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State of Maine
Department of the Attorney General

PETROLEUM MARKET SHARE ACT

REPORT OF THE ATTORNEY GENERAL TO THE MAINE LEGISLATURE PURSUANT TO 10 M.R.S.A. § 1677

FOR THE COMBINED REPORTING PERIODS 1994-95 & 1995-96

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January 27, 1997

State of Maine
Department of the Attorney General

**ANNUAL REPORT OF THE ATTORNEY GENERAL
TO THE MAINE LEGISLATURE
PURSUANT TO 10 M.R.S.A. § 1677**

January 27, 1997

I. EXECUTIVE SUMMARY

This Report is provided by the Attorney General to the Legislature pursuant to Maine's Petroleum Market Share Act ("PMSA"), 10 M.R.S.A. §§ 1671 -1682. The Report represents a view of competition in retail petroleum markets in Maine at the midpoint of calendar year 1996. It is based on data reported to the Attorney General by petroleum wholesalers in accordance with the requirements of the statute. Retail petroleum markets, whether for home heating oil ("HHO") or gasoline ("MFO"), are local markets. The data reported enable the Attorney General to determine how many competitors are active in each of these markets, and what market share each competitor has.

The PMSA has become a linchpin of the Attorney General's antitrust enforcement effort in petroleum markets. Simply put, the ready availability of accurate data means that the Attorney General can determine, rapidly and efficiently, whether a proposed petroleum merger or acquisition will violate antitrust law. Similarly, the data enables the Attorney General to reliably inform the Legislature concerning competitive trends, i.e., whether the level of competition in a given market is increasing or decreasing.

This Report shows that, in mid-1996, Maine's retail HHO markets were in general relatively concentrated. This means that levels of competition within these markets were generally low. The most concentrated, least competitive, markets were those along Maine's southern and western borders, those in the midcoast region, and those southeast, northwest and north of Bangor. A single refiner held significant market share in nine of thirty-three markets.

In terms of trends in HHO markets, the implications are unclear. Viewed from a statewide perspective, the impression would be one of stability in overall levels of competition. Median and average levels of concentration have been stable across four reporting periods, 1992-1996. Of the thirty-three markets, twenty-four have exhibited varying degrees of stability; four have moved consistently toward greater concentration; four others have shown a trend toward deconcentration; while in a single market a marked trend toward concentration was dramatically reversed in the most recent reporting period.

With respect to MFO, the Report portrays relative overall stability over the two reporting periods addressed in this report. Of sixteen markets, fourteen remained relatively stable, one exhibited a trend toward concentration, and one showed movement toward deconcentration. A single refiner remained dominant in seven of Maine's counties.

The relatively high levels of concentration (and low levels of competition) in some markets do not necessarily mean that Maine consumers are currently being forced to pay higher prices for product than their counterparts in other states. While a trend toward increased concentration (and reduced competition) is likely to lead to higher prices in the longer term, the near term effect can, paradoxically, be to force prices down, as players with market power exert economic muscle in an effort to squeeze smaller competitors out of the market. Referred to as "predatory pricing", this scenario illustrates why increasing concentration in a given market will be a legitimate concern even when it is not immediately accompanied by higher prices.

The PMSA is scheduled for sunset on September 1, 2000. The statute represents an essential early warning system, capable of alerting the Attorney General and the Legislature to the need for enforcement action, or for legislation to address the unique problems which could arise in Maine's petroleum markets in the years ahead.

II. INTRODUCTION

The central purpose of Maine's Petroleum Market Share Act ("PMSA"), 10 M.R.S.A. §§ 1671 -1682, is to provide the Attorney General with the ability to monitor levels of concentration in Maine's retail petroleum markets on a current basis. The perception that this monitoring function was both advisable and necessary arose out of a concern that a refiner or refiners could use the advantage conferred by vertical integration[1] to stake out a dominant position in Maine's retail petroleum markets, whether by a program of acquisitions, or otherwise. Indeed, the PMSA was adopted as a moderate alternative to so-called "divorcement" legislation,

1 A vertically integrated refiner enjoys two principal advantages over nonintegrated competitors in retail petroleum markets. First, the refiner is independent of the vagaries of wholesale markets; second, the refiner can pass along to its retail arm any economies realized in upstream phases of its integrated operation.

which would have barred refiners from Maine's retail petroleum markets altogether. Levels of concentration are also a matter of general concern for reasons of antitrust policy.

As levels of concentration in a given market rise, it becomes more likely that a single firm, or group of firms, could successfully exercise market power to levy monopoly profits by charging higher prices. In a rapidly evolving market environment, access to current data regarding levels of concentration is critical to effective antitrust enforcement. It is equally critical to a review of legislative options, and to a determination as to whether more drastic legislative remedies, such as divorcement, merit consideration or adoption. See 10 M.R.S.A. § 1677.

Under the PMSA, the Attorney General reports to the Legislature annually. The required report comprises two elements: first, a recommendation concerning the need for further legislation; and second, an assessment of "the concentration of retail outlets in the State or in sections of the State." The required report may not disclose the identity of any particular retailer or retail outlet. Id.

The report which follows is divided into two sections. In the first, following an explanation of the antitrust methodology used, we evaluate levels of concentration and review trends. In the concluding section, the question whether further legislation is needed is addressed.

III. LEVELS OF CONCENTRATION IN MAINE'S RETAIL PETROLEUM MARKETS

A. Methodology

The methodology employed by the Attorney General to assess levels of concentration in Maine's retail petroleum markets, as reflected in this report, is essentially the same methodology used by the U.S. Department of Justice, the Federal Trade Commission and the Attorneys General of the several states in evaluating the legality of any given merger or acquisition under applicable antitrust law. Since the Attorney General has been notably active in enforcing Maine's merger law, 10 M.R.S.A. § 1102-A, in recent years, this office has developed a familiarity with, and expertise in the required analysis.

1. Market Definition. The first step in this analysis is to define the relevant product and geographical markets. The product markets on which this report will focus are the retail markets for HHO and MFO as defined in the PMSA. HHO is defined as "#2 fuel oil sold for heating residential, industrial or commercial space or water". MFO "means internal combustion fuel sold for use in motor vehicles" as more fully defined in 29 M.R.S.A. § 1(7). See 10 M.R.S.A. § 1672(3) and (4).[2]

The relevant geographical markets are more problematic. In layman's terms, the task of defining the relevant geographical market is essentially one of determining who competes against who in a given locality or region. For example, the wholesale market for widgets may be a nationwide market, if it is found that sellers in Maine and California actually compete with each other for sales. Alternatively, if transportation costs render transcontinental competition

2 In general, HHO and MFO, as defined in the statute, are properly susceptible of antitrust analysis as distinct product markets.

economically unfeasible, and sellers from Minnesota or Louisiana find it possible to make sales in Maine, while those from California do not, it may make more sense to divide the country into two separate (east-west) geographical markets. Then again, if the most distant competition to Maine-based sellers comes from New York, a geographical market limited to the northeast may be appropriate. In short, the chosen geographical market should reflect the realities of competition.

In more technical terms, the chosen geographical market should approximate one within which a putative monopolist could implement a small, but significant and nontransitory price increase, on the order of, for example, five percent, without precipitating competitive responses which would render the price increase unprofitable. If the posited price increase would neither impel customers within the the chosen geographical market to look beyond its boundaries, nor attract competitors located elsewhere to look for sales within its boundaries, the market will fairly represent competitive realities. Otherwise, it will be necessary to redraw the boundaries until it does.

It should be emphasized that market definition is not an exact science. Few markets can be geographically delineated with absolute certainty that their chosen contours accurately reflect human economic behavior. For better or for worse, the task of defining a geographic market will always be one of approximation.

The Attorney General has taken quite different approaches to defining geographic markets within the State for HHO on the one hand, and MFO on the other. In the case of HHO, we have conducted a series of interviews with a number of persons knowledgeable in and about the petroleum industry in this State.[3] On this basis, we have divided the State into thirty-three separate geographic markets which, we believe, represent a fair approximation of economic and competitive realities. A map depicting these markets is attached hereto as Appendix A. While we have no doubt that it will prove necessary to refine our conception of the boundaries of these markets over time, and would welcome comment from any reader of this report, we remain confident that the HHO geographic markets analysed here would (minor modifications aside) stand up to antitrust scrutiny in any forum.

Markets for MFO within the State, however, operate differently from those for HHO. While HHO markets typically encompass a geographic region, however limited -- for example, the St. John Valley, or Mount Desert Island -- MFO markets may be more localised. The task before us here, however, is not the analysis of a merger in a local market. We have determined that for purposes of monitoring broad trends toward concentration across the State, to focus on such narrow geographic markets would be counterproductive. Instead, it was determined that the use of Maine's sixteen counties as hypothetical MFO geographic markets would, at least initially, constitute a more effective mode of analysis.[4] Wherever a trend toward concentration is observed within these hypothetical markets, a fuller and

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3 The assistance of Eugene Guilford, President of the Maine Oil Dealers Association, is particularly acknowledged.

4 Use of county markets also permits a meaningful integration of MFO bulk sales to end users into the calculation of market share.

more accurate analysis can be brought to bear, in order to pinpoint the geographic sources of the trend.

2. The Herfindahl-Hirschmann Index. No market is perfectly competitive, and there are varying degrees of competition. The most important factor affecting competition in a given market is the level of concentration.[5] To give an extreme example, a market in which there is only one seller, a monopolist, is obviously highly concentrated, and by the same token, totally lacking in competition. Conversely, a market with numerous small sellers and no large ones has a low level of concentration, and is likely to have a high degree of competition. The number of competitors in a market cannot, however, by itself, provide a measure of either concentration or competition. For example, a market with numerous small competitors which is nevertheless dominated by a single larger competitor may have a high degree of concentration, and a low level of competition.

The Herfindahl-Hirschmann Index, or HHI, is a measure of the level of concentration in any given market. It is also, therefore, a good indicator of the presence or absence of competition in that market. The HHI measures concentration by focusing not only on the number of competitors in the market, but also on their size. The index is widely used by federal and state antitrust enforcement agencies, including this office, as a valuable tool in merger analysis. We have used the HHI in this report to quantify, compare and evaluate levels of

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5 That competition in turn represents the best guarantee to consumers of high quality and low price needs no emphasis here.

concentration in Maine's retail petroleum markets.

Simply expressed, the HHI is the sum of the squares of the percentage market shares of each competitor in the market. Thus a market which is a monopoly -- i.e., in which one seller has a 100% market share -- will have an HHI of 10,000 (100 squared). At the other end of the spectrum, a market in which one hundred sellers each have a market share of 1% will have an HHI of only 100 (one squared times 100). Somewhere in between, a market with ten competitors at 10% each would have an HHI of 1000 (ten squared times ten); by way of comparison, a market with nine competitors at 5% each, and the tenth at 55% would have a much higher index, 3250 (five squared times nine, plus 55 squared), reflecting a higher degree of concentration and a lower level of competition in a market dominated to this extent by a single competitor.

Experience in merger analysis has permitted enforcement authorities to generalise regarding the relative risks to competition reflected in varying HHI numbers. These generalisations are set forth in two sets of merger guidelines published by the U.S. Department of Justice and the Federal Trade Commission on the one hand, and by the National Association of Attorneys General (NAAG) on the other. The points of disagreement between the two sets of guidelines are few, and immaterial for our purposes here; in any case, this office has in the past, and will continue to use both sets of guidelines.

Based upon the guidelines generally, the consensus among antitrust enforcement authorities is that an HHI below 1000 points betokens an unconcentrated market -- one in which competition would be expected to flourish. Enforcement authorities would challenge a merger in such a market only in extraordinary circumstances. Where the HHI falls into a middle range, roughly between 1000 and 1800, the market is generally viewed as moderately concentrated. In such markets, a merger will ordinarily be a matter of concern to enforcement authorities only if the merger produces an increase in the HHI in excess of 100 points. Markets registering an HHI above 1800 points are viewed as highly concentrated. In this category, enforcement authorities are likely to consider any merger resulting in an increase in the HHI of 50 points or more as cause for antitrust concern.[6]

B. Levels Of Concentration

Data assembled from reports submitted by wholesalers and refiners pursuant to the PMSA have permitted us to calculate the annual gallonage supplied to each HHO and MFO retailer and retail outlet located in the State. These annual gallonage figures, in turn, provide the basis for arriving at the percentage market shares held by each retailer in every geographic market in the State. We have calculated HHIs by squaring the percentage market shares arrived at for each competitor, and deriving a total figure for each market. These HHI figures are set forth in Appendix B below.

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6 It should be noted that in analysing a particular merger, antitrust enforcement authorities do not mechanically apply the HHI criteria described above. Rather, the HHI is employed as an indicator of the appropriateness of further inquiry. In addition to the HHI, a variety of other factors, such as ease of entry, are consulted in order to determine whether the merger merits a challenge.

1. Overview: Retail Home Heating Oil Markets. Levels of concentration in Maine's retail HHO markets are generally high. Only two of thirty-three markets (Augusta and Portland) could be characterised as unconcentrated, with an HHI below 1000. At the other end of the spectrum, three markets showed an extreme degree of concentration, racking up HHI totals over 4000 points each. These were Bethel, Sanford and Bridgton.[7] Eight other markets, South Paris, Midcoast, Lincoln, Mount Desert, Rumford/Rangeley, Bath/Brunswick, Jay and St. John Valley topped 2500 points.[8]

Of the remaining twenty markets, nine fell into the 1800 - 2500 point range, and would therefore qualify as highly concentrated under the standards set by federal and NAAG guidelines; eleven were moderately concentrated, i.e., in the 1000 -1800 range. It is noteworthy that most of Maine's urban centers, including Augusta, Bangor, Biddeford/Saco, Lewiston/Auburn, Portland and Waterville fell into the unconcentrated or moderately concentrated categories. There were, however, notable exceptions (e.g. Bath/Brunswick, Ashland/Presque Isle).

In regional terms, several generalizations can be made. First, all markets along Maine's western and southern borders were highly to extremely concentrated. The remote interior (Jackman/Greenville, Dover/Foxcroft, Lincoln) was highly to

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7 As a reminder, a typical example of a market over 4000 points might consist of three competitors, with 55%, 25% and 20% market shares, respectively.

8 Limerick, Dover-Foxcroft and Jackman/Greenville exceeded 2500 points in the 1994-95 reporting period, but showed significant improvement in the most recent period. By contrast, Bath/Brunswick and Rumford/Rangeley showed significant deterioration.

extremely concentrated. All Downeast markets except Woodland/Calais (Cherryfield/Machias, Ellsworth, Mount Desert) were highly to extremely concentrated. Aroostook County markets were highly concentrated. On the other hand, with the single exception of Pittsfield-Newport, markets along the Interstate 95 corridor from Biddeford to Old Town were either moderately concentrated or unconcentrated. The coast from Brunswick to Bucksport demonstrated no consistent pattern, with Belfast and Rockland showing healthy levels of competition, while Bath-Brunswick and especially the Midcoast displayed a tendency to high levels of concentration.

Of the ten most concentrated markets in the State, a refiner commanded significant market share in only two. In the other eight extremely concentrated markets, refiners had either no presence or only a modest presence.

More broadly, a refiner led the field in seven markets statewide (up from five in 1993-1994, down from nine in 1994-1995), and held second place in four others (down from five in 1993-1994, up from three in 1994-1995). Some level of concern is warranted with respect to those markets combining high concentration with a high level of refiner participation.

The high levels of concentration observable in Maine's retail HHO markets are a source of antitrust concern to the Attorney General. That concern would be heightened in the event a consistent trend toward further concentration were to emerge.[9] Overall, the available data suggests a picture of relative stability, with the average HHI remaining within a range of just over two hundred points over a four-year period (a low of 2284 last year, a high of 2490 in 1992-1993) and the median HHI remaining within a range of less than a hundred points. This overall picture becomes more complicated, however, when one considers market-specific data. Significant trends toward greater concentration were registered in Lincoln, Bath/Brunswick, Bridgton and Rumford/Rangeley. These markets will bear close observation. York and Jackman/Greenville, while remaining highly concentrated, showed encouraging trends toward deconcentration, as did Woodland/Calais (moderately concentrated). Moderate improvement was also discernible in Farmington (moderately concentrated).

In sum, a comparison of 1995-1996 data for retail HHO markets against those for the preceding three years permits the following comments. First, while overall levels of competition and concentration have remained relatively stable, there are grounds for concern in specific markets which remain extremely concentrated or exhibit a consistent trend toward increasing concentration. Second, it is noteworthy that of the twelve markets where a refiner was a significant participant, refiner market share increased in five, and declined in five. Of the five markets showing increases in refiner market share, one registered a decline in the Herfindahl index,

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9 Indeed, a single proposed acquisition in a concentrated market can give cause for concern great enough to warrant barring the transaction. For example, in one of the markets listed above (unnamed here for reasons of confidentiality) a merger of the third and fourth largest competitors would result in an increase in the HHI of more than 150 points. Such an increase would place the merger squarely in the category of those which would merit a challenge unless other factors weighed heavily in its favor.

while four registered increases in concentration. Of the four markets where increasing concentration was linked to increasing refiner market share, only one exhibited a consistent trend over time toward increasing concentration.

The Attorney General remains concerned by the generally high levels of concentration in this industry.[10] There appear to be localised trends toward further concentration. At this juncture, however, with the exception of a single market, these trends cannot be attributed to increasing refiner participation. Indeed, in many cases, increasing refiner participation appears to be having a beneficial short-term effect on levels of concentration. Of course, it is far too early to speak in terms of long-term trends. Accordingly, vigilance and careful monitoring remain the order of the day.

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10 At the same time, it is important to note that high levels of concentration do not necessarily translate immediately into high retail prices for HHO. However, a trend toward higher levels of concentration could portend higher retail prices in the future. For this reason, the Attorney General will pay close attention to any such trend, and, with an eye to the motivating purpose of the PMSA program, will also pay close attention to the part played by refiners in bringing about any such trend.

2. Overview: Retail Motor Fuel Oil Markets. Two of the county MFO markets listed in Appendix B fall into the unconcentrated category (Cumberland and York); six others are only moderately concentrated (Androscoggin, Hancock, Kennebec, Knox, Penobscot and Waldo). The remainder (Aroostook, Franklin, Lincoln, Oxford, Piscataquis, Sagadahoc, Somerset and Washington) are highly concentrated; none merits the "extremely concentrated" designation. In all counties, levels of concentration remained relatively stable over three reporting periods.

It remains that the HHI levels shown in Appendix B significantly understate the actual levels of concentration which would be found in the narrower geographic markets suitable for purposes of merger analysis. These HHI figures should not, therefore, be read as a guide to how this office would approach antitrust review of any given transaction.

In nine of Maine's sixteen county MFO markets, at least one competitor enjoyed a market share in excess of 20%; in two, market shares above 30% were registered. Today, a refiner holds first or second place in terms of market share in thirteen of Maine's sixteen counties (up from ten two years ago), with a leading position in seven of these. In six counties (up from five), a refiner held a market share in excess of 20%; a refiner's market share exceeded 30% in only one county (no change). Refiner dominance in many of Maine's county markets remains a matter for concern.

In MFO markets as in HHO markets, a stronger tendency toward concentration is noticeable in western, northern, interior and downeast sections. A tendency toward concentration also obtains in the southern midcoast area (Sagadahoc and Lincoln) -- an apparent anomaly which has a striking parallel in HHO markets in the same region. Southern, central and northern midcoast counties were less prone to concentration. The median and average HHIs for the State are indicative of moderate, rather than extreme levels of concentration; these have remained relatively stable (within a range of 300 points) over four reporting periods.

While the relative overall stability of these markets suggests that there is no immediate reason for alarm, the Attorney General is concerned about continued high levels of concentration in eight of Maine's sixteen counties. In all but one of these counties, a refiner held significant market share; in six, a refiner registered increases in market share. It is likely that a further increase in refiner market share in these counties would result in greater concentration, and decreasing competition. Continued vigilance, and continued careful monitoring, are therefore warranted.

IV. LEGISLATIVE RECOMMENDATION

The reporting and fee sections of the statute, 10 M.R.S.A. §§ 1673, 1681, contain sunset provisions which automatically repeal those sections as of September 1, 2000. The concept of the PMSA program has been tested in action; initial glitches have been corrected and the program is in operation and working well. The Attorney General is now in a position to follow trends in Maine's petroleum markets on a current basis, and to react swiftly by seeking remedies in court, or in the Legislature should the need arise.

The PMSA program was adopted in the first place because it was felt that in a rapidly evolving market environment, there was a serious risk that routine enforcement would be ineffective -- that it would accomplish too little, too late. Nothing has intervened to alter that equation, and the risk remains.

Further, the PMSA program was conceived, not as a means of affording the Attorney General a one-time look at levels of concentration in Maine's petroleum markets, but as a means to follow and evaluate trends. It would accordingly be inadvisable to eliminate the program. The problem which the PMSA was designed to address is not likely to go away in the near term; nor should the program itself.

It is the Attorney General's considered view that the continuation of the PMSA program is an essential component of an effective competition strategy for Maine's petroleum markets. Accordingly, no legislative action is recommended at this time.

Respectfully submitted,

Dated: January 27, 1997

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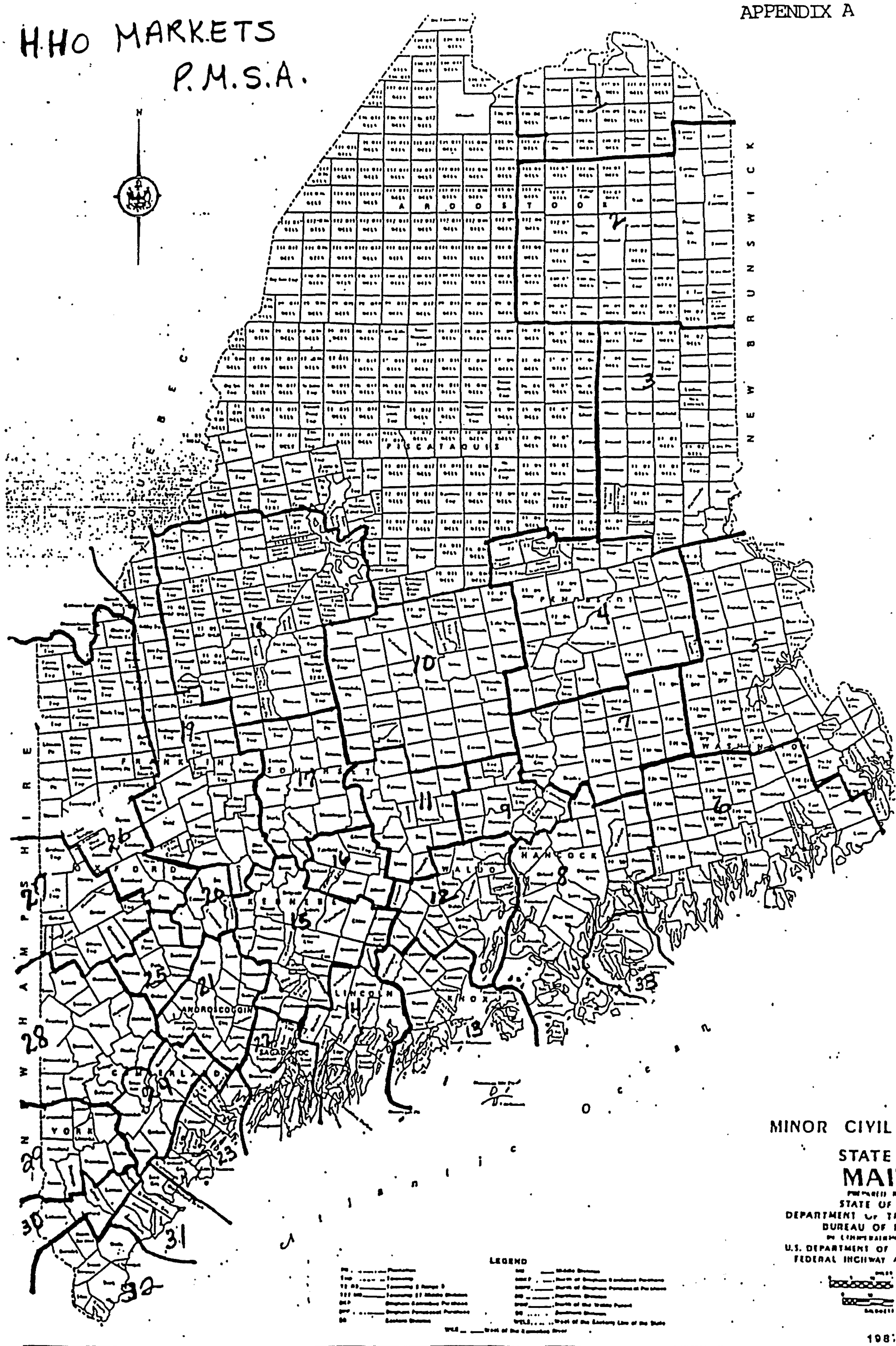
H.HO MARKETS
P.M.S.A.



APPENDIX B

This appendix sets forth HHI figures for Maine's retail petroleum markets. As we note in the text above, these are derived from data reported to us by wholesalers and refiners pursuant to the PMSA.

It should be noted that in the case of HHO markets located along the Maine-New Hampshire border, available data do not indicate market shares held by cross-border competitors. Accordingly, HHIs for these markets are based to some extent on estimates. We indicate below wherever an estimate is used.

The Attorney General is forbidden by statute to disclose the identity of any retailer or retail outlet in making his report. The market summaries offered below therefore set forth only (1) geographic location (for HHO markets, reference should be made to the map attached hereto as Appendix A); (2) number of competitors; (3) HHI; and (4) a characterisation of the level of concentration. We have used four characterisations, loosely derived from federal and NAAG guidelines, as follows. For HHO markets, an HHI in the 0 - 1000 range is viewed as "unconcentrated"; in the 1000 - 1800 range, the characterisation is "moderately concentrated"; in the 1800 - 2500 range, an HHI is rated "highly concentrated"; while in the 2500 plus range, the phrase "extremely concentrated " is used. For MFO markets, the use of broad county geographic markets results in understated HHI figures. Accordingly, an index in the 1 - 500 range is seen as unconcentrated; 500 - 1000 as moderately concentrated; 1000 - 1800 as highly, and above 1800 as extremely concentrated.

MFO Market Area		6/1/92-5/31/93	6/1/93-5/31/94	6/1/94-5/31/95	6/1/95-5/31/96	Trend
Androscoggin	**Competitors** **HHI** **Character**	52 482 Unconcentrated	64 (+12) 511 (+29) Moderately Concentrated	65 (+1) 547 (+36) Moderately Concentrated	65 (no change) 530 (-17) Moderately Concentrated	Stable
Aroostook	**Competitors** **HHI** **Character**	90 1343 Highly Concentrated	90 (no change) 1073 (-270) Highly Concentrated	87 (-3) 1323 (+250) Highly Concentrated	104 (+17) 1176 (-147) Highly Concentrated	Stable
Cumberland	**Competitors** **HHI** **Character**	128 415 Unconcentrated	156 (+28) 416 (+1) Unconcentrated	147 (-9) 475 (+59) Unconcentrated	202 (+55) 394 (-81) Unconcentrated	Stable
Franklin	**Competitors** **HHI** **Character**	35 1006 Highly Concentrated	40 (+5) 673 (-333) Moderately Concentrated	38 (-2) 1203 (+530) Highly Concentrated	42 (+4) 1147 (-56) Highly Concentrated	Stable
Hancock	**Competitors** **HHI** **Character**	53 972 Moderately Concentrated	72 (+19) 580 (-392) Moderately Concentrated	65 (-7) 791 (+211) Moderately Concentrated	73 (+8) 703 (-88) Moderately Concentrated	Stable
Kennebec	**Competitors** **HHI** **Character**	70 974 Moderately Concentrated	81 (+11) 785 (-189) Moderately Concentrated	92 (+11) 1064 (+279) Highly Concentrated	93 (+1) 872 (-192) Moderately Concentrated	Stable
Knox	**Competitors** **HHI** **Character**	59 510 Moderately Concentrated	63 (+4) 503 (-7) Moderately Concentrated	71 (+8) 528 (+25) Moderately Concentrated	85 (+14) 530 (+2) Moderately Concentrated	Stable
Lincoln	**Competitors** **HHI** **Character**	25 714 Moderately Concentrated	35 (+10) 721 (+7) Moderately Concentrated	34 (-1) 837 (+116) Moderately Concentrated	37 (+3) 1054 (+217) Highly Concentrated	Moderate trend toward concentration
Oxford	**Competitors** **HHI** **Character**	31 1594 Highly Concentrated	44 (+13) 1331 (-263) Highly Concentrated	43 (-1) 1223 (-108) Highly Concentrated	49 (+6) 1186 (-37) Highly Concentrated	Moderate trend toward deconcentration
Penobscot	**Competitors** **HHI** **Character**	137 971 Moderately Concentrated	148 (+11) 799 (-172) Moderately Concentrated	143 (-5) 862 (+63) Moderately Concentrated	156 (+13) 870 (+8) Moderately Concentrated	Stable
Piscataquis	**Competitors** **HHI** **Character**	25 1878 Extremely Concentrated	38 (+13) 1662 (-216) Highly Concentrated	36 (-2) 1891 (+229) Extremely Concentrated	32 (-4) 1652 (-239) Highly Concentrated	Stable
Sagadahoc	**Competitors** **HHI** **Character**	22 1502 Highly Concentrated	33 (+11) 902 (-600) Moderately Concentrated	28 (-5) 935 (+33) Moderately Concentrated	31 (+3) 1166 (+231) Highly Concentrated	Stable
Somerset	**Competitors** **HHI** **Character**	58 2118 Extremely Concentrated	68 (+10) 1140 (-978) Highly Concentrated	68 (no change) 1722 (+582) Highly Concentrated	69 (+1_ 1621 (-101) Highly Concentrated	Stable

MFO Market Area		6/1/92-5/31/93	6/1/93-5/31/94	6/1/94-5/31/95	6/1/95-5/31/96	Trend
Waldo	**Competitors**	34	48 (+14)	52 (+4)	52 (no change)	Stable
	HHI	1313	675 (-638)	735 (+60)	637 (-98)	
	Character	Highly Concentrated	Moderately Concentrated	Moderately Concentrated	Moderately Concentrated	
Washington	**Competitors**	48	58 (+10)	53 (-5)	65 (+12)	Stable
	HHI	1124	1140 (+16)	1328 (+188)	1081 (-247)	
	Character	Highly Concentrated	Highly Concentrated	Highly Concentrated	Highly Concentrated	
York	**Competitors**	92	105 (+13)	134 (+29)	126 (-8)	Stable
	HHI	452	445 (-7)	341 (-104)	396 (+55)	
	Character	Unconcentrated	Unconcentrated	Unconcentrated	Unconcentrated	

HHO Market Area		6/1/92-5/31/93	6/1/93-5/31/94	6/1/94-5/31/95	6/1/95-5/31/96	Trend
01. St. John Valley	Competitors HHI Character	6 2538 Extremely Concentrated	7 (+1) 2539 (+1) Extremely Concentrated	7 (no change) 2400 (-139) Highly Concentrated	6 (-1) 2513 (+113) Extremely Concentrated	Stable
02. Ashland/Presque	Competitors HHI Character	19 1925 Highly Concentrated	21 (+2) 1557 (-368) Moderately Concentrated	22 (+1) 1531 (-26) Moderately Concentrated	18 (-4) 1962 (+431) Highly Concentrated	Stable
03. Houlton	Competitors HHI Character	10 1973 Highly Concentrated	8 (-2) 2082 (+109) Highly Concentrated	8 (no change) 1969 (-113) Highly Concentrated	9 (+1) 2051 (+82) Highly Concentrated	Stable
04. Lincoln	Competitors HHI Character	10 1316 Moderately Concentrated	13 (+3) 1940 (+624) Highly Concentrated	11 (-2) 2469 (+529) Highly Concentrated	12 (+1) 3394 (+925) Extremely Concentrated	Marked trend toward concentration
05. Woodland/Calais	Competitors HHI Character	9 3366 Extremely Concentrated	15 (+6) 2237 (-1129) Highly Concentrated	9 (-6) 2332 (+95) Highly Concentrated	15 (+6) 1631 (-701) Moderately Concentrated	Marked trend toward deconcentration
06. Cherryfield/Machias	Competitors HHI Character	10 2228 Highly Concentrated	14 (+4) 2552 (+324) Extremely Concentrated	7 (-7) 2066 (-486) Highly Concentrated	13 (+6) 1975 (-91) Highly Concentrated	Stable
07. Old Town	Competitors HHI Character	10 1709 Moderately Concentrated	10 (no change) 1997 (+288) Highly Concentrated	11 (+1) 1631 (-366) Moderately Concentrated	10 (-1) 1687 (+56) Moderately Concentrated	Stable
08. Ellsworth	Competitors HHI Character	22 2167 Highly Concentrated	20 (-2) 2059 (-108) Highly Concentrated	17 (-3) 2001 (-58) Highly Concentrated	20 (+3) 1973 (-28) Highly Concentrated	Stable
09. Bangor	Competitors HHI Character	36 1633 Moderately Concentrated	35 (-1) 1342 (-291) Moderately Concentrated	32 (-3) 1550 (+208) Moderately Concentrated	37 (+5) 1560 (+10) Moderately Concentrated	Stable
10. Dover-Foxcroft	Competitors HHI Character	9 2096 Highly Concentrated	9 (no change) 2191 (+95) Highly Concentrated	9 (no change) 2552 (+361) Extremely Concentrated	12 (+3) 1886 (-666) Highly Concentrated	Stable
11. Pittsfield/Newport	Competitors HHI Character	15 2096 Highly Concentrated	13 (-2) 1693 (-403) Moderately Concentrated	10 (-3) 1971 (+278) Highly Concentrated	13 (+3) 1822 (-149) Highly Concentrated	Stable
12. Belfast	Competitors HHI Character	17 984 Unconcentrated	21 (+4) 899 (-85) Unconcentrated	19 (-2) 1126 (+227) Moderately Concentrated	17 (-2) 1184 (+58) Moderately Concentrated	Stable
13. Rockland	Competitors HHI Character	23 1321 Moderately Concentrated	31 (+8) 1069 (-252) Moderately Concentrated	25 (-6) 1061 (-8) Moderately Concentrated	29 (+4) 1125 (+64) Moderately Concentrated	Stable

HHO Market Area		6/1/92-5/31/93	6/1/93-5/31/94	6/1/94-5/31/95	6/1/95-5/31/96	Trend
14. Midcoast	**Competitors** **HHI** **Character**	9 3680 Extremely Concentrated	8 (-1) 4190 (+510) Extremely Concentrated	6 (-2) 5548 (+1358) Extremely Concentrated	9 (+3) 3627 (-1921) Extremely Concentrated	Marked trend twoard concentration apparently reversed in last reporting period
15. Augusta	**Competitors** **HHI** **Character**	25 922 Unconcentrated	30 (+5) 714 (-208) Unconcentrated	30 (no change) 696 (-18) Unconcentrated	32 (+2) 775 (+79) Unconcentrated	Stable
16. Waterville	**Competitors** **HHI** **Character**	14 1548 Moderately Concentrated	14 (no change) 1370 (-178) Moderately Concentrated	15 (+1) 1610 (+240) Moderately Concentrated	11 (-4) 1539 (-71) Moderately Concentrated	Stable
17. Skowhegan	**Competitors** **HHI** **Character**	11 1618 Moderately Concentrated	12 (+1) 1317 (-301) Moderately Concentrated	12 (no change) 1187 (-130) Moderately Concentrated	11 (-1) 1244 (+57) Moderately Concentrated	Stable
18. Jackman/Greenville	**Competitors** **HHI** **Character**	3 5531 Extremely Concentrated	5 (+2) 3534 (-1997) Extremely Concentrated	4 (-1) 3273 (-261) Extremely Concentrated	7 (+3) 2134 (-1139) Highly Concentrated	Marked trend toward deconcentration
19. Farmington	**Competitors** **HHI** **Character**	12 2257 Highly Concentrated	11 (-1) 2358 (+101) Highly Concentrated	10 (-1) 2012 (-346) Highly Concentrated	12 (+2) 1772 (-240) Moderately Concentrated	Moderate trend toward deconcentration
20. Jay	**Competitors** **HHI** **Character**	5 3211 Extremely Concentrated	4 (-1) 3368 (+157) Extremely Concentrated	3 (-1) 3462 (+94) Extremely Concentrated	6 (+3) 2789 (-673) Extremely Concentrated	Stable
21. Lewiston/Auburn	**Competitors** **HHI** **Character**	14 1613 Moderately Concentrated	18 (+4) 1517 (-96) Moderately Concentrated	18 (no change) 1448 (-69) Moderately Concentrated	17 (-1) 1789 (+341) Moderately Concentrated	Stable
22. Bath/Brunswick	**Competitors** **HHI** **Character**	11 1921 Highly Concentrated	10 (-1) 2169 (+248) Highly Concentrated	9 (-1) 2081 (-88) Highly Concentrated	8 (-1) 2846 (+765) Extremely Concentrated	Moderate trend toward concentration
23. Portland	**Competitors** **HHI** **Character**	32 1097 Moderately Concentrated	38 (+6) 1168 (+71) Moderately Concentrated	35 (-3) 1020 (-148) Moderately Concentrated	62 (+27) 776 (-244) Unconcentrated	Stable
24. Gray	**Competitors** **HHI** **Character**	19 1281 Moderately Concentrated	15 (-4) 1572 (+291) Moderately Concentrated	17 (+2) 1108 (-464) Moderately Concentrated	14 (-3) 1172 (+64) Moderately Concentrated	Stable
25. South Paris	**Competitors** **HHI** **Character**	7 3706 Extremely Concentrated	7 (no change) 4158 (+452) Extremely Concentrated	8 (+1) 3361 (-797) Extremely Concentrated	6 (-2) 3903 (+542) Extremely Concentrated	Stable
26. Rumford/Rangeley	**Competitors** **HHI** **Character**	7 1926 Highly Concentrated	8 (+1) 1989 (+63) Highly Concentrated	8 (no change) 2047 (+58) Highly Concentrated	6 (-2) 2889 (+842) Extremely Concentrated	Marked trend twoard concentration

HHO Market Area		6/1/92-5/31/93	6/1/93-5/31/94	6/1/94-5/31/95	6/1/95-5/31/96	Trend
27. Bethel	**Competitors** **HHI** **Character**	3 5634 Extremely Concentrated	5 (+2) 4941 (-693) Extremely Concentrated	4 (-1) 5000 (+59) Extremely Concentrated	3 (-1) 5000 (no change) Extremely Concentrated	Stable
28. Bridgton	**Competitors** **HHI** **Character**	7 2400 (estimate) Highly Concentrated	7 (no change) 2689 (estimate) (+289) Extremely Concentrated	8 (+1) 2443 (estimate) (-246) Highly Concentrated	7 (-1) 5235 (estimate) (+2792) Extremely Concentrated	Marked trend toward concentration
29. Limerick	**Competitors** **HHI** **Character**	7 2992 Extremely Concentrated	7 (no change) 3085 (+93) Extremely Concentrated	7 (no change) 2947 (-138) Extremely Concentrated	7 (no change) 2273 (-674) Highly Concentrated	Stable
30. Sanford	**Competitors** **HHI** **Character**	5 4000 (estimate) Extremely Concentrated	6 (+1) 4392 (estimate) (+392) Extremely Concentrated	5 (-1) 4576 (estimate) (+184) Extremely Concentrated	4 (-1) 4313 (estimate) (-263) Extremely Concentrated	Stable
31. Biddeford/Saco	**Competitors** **HHI** **Character**	17 1524 Moderately Concentrated	21 (+4) 1323 (-201) Moderately Concentrated	21 (no change) 1557 (+234) Moderately Concentrated	20 (-1) 1025 (-532) Moderately Concentrated	Stable
32. York	**Competitors** **HHI** **Character**	3 8000 (estimate) Extremely Concentrated	6 (+3) 6855 (estimate) (-1145) Extremely Concentrated	6 (no change) 6380 (estimate) (-475) Extremely Concentrated	9 (+3) 2146 (estimate) (-4234) Highly Concentrated	Marked trend toward deconcentration
33. Mt. Desert**	**Competitors** **HHI** **Character**	9 2762 Highly Concentrated	8 (-1) 4084 (+1322) Highly Concentrated	10 (+2) 4094 (+10) Extremely Concentrated	12 (+2) 3352 (-742) Extremely Concentrated	Stable

**A reporting error in the past two reporting periods for market area 33 (Mt. Desert) resulted in underestimation of the HHI for this market in the last two annual reports. These errors have been corrected in the figures shown above.

	MFO LEAGUE TABLE		
June 1, '92-May 31, '93	June 1, '93-May 31, '94	June 1, '94-May 31, '95	June 1, '95-May 31, '96
Cumberland 415	Cumberland 416 (+1)	York 341 (-104)	Cumberland 394 (-81)
York 452	York 445 (-7)	Cumberland 475 (+59)	York 396 (+55)
Androscoggin 482	Knox 503 (-7)	Knox 528 (+25)	Androscoggin 530 (-17)
Knox 510	Androscoggin 511 (+29)	Androscoggin 547 (+36)	Knox 530 (+2)
Lincoln 714	Hancock 580 (-392)	Waldo 735 (+60)	Waldo 637 (-98)
Penobscot 971	Franklin 673 (-333)	Hancock 791 (+211)	Hancock 703 (-88)
Hancock 972	Waldo 675 (-638)	Lincoln 837 (+116)	Penobscot 870 (+8)
Kennebec 974	Lincoln 721 (+7)	Penobscot 862 (+63)	Kennebec 872 (-192)
Franklin 1006	Kennebec 785 (-189)	Sagadahoc 935 (+33)	Lincoln 1054 (+217)
Washington 1124	Penobscot 799 (-172)	Kennebec 1064 (+279)	Washington 1081 (-247)
Waldo 1313	Sagadahoc 902 (-600)	Franklin 1203 (+530)	Franklin 1147 (-56)
Aroostook 1343	Aroostook 1073 (-270)	Oxford 1223 (-108)	Sagadahoc 1166 (+231)
Sagadahoc 1502	Washington 1140 (+16)	Aroostook 1323 (+250)	Aroostook 1176 (-147)
Oxford 1594	Somerset 1140 (-978)	Washington 1328 (+188)	Oxford 1186 (-37)
Piscataquis 1878	Oxford 1331 (-263)	Somerset 1722 (+582)	Somerset 1621 (-101)
Somerset 2096	Piscataquis 1662 (-216)	Piscataquis 1891 (+229)	Piscataquis 1652 (-239)
AVERAGE 1084	AVERAGE 835	AVERAGE 988	AVERAGE 938
MEDIAN 990	MEDIAN 753	MEDIAN 899	MEDIAN 963

	HHO LEAGUE TABLE		
June 1, '92-May 31, '93	June 1, '93-May 31, '94	June 1, '94-May 31, '95	June 1, '95-May 31, '96
Augusta 922	Augusta 714 (-208)	Augusta 696 (-18)	Augusta 775 (+79)
Belfast 984	Belfast 899 (-85)	Portland 1020 (-148)	Portland 776 (-244)
Portland 1097	Rockland 1069 (-252)	Rockland 1061 (-8)	Biddeford/Saco 1025 (-532)
Gray 1281	Portland 1168 (+71)	Gray 1108 (-464)	Rockland 1125 (+64)
Lincoln 1316	Skowhegan 1317 (-301)	Belfast 1126 (+227)	Gray 1172 (+64)
Rockland 1321	Biddeford/Saco 1323 (-201)	Skowhegan 1187 (-130)	Belfast 1184 (+58)
Biddeford/Saco 1524	Bangor 1342 (-291)	Lewiston/Auburn 1448 (-69)	Skowhegan 1244 (+57)
Waterville 1548	Waterville 1370 (-178)	Ashland/Presque Isle 1531 (-26)	Waterville 1539 (-71)
Lewiston/Auburn 1613	Lewiston/Auburn 1517 (-96)	Bangor 1550 (+208)	Bangor 1560 (+10)
Skowhegan 1618	Ashland Presque Isle 1557 (-368)	Biddeford/Saco 1557 (+234)	Woodland/Calais 1631 (-701)
Bangor 1633	Gray 1572 (+291)	Waterville 1610 (+240)	Old Town 1687 (+56)
Old Town 1709	Pittsfield/Newport 1693 (-403)	Old Town 1631 (-366)	Farmington 1772 (-240)
Bath/Brunswick 1921	Lincoln 1940 (+624)	Houlton 1969 (-113)	Lewiston/Auburn 1789 (+341)
Ashland/Presque Isle 1925	Rumford/Rangeley 1989 (+63)	Pittsfield/Newport 1971 (+278)	Pittsfield/Newport 1822 (-149)
Rumford/Rangeley 1926	Old Town 1997 (+288)	Ellsworth 2001 (-58)	Dover-Foxcroft 1886 (-666)
Houlton 1973	Ellsworth 2059 (-108)	Farmington 2012 (-346)	Ashland/Presque Isle 1962 (+431)
Dover-Foxcroft 2096	Houlton 2082 (+109)	Rumford/Rangeley 2047 (+58)	Ellsworth 1973 (-28)
Pittsfield/Newport 2096	Bath/Brunswick 2169 (+248)	Cherryfield/Machias 2066 (-486)	Cherryfield/Machias 1975 (-91)
Ellsworth 2167	Dover-Foxcroft 2191 (+95)	Bath/Brunswick 2081 (-88)	Houlton 2051 (+82)
Cherryfield/Machias 2228	Woodland/Calais 2237 (-1129)	Woodland/Calais 2332 (+95)	Jackman/Greenville 2134 (_1139)
Farmington 2257	Farmington 2358 (+101)	St. John Valley 2400 (-139)	York 2146 (estimate) (-4234)
Bridgton 2400 (estimate)	St. John Valley 2539 (+1)	Bridgton 2443 (estimate) (-246)	Limerick 2273 (-674)
St. John Valley 2538	Cherryfield/Machias 2552(+324)	Lincoln 2469 (+529)	St. John Valley 2513 (+113)
Mt. Desert 2762	Bridgton 2689 (estimate) (+289)	Dover-Foxcroft 2552 (+361)	Jay 2789 (-673)
Limerick 2992	Limerick 3085 (+93)	Limerick 2947 (-138)	Bath/Brunswick2846 (+765)
Jay 3211	Jay 3368 (+157)	Jackman/Greenville 3273 (-261)	Rumford/Rangeley 2889 (+842)
Woodland/Calais 3366	Jackman/Greenville 3534 (-1997)	South Paris 3361 (-797)	Mt. Desert 3352 (-742)
Midcoast 3680	Mt. Desert 4084 (+1322)	Jay 3462 (+94)	Lincoln 3394 (+925)
South Paris 3706	South Paris 4158 (+452)	Mt. Desert 4094 (+10)	Midcoast 3627 (-1921)
Sanford 4000 (estimate)	Midcoast 4190 (+510)	Sanford 4576 (estimate) (+184)	South Paris 3903 (+542)
Jackman/Greenville 5531	Sanford 4392 (estimate) (+392)	Bethel 5000 (+59)	Sanford 4313 (estimate) (-263)
Bethel 5634	Bethel 4941 (-693)	Midcoast 5548 (+1358)	Bethel (no change)
York 8000 (estimate)	York 6855 (estimate) (-1145)	York 6380 (estimate) (-475)	Bridgton (estimate) (+2792)
AVERAGE 2490	AVERAGE 2387	AVERAGE 2417	AVERAGE 2284
MEDIAN 1973	MEDIAN 2059	MEDIAN 2047	MEDIAN 1973