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TESTIMONY OF DR. RICHARD L. LESHER – FEB. 27, 20019

I am Dr. Richard L. Lesher, retired President of the United States Chamber of Commerce in Washington D.C. I was born and raised in Franklin County and moved back to Chambersburg when I retired.

Upon graduation from the Doctoral Program of Indiana University in Bloomington, I joined the faculty of Ohio State University where I taught Finance. I'll have some comments on the economics of the Electric Power Industry later in my remarks.

During the 1960's I was part of the top management team of the National Aeronautics and Space Administration and was responsible for the Technology Utilization Program of NASA worldwide.

The issue before us today is all about technology and I'll have a lot to say about that.

As President of the U.S. Chamber of Commerce, I visited 85 countries and interacted with more than 100 Heads of State.

Thirty nine years ago, I led a small group of business people as the first outside group to meet with Robert Mugabe soon after he was elected as the first Prime Minister of the newly independent country, Zimbabwe. Speaking for the group, I said to him "You campaigned on a platform of pragmatic socialism. What pray tell is that?" I shall never forget his answer. He said "Oh, much like what you have in America; a role for government and a role for business." Over the next 35 years, the world watched as he seized private property from their rightful owners—farms mostly which he turned over to non-farmers and their nation which once was the breadbasket for most of the African continent, could no longer feed itself and faced runaway inflation and extreme poverty.

The taking of land is commonplace in socialist countries. Look no further than Venezuela, once the most prosperous country in Latin America, now totally bankrupt with nearly 3 million people having left the country in the last 12 months. Oh, but you say, "Nothing like that could ever happen in America. The right to own private property is

protected in the Constitution" However, provision for taking private property under **The Power of Eminent Domain** is also protected in the Constitution. The premise is always that the property is needed to serve the public interest cannot be served any other way.

One of the largest "takings" in Pennsylvania took place in 1942 in Franklin County when the U.S. Government pushed 2nd and 3rd generation farmers off their land and took 18,000 acres in order to establish the Letterkenny Army Depot. Now there is no question that Letterkenny served the war effort and provided thousands of good jobs through the years. But, in hindsight, it is clear that there was a huge overreach in that only part of the 18,000 acres was necessary. Thousands of acres are still unused and even though the Congress of the United States passed a law requiring the privatization of a substantial part of the property, the Military has steadfastly clung to as much property as they could. Having served as a founding member of the Board of LIDA (Letterkenny Industrial Development Authority), I

witnessed first hand the struggle between private rights and public rights

Having said all that, the issue at hand is fairly simple. Transource Energy has two major questions to answer:

First, if the power line is to be built, they must show the route selection to be the best possible route; best for them and best for the citizens of Franklin County.

The second issue is for them to prove the need for a new power line and show the justification for the taking and the disturbance to the lives of many.

Let's take the first issue routing: Technically, it is impossible for them to show it is the best possible routing since theoretically, there are hundreds of options. My contention is that school children could do a better job.

I could imagine a fifth-grade class at Falling Spring Elementary School (which by the way is to be directly affected) discussing the matter after the teacher has taught them something about the issue.

The first student might say "The Transource routing is so wrong because it cuts across homestead farms, a shopping center, the beautiful Falling Spring and OUR SCHOOL. My father told me that there are studies that show that power lines can cause cancer". A second student said, "Yes, therefore it should not go over any of those properties. Why not put them along highways where the government already owns the right of way. I have seen that in many parts of Pennsylvania."

The teacher interjected that they could use existing right-of-way. Governor Hogan of Maryland criticized Transource for not following existing lines which are 50% under-utilized.

Another student says "Yes that is a good idea, but it would be even better if they were required to bury those unsightly power lines underground". Still another student joined in "That is really a good idea so that they could avoid the risk of starting fires. sparking from the overhead wires "

The teacher interrupts, "Yes, did you know that the largest power company in California started bankruptcy proceedings 3 weeks ago – the largest power company in Calif.—Pacific Gas and Electric (PG&E) because they are liable for the overhead power lines The power lines are responsible for several of the wild fires and California State Investigators have attributed more than 1,500 fires in the years 2017 and 2018 to PG&E Power lines. And PG&E is the major suspect in the so-called camp fire in October which killed 85 people and destroyed 14,000 homes."

The teacher went on to say that while we had a lot of rain lately, we also have some dry spells every year and the proposed line goes through woodlands, grassy fields and the like.

So, the teacher said "IF I WERE GRADING THE TRANSOURCE EFFORT UIP UNTIL NOW, THEY WOULD GET AN "F" There certainly is no justification for the risks and costs exposed, unless there is no other route. Think about that for a moment.

Now let's move on to the bigger challenge facing Transource. The challenge of proving the need for such a line to meet the anticipated increase and demand for power in the years ahead in the Baltimore and Washington area.

The Electric Power Industry is currently undergoing the most monumental changes since electricity was invented.

Coal burning power plants are being closed in spite of the Trump Administration trying to protect the coal industry. Just last week, as an example, The Tennessee Valley Authority announced that they are closing 3 coal burning plants. Nationwide there is a huge shift from coal to natural gas thanks to the low price of natural gas due to the advances in hydro-fracking

Some older nuclear plants will be closed even though some experts are advocating the need for increasing the use of nuclear. So many big movements are taking place that even prominent individuals and institutions in the power industry cannot keep up with all the changes.

Even bigger change is taking place by the users of electricity. Manufacturers are producing a whole lineup of energy efficient products from LED lighting to water heaters, air conditioning, insulation and computer control of household energy consumption.

TODAY, AMERICA USES LESS ENERGY THAT IT DID IN THE YEAR 2000 WHEN WE HAD 44 MILLION FEWER PEOPLE. But in spite of all of that progress the most dramatic progress over the last 10 years and which will ramp up more dramatically in the years ahead is the new reliance on wind and solar the so-called "green" energies. Partly because of the concern for global warming and partly because of advancement in the technology solar alone has shown a 39-fold growth in solar generation in the last 10 years. America is starting to catch up to some other countries, notably Germany, Sweden and Denmark which produce more than half their energy needs with wind and solar. California was the first state to hit 20%, but there are now 9 states that do likewise.

All these numbers are likely to accelerate because of a number of reasons: Number 1 – Public acceptance; Number 2 – Improvement in the technology; Number 3 – Reduction in the cost of that technology; Number 4 and perhaps most importantly the push in public policy both at the state and national level.

Let me give a number of examples: I mentioned PG&E a moment ago as they fight through their bankruptcy proceedings, they have written more than 300 renewable energy contracts.

Secondly, The State of California has many incentives and policies designed to promote wind and solar. For example, all new homes built in the future will be required to have solar energy components on each and every rooftop,

Thirdly, Last Sunday's Washington Post had a large story on a new program in Illinois, designed to get landowners, particularly farmers to manage solar farms . They have 3 sizes of projects ranging from the smallest residential to the medium size farm project of 15 acres or more up to very large farm projects which may operate as an individual

power plant. The State of Illinois anticipates more than 1000 applications for the demonstration programs and will probably have to use a lottery technique to choose the winners.

Here at home in the Baltimore-Washington market which would be the target market for the Transource project, currently 7-1/2% of the energy that a utility sells must be "green". That number is set to rise to 25% in 2 years' time. This new requirement was passed into law recently.

Baltimore Gas and Electric, PEPCO, and other utilities in the Baltimore-Washington area were slow to get on board, but now they are ramping up buying green energy and producing some themselves. The use of solar has quadrupled.

Now, understand that a great advantage of wind and particularly solar is that their consumption of the output takes place very close to where it is produced. There is no need for long distance power transmission line and solar electricity from my rooftop panel is consumed on site.

So not only has overall demand for electricity flattened out but also new sources of supply in the Baltimore Washington market area are growing rapidly. We are told that the existing long-distance power lines are currently greatly under utilized. We know also that a recent study has shown that power companies have greatly over spent for new power lines, principally because the contracts are handed to individual companies without going through the process of competitive bidding. That study showed that only 2% of new power lines were put out for bid. The Brattle Study estimated that $8 billion could have been saved thru competition.

So, it seems to me that building a new power line from here to the Baltimore Washington area is like building a factory to produce buggy whips about the same time that the new technology of automobiles and trucks was making the horse and buggy obsolete.

It is not always easy to see the future. But in this case some things are abundantly clear. Wind and Solar Power will continue to ramp up at an accelerating pace – that power will be generated close to the

market –and long-distance power lines will become a relic of the past.

If this Commission sees fit to close this project, which is what I strongly recommend, there is no need to feel sorry for Transource. They have a contract with FERC (The Federal Energy Regulatory Commision) which "even if the project fails, FERC will reimburse Transource for all expenses (including legal expenses which is being run up as we speak) plus a 10% profit.

To me, that is outrageous. The Citizens of PA will, at the very minimum will have a considerable loss of scenic beauty – landowners will have an even more substantial loss depending on how close they are to the power line –and public bodies will have a substantial decrease in tax revenue according to other studies. And landowners don't have a tooth fairy to reimburse their legal expenses.

Electric Power Companies are regulated monopolies. The basic reason for that exulted status is so that we don't have 10 power companies and 10 sets of poles and wires going up and down every street in every town. That same principal should apply to long distance

power lines. We should not have more than one right of way carved out of our beautiful countryside; but take a look around, you will see that power companies don't try too hard to honor that responsibility.

Thank you for allowing me this much time. I could go on and on, but it is very clear that this project has zero redeeming value. The risks and costs are enormous – the savings or return on investment are most likely to be zero or even negative. Monopolies don't have great incentives to economize. Whatever costs they put forward will be folded into the rate structure and passed along to the consumer. That is a good deal for their shareholders; but not so much for the rest of us. Thanks.