SoCalGas in various economic forecasting and analysis positions of

8 increasing responsibility. From 1986 to 1993, I was employed by Pacific Gas and

9 Electric Company in San Francisco in various positions involving economic forecasting,

10 planning and analysis. From 1982 to 1984 I worked as a Development Project Manager

11 with the Southern Baptist International Mission Board, working with farmers and

12 engineers to build irrigation canals in the Andes mountains of Peru.

13   I received a Bachelor of Science degree in Agricultural & Managerial Economics

14 from the University of California at Davis in 1982, and a Masters of Science degree in

15 Agricultural Economics from U.C. Davis in 1986. I have previously testified before the

16 California Public Utilities Commission.