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Witness: Julia Frayer
Request from: Office of Consumer Counsel

Question:

(Total factor productivity) Refer to Exhibit CLP-PBR-1, pp. 43-44. Testimony suggests that the LEI's industry TFP study is aligned with TFPs for the EDC sector in New Hampshire, Alberta, and Massachusetts. Explain whether each of the x-factors provided for these three examples were calculated for O&M only or both O&M and capex.

Response:

The industry TFP measures cited for New Hampshire, Alberta, and Massachusetts on pages 43-44 in Exhibit CLP-PBR-1 were total factor productivity measures that included both O&M and capital inputs; they were not O&M-only partial factor productivity measures.

LEI cited these studies to demonstrate that **negative industry-wide TFP trends** have also been observed in other recent electric distribution TFP studies. LEI did not cite these other studies to suggest that the design or scope of the X Factor in each jurisdiction was identical to CL&P's proposal. Under CL&P's PBMRP proposal, the X Factor is applied only to OM&A, and LEI therefore recommends using the long term industry OM&A PFP trend of -0.03% from its industry TFP study to calibrate the X Factor.