Date Filed: September 03, 2026

Witness: Julia Frayer
Request from: Office of Consumer Counsel

Question:

Exhibit CLP-PBR-1 PBR Testimony Please provide a sensitivity analysis showing the US industry OM&A PFP over the 2005–2024 study period excluding the 2019–2020 observation. Please provide the resulting average annual OM&A PFP and corresponding X Factor.

Response:

LEI does not consider excluding the 2019–2020 observation to be an appropriate sensitivity for purposes of estimating the industry OM&A PFP trend. The purpose of the TFP/PFP study is to measure industry productivity performance over time. As explained in Exhibit CLP-PBR-2, productivity trends are inherently long term and the use of 20 years of data is intended specifically to reduce the influence of unusual individual years, numerical outliers and one-time events.

Selectively excluding particular years, as suggested by this request, would undermine the objective of this analysis and could introduce selection bias. Industry productivity is affected over time by a variety of unusual conditions such as economic cycles and there is no objective basis for excluding one particular period while retaining other years that may also reflect unusual circumstances. A consistently defined study period allows both favorable and unfavorable annual observations to contribute to the measured long-run trend.

As discussed in Exhibit CLP-PBR-2, the 20-year period was selected to reduce the effects of year-to-year variability while remaining sufficiently recent to reflect industry conditions relevant to the prospective PBR period.