Exhibit No.:\_\_\_\_\_ Commissioner: Loretta Lynch Administrative Law Judge: Meg Gottstein Witness:\_\_\_\_\_

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

Order Instituting Investigation into	)	I.00-11-001
implementation of Assembly Bill 970 regarding	)	
the identification of electric transmission and	)	
distribution constraints, actions to resolve those	)	
constraints, and related matters affecting the	)	
reliability of electric supply.	)	
	)	

## PREPARED DIRECT TESTIMONY OF STEPHEN P. JACK ON SAN DIEGO GAS & ELECTRIC COMPANY'S LOAD FORECAST

E. Gregory Barnes

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Attorney for SAN DIEGO GAS & ELECTRIC COMPANY

May 18, 2001

## PREPARED DIRECT TESTIMONY OF STEPHEN J. JACK

Please state your name, title, business address and qualifications.

A. My name is Stephen J. Jack. I am Pricing & Forecasting Manager in San Diego Gas & Electric Company's ("SDG&E") Business Analysis Department. My business address is 8330
Century Park Court, San Diego, California 92123-1530. My qualifications are attached to this testimony.

**Q.** What is the purpose of your testimony?

**A.** My testimony describes the SDG&E load forecast that was used for certain scenarios analyzed in this proceeding.

**Q.** Please describe the basis for the load forecast SDG&E submitted for use in the scenario analysis used in this proceeding.

A. The forecast submitted by SDG&E is its most recent such forecast. It was prepared in October 2000 for use in SDG&E's Grid Planning Assessment process. That forecast was based on an economic forecast issued by Standard and Poors/DRI in February 2000 and SDG&E customer energy use and price data through September 2000. Future electricity prices reflected then-current information on energy price legislation, including capped commodity rates for residential and small commercial customers under AB 265, and expected market commodity rates for medium and large commercial/industrial customers. Conservation was assumed to continue at the 1999 net savings level. This forecast was substantially reduced from the previous forecast as a result of the conservation effects of the run-up in summer 2000 prices as well as higher-than-previously-expected future electric commodity prices.

**Q.** Do you believe this forecast is sufficiently current for use in the scenario analysis in Phase 2 of this proceeding?

Q.

A. Although I expect the forecast to change based on recent and anticipated developments, the range of assumptions encompassed by the scenarios analyzed appears sufficiently large to capture potential changes in the load forecast, including the impact of increased conservation attributable to high prices, scarcity and recent regulatory initiatives. Therefore I believe the current forecast provides a useful and appropriate input for purposes of the scenario analysis. Q. Please describe the factors that should contribute to a revision of SDG&E's forecast. A. There are several reasons to expect that SDG&E's load forecast will be revised. SDG&E has not yet updated its forecast to incorporate the rate increases, new conservation and demand reduction programs ordered by the Governor and by the Commission, a revised economic outlook, and recent conservation behavior. I expect the Commission over the next few weeks to adopt a rate design to implement a requested rate increase for SDG&E customers. New commercial/industrial rates are expected to become effective in June, and new residential rates should be in place in the months following. An updated forecast should be available after analysis of these changes has been completed.

The current forecast includes last summer's experience of significant price increases, but it does not fully include the impacts of new rate increases and new conservation programs. Therefore, it is likely that a revised forecast would be somewhat lower than the current forecast, but still well above the "base load less 10%" scenario used in the analyses submitted in this proceeding.

**Q.** Does this conclude your testimony?

A. Yes.

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## Qualifications of Stephen J. Jack

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3 4	My name is Stephen J. Jack. I am employed by San Diego Gas & Electric Company as
5	the Pricing and Forecasting Manager in the Business Analysis Department. My business address
6	is 8330 Century Park Court, San Diego, California 92123-1530.
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8	I received my Bachelor of Science degree from Carnegie Mellon University in 1969. I
9	received a Masters of Business Administration from the University of Pittsburgh with an
10	emphasis in management science in 1972. I joined SDG&E in 1976, and I have held various
11	positions of increasing responsibility since that time.
12	My current responsibilities include pricing and rate analysis and development of electric and gas
13 14	demand and revenue forecasts for SDG&E.
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