Date Filed: September 22, 2026

Witness: Julia Frayer
Request from: National Railroad Passenger Corp. (Amtrak)

Question:

Explain why customer count was selected as the output measure in the TFP/PFP Study and why LEI concluded that customer count is a more appropriate output measure than retail energy sales.

a. Were any alternative output measures considered, including retail energy sales, peak demand, system capacity, reliability metrics, or other measures to represent electric distribution system output? If so, describe the results of those evaluations.
b. Explain whether customer count alone adequately reflects the changes in system requirements associated with large-load customers, data centers, electrification, and DER integration.
c. If retail energy sales, peak demand, or other output measures grow materially faster than customers during the PBMRP term, explain whether Eversource would consider reevaluating the output metric used in future TFP/PFP studies.
d. Explain how frequently the Company expects the underlying TFP/PFP studies supporting the X-factor to be updated, recalculated, or reassessed.

Response:

a. LEI selected the number of customers served as the output measure because customer count provides an objective, consistently defined, and readily available measure of the scale of distribution service across EDCs and over time. Electric distribution utilities must connect, maintain, and provide reliable service to customers regardless of the amount of electricity consumed in a particular year. In contrast, electricity sales are affected by factors such as weather, economic conditions, electrification, DER adoption, and the addition of large loads, and therefore may change materially without reflecting a corresponding change in the efficiency with which distribution service is provided.

b. Nevertheless, LEI also evaluated electricity sales (measured in annual MWh units and collected from retail statistics) as an alternative output measure. The results are presented in Appendix B of Exhibit CLP-PBR-2. The sales-based sensitivity produced the same general conclusion of declining industry productivity, but a more negative result. For the 2005–2024 period, industry OM&A PFP was approximately -0.99% using sales, compared with -0.03% using customers. LEI did not separately evaluate peak demand, system capacity, reliability metrics, or other measures, as indicated in the question, for use as an output measure in the Industry TFP Study. Indeed, it would be impossible to get high

quality data to conduct a TFP for the US EDC industry with some of the alternatives mentioned in the question.

c. As a matter of practice, in any future TFP/PFP study, LEI would reassess the appropriateness of the output measure based on then-current industry conditions, available data, the design of the applicable PBR framework, and relevant regulatory practice. Material divergence between customer growth and sales or peak-demand growth could be one consideration in that assessment, but would not, by itself, establish that customer count is no longer an appropriate output measure.

d. Under the proposed PBMRP, the X Factor is established for the four-year plan term and is not proposed to be recalculated annually through a new TFP/PFP study. The annual PBMRP filing applies the established PBR formula; the I Factor, in contrast, is updated using the most recently published inflation data at the time of a given annual PBMRP filing. The appropriateness of the TFP/PFP methodology and underlying data could be reassessed in connection with any subsequent PBMRP term.