APPENDIX 45

Northern Pass Transmission and New Hampshire's Tourism Industry

Northern Pass Transmission and New Hampshire's Tourism Industry

September 2015

NICHOLS TOURISM GROUP
Advisory services for an evolving tourism industry

Northern Pass Transmission and New Hampshire's Tourism Industry

Table of Contents

Northern Pass Transmission and New Hampshire's Tourism Industry

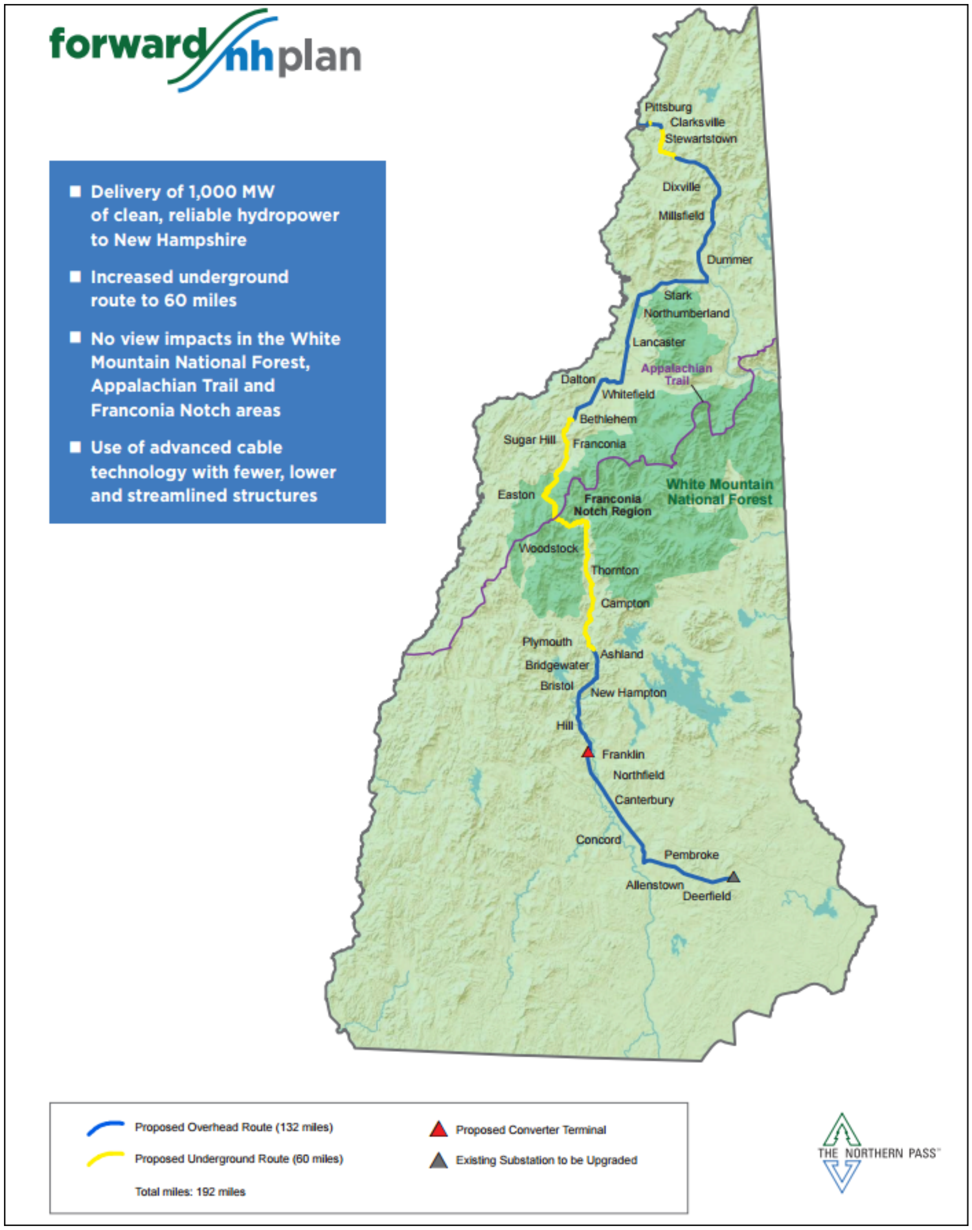
Section 1

Introduction

1.0 Introduction

The purpose of this analysis is to consider, from five different approaches, how the construction and operation of the Northern Pass Transmission Project ("Northern Pass" or the "Project") relates to New Hampshire's tourism industry. [1]

Figure 1-1
Northern Pass Proposed Route



1.1 Project Description

Northern Pass proposes to construct a single circuit ±320 kV direct current (DC) electric transmission line with a 1,090 Megawatts (MW) transfer rating from the international border between New Hampshire and Canada to Franklin, New Hampshire, where it will connect with a 345 kV alternating current (AC) transmission line. The total length of the Project is 192 miles.

The key components of the Project are:

- 60.5 miles of the route are underground. The longest underground segment, approximately 52 miles, begins in Bethlehem, and ends in Bridgewater.
- Northern Pass will utilize an additional 99.5 miles along existing PSNH transmission line corridors where power lines stand today. One segment of PSNH ROW is from Dummer to Lancaster; the second is from Bridgewater to Deerfield.

[1] The analysis in this report was done by Nichols Tourism Group (NTG), with assistance from the National Laboratory of Tourism and eCommerce (NLTeC), which is based at the University of Florida. Mitch Nichols, the principal of NTG led the effort and was assisted by Dr. Daniel Fesenmaier and others from the NLTeC.

- The Project will also build 32 miles of new transportation corridor in the North Country. Twenty-four miles of this segment is located in a large parcel that is actively managed as a working forest; it is also the location of the Granite Reliable Wind Farm and its attendant transmission lines.

In order to maximize the use of existing transmission corridors and to reduce structure heights, approximately 67 miles of existing PSNH 115 kV transmission lines and 18 miles of 34.5 kV distribution line will be relocated within the existing PSNH corridor.

There are 9 "development sites" for the Project: the converter terminal in Franklin where the DC power is converted to AC, upgrades at the existing Deerfield and Scobie Pond (Londonderry) Substations, and construction of 6 small transition stations where the DC line transitions between the above ground and underground placement.

1.2 Report Orientation

The report begins with a general discussion of Nichols Tourism Group's (NTG) 20 years of experience in assisting tourist destinations to strategically plan ways to maximize tourism's contribution to their economy, and how the topic of power lines have been considered in these past efforts. It also mentions the absence of quantitative research on the possible impacts of power lines to tourism demand.

The second study element provides an examination of New Hampshire's tourism industry, providing context as to who the state's tourism visitors are, where they come from, where they go while in the state, what activities and experiences they undertake and what level of expenditures they provide to the state.

A third study element considers thoughts and perspectives of New Hampshire's tourism industry regarding Northern Pass and its potential impacts as expressed during four listening sessions held around the state with leaders in the state's tourism industry.

The fourth study element looks at Bureau of Labor Statistics data to gauge whether there is empirical evidence of possible effects on tourism relating to transmission lines built in New Hampshire and Maine.

The fifth study element relates to a prospective visitor survey. It assesses how the State of New Hampshire is seen by these visitors, what drives their travel decisions and how different destination attributes can influence their choices of travel destinations.

From this analysis, I have reached three main conclusions:

- I do not recall in my 20 years of work on tourism planning work that any concern was raised about the presence of transmission lines and their possible effect on visitor demand. From my analysis of this in New Hampshire, none of the five areas of my analysis suggests a different outcome, either generally or for the Northern Pass Project specifically.

- Visitors come to New Hampshire because of the diversity of visitor experiences the state can provide, its ease of access and its general affordability. The presence, or absence, of transmission lines does not drive their fundamental decision to choose New Hampshire. Even for those New Hampshire visitors who have a negative attitude towards transmission lines, other destination factors are of far greater importance in their fundamental travel decision. While it is imaginable that the presence of power lines may be a factor in travel decisions for a very small number of New Hampshire visitors, it is the overall scale of importance of the variables and the collective mix of destination attributes that influence visitors' choice of destination, and the positive attributes of a destination far outweigh any speculative adverse effects.

- In my opinion, the Northern Pass Project will not affect regional travel demand and it will not have a measurable effect on New Hampshire's tourism industry.

Northern Pass Transmission and New Hampshire's Tourism Industry

Section 2

NTG General Experience

2.0 NTG General Experience

The issue of how Northern Pass relates to New Hampshire's tourism industry can be considered in relation to the long history Mr. Nichols has had in assisting tourism destinations around the country, and his knowledge of the factors that have influenced the expansion or decline of these destinations. This section discusses this background and the factors that have typically been of strategic importance for destinations. It also notes the limited research on the possible impacts of power lines on the tourism industry.

2.1 Key Factors Addressed in Strategic Planning Efforts

NTG has undertaken numerous diverse strategic planning initiatives across the county over the past 20 years. These plans have included state-wide plans for Alaska, Arizona, Delaware, Illinois, Kansas, New Hampshire, Rhode Island and Washington.

Many of these assignments were in destinations with unique physical beauty, such as the red rock region of Sedona, Arizona, Mt. Hood Territory in Oregon, and the white sand beaches of Sarasota, Florida. They have also been done in sensitive heritage destinations, like the Historic Triangle of Virginia which includes Jamestown, Yorktown and Williamsburg, and the historic gold mining towns of Virginia City and Nevada City in Montana.

While encompassing more than 250 assignments, they all address a similar overall goal: to understand how a tourism destination (whether a state, county, city, national or state park, or other dedicated area) can maximize its potential in the increasingly competitive tourism industry.

In the course of this work, tourism destinations recognized several key issues that have a preeminent role in stimulating a visitor's decision on where they will travel. These key factors are:

- **The ease of destination access** - How easy is it to get to the destination and can the destination do things to improve its accessibility? (e.g., highway or airport improvements, toll way charges, rental car opportunities.)

- **The range and diversity of tourism products** - One of the most important factors for a destination is what range of products and experiences exist for a visitor once they arrive at the destination. This is often a key area of focus that destinations consider when working to improve their competitiveness.

- **The level of new tourism products and experiences that have been recently introduced** - For many visitors, it's not only the range of tourism products that is important, but also any fresh and new attractions in a destination that would compel them to come back for another visit.

- **The scale of marketing and public relations initiatives** - A key factor in the competitiveness for most destinations is the funding available to market and connect with prospective visitors. Destinations can overcome challenges or capitalize on opportunities through effective marketing and public relations efforts. Also, in a competitive market, the level of marketing efforts of a destination's competitors also has a direct impact on the level of visitor demand.

- **Recent weather trends and conditions** - Weather conditions at a destination can have very significant impacts on the overall performance of a destination.

- **The overall value for money of the destination** - For many visitors, the cost of a destination experience (including transportation, lodging, food and beverage, attractions, and retail purchases) is a critical factor in their travel decision.

- **The overall brand and identity of a destination** - The overall identity of a destination in a visitor's mind can be of key importance in the fundamental travel decision. Is the destination fun, is it family friendly, does it have a choice of recreational opportunities, etc.?

Never in the prior 20 years of planning work has any concern been raised regarding the presence of power lines and their possible negative influence on visitor demand.

NTG's experience reinforces findings noted in other sections of this report that there are a number of key factors that consistently drive a visitor's decision on where to travel. It is a destination's collective mix of key attributes that, in the aggregate, influence visitor choice.

In order to supplement this actual work experience, an investigation of other academic research efforts related to transmission line development and impacts to the tourism industry was undertaken. Published research from around the world was considered and, while there were some general research of tourism and transmission line routing, no studies were found that provided a quantifiable impact estimate of transmission line development on the tourism industry. This lack of academic research further supports the actual experience of Mr. Nichols working throughout the U.S.

Northern Pass Transmission and New Hampshire's Tourism Industry

Section 3

New Hampshire's Tourism Industry

3.0 New Hampshire's Tourism Industry

This section provides a summary of New Hampshire's tourism industry, its significance in the state's overall economy, and recent trends. Factors such as who the state attracts as visitors, what the visitors do when they come to the state, where they go, and the industry's economic impact are key elements to understand.

3.1 New Hampshire's Tourism Industry Size and Role in Economy

Figure 3-1
New Hampshire Visitor Industry

Visitor Spending

➢ Direct	$ 5.0 billion
➢ Indirect	$ 2.4 billion
➢ Direct/Indirect/Induced	$ 7.8 billion
➢ Total	$15.2 billion

Employment

➢ Direct	74,892
➢ Indirect	15,933
➢ % of Total State Employment	10.2%

Source: Plymouth State University Tourism Satellite Account FY 2014

An analysis was undertaken to evaluate how New Hampshire and its tourism industry has performed in recent years and what factors have been instrumental in these trends. This analysis relied on research from Plymouth State University and its Institute for New Hampshire Studies, the New Hampshire Department of Resources and Economic Development's Division of Travel and Tourism Development, and national entities like the U. S. Travel Association.

Tourism is a very important industry cluster for New Hampshire. During fiscal year 2014, visitors to the state spent $5.0 billion on direct tourism-related expenditures.

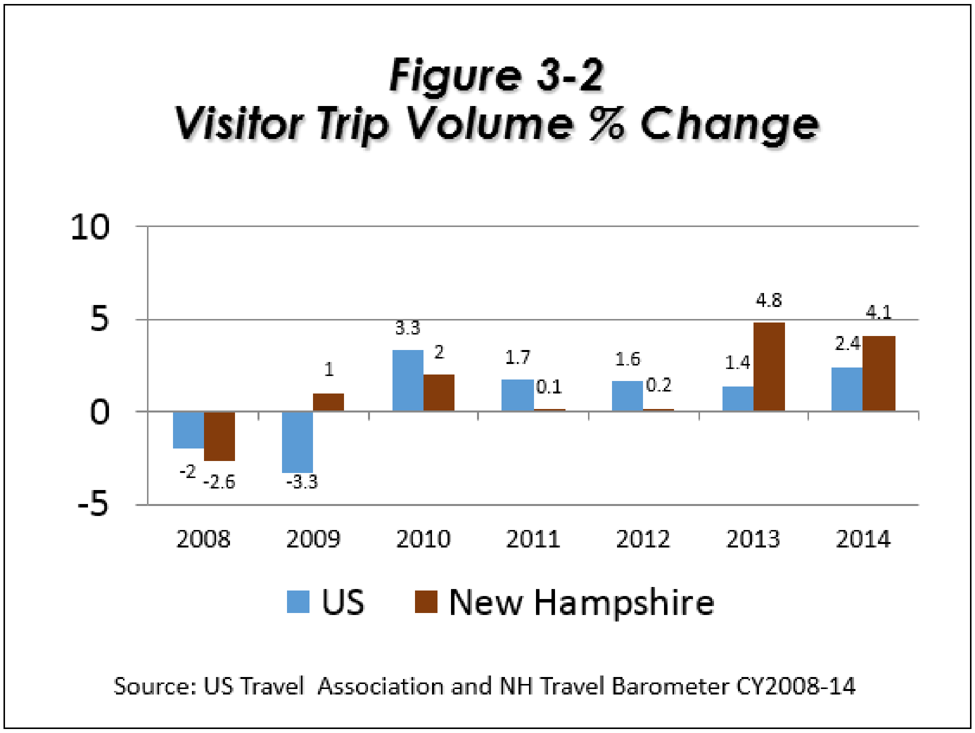
Indirect and induced impacts also occur as a result of these direct visitor expenditures. These indirect impacts result from the businesses and suppliers of the visitor industry purchasing goods and services and hiring workers to meet demand. Induced impacts result from the employees of these businesses purchasing goods and services at a household level. When the indirect and induced impacts of these expenditures are also considered, a total of $15.2 billion of spending is estimated to have been generated by these visitors.

This direct spending supported almost 75,000 full and part-time jobs in the state. When indirect employment is also considered, an additional 16,000 jobs are supported, resulting in the tourism industry supporting 10.2 percent of the state's total employment.

Plymouth State University produces a "Travel Barometer" four times a year that provides information on travel volume, employment changes, and other visitation-related indicators.

Like the nation overall, New Hampshire experienced declining trends in visitor trip volume as the nation moved into recessionary times during 2008. During that year, the state's visitor volume declined by 2.6 percent - slightly more than the nation overall.

New Hampshire had an earlier recovery than the rest of the country that began in 2009 - a period in which the overall national tourism industry was still experiencing declining trends. While growing again in 2010, New Hampshire was generally stagnant in terms of new visitor growth in both 2011 and 2012.



Plymouth State University cited factors such as weather, increasing gasoline prices, declining automobile traffic, a reduction in skiers and boarders, and a reduction in the number of out-of-state snowmobile registrations for the state's flat performance. In their annual review, Plymouth State points to these and other key travel-related factors as the cause of increasing or decreasing trends in the state's tourism industry performance.

Performance improved in 2013 and 2014, exceeding national norms. Much of the improvements in 2013 was attributed to a strong winter season, with a 75 percent increase in the number of days with snowcover, a corresponding 11 percent increase in ski area attendance, and a 9 percent increase in snowmobile registrations. Gas prices were also down on average for the year. Again, there is no mention in the university's analysis that the presence, or lack of presence, of power lines or other major infrastructure is having any impact to the state's travel industry.

3.2 Seasonality and Geographic Dispersion

The summer months are the most important overall for the state's tourism businesses. A total of 41 percent of the visitor trips occur in these months, followed by the fall, spring and winter at 22, 19 and 19 percent, respectively.

New Hampshire's Division of Travel and Tourism Development breaks the state into seven geographic travel regions as depicted in Figure 3-4

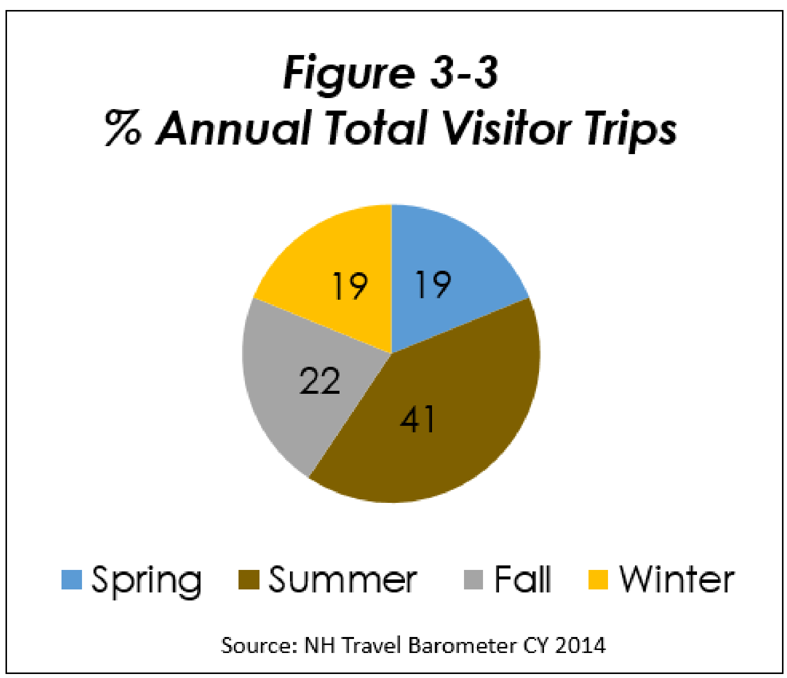


Figure 3-4
Travel Regions

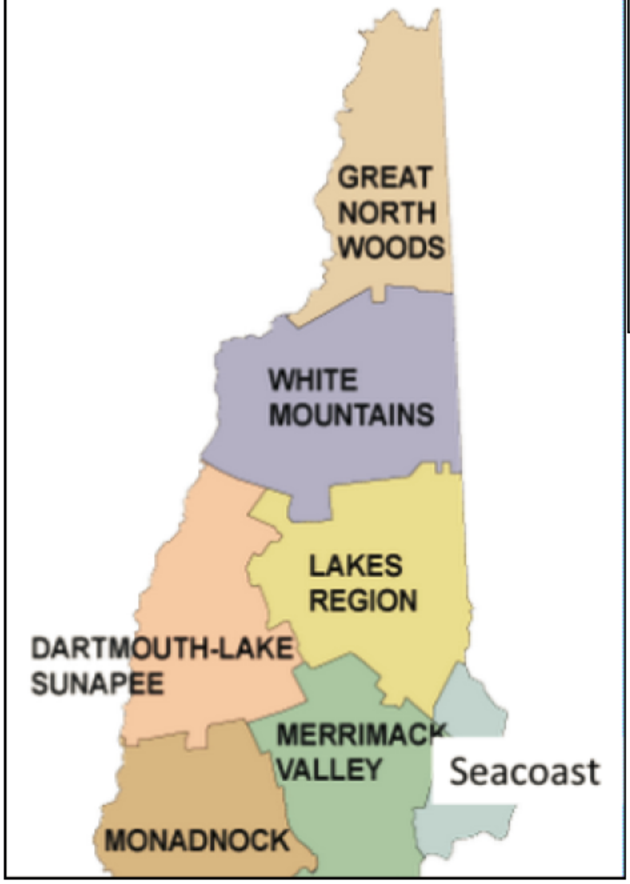


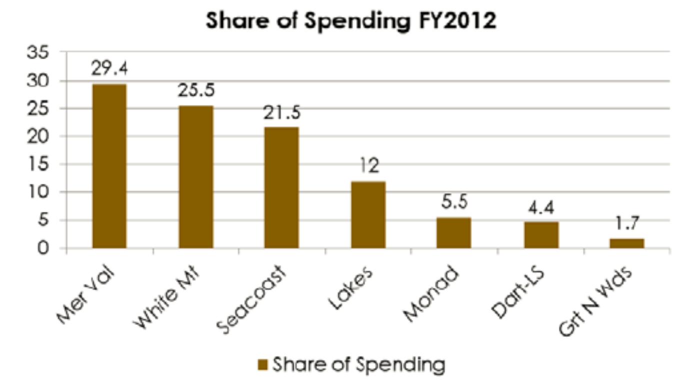
Table 3-1

New Hampshire Traveler Spending FY 2014 ($ millions)

Great North Woods	83
White Mountains	1264
Lakes Region	593
Dartmouth-Lake Sunapee	220
Monadnock	272
Merrimack Valley	1456
Seacoast	1064
Total	**4950**

Source: Tourism Satellite Account FY2014

Figure 3-5
Geographic Share of Spending



Source: Tourism Satellite Account FY2014

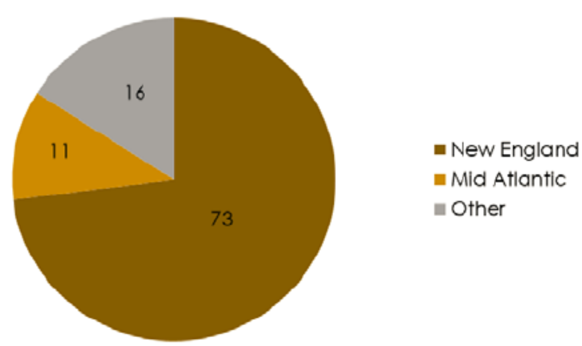
Table 3-1 reflects the level of visitor spending in these seven regions in FY 2014. As noted in Figure 3-5, the Merrimack Valley region attracted the largest share of visitor spending at just below 30 percent and the Great North Woods region accounted for the smallest at 1.7 percent.

3.3 Source of Travelers and Purpose of Travel [1]

Most of the visitors who choose New Hampshire as a destination travel from other New England states – almost 75 percent of all travelers come from this region. Travel to New Hampshire is largely driven by this proximity and the diversity of things to do in the state.

In-state New Hampshire residents make up 13 percent of the state's visitation,

Figure 3-6
Geographic Source of Visitation



Source: TNS Summer, Spring and Winter Visitor Profile Combination of FY2010 and 11 while the three large mid-Atlantic states of New York, New Jersey and Pennsylvania generate another 11 percent.

The most prominent reason travelers chose New Hampshire as a travel destination was to visit friends and relatives. This was followed by other general pleasure reasons, like shopping, dining, going to a themed attraction, or taking in a historic site or museum. Outdoor recreation was cited by 15 percent of travelers, another 14 percent came for general entertainment and sightseeing purposes, and 11 percent came for business or other reasons. [2]

Table 3-2
Purpose of Visit

Purpose	Percent of Travelers
Visit friends/relatives	40
Other pleasure	20
Outdoor recreation	15
Entertainment / Sightseeing	14
Business /other	11
Total	100

Source: TNS Summer Visitor Profile Combination of FY2012 and 13

3.4 New Hampshire's Marketing Resources

An important factor in New Hampshire's ability to compete in New England's competitive tourism market is the resources its state tourism agency has to promote and engage prospective visitors.

New Hampshire's budget for its Division of Travel and Tourism Development has been about $6.8 million for a number of years. While this is a significant amount, other regional competitors have budgets that are 30 to 100 percent higher than New Hampshire's. [3]

These marketing resources and the ability to connect with prospective visitors are oftentimes a critical factor in the ability of a state to gain or lose market share.

3.5 Summary of Key Points

- The tourism industry in New Hampshire is large and provides both new spending to the state, as well as support for 10 percent of the state's employment base.

- New Hampshire's tourism industry has experienced varying performance over the years. When explaining factors influencing tourism demand, Plymouth State University points to factors such as weather, increasing gasoline prices, declining automobile traffic, and a reduction in skiers and boarders. The existence of large infrastructure projects like power lines is not noted in these industry evaluations.

- The mix of research findings related to seasonality of visitation, dispersion of visitor spending, source of visitation, reason for visit and state marketing resources provides insight as to the composition and orientation of this industry sector.

[2] The Division of Travel and Tourism Development uses nationally recognized TNS Global Market Research and its *TravelsAmerica* research program to develop information on travelers to New Hampshire.

[3] 2014 state budget review by NTG

Northern Pass Transmission and New Hampshire's Tourism Industry

Section 4

Tourism Industry Interviews

4.0 Input From New Hampshire Tourism Industry

In order to supplement other areas of our analysis, we also considered the perspectives of New Hampshire tourism industry representatives from different parts of the State. Participants from four different listening sessions were selected, with assistance from the New Hampshire Travel Council. A broad mix of input from both a geographic and business perspective was obtained, focusing on their views on tourism issues in general, and any potential relationship between tourism and Northern Pass.

4.1 Top Factors Influencing New Hampshire Tourism Industry

Participants indicated there are a number of factors that have influenced past tourism performance in New Hampshire including weather, the economy, gas prices, exchange rates for Canadian visitors, general consumer attitudes, changing interests of the younger generation, product diversification, length of season and a decline in other economic sectors. No one suggested that large infrastructure projects had been a top factor influencing the State's travel industry.

4.2 Consideration of Large Existing Infrastructure

Participants generally believed existing large infrastructure had not impacted New Hampshire tourism in the past, with some noting that their guests rarely, if ever, raise the topic. Several participants noted that these facilities were generally accepted by today's travelers and they were not a key factor in decisions on where to travel. One participant noted that these types of projects are "invisible to 99 per-cent of guests." Some participants noted that infrastructure, like wind turbines, are sometimes perceived negatively, but they did not link those negative perceptions to specific travel decisions. Some participants noted that hunters, snowmobilers and ATV enthusiasts believe that transmission line rights-of-way can enhance their recreational experiences, particularly if the associated trails are effectively maintained and well-marked. Several participants suggested that New Hampshire residents generally dislike change, but that once infrastructure has been in place for a period of time, they become accustomed to it.

4.3 Familiarity with Northern Pass

Most participants noted that they were aware of, and generally understood the Northern Pass project, and that their primary source of information had been the media. There were a few references to chambers of commerce communications, Northern Pass newsletters and various open house presentations. Often, there were differences noted in that communication in the northern part of the state was perceived as primarily negative, while it was seen as more balanced or positive elsewhere.

4.4 Potential Relationship Between Northern Pass and Tourism

Participants offered a diverse array of comments. All responses, however, were more qualitative in nature, coming from a "gut feeling." None of the respondents provided any specific foundation for their views.

Participants expressed some concerns, although they suggested that the long development process and associated negative attention helped create most negative perceptions associated with the Project. Several participants wondered whether the Project might affect visitors' perception of the State and, in turn, affect travel activity. For example, they speculated as to whether some visitors might boycott the state to express their disapproval of the project. When asked about the allegation that Northern Pass could have "devastating" impacts to the state's tourism industry, while many were aware of the characterization, no one knew of any specifics that could support such a contention.

Participants also observed that the Project had the potential to provide benefits for New Hampshire tourism. Most of the comments on this centered on the role the project could play in ensuring a source of consistent, affordable energy for the State and how this would favorably affect tourism businesses. Several observers were optimistic about the construction-related near-term benefits that might arise with their lodging, food, beverage and recreation businesses. Participants from the northern New Hampshire believe access to new right-of-way corridors would be beneficial to the hunting, ATV, snowmobile and mountain bike communities.

4.5 Approaches the Project Could Employ to Positively Impact Tourism

Participants offered several observations about how Northern Pass could partner with the New Hampshire tourism industry to help enhance travel and recreation opportunities.

Many comments focused on the fact that financial resources are limited in many regions of the state and that cooperative marketing initiatives to create more positive images for prospective visitors would be a welcome step.

Some believed the State's history and heritage with respect to water resources could be used in conjunction with Northern Pass to craft stories around these themes. New exhibits could also be developed in area visitor centers to reinforce this theme. These marketing efforts could also be focused on in-state residents in an effort promote the benefits of traveling in-state.

A number of participants also reinforced previous comments about using the right-of-way for recreational purposes and potentially providing resources to help maintain trails. A stronger connection with the New Hampshire Travel Council was also noted as a way to help stimulate ideas on how the project could be seen more as an ally to the tourism industry.

4.6 Summary of Key Points

Participants indicated that the key factors influencing performance in New Hampshire's tourism industry included factors such as the economy, weather, the range of available activities, and value for money. Large infrastructure projects, like power lines, were not noted as a relevant factor in past tourism performance.

Opinions regarding the potential future impacts of the Northern Pass Project on tourism varied. While some concerns were expressed in regards to New Hampshire losing its image as a beautiful state and tourism attraction power, no one offered an empirical basis supporting those concerns. Some respondents also saw opportunities for the Project to partner with various entities to help enhance tourism opportunities.

Northern Pass Transmission and New Hampshire's Tourism Industry

Section 5

Actual Transmission Line Impacts

5.0 Actual Experience With Similar Existing Transmission Projects

Another approach to considering possible impacts on tourism industry performance during construction and operation of the Northern Pass is to look at similar transmission projects that have been developed in the region.

In this analysis, the actual performance of tourism-related businesses as measured by the number of businesses and employees was considered. The two similar projects that were analyzed are the so-called Phase II line in New Hampshire (originally built by N.E. Hydro and now owned by National Grid) and the Maine Power Reliability Program.

To evaluate impacts from development of these transmission lines, historic tourism-related employment data was secured from the U.S. Bureau of Labor Statistics (BLS.) The BLS is an independent national statistical agency that collects, processes, analyzes, and disseminates statistical data to the public, the U.S. Congress, other federal agencies, state and local governments, business, and labor. The BLS also serves as a statistical resource to the Department of Labor.

As part of its data gathering process, the BLS tracks the number of business establishments, their number of employees and the level of wages on a quarterly basis. These establishments also report their Standard Industrial Classifications (SIC) codes that reflect their primary area of business. Developed in the 1930s, the Standard Industrial Classification (SIC) code is a 4-digit scheme that organizes 1,004 industries, with approximately 400 of these being services. Through this historical database, the number of establishments and their associated employee base can be tracked and evaluated.

The SIC Manual defines the following codes as various aspects of the tourism industry:

Hotels and Motels	7011, 7041
Eating and Drinking Places	5810
Recreational Vehicle Parks and Camp Sites	7033
Sporting and Recreational Camps	7032
Tour Operators	4725
Passenger Transportation Arrangement	4729

5.1 The Phase II Line in New Hampshire

A previous large transmission line project, the Phase II Line, was constructed in the late 1980s. The Phase II Line is a 450kV line that runs from the northern portions of the state near Littleton, south to Hudson. The line is located in Grafton, Merrimack and Hillsborough counties. The Phase II Line was approved in mid-1985, with construction occurring in the late 1980s. It was placed in service in mid-1990.

Given the previously noted construction period, the number of tourism-related establishments and employees within tourism-related SIC codes were aggregated for the 10 year period 1985 through 1995. Information was analyzed for both the counties in which transmission line development occurred, as well as those in which no new lines were developed. This data series thus allows for an evaluation of impacts during construction, as well as for a five-year period following completion.

As shown in Table 5-1, the number of tourism-related establishments in counties where the new Phase II transmission line was developed (Grafton, Merrimack and Hillsborough) grew at an average rate of 4.5 percent between 1986 and 1990. This expansion continued at a 2.8 percent rate during 1991 through1995, for an overall rate of 3.7 percent for the ten-year period. By comparison, the six other New Hampshire counties in which no new transmission line development occurred actually grew at lower average rates for both time periods.

Table 5-1

Average Annual Change in Number of Establishments

Years	Phase II Line Counties	All Other Counties
1986-1990	4.5%	1.5%
1991-1995	2.8%	2.7%
1986-1995	3.7%	2.1%

Average Annual Change in Number of Employees

Years	Phase II Line Counties	All Other Counties
1985-1990	1.3%	3.0%
1991-1995	2.3%	2.0%
1985-1995	1.8%	2.5%

Source: NTG and NLTeC based on BLS

The number of tourism- related employees also grew during this period. The Phase II Line counties grew at an average 1.3 percent annual rate during 1985-1990 and 2.3 percent between 1991 and 1995 for an overall 1.8 percent growth for the 10-year period. Non-Phase II counties grew at a somewhat faster rate during 1985 to 1990, but slower during 1991-1995, for a 10 -year average of 2.5 percent.

5.2 Maine Power Reliability Program

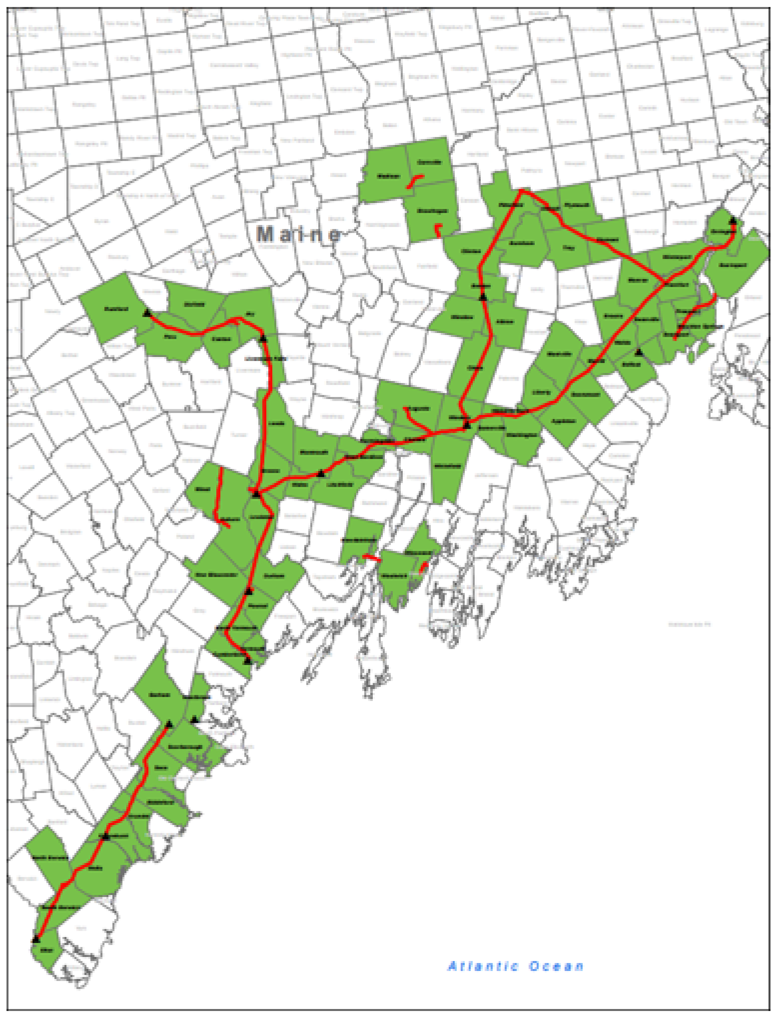
The Maine Power Reliability Program (MPRP) is a more recent example of the development of a large transmission system and impacts to the tourism industry. The MPRP is a $1.4 billion investment in Maine's bulk transmission system and includes the installation or rebuilding of 440 miles of 345 kV and 115 kV transmission lines in multiple counties. As depicted in Figure 5-1, the main backbone of the system is a new 345kV line, which runs from Orrignton, located approximately 15 miles south of Bangor, to Eliot, near the

New Hampshire border.

Construction began in the fall of 2010 and is anticipated to be completed in 2015. While portions of the project are located in a variety of counties, five account for the majority of the right of way area:

- Waldo County,
- Kennebec County,
- Androscoggin County,
- Cumberland County,
- York County.

Figure 5-1
Maine Power Reliability Project



Similar to the analysis undertaken in New Hampshire, the number of tourism-related establishments and employees were again analyzed using the U.S. Bureau of Labor Statistics data. Growth trends were considered from 2008, two years prior to the start of construction when active planning would have been underway, to 2013, the most recent year of data.

The number of tourism-related establishments grew by 2.1 percent between 2008 and 2013 within the five primary MPRP counties. By comparison, counties seeing little or no impact from the project actually saw a slight decrease in the number of tourism establishments over this time period, with a –.9 percent reduction.

Similar trends were seen for the number of tourism-related employees. In the five primary counties, the number of tourism-related employees grew by 5.5 percent - a level more than 40 percent higher than that of the counties with little or no transmission line development.

Table 5-2

Average Annual Change in Number of Establishments

Years	MPRP Counties	All Other Counties
2008-2013	2.1%	-.9%

Average Annual Change in Number of Employees

Years	MPRP Counties	All Other Counties
2008-2013	5.5%	3.9%

Source: NTG and NLTeC based on BLS

5.3 Summary of Key Points

- This analysis indicates that the development of the Phase II Line and the Maine Reliability Program did not cause a reduction in the number of tourism-related establishments and jobs.
- The actual experience from both projects in the two states indicates that both during and after construction of large power line projects, tourism industry establishments and employees continued to expand and grow.

Northern Pass Transmission and New Hampshire's Tourism Industry

Section 6

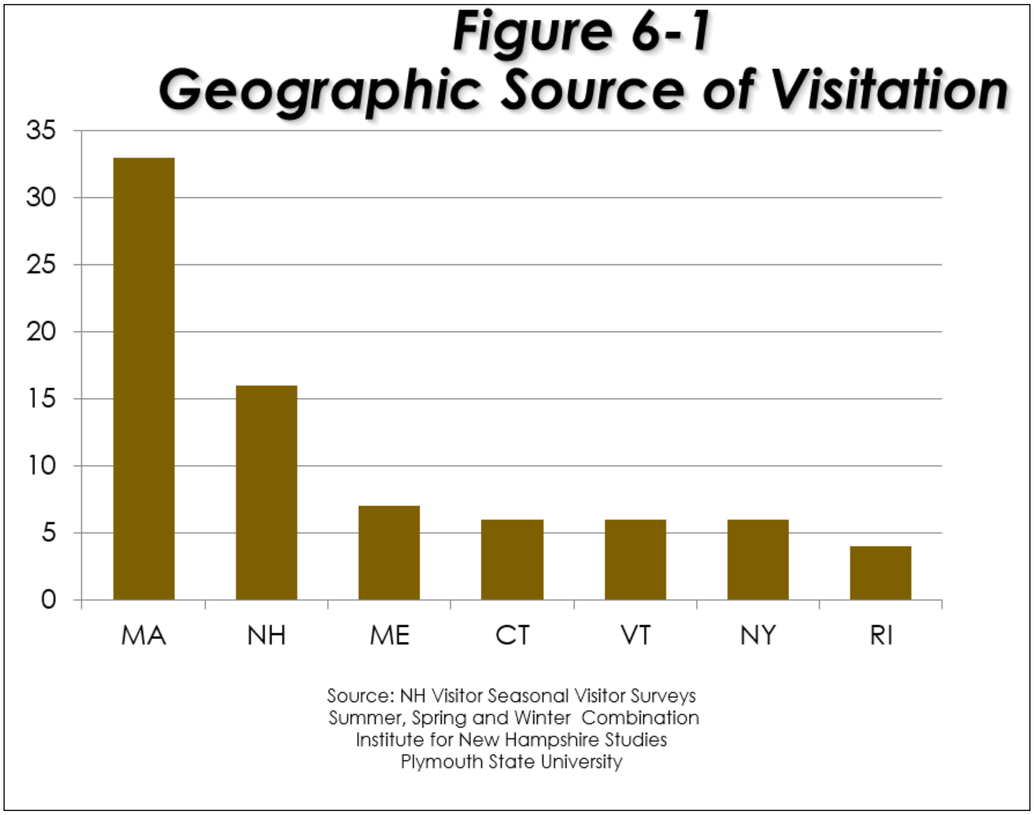
Factors Influencing Visitor Demand

6.0 Factors Influencing Visitor Demand—Prospective Visitor Survey

To develop a better understanding of the attitudes of prospective New Hampshire visitors towards the state and what factors are driving their travel decision, an electronic survey was done in key markets that generate visitor demand for the state.

The source of visitation to New Hampshire was developed from seasonal visitor surveys developed for the New Hampshire Division of Travel and Tourism Development by the Institute for New Hampshire Studies at Plymouth State University. An average of findings from their summer, spring and winter surveys was developed to provide a general estimate of where most of the state's visitors are coming from.

As shown in the adjoining chart, Massachusetts and New Hampshire generate approximately half of all the state's visitors. Those two states are followed by Maine, Connecticut, Vermont, New York and Rhode Island.



As these states are the key feeder markets for New Hampshire and represent approximately 80 percent of visitation to the state, a sample of respondents was developed in conjunction with Survey Sampling International (SSI) that provided a random mix of prospective visitors from these states. SSI is one of the world's leading research firms providing sampling, data collection and data analytic solutions for both consumer and business applications. Over 3,000 companies worldwide utilize its capabilities.

A survey instrument was developed in conjunction with the National Laboratory of Tourism and eCommerce. The survey was distributed electronically in September of 2014, and a total of 456 surveys were completed. This level of completed surveys provides overall survey findings with a margin of error of less than 5 percent at a 95 percent confidence interval.

6.1 Key Survey Findings

Survey Respondents Know New Hampshire

Survey respondents were active Northeast travelers, with 90 percent traveling as a visitor in the region during the past 3 years and 77 percent agreeing or strongly agreeing that they would say they traveled a "great deal" in the Northeast region.

While not as large a segment, 44 percent agreed or strongly agreed that they had traveled a "great deal" throughout the U.S. These respondents are thus active travelers, who are very familiar with travel destinations in the Northeast.

When asked which of seven northeastern states they have visited, New Hampshire fared second, behind Massachusetts. New Hampshire was also the state respondents cited as the second most likely destination respondents would take a trip within the next year.

In regards to the respondent's familiarity with New Hampshire, the state was again the second most frequently cited as either very or somewhat familiar with. A similar trend was noted when they were asked how attractive they saw the various states. New Hampshire was rated highly, just behind Maine and above Vermont.

The respondents are thus not only well traveled within the Northeast region, but many have also experienced New Hampshire, with most either visiting the state in the past or planning to visit in the near future. They are also very familiar with the state and overall find the state attractive and well positioned with other Northeastern states.

Table 6-1
Visitation and Familiarity

State	Have Visited in Last 3 Years	Plan to Visit Next Year
ME	63%	52%
VT	49%	42%
NH	74%	58%
MA	83%	63%
CT	56%	41%
RI	43%	37%
NY	61%	49%

State	Very of Somewhat Familiar	Very or Somewhat Attractive
ME	74%	93%
VT	66%	85%
NH	84%	89%
MA	90%	82%
CT	69%	67%
RI	58%	70%
NY	70%	79%

New Hampshire Ranks High on "Comfortable" Attributes—But Faces Strong Competition From Maine and Vermont

Much of a traveler's decision on where they chose to travel is based on their general attitudes about a state and the "feelings" they associate with the destination. When respondents were asked to note which states they associate various feelings with, New Hampshire was not cited as number one for any, but ranked second or third with the feelings that could be generally referred to as reflective of a "comfortable" destination. Feelings such as relaxing, friendly, fun, beautiful, peaceful, quaint and charming were the strongest ratings for New Hampshire. At the other end of the ranking, they were least associated with the feelings of surprising, hip and luxurious.

In addition to the rankings , Table 6-2 also presents a "NH Variance From #1," which provides an understanding of how much of a variance between the state most associated with a feeling and the number associating that feeling with New Hampshire. As shown, while New Hampshire was ranked second on both relaxing and friendly, the number associating New Hampshire as "relaxing" was 48 percent below the number for Maine. While also ranked second behind Maine, New Hampshire was only 23 percent below when the feeling of "friendly" was considered.

The competitive challenge facing New Hampshire is clear in that while ranking second or third on a variety of feelings, 40 to 50 percent more cited Maine or Vermont on a number of these feelings.

What Drives Visitors to Choose New Hampshire

Respondents were also asked to rate destination attributes related to their choosing to visit a New Hampshire destination. As noted in the Table 6-3, several attributes were consistently ranked as essential or very important by large numbers of potential visitors.

Similar to both the factors cited by Plymouth State University and by participants in the industry interviews, economics and the range of quality destination products are key factors in a visitor's decision. Value for the money was the top ranked factor, followed by a broad range of things to do, a great range of recreational amenities, and a great mix of dining and shopping options. These factors were consistently noted by approximately one-half to two-thirds of all respondents.

The importance of convenience was also clearly noted, as approximately one-third

Table 6-2
"Feeling" Association

Destination Feeling	State Ranked #1	State Ranked #2	NH Rank	NH Variance From #1
Relaxing	ME	NH	2	-48%
Friendly	ME	NH	2	-23%
Fun	NY	MA	3	-38%
Beautiful	ME	VT	3	-25%
Peaceful	ME	VT	3	-51%
Quaint	VT	ME	3	-54%
Charming	VT	ME	3	-40%
Boring	CT	RI	4	-41%
Romantic	VT	ME	4	-52%
Cultural	NY	MA	4	-87%
Diverse	NY	MA	4	-90%
Surprising	NY	MA	5	-43%
Hip	NY	MA	5	-91%
Luxurious	NY	CT	5	-86%
Sophisticated	NY	MA	6	-92%

Table 6-3
Key Destination Attributes

Destination Attribute	Essential or Very Important Benefit
Value For Money	64%
Broad Range of Things To Do	63%
Great Recreational Amenities	51%
Great Shopping/Dining	47%
Good Cell Phone Reception	37%
Easy Access or Close To Home	33%
Access to Broadband Service	31%
Destination Has Little Commercialization	30%
Familiar With Destination	27%
Never Seen Before	25%
Visible Cell Phone Towers in Areas	12%
Presence of Wind Turbines in Areas	9%
Visible Power Lines in Areas	9%
See Commercial or Industrial From Highway	7%
Possible Traffic Delays	6%

noted that good cell phone reception, easy access or close proximity to home, and access to broadband service were essential or very important benefits.

A smaller percentage (31 percent) desired a destination with limited commercialization, and about the same percentage wanted either a destination with which they were familiar, or one they had never seen before.

A small percentage (generally less than 10 percent) saw factors indicating a developed destination, such as the presence of commercialization, cell towers, power lines or wind turbines, or possible traffic delays as a benefit.

Table 6-4
Destination Barriers

Destination Attribute	Critical or Very Important Barrier
Possible Traffic Delays	19%
See Commercial or Industrial From Highway	17%
Presence of Wind Turbines in Areas	12%
Visible Power Lines in Areas	10%
Visible Cell Phone Towers in Areas	9%

A number of the destination attributes were also noted as critical or very important barriers in choice of destinations. Being stuck in traffic and seeing commercial or industrial development from the highways were barriers for the largest number of potential visitors. The presence of large infrastructure projects, like wind turbines, power lines and cell phone towers, was noted by a smaller number of respondents as potential barriers to choosing a destination.

While these barriers were noted, it is important to recognize it is the overall scale of importance of the variables and the collective mix of destination attributes that influence most visitors' choice of destination. The importance of many of the other attributes are cited at levels 3 to 6 times more frequently than power lines. When a New Hampshire destination can demonstrate its ability to provide a great range of things to do, good value for the money, convenient access, and a variety of shopping and dining options, the collective power of the destination far outweighs concerns regarding power lines. And, as noted throughout the analysis, it is these other more powerful attributes that influence a traveler's choice of destinations.

6.2 Summary of Key Points

- By selecting geographic areas that provide the bulk of visitation to New Hampshire for the sample, answers to survey questions are very reflective of likely visitor attitudes and impressions of the state, as well as factors that could be expected to influence their travel decisions.

- New Hampshire rates high in prospective visitors' minds on a variety of "comfortable" -related feelings. While rating high, competitors like Maine and Vermont often are rated even higher and pose strong competition for New Hampshire.

- Findings from the survey reinforce a key point noted in other portions of this report: the range of products and experiences offered by a destination, its value for the money, the range of recreational amenities and access to a diverse mix of dining and shopping options are key visitor decision factors. Other factors, such as ease of access and cellphone or broadband availability, also play important roles.

- While factors such as power lines, wind turbines and traffic delays were noted as barriers, other more powerful destination benefits were noted at levels three to six times more often by respondents.

- There are barriers noted by respondents, but it is important to recognize it is the overall scale of importance of the variables and the collective mix of destination attributes that influence most visitors' choice of destination.

Northern Pass Transmission and New Hampshire's Tourism Industry

Section 7

Conclusions

7.0 Conclusions

This report utilized five analysis areas to evaluate the potential effects of the Northern Pass Project on New Hampshire's tourism industry.

NTG's experience is consistent with findings noted in other sections of this report that there are a number of key factors that consistently drive a visitor's decision on where to travel. It is a destination's collective mix of key attributes that, in aggregate, influence visitor choice. As previously stated, never in over 20 years of planning work, has any concern been raised regarding the presence of power lines and the possible negative influence on visitor demand. While general in nature, the absolute absence of this factor in past consulting assignments and academic analysis points to the fact that the other previously noted factors play a much greater role in visitor's travel decisions, and that destinations are focused on addressing these issues - not the presence of power lines.

The tourism industry in New Hampshire is a significant industry sector in the state and has fluctuated over the years. A variety of key influencing factors have consistently been noted by representatives of Plymouth State University as impacting shifts in visitor demand. Large infrastructure projects, like power lines, have never been noted in these explanations. A variety of industry statistics provide insight as to who New Hampshire visitors are, why they come to the state and where they go during their stay.

Input from a broad mix of industry representatives was considered through a series of listening sessions. Participants noted a mix of factors influencing visitor demand that was similar to those noted by Plymouth State University, and again, power lines were not identified as a factor influencing past performance. While some expressed concern about future potential impacts of the Northern Pass Project, none could provide any empirical basis for these concerns. These interviews reinforced the point that attitudes regarding potential impacts regarding Northern Pass are often influenced by perceptions, rather than facts. Some respondents noted ways in which Northern Pass could be beneficial to the industry.

A study of existing power line projects in New Hampshire and Maine indicates that the number of tourism establishments and employees increased both during construction and after construction was completed. Additionally, this typically occurred at rates above that experienced in other areas of the state in which no transmission line construction occurred. Thus, there is no indication that the construction and operation of new transmission lines had any negative effect on tourism in the counties where the two projects were located.

A survey of prospective visitors from key feeder markets to New Hampshire reinforces the position that key visitor decision factors include the range of products and experiences offered by a destination, its value for the money, the range of recreational amenities, and access to a diverse mix of dining and shopping options. Other factors, such as ease of access and cellphone or broadband availability, also play important roles. While factors such as power lines, wind turbines and traffic delays were noted as barriers, the destination benefits were noted up to six times more often. The overall scale of importance of the variables and the collective mix of destination attributes are what influence most visitors' choice of destination.

Considering results of this analysis, three main conclusions have been determined:

- I do not recall in my 20 years of work on tourism planning work that any concern was raised about the presence of transmission lines and their possible effect on visitor demand. From my analysis of this in New Hampshire, none of the five areas of my analysis suggests a different outcome, either generally or for the Northern Pass Project specifically.

- Visitors come to New Hampshire because of the diversity of visitor experiences the state can provide, its ease of access and its general affordability. The presence, or absence, of transmission lines does not drive their fundamental decision to choose New Hampshire. Even for those New Hampshire visitors who have a negative attitude towards transmission lines, other destination factors are of far greater importance in their fundamental travel decision. While it is imaginable that the presence of power lines may be a factor in travel decisions for a very small number of New Hampshire visitors, it is the overall scale of importance of the variables and the collective mix of destination attributes that influence visitors' choice of destination, and the positive attributes of a destination far outweigh any speculative adverse effects.

- In my opinion, the Northern Pass Project will not affect regional travel demand and it will not have a measurable effect on New Hampshire's tourism industry.