STATE OF MAINE
PUBLIC UTILITIES COMMISSION
Docket No. 2006-487

Analysis of Central Maine Power Company Petition for a
Certificate of Public Convenience and Necessity to
Construct a 115 kV Transmission Line
Between Saco and Old Orchard Beach

Surrebuttal Testimony

Prepared by:

Robert Fagan
Synapse Energy Economics
22 Pearl Street, Cambridge, MA 02139

Prepared for:

The Maine Public Advocate
Eric Bryant, Senior Counsel

January 10, 2008
<table>
<thead>
<tr>
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<th>Exhibits</th>
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</tbody>
</table>
Q. Please state your name, position and business address.

A. My name is Robert M. Fagan. I am a Senior Associate with Synapse Energy Economics, Inc., 22 Pearl Street, Cambridge, MA 02139.

Q. Are you the same Mr. Fagan who submitted direct testimony on February 27, 2007 with Mr. Lanzalotta?

A. Yes.

Q. On whose behalf are you testifying in this case?

A. I am testifying on behalf of the Maine Public Advocate.

Q. What is the purpose of your testimony?

A. Synapse and Lanzalotta were retained by the Maine Public Advocate (“OPA”) to evaluate Central Maine Power Company’s (“CMP” or “the Company”) request for a Certificate of Public Convenience and Necessity to construct a 115 kV transmission line from Saco Bay to Old Orchard Beach. This surrebuttal testimony addresses the May 4, 2007 rebuttal testimony of CMP. I address CMP’s additional analysis of conservation and DSM, as contained in Mr. David Conroy’s rebuttal testimony Attachment A, Section III, pages 9 through 14. Mr. Lanzalotta will be addressing other aspects of CMP’s rebuttal testimony.

Q. Please summarize your testimony.

A. CMP’s additional “order of magnitude” evaluation of conservation and DSM as presented in Mr. David Conroy’s rebuttal testimony is both flawed and incomplete. First, it significantly underestimates the peak demand savings potential from targeted end-use energy efficiency programs. Second, it completely excludes the potential to reduce peak demand with end-use “demand response” measures. Lastly, it ignores any potential to reduce peak demand on the critical 34.5 kV sub-transmission system elements and/or the 12 kV distribution system with local peaking generation, either traditional or third-party-owned generation connected at 12 kV or 34.5 kV, or “behind the meter” distributed generation. Each of these alternatives, or some combination of them,
together with a 34.5 kV reinforcement plan could prove to be a more cost-effective way of ensuring reliable electricity delivery for Saco area consumers than CMP’s proposed solution.

Q. Please summarize your key conclusions.

A. 1. The Saco area achievable potential for peak period demand reduction solely from targeted energy efficiency programs exceeds CMP’s characterization of the resource base by at least an order of magnitude, i.e. the achievable savings in 2015 is on the order of tens of MW rather than a single MW as CMP asserts.

2. The actual peak demand savings possible from targeted conservation and DSM programs are highly dependent on the nature of the energy efficiency measure mix, and the degree of success in marketing the targeted program.

3. CMP has not analyzed the additional potential for targeted demand response to alleviate a portion of peak period loading concerns on the 34.5 kV system. CMP’s review of any demand response was limited to fractional MW peak demand savings claimed from possible future AMI technologies. Ignoring the potential for targeted demand response is particularly disconcerting given developments in New England to create additional monetary incentives for demand response resources through the forward capacity market.

4. CMP has not conducted a sufficient analysis of the potential for local generation – either “behind the meter” or directly connected to CMP’s distribution or sub-transmission system – to support reliable operations and alleviate a portion of peak period loading concerns on the 34.5 kV system.

5. In total, CMP’s efforts to analyze demand side alternatives including energy efficiency and demand response, and local generation as complements to 34.5 kV system reinforcement are deficient.

6. While CMP may no longer have the direct responsibility for energy efficiency, demand response, or installation of generation, it would be imprudent not to directly, carefully and comprehensively consider them as possible pieces of the
solution, especially when combined with alternative 34.5 kV reinforcement options such as Mr. Lanzalotta describes in his testimony.

Q. What is CMP’s estimate of peak demand savings available from targeted conservation and DSM programs?

A. CMP’s estimate of peak demand savings from targeted conservation and DSM is less than 1 MW by 2015, or less than 1% of projected 2015 summer peak load.¹

Q. How does CMP compute this estimate?

A. CMP’s starting point is a table of estimated peak savings from the MPUC staff report in Docket No. 2002-665, reproduced as Table 1) in Mr. Conroy’s rebuttal testimony at page 11. Those peak demand savings, which ramp up from 82 kW in the first year to 424 kW in the eighth year, are projected over the period 2003 to 2010. Mr. Conroy then scales up these savings by first increasing them to account for regional sales growth rate between 2003 and 2008, and then using the ratio of Saco area annual GWh consumption to the York area annual consumption. He shifts the start year to 2008, and assumes this eight-year peak demand savings will accrue from 2008 through 2015. This results in an estimate of peak demand savings from targeted conservation and DSM in the Saco area of 179 kW to 903 kW (0.179 to 0.903 MW) between 2008 and 2015, reflected in Mr. Conroy’s Table 5) on page 12 of his testimony.

Q. Does Mr. Conroy explain how the original peak demand values presented in his Table 1 were computed?

A. Yes, at a high level. He states that CMP’s approach relies upon MPUC Staff analysis in the Southern York County case. He states that Staff depended upon the 2002 Optimal Report², which projected kWh savings by technology and customer class over a ten-year period. He states at page 9 that “Staff identified

¹ Conroy, Rebuttal Testimony, p. 10.
which technologies could reduce summer peak load and then converted kWh savings to summer peak kW utilizing technology-specific load curves.”

Q. Did the Optimal Report project savings by technology and customer class over a ten-year period?

A. Not exactly. They projected over a ten-year period and by aggregate customer sector – residential and commercial/industrial. However, within each of these sectoral segmentations they reported savings on broad aggregations of technology, not technology-specific. The aggregations included for the residential sector 1) “new construction”, 2) “lighting, appliances, electronic products”, 3) “low income”; and for the commercial/industrial sectors, 4) “new construction”, 5) “equipment replacement and electronic products”, and 6) “retrofit”.

As can be seen by inspection of this listing, these are not technology-specific categories, as each aggregation includes technology for multiple end uses or multiple efficiency technologies.

Q. Why is this important?

A. This is important because estimates of annual energy savings to peak demand savings conversions are usually dependent on a specific technology, in addition to dependence on other factors such as climate.

Q. Does he include these “technology-specific load curves” or provide any additional explanation?

A. No. Mr. Conroy is relying upon the results of the kWh to kW conversion and scaling conducted by Staff and presented in the Staff report in Docket No. 2002-665. In response to ODR-04-134, the data provided does not support the values listed in Mr. Conroy’s Table 1) of his rebuttal testimony, but instead provides detailed data on avoided energy costs and end use data. These data (i.e.,

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3 Conroy, Rebuttal Testimony, page 9.
Q. Does Mr. Conroy directly analyze the potential impact of targeted conservation using kWh-to-kW savings conversion or scaling based on the Optimal Report and the ratio of Saco area load to CMP load?

A. No.

Q. Did you conduct an “order of magnitude” potential peak demand savings impact using the Optimal Report and technology-specific conversion factors?

A. Yes. While it was beyond the OPA’s resources to conduct a full-scale evaluation of the potential for peak savings in the Saco Bay area, I was able to use the information in the Optimal report and from a public source on peak demand savings from energy efficiency programs to develop an independent “order of magnitude” range of estimates of peak demand savings from the effect of energy efficiency program activity. The final results of my analysis are contained in Exhibits RMF-1 through RMF-6, which contain estimates of peak MW savings in the Saco Bay area over the period 2008-2017 as a result of targeted energy conservation and DSM. There are six scenarios, premised on two different “scaling” methods (i.e., scaling the savings from the statewide level reported by Optimal to the Saco Bay area) and three different aggregate “Watts per kWh” conversion factors (medium, low, high) representing the extent to which programs would “target” peak demand savings measures. For each of these six scenarios, I report a range of savings based on the success of the programs, i.e., under different “market penetration” rates. These market penetration rates are applied to the “achievable potential” originally reported by Optimal.

Q. Please explain your analysis.

A. I started with the Optimal Report’s table of maximum achievable potential energy savings, in cumulative MWH by year, for the period 2003 to 2012. This is Table

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4 OD-04-13 asked “Provide information from Efficiency Maine on how the conversion was done to come
1 of the Optimal Report. Table 1 shows a “maximum achievable potential” from the combination of the residential and commercial/industrial sectors ranging from 54,251 MWh/year in 2003 to 1,615,918 MWh/year in 2012.

I then moved the start of the programs to 2008 and scaled the savings up by using the average regional growth rate for the residential sector (3.86%) and the combined commercial/industrial sectors (12.05%). These numbers were computed directly from Mr. Conroy’s Table 2) GWh sales levels for 2003 (actual) and 2008 (projected). This resulted in a “maximum achievable potential” from the combination of the residential and commercial/industrial sectors ranging from 59,223 MWh/year in 2008 to 1,786,252 MWh/year in 2017.

Next, I reduced these levels using a 78% factor, equal to the ratio of CMP sales to statewide sales, as noted in the Commission Staff Report 2002-162. To the extent that CMP sales growth since 2002 has outpaced the sales growth of the utilities in the rest of the state, this step is conservative. The actual potential savings in the CMP territory would be greater if CMP sales growth has been greater than sales growth in the rest of the state.

Next, I scaled the savings to the Saco Bay area using two different methods. I used Mr. Conroy’s Table 7 reported 2006 sales for CMP and Saco Bay, for the residential and small and medium non-residential sectors. CMP sales were 5,814.2 GWh and Saco Bay area sales were 228.4 GWh. This resulted in a ratio of 0.0393 (Saco to CMP). I also used the ratio of Saco Bay area peak demand in 2006 (89.2 MW) and CMP’s reported 2006 peak load, 1,682 MW. This resulted in a ratio of 0.0530.

Using the energy ratio to scale the maximum achievable savings in CMP’s service territory resulted in a range of savings of 1,815 MWh/year (2008) to

up with the numbers in Table 1 of Conroy Rebuttal, Attachment A page 11.” Dated August 2, 2007.

5 Conroy, Rebuttal Testimony, page 11.

6 “Overall, however, each utility’s energy efficiency potential as a proportion of overall State potential reasonably matches the utility’s share of kWh sales levels. …the CMP service territory accounts for the largest share of electricity sales in the state (78%)…”. Page 22.

7 Conroy, Rebuttal Testimony, page 17.
54,732 MWh/year (2017). Using the peak demand ratio to scale the maximum
achievable savings in CMP’s service territory resulted in a range of savings of
2,450 MWh/year (2008) to 73,888 MWh/year (2017).

I then applied a range of aggregated, technology-specific Watts per kWh
(or kW per MWh) conversion factors to create a range of estimates for the
maximum achievable summer peak demand savings based on the maximum
achievable annual MWh energy savings.

Q. Please define and explain the range of “technology-specific Watts per kWh”
conversion factors you used.

A. I used technology-specific conversion data from the ACEEE Report “Examining
the Peak Demand Impacts of Energy Efficiency: A Review of Program
Experience and Industry Practices” to inform my estimate of a range of aggregate
conversion values. I include this report as Exhibit RMF-7.

These aggregate conversion values represent the summer peak demand
savings, in kW, that can be expected, on average, from a measure that saves a
certain level of kWh in a year. The following table, reproduced from that report,
illustrates technology-specific peak demand savings expressed per unit of annual
energy saved, based on a range of programs evaluated:

### Peak Demand Savings Expressed per Unit Energy Savings for Selected Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Peak Demand Savings per Energy Savings (W/kWh), Median Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Star room air A/C</td>
<td>1.59</td>
</tr>
<tr>
<td>Energy-efficient central A/C</td>
<td>1.29</td>
</tr>
<tr>
<td>Energy Star refrigerators</td>
<td>0.14</td>
</tr>
<tr>
<td>Compact fluorescent light bulbs</td>
<td>0.10</td>
</tr>
</tbody>
</table>

8 [http://www.cmpco.com/about/company/demo.html](http://www.cmpco.com/about/company/demo.html).
9 Dan York, Ph.D., Martin Kushler, Ph.D., & Patti White, M.A., ACEEE report No. U072, “Examining the
Energy-efficient packaged roof-top HVAC units 5-12 tons | 0.74
Energy-efficient chillers 150-300 tons centrifugal | 0.59
Premium efficiency motors – 25 hp | 0.26
Premium efficiency motors – 200 hp | 0.18
T-8 fluorescent lamps with electronic ballasts | 0.31


The factors I used can be interpreted as estimates of weighted averages of the conversion factors applicable to technologies that would be chosen in a targeted energy conservation and DSM program for the Saco Bay area. I presumed that any targeted programs would include significant attention to peak demand savings measures such as air conditioning. I also note that for seasonal businesses with no winter or shoulder season use, some measures – such as compact fluorescent lamps – would be likely to exhibit greater peak demand savings per unit of annual energy savings.

I defined three ranges of aggregate conversion factors: low peak demand effect (0.25 W/kWh), medium peak demand effect (0.50 W/kWh), and high peak demand effect (0.75 W/kWh) to create a range of “order of magnitude” estimates of the likely peak demand effects of a targeted program.

Q. **What is the last analytical step you conducted?**

A. I estimated the peak demand savings under four different scenarios of “market penetration” or relative success in achieving the “maximum” achievable savings reported by Optimal. I used 10%, 25%, 50%, and 75%. I applied each of these factors to the peak demand savings for each year, for each of six scenarios of program savings. I note that this is conservative, as Optimal had already applied a maximum 75% participation rate to compute the “maximum achievable” potential.10

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Q. What are your results?

A. Exhibits RMF-1 through RMF-6 report the full range of peak demand savings, and illustrate the degree of sensitivity such savings exhibit to two key factors, both of which are highly controllable: 1) the type of measure, i.e. its ability to have an impact on peak demand (demonstrated by the aggregate kw per MWh metric), influenced by the nature of the “targeting” done with any program; and 2) the success of any targeted program in reaching consumers. Without a clear plan on CMP’s part, it is difficult to assess the likely outcome of any targeted program; therefore I present results that show the range of possible outcomes. I summarize the total peak demand savings from all sectors for two years, 2010 and 2015, under different “scaling” assumptions (i.e., how to translate statewide savings into Saco area savings) and under 25%, 50% and 75% market penetration¹¹ levels, and using different kw per MWh conversion values, in the table below.

¹¹ Note that these “market penetration” levels are applied to the achievable savings computed by Optimal. Those achievable savings were already reduced from the technical potential level.
Summary of Summer Peak Savings Values – MW

Summer Peak MW Savings from Targeted Energy Conservation and DSM

Summary Results - Saco Bay, All Sectors

<table>
<thead>
<tr>
<th>Scenarios</th>
<th>Scale Ratio Saco to CMP</th>
<th>kw per MWh</th>
<th>25% Penetration</th>
<th>50% Penetration</th>
<th>75% Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Energy Ratio - Med Peak Savings Effect</td>
<td>0.0393</td>
<td>0.50</td>
<td>0.98</td>
<td>1.95</td>
<td>2.93</td>
</tr>
<tr>
<td>2 Energy Ratio - Low Peak Savings Effect</td>
<td>0.0393</td>
<td>0.25</td>
<td>0.49</td>
<td>0.98</td>
<td>1.46</td>
</tr>
<tr>
<td>3 Energy Ratio - High Peak Savings Effect</td>
<td>0.0393</td>
<td>0.75</td>
<td>1.46</td>
<td>2.93</td>
<td>4.39</td>
</tr>
<tr>
<td>4 Peak Ratio - Med Peak Savings Effect</td>
<td>0.0530</td>
<td>0.50</td>
<td>1.32</td>
<td>2.64</td>
<td>3.95</td>
</tr>
<tr>
<td>5 Peak Ratio - Low Peak Savings Effect</td>
<td>0.0530</td>
<td>0.25</td>
<td>0.66</td>
<td>1.32</td>
<td>1.98</td>
</tr>
<tr>
<td>6 Peak Ratio - High Peak Savings Effect</td>
<td>0.0530</td>
<td>0.75</td>
<td>1.98</td>
<td>3.95</td>
<td>5.93</td>
</tr>
</tbody>
</table>

Source: Exhibit RMF-1 through RMF-6
Q. How do these results differ from the evaluation conducted by CMP?

A. CMP reported maximum peak savings of less than 1 MW, i.e. 903 kW, by 2015. As the above table indicates, using even the most conservative assumptions a peak savings of more than 2.5 MW is possible by 2015 (Scenario 2), with a range of savings that extends to more than 20 MW by 2015 under 50% penetration (Scenario 6). Furthermore, Exhibit RMF-6 and the table above illustrate that with high penetration levels (75%) and programs that truly targeted peak demand reducing measures such that program average conversion factors reached 0.75 kW demand savings per annual MWH, up to 31 MW of the Saco area peak load could be saved by 2015 through energy efficiency measures alone (Scenario 6, last column).

Q. Do these results take into account the potential peak demand savings that may be available from demand response resources or generation sources?

A. No. These peak demand savings arise from the three areas of energy efficiency potential described in the Optimal report: new construction, product/appliance/equipment replacement, and low income retrofit. They exclude additional peak savings that might be seen from, for example:

- industrial load shifting;
- cycling of industrial or commercial equipment such as refrigeration, air conditioning, water heating, air compressors, or other process equipment;
- residential air conditioning or electric water heater cycling programs;
- behind-the-meter generation at industrial or commercial facilities; and
- other generation at existing generation substations or other substations in the Saco area.

Q. Are demand response resources economically viable for the Saco area?

A. Yes, they likely are. With the commencement of ISO NE’s forward capacity market, demand response resources can now receive capacity credit in New

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England. This makes them more economically attractive to pursue. Also, with high energy prices in Maine and New England, especially during peak periods, customers with the potential to provide demand response will see more attractive economics. Perhaps most importantly, targeted demand response can quickly provide any additional “breathing room” that may be necessary to allow more comprehensive energy efficiency programs to ramp up.

Q. What is “targeted demand response”?

A. Targeted demand response resources refer to resources in the Saco Bay area that exhibit the most attractive economics, the promise of relatively rapid penetration, and the relative certainty of resource response during critical peak periods. It refers to actively targeting the most attractive alternatives, recognizing in particular that economies of scale likely exist for larger customers with flexibility to either shift load or cycle certain end uses. As with energy efficiency programs, it refers to actively seeking participation from customers through some form of utility or third-party program that may need to include direct incentives. It does not depend upon marketplace response to price signals as the sole or even primary means to achieve demand response, in recognition of often relatively inelastic short-term demand for electricity absent a planned response exhibited by dispatchable13 load.

Without the accompanying ability to automatically turn off electricity-using equipment when desired, i.e., some measure of “dispatchability” that confers certainly of demand response – more sophisticated real-time metering technology is less likely to deliver demand response with any particular certainty during critical times, especially with smaller customers, relative to targeted demand response with dispatchable load.

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13 Dispatchable load means any connected load that can be reduced through a signal initiated by a CMP or other system operator. It does not necessarily imply “real time” control (although it could), as it could come about following a “signal” sent as much as a day or two ahead of time.
Q. Are there larger customers in the Saco Bay area that might be particularly well-suited to certain demand response options?

A. Yes. As noted in the discovery response to OPA 3-17, there are over 100 area customers with peak demands exceeding 100 kW, and 33 customers whose peak demand exceeds 200 kW. Many of these facilities are likely to be candidates for certain demand response measures.

Q. Is this the only customer cohort that could be well-suited to demand response?

A. No. Certain smaller industrial customers could very well have the ability to shift load, and both industrial and commercial customers with air conditioning load, for example, could be prime sources of demand response resources that target air conditioning cycling programs. Residential air conditioning or electric water heater cycling programs also have the potential to serve as critical demand response resources.

Q. How frequently during the summer months does CMP need demand response, peak demand reductions or local area generation in order to reduce the need for their proposed transmission reinforcement?

A. Relatively infrequently. Exhibit RMF-8 is a load duration curve for the Saco Bay area. As shown, in 2006 the last 10 MW of the area’s supply was needed for only 37 hours, over a period of just 6 days. The last 18 MW – 24% of the peak load on the 34.5 kV distribution system – was needed for only 184 hours, over 23 days.

Q. Is there anything else about the region that is noteworthy?

A. Yes. Based on Mr. Conroy’s Table 4), it appears that the Saco Bay area has a considerably greater proportion of large customers than the York area. Mr. Conroy stated that “a scaled version of the Southern York County analysis is reasonable because the make-up of the loads in the two southern coastal areas is similar”\(^{14}\). However, the fact that the Saco area appears to have a greater

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\(^{14}\) Conroy Rebuttal Testimony, page 10.
concentration of larger load customer (including 11 manufacturing customers with peak demand greater than 200 kW) could mean that a greater potential exists in the Saco area relative to the Southern York area for demand response measures in industrial facilities.

Q. Did CMP analyze any local or behind-the-meter distributed generation alternatives to the proposed reinforcement?

A. Yes. CMP considered the installation of up to four 2 MW trailer mounted diesel units at Scarborough, Dunstan and Old Orchard Beach substations.15

Q. Was this an adequate analysis to determine the potential for local generation to make a contribution towards reliable area operation using a 34.5 kV reinforcement option instead of the proposed 115 kV supply alternative?

A. No. The potential for local generation to make a contribution towards reliable operation includes both consideration of new generation, such as trailer-mounted diesel units, and also consideration of improving the likelihood of peak period availability of existing generation at existing sites. It should also consider the possibility that additional “back-up” generation resources might be most economically located at the existing generation sites themselves, rather than at existing non-generation substations.

Furthermore, such analysis should incorporate the probability that multiple resources – energy efficiency, demand response, and generation – could be available for any given summer period peak load event, and should recognize that the total run time per year, on average, for such generation may be well below 500 hours. As noted, review of the load duration curve for Saco Bay for 2006 (Exhibit RMF-8) shows that the last 18 MW of incremental supply (24% of total load) was needed for only 184 hours.

Q. In general, could local generation options be economically viable?

A. Yes. For the same reasons given for demand response resources (FCM existence, 15 Conroy, Rebuttal Testimony, page 34.
high energy prices), some local or behind-the-meter generation resources might be economically viable and should be analyzed more carefully than CMP has done.

Q. **Is there anything in particular about options for generation-based reliability improvements that is noteworthy?**

A. Yes. There currently exist three private generation sites in the Saco Bay area (MERC, Cataract, Skelton) whose output, to the extent available during peak periods, would greatly contribute towards meeting peak demands in the area. CMP has not investigated either the potential for “firming” up the supply at these sites during peak periods, or the potential to consider these sites (already built to support up to 35.9 MW of generation output in total) for installation of “back-up” generation.

Q. **What conclusions do you draw from your analysis?**

A. I draw the following key conclusions:

1. The Saco area achievable potential for peak period demand reduction solely from targeted energy efficiency programs far exceeds CMP’s characterization of the resource base. CMP’s characterization of the energy efficiency resource base underestimates the peak savings potential by at least an order of magnitude.

2. The actual peak demand savings possible from targeted conservation and DSM programs are highly dependent on the nature of the energy efficiency measure mix, and the degree of success in marketing the targeted program.

3. CMP has not analyzed the additional potential for targeted demand response to alleviate a portion of peak period loading concerns on the 34.5 kV system. CMP’s review of any demand response was limited to fractional MW peak demand savings claimed from possible future AMI technologies. Ignoring the potential for targeted demand response is particularly disconcerting given

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16 Two of the three sites are modeled at zero output in CMP’s proposal.
17 Exhibit 7 to CMP Petition, page 4.
developments in New England to create additional monetary incentives for demand response resources through the forward capacity market.

4. CMP has not conducted a sufficient analysis of the potential for local generation – either “behind the meter” or directly connected to CMP’s distribution or sub-transmission system – to support reliable operations and alleviate a portion of peak period loading concerns on the 34.5 kV system. This deficiency of analysis is unsupportable because by law CMP is not precluded from considering local general options to support efficient and reliable operation.19

5. In total, CMP’s efforts to analyze demand side alternatives including energy efficiency and demand response, and local generation as complements to 34.5 kV reinforcement are deficient, even from just an “order of magnitude” perspective.

6. While CMP may no longer have the direct responsibility for energy efficiency, demand response, or installation of generation, it would be imprudent not to directly, carefully and comprehensively consider them as possible pieces of the solution, especially when combined with alternative 34.5 kV reinforcement options such as Mr. Lanzalotta describes in his testimony.

Q. Does this conclude your testimony?

A. Yes.

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18 Conroy Testimony, Table 7, page 12.
19 From 35-A MRSA §3204(6). 6. Generation assets permitted. On or after March 1, 2000, notwithstanding any other provision in this chapter, the commission may allow an investor-owned transmission and distribution utility to own, have a financial interest in or otherwise control generation and generation-related assets to the extent that the commission finds that ownership, interest or control is necessary for the utility to perform its obligations as a transmission and distribution utility in an efficient manner.