Great Northern Public Affairs Department Newsletter, 1981

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Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Department for the week ending January 9:

SAME TIME, SAME PLACE

Another January. Another session of the Legislature. As usual, there is little actual business to occupy the members and others involved in the session. Everybody is waiting for documents containing bills the Legislature will consider to be drafted and printed. With time on their hands, people turn the legislative halls into a rumor factory. This week's crop included:

-- Conservation Commissioner Barringer was reported headed for a new job in the Brennan administration, closer to the Governor. Nancy Ross of Barringer's staff conceded the rumor was all over the third floor that Barringer was going to become Director of the State Planning Office. Planning Director Alan Pease has resigned. Barringer would have to take a pay cut, as did Energy Office Director Gordon Weil when he moved into the Executive Department. But the rumors are saying that the Governor wants Barringer "closer to him and where his talent can be tapped to benefit the entire administration." Another rumor has Nancy Ross becoming Commissioner. Dick Anderson, the former executive director of the Maine Audubon Society, says he also will be a candidate.

-- Governor Brennan is reported ready to ax all state funding for spruce budworm control when he presents his budget next week. There were also rumors of drastic cuts in the Bureau of Forestry personnel dealing with forestry and assistance to small landowners. The Governor is asking departments to hold the line on budgets. Faced with inflation, administrators are being forced to cut programs.
-- Transportation Commissioner Campbell is telling legislators that the pulp and paper industry wouldn't be here without highways and should pay a special tax to help solve his department's financial problem.

The session is limited to 100 days and two were consumed in December. The deadline for filing bills is January 16. Next week's hearings include consideration of bills regarding pesticide registration and research in the field. Farmers are determined to kill both. Because the agricultural groups are opposed, the forest industry will back off from favoring at least one of the two. Farmers and foresters have effectively united in a coalition on the issue.

Unorganized Territory Taxation

Senator McBreairty has a reputation for tenacity. Unknown to lobbyists, he's been digging into the matter of taxation in the unorganized territory (a sparsely populated 10 million acres of Maine with no local government). McBreairty says he's been getting complaints from taxpayers in Sinclair, Connor and Nashville plantations. When the proposed levels of spending to finance operations of agencies which would not be borne by the State of Maine if the Unorganized Territory Tax District was a municipality reached the Senate on January 7, McBreairty accused the bureaucrats who submitted the budget of "a rip off." Great Northern's legislative counsel Lynwood Hand, says McBreairty, apparently already has shamed the Department of Public Safety into conceding that the $150,000 the agency got the last two years couldn't be justified.

The overall requests from state agencies is up 19% from $6,195,216 to $7,366,141. The Bureau of Forestry is asking $2,721,390 for forest fire control, a 55% increase over the $1,753,478 of the fiscal year.

The requests were referred to the Taxation Committee. In addition to Hand, the requests are being closely watched by the staff of the Paper Industry Information Office and will be discussed at a January 14 meeting of the Forest Resources Committee. Great Northern is the largest property owner in the unorganized territory.

The Unorganized Territory Education and Service Tax can't, according to an opinion by the state supreme court, exceed the level of services provided by the state in lieu of a local government. The tax was created following repeal of the State Uniform Property Tax. In 1978-79, the total tax was $5,500,000 and it increased to $5,824,000 in 1979-80.

A separate memorandum will be distributed on this subject.

Maine Forest Products Council

A 1981 budget of $65,860 was approved January 8 by directors of the Maine Forest Products Council at an Augusta meeting. The council is publicly leading the fight to preserve the Tree Growth Tax Law. The council in the year ahead plans seminars for truckers, loggers and processors.
ENERGY

Paul Firlotte joined Gordon Weil and Alan Lishness of the Maine Audubon Society to discuss Maine's future energy needs on the program "State Wide" on the Maine Public Broadcasting Network on January 8.

Firlotte told of the company's plan to reduce oil consumption by switching from oil to bark and coal as fuels and developing further hydropower and agreed with Weil that a mix of energy sources will be needed.

Firlotte testified on December 29 at a public hearing conducted by Weil on a proposed energy resources plan. I also attended the Bangor hearing which was attended by approximately two dozen people; several were anti-nuclear spokesmen disturbed by Governor Brennan's firing of Weil's predecessor, John Joseph.

THE ENVIRONMENT

"Public support has diminished...the bloom is off the rose," Environmental Protection Commissioner Warren told 22 people attending a workshop January 6 in Bangor. He also conducted a hearing on proposals to improve public access to the Board of Environmental Protection. Warren and board members said they believe some people have left hearings feeling they have been unfairly dealt with and that wasn't their intention. Warren said the agency is six months behind in dealing with applications from major companies and utilities to convert from oil and said the DEP has no experience in dealing with coal.

The next day in Augusta he conducted a board workshop on the subject of coal, starting what Warren termed as the process of "educating ourselves." (A memorandum on the workshop is being written by Jane Hinson of PIIO.) The reaction of business people in the audience, from Dan Boxer and other attorneys, was generally favorable. They felt the board and staff would profit from the presentations on the price of coal, pollution controls and economics.

Warren indicated on January 6, and an attorney who represents Scott Paper confirmed the next day, that an agreement has been reached on S. D. Warren's application to construct a biomass boiler. That should speed up consideration of Great Northern's application to switch from oil to coal at Millinocket.

On January 7, Warren told several industry representatives at a second hearing on access rules that his idea of companies seeking permits paying for DEP consultants had met nothing but criticism. He appeared ready to drop the idea of legislation to permit such action, Hank Magnuson of PIIO said.

PUBLIC RELATIONS

In Augusta on January 7, I participated in a State News Conference with Barringer and Rob Gardiner when we announced plans for the Blaine House Conference on Forestry, January 21-22. Peter Yacavone will be one of the key speakers...I okayed a quote being used in the newsletter of Associated General Contractors from Yacavone's letter
to employees. Dave Carlisle asked for extra copies to distribute to owners of land managed by Prentiss & Carlisle...We provided Anne Erickson with material for a Yankee Magazine article which will accompany another written by Willis Johnson in the March issue of the magazine...I spoke at a Kiwanis Club meeting in Dover-Foxcroft...A new radio format entitled "Update from Great Northern" as well as a printed piece with the same title but with additional detail for mailings to opinion makers will be added to the 1981 advertising program...I made several suggestions in reviewing John Dixon's presentation to the East Millinocket Chamber of Commerce on logging roads...Charles Goldsmith of United Press called with questions regarding an interview with Bill Butler and also for my views on the Nader Report. He's doing an article on the paper industry in Maine...On the WABI-TV program "Follow Up" on January 4, Bangor banker Bill Bullock cited the delays in granting permits to companies seeking to convert to coal as an example of what's wrong with Maine's business climate. State Chamber of Commerce President Leonard Minsky said Maine's Workers' Compensation rates put the paper industry at a disadvantage in competing against mills in other states.

Sincerely,

[Signature]

pmc/b
Enclosures (4)
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Dick:  

The newsletter of the Public Affairs Department for the week ending January 16:

**GETTING DOWN TO SPECIFICS**

When Governor Brennan appeared before the Legislature on January 13 to present his budget, representatives of the Forest Industry were listening attentively. Legislative leaders the day before were told that the Governor would propose to eliminate the jobs of 35 state foresters and call for a halt in state spending for control of the spruce budworm.

Businessmen generally welcomed the austere budget. As Brennan said "It is a budget that was written for the 1980's -- not the 1960's, when funding was abundant and there seemed to be no ceiling on what government could do." But some differed on his priorities. There was more money for agriculture and more money for the fishing industry; but cutbacks in funds for Maine's forest resources.

He proposed eliminating:

"District foresters field service, which provides governmental subsidies to woodland owners without regard to need. Eliminating this program will save $930,617."

"General fund support for the Spruce Budworm Control will be eliminated with a total two-year savings of $576,274. Dedicated revenue funding will continue. The Maine Congressional Delegation last year rebelled at supporting federal financing over this issue last year. If this year's federal program requires support from the delegation, Brennan's action makes such support questionable.

His proposals may make the Blaine House Conference on Forestry next week a forum for protests. Service foresters say they are helping
50,000 owners of small woodlots. While the paper industry will not get involved in the controversy, the Maine Forest Products Council and the Maine Audubon Society will likely lead the opposition at hearings on the budget.

The administration's other priorities again include an environmental health unit and a hazardous waste fund -- rejected a year ago and certain to fan new controversy.

Good news was his recognition of the workload of the Workers' Compensation Commission. (60,000 first reports vs. 25,000 in 1971...10,000 hearings vs. 2,500 a decade ago.) The Governor called for a $45,000 study of ways to improve efficiency of the system. More good news was a $29 million bond issue -- $23 for development of cargo ports.

**THE LEGISLATURE**

Brennan's speech was the highlight of the week.

Behind the scenes, representatives of the state's environmental groups, the paper industry, State Department of Conservation (Nancy Ross says the department strongly supports the Tree Growth Tax Law) and the Maine Municipal Association met to discuss the Tree Growth Tax Law. They didn't get anywhere with the Municipal Association in a minority. House Taxation Committee Chairman Bonnie Post dropped in to say she is in favor of a severance tax. The Governor's office had called the meeting in hopes of finding common ground. The administration appears sympathetic towards the complaints of the cities and towns that they should be reimbursed for revenue lost under the formula.

Environmental Affairs Commissioner Henry Warren was reportedly drafting a new version of his proposal that applicants pay for consultants on complex projects before the Board of Environmental Affairs. This version would make it voluntary -- allowing those who want to pay for expedited service to pay; others could wait for the DEP staff. Great Northern opposes the idea. St. Regis seems to be promoting the concept.

**NEXT WEEK IN AUGUSTA**

The only hearing of interest is to be held Tuesday, January 20, at 1:30 p.m., when the Committee on Agriculture will consider proposals to revise procedures for regulating dams and another to require reporting of fuel wood in the annual report of the timber cut. Neither is a problem for Great Northern Paper.

**ALSO THE CONFERENCE**

The Forest and Maine's Future will be the theme of the Blaine House Conference on Forestry. John Wishart of Georgia-Pacific, Lloyd Irland of the Bureau of Public Lands, David Smith of the Yale School of Forestry and Peter Yacavone of Great Northern will be the chief speakers in the two-day event, January 21-22.
REFUND

Headed by banker Bill Bullock and trucker Galen Cole, the Committee for Resolution of the Maine Indian Land Claims was organized to advocate approval of the $81 1/2 million passage then before Congress. The committee raised $10,390 for advertising and to send a delegation to Washington with the support of 80 individuals and companies. This week the committee went out of business, mailing contributors a refund as a result of raising too much money.

ASSOCIATED INDUSTRIES OF MAINE

Directors of Associated Industries of Maine were introduced at a January 13 meeting to the organization's new publications director, Diane Peterson. Dave Clough, public affairs manager, will be concentrating on environmental and other matters. There are now one part-time and four full-time professionals on the AIM staff in addition to legislative counsel. Directors were told that Seth Thornton or Bill Malloy, two veteran bureaucrats, are the leading candidates to succeed Dave Bustin as Commissioner of Manpower Affairs.

CHANGING FACES IN WASHINGTON

Jim Case, administrative assistant to Senator Mitchell, is leaving Washington to join former State Senator Phil Merrill in the lowhead hydro business. Case handled critical issues such as the Indian lands claims and spruce budworm while on former Senator Muskie's staff. His successor is David Johnson. It is the second change at the top spot level in the Maine Congressional Delegation in several weeks. Craig Stevens, a former aide to Senator Cohen, has become administrative assistant to Congresswoman Snowe, replacing Marvin Collins who resigned to become a lobbyist.

VISIT TO AUGUSTA

With Galen Lander, I visited Connie Irland, Deputy Director of Planning for the State Energy Office, to brief her on the "Big A" project. Mrs. Irland says the Energy Department is now seeking to hire a specialist to deal with reviewing proposals for hydroelectric projects. Mrs. Irland says there has been considerable interest from environmentalists, the press and politicians in the contents of the Great Northern application for a federal permit to study the "Big A" project. We also are planning a briefing for employees, suppliers and others who work and frequent the West Branch area. I also circulated two copies of the book "The New River Controversy", the story of a hydroelectric project controversy.

QUOTES OF THE WEEK

"Maine is one of three states in the northeast which showed a significant increase in the 1980 census. That must be because people wanted the quality of life resulting from our strict environmental standards."

--Gordon Weil, Director of State Energy Office

"When you add in energy costs, Maine has the lowest per capita income in the country."

--U.S. Senator Mitchell
PUBLIC RELATIONS

A $1,000 contribution to the fund for a new ambulance for the Dean Hospital in Greenville was approved by the Great Northern Nekoosa Foundation...We edited a piece on Great Northern Paper and provided illustrations for the S.D. Warren newsletter for employees...Gordon Manuel of WABI-TV again expressed disappointment when we turned down his request to photograph the operations of the new boiler at East Millinocket...We notified suppliers that no further news releases would be approved on the boiler although we would consider material needed for annual reports. We've been overwhelmed...Mary Bailey and I answered questions from Mary Cornog of Yankee Magazine. The magazine is planning two stories by Anne Erickson and Bill Johnson illustrated by Steve Muskie's photographs on Millinocket and East Millinocket (and Great Northern) for its March issue...I was quoted in New England Business Magazine on the business outlook for Maine in 1981...Further information on logging and woodsmen were provided Charles Goldsmith of United Press International....Bruce Nett of "The County" newspaper supplement was given permission to photograph lumber from the Pinkham mill being sent to Europe.

Sincerely,

Paul

pmc/b
...They're around when you need them.

Something significant has been happening in American industry on its way into the 1980's. The fuel that helped build our twentieth century economy and then took a back seat to inexpensive oil is once again ready to help us solve our problems.

That old friend is coal — and there are some 200 billion tons of it that are economically recoverable in this country alone. Right now, coal is supplying less than 20% of our nation's energy needs, and common sense tells us that we'd better take a long hard look again at this valuable resource.

At Great Northern, that's exactly what we are doing. We have a plan that will reduce our oil consumption by over 400,000 barrels a year.

In 1957, we installed two boilers at our mill in Millinocket that were designed and constructed with the capability to burn pulverized coal with the addition of appropriate equipment — but we've been burning oil in these boilers for the past 23 years, for a lot of good reasons.

As part of our careful plan to virtually eliminate our use of foreign oil, our program to utilize coal is one more step down that path.

We've already cut our oil needs by 13% by reducing waste heat and recovering unused heat.

Our 34 million dollar bark boiler is reducing our oil requirements another 17%.

And we plan to reduce our oil needs by taking advantage of our hydro resource opportunities.

Right now, we are fortunate there's an old friend standing by to help us — and that modern technology has found a way to make it cleaner and safer.

The project will take nearly three years to complete, and will cost over 50 million dollars — but the long-range benefits for all of us — will outweigh the time and the investment.

At Great Northern, we're replacing foreign oil... with Yankee ingenuity and the help of an old friend.

Great Northern Paper
a company of
Great Northern Nekooso Corporation
Mr. Richard W. Noyes  
Assistant Vice President - Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Department for the week ending January 23:

**Blaine House Conference**

The 1981 Blaine House Conference on Forestry attracted 350 to the Augusta Civic Center January 21 and 22. In closing remarks, Conservation Commissioner Barringer said the many interests involved in the forest resource "are emerging from a long era of mistrust and misunderstanding...I sense a powerful feeling for the need for cooperation." Barringer said he and the Bureau of Forestry would transmit to Governor Brennan the sense of the Conference that Maine's "forests are in poor shape from under-use and over-cutting, face serious stress as a result of the spruce budworm and it will take decades of often frustrating efforts" for industry and government to face up to the challenge.

Great Northern Paper President Peter Yacavone was one of the four key speakers. Copies of his talk have been distributed to managers. Others were Georgia-Pacific Vice President John Wishart, Bureau of Public Lands Director Lloyd Irland and Professor David Smith.

Governor Brennan came to the second day's session to defend the necessity for cutbacks in assistance to owners of forest lands and for elimination of state financial participation in the spruce budworm control program, which will have to be replaced with added taxes on the owners of timberlands.

Following Yacavone's speech, four panelists joined in discussing the economic impact of Maine government on the forest industry. All had read the speech in advance of the conference. Dick Anderson, a Portlander who served on the Board of Environmental Protection, said he "would like to have been back on the BEP after his firm's application for a coal ash disposal area was turned down. They didn't appreciate how much time and money went into our efforts." Chairman Charles Blood of the Land Use Regulation Commission said that LURC
"has recommended only those regulations which reflect the mandate of the Legislature." Blood said he was disappointed there was no industry wide analysis of the cost of LURC regulations and defended the road construction standard cited as an example of over-regulation by Yacavone. Maine Municipal Association Executive Director Lockwood, discussing the Tree Growth Tax Law, said the MMA position has changed. The association of cities and towns favors retaining the valuation formula but said that complete reimbursement for revenue lost by cities and towns must be provided by the state -- if the law reflects state policy.

Responding to criticism of over-regulation and delays in granting permits to switch from oil to other fuels, Environmental Protection Commissioner Henry Warren called Great Northern "a well-managed, good corporate citizen" and put the company among the 95% of those who will do the right thing on most counts, but reminded the audience of the 248 company violations of state and federal air pollution standards. Warren said the company's application to use coal was lacking in "fundamental" information.

The Great Northern president faced a variety of questions. At the end of the day, Yacavone was pleasantly surprised with praise from "Doc" Hodgdon, the critic of the Pittston refinery, opponent of spruce budworm spraying and foe of industry air pollution strategy. "Doc" is a former mathematician on the faculty of a Michigan university who now lives in Lubec.

Yacavone also appeared January 22 on a statewide television program on the same theme. Also interviewed on the Maine Public Broadcasting Network were Irland, Sandy McGowan of the Maine Small Woodlot Owners Association and Dr. Fred Knight, director of the University of Maine School of Forest Resources. The Great Northern president was also interviewed by Bud Bloomstock of the School of Forestry for an Extension Service television series to start in the fall. Russ Van Arsdale of WABI-TV interviewed Yacavone for the evening news.

Newspaper coverage was slim although editors may have plans to use the material in weekend editions. Both the Maine Paper and Maine Times staffed the event.

**Barringer's Successor?**

Most observers in Augusta feel Conservation Commissioner Barringer will become director of the State Planning Office. The forest industry supports the candidacy of Anderson, who is also a former executive director of the Maine Audubon Society. They were caught by surprise this week when the name of Deputy Attorney General Cabanne Howard was tossed into the ring. Howard has been representing natural resource agencies for several years. Bill Blodgett, the ousted Waldoboro legislator, also was seen as a candidate but Blodgett is expected to be named to the Board of Environmental Protection replacing Harvey DeVane of Ellsworth. DeVane was named Commissioner of Business Regulation on January 23, the job vacated by Energy Director Gordon Weil.
ADVERTISING PROGRAM

Strategy for the 1981 Great Northern Maine advertising campaign is in place and the specifics of the first of three "waves" has been approved. Newspapers, radio television and the mails will be utilized to advocate a common theme -- the company's need to reduce its dependency on imported oil.

Attached is...

1) A full-page advertisement which will appear in newspapers in Madawaska, Presque Isle, Caribou, Houlton, Lincoln, Millinocket, Ellsworth, Bangor, Portland, Brunswick, Lewiston, Waterville, Augusta and Biddeford starting in February.

In the works are....

2) A one-minute radio script has been approved for taping and use on radio stations in Portland, Augusta, Ellsworth, Caribou and Millinocket.

3) A 30-second television spot for Portland and Bangor markets. A concept has been approved for filming in early February.

4) A mailer for opinion-makers with an energy theme. Like the radio reports, the mailer will be entitled "Update" and the format will resemble that of typewritten news reports.

The campaign will include a "second wave" during the summer, minus a television component. A "third wave" is scheduled for fall.

THE LEGISLATURE

Millinocket-area legislators were brought up to date on Great Northern Paper's discussions with the State Department of Conservation on a conservation easement for the East and West Branches of the Penobscot at a January 21 meeting in Augusta.

Senator Pray and Representatives Clark, Michaud and McEachern joined Bob Bartlett, Lynwood Hand, Bart Harvey, John Houghton, Dick Noyes, Peter Yacavone and me. Pray is assistant minority leader of the Senate. McEachern is House chairman and Clark is a member of the Committee on Fisheries and Wildlife. Michaud is a member of the Energy and Natural Resources Committee.

It was a quiet week in the halls of the Legislature. Members are waiting for printers to catch up. Most of the 2,000 bills filed were submitted at deadline. Only a few hundred are in print.

NEXT WEEK IN AUGUSTA

The legislative schedule for next week includes only three items of interest. At 1 p.m. on Tuesday, January 27, a proposal to change the method of apportioning sheriffs' costs in the unorganized territory will be heard by the Local and State Government Committee. On Wednesday, January 28, the Energy and Natural Resources Committee will consider a bill to eliminate the dedicated revenue financing of the Bureau of Public Lands in the State Department of Conservation -- proceeds of harvested timber. On Wednesday the Judiciary Committee will consider a proposal for cash forfeiture for cutting trees on the land of others.
Public Relations

We provided Mary Cornog of Yankee Magazine with additional information for the articles which are scheduled to appear in the March issue....For lack of time, we had to turn down another request from Yankee for an article on a logging camp cook....Advertisements on snowmobile safety and the need to report fuelwood cut in 1980 were placed in local newspapers and on WMKR....Phyllis Austin of Maine Times solicited nominations for an article on Maine's most influential people and a copy of the "Big A" application to the Federal Energy Regulatory Commission. She is writing an article on the competition for hydroelectric sites....Roger Boynton, Bob Leavitt and Chuc Halsted spent a day planning a television film on papermaking for the Maine Public Broadcasting Network's curriculum for pupils in Grades 4 to 8. The movie will be filmed during the first week in February....Grants totaling $20,000 were approved for the Hillcrest Golf Club with the first $10,000 to be contributed when members raise $5,000 and another $10,000 will be contributed when $5,000 more is raised by Hillcrest members....John Christie of Ad-Media visited Pinkham Lumber to discuss advertising needs with George Smith and visited East Millinocket to discuss a new mill tour guide with Art Dentremont...Roger Boynton and a free-lance photographer for Ad-Media spent several hours photographing the mills -- the first step in the production of the television script. The filming will take place in Millinocket on February 3.

Sincerely,

Paul

pmc/rr
Enclosure

Distribution:

E. E. Allain
R. F. Bartlett
J. A. Blickle
P. Cannella
J. B. Carson
S. A. Casey
A. L. Clark
G. H. Cook, Jr.
W. E. Cozens
A. B. Danforth
J. L. Dardenne
J. P. DeMarrais
A. E. Dentremont
P. I. Firlotte
T. H. Flanagan

T. A. Galas
J. M. Giffune
C. R. Grantland
J. W. Griffith
L. E. Hand
R. Hellendale
D. O. Hickey
S. G. Hobson
K. Y. Hodsdon
P. D. Hubbe
C. A. Hutchins
R. R. Johnson
M. A. Keck
T. W. Kelly
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W. R. Laidig
G. M. Lander
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W. E. Lloyd
O. J. Lombard
V. F. Mattson
E. V. Maxfield
P. F. Mendola
C. L. Nelson
A. M. Nemirow
G. L. Nystrom
J. F. O'Handley
P. P. Paul
T. N. Perdleton
T. S. Pinkham

C. H. Reed
D. R. Roop
W. A. Saucier
E. M. Scherwin
B. J. Shairman
R. J. Shimmers
W. W. Tolley
A. J. Tozier
O. K. Tripp
W. D. Vail
G. E. Veneman
P. H. Welch
D. W. Westfall
P. H. Willetts
P. F. Yacavone
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Department for the week ending January 30:

**The Canadian Connection**

The Irving family of New Brunswick owns and harvests timberlands in far northern Aroostook County. The Irving logging operation has been a center of labor turmoil. House Speaker John Martin said January 27 the Irving's waited months to pay a $5,000 bill from the Aroostook County Sheriff's Department resulting from the Irving's request for protection. That's why Martin, who represents the area, filed Legislative Document 99 which proposed an 8 percent administrative charge be tacked onto the total amount counties would be reimbursed under the Unorganized Territory Educational and Services Tax. If the proposed reimbursements are approved by the Legislature, that would net the counties $112,000 in 1981-82.

But Martin told the Local and County Government Committee at a hearing January 27 that all he intended is to enable counties to add 8 percent to the taxes of landowners who fail to promptly pay bills submitted by sheriffs. He wanted a penalty to spur delinquents. "The people involved are mostly part-time deputies. They shouldn't have to wait months to be paid." International Paper and Great Northern paid, the Speaker said. Martin agreed the language in L.D. 99 wasn't the answer. But he told lobbyists that the penalty should be applied only in the unorganized territory, not in cities and towns. That poses constitutional problems, according to Great Northern's legislative counsel, Lynwood Hand. But he and others are trying to help Martin.

The hearing prematurely kicked off the anticipated debate over the issue of unorganized territory taxation. If the agencies get the $7,366,141 they have requested for 1981-82, a 19 percent increase is in the offering.
Senator McBreairty of Perham showed up to oppose the Martin statement, charging that "people in the unorganized towns are not only paying their share, but much more." He cited statistics in Aroostook County:

86,761 people in the organized towns of the county paid $864,961 last year -- $9.97 per capita;

2,928 people in the plantations in the county paid $48,904 or $16.70 per capita;

1,554 people in the unorganized territory paid $103,182 or $66.35 per capita.

The senator charged 1.7 percent of the population is paying 10% of the county tax. "People like you and I live in the unorganized territory, not just the big boys, such as paper companies." Martin rebutted McBreairty's figures, calling them "totally in error...they represent only people who live there year round...and do not include thousands of campowners." McBreairty said, "People have been a little careless with their fingers in this tax" and pledged to continue to dig into the matter.

**The Week That Was**

Governor Brennan again provided the drama of the week in the Legislature, outlining his message to legislators. The only surprise was his opposition to expanding Maine Yankee's capacity to store nuclear waste. His proposal to broaden the scope of the Jobs Investment Tax Credit was welcomed by businessmen because of a two-pronged qualifying level -- 40 jobs and $9,000,000 in investment, or 360 jobs and $1,000,000. He urged a new bond issue for cargo port development. In the environmental area, Brennan again sought an environmental health unit and a hazardous waste fund. The Governor's legislative package will be considered February 5 by the Taxation Committee of Associated Industries of Maine.

Martin joined Conservation Commissioner Barringer in opposing a McBreairty proposal to do away with dedicated revenues of the Bureau of Public Lands. Dedicated revenues come from sale of stumpage. This makes the agency independent of the Legislature. The money is needed to get a management plan in place, the committee was told. McBreairty believes money is being wasted by the agency but isn't hopeful he will succeed in undedicating the funds.

**Next Week**

The legislative Committee on Energy and Natural Resources at a 1:30 p.m. meeting, Monday, February 2, will consider a bill dealing with discharges into ponds, lakes and tributaries. Industry will ask changes. That's the only hearing of the week of direct concern to Great Northern.

The Great Northern program of assigning management people to join Hand in Augusta for two days to formalize themselves with the legislative process resumes next week. Bill Carpenter, a West Branch district forester who has guided legislative tours, will go to Augusta. He will attend a hearing, see the legislature in session, get acquainted with sources of information and meet legislators. These tours are scheduled every-other-week.
The Census

We are hearing a lot today about the report on the 1981 census. From the office of Congresswoman Snowe, a summary of the report was obtained.

Maine's population of 1,123,670 in April of 1980 was a 13.1 percent increase from 993,722 in 1970. Every county except Aroostook increased in population. Coastal areas were the big gainers. The state's largest cities lost ground. Some town figures:

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<th>1970</th>
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<td>East Millinocket</td>
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<td>2,567</td>
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<td>Lincoln</td>
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Workers' Compensation Rates

Hank Magnuson of the Paper Industry Information Office described the January 29 hearing on the proposed 25 percent increase in the average rates for workers' compensation insurance as a "fiasco".

Don Perkins, counsel for a coalition of Maine associations, challenged a move by the insurance companies to introduce new evidence. The State Insurance Superintendent finally allowed new material submitted by January 30 and recessed the hearing until February 6. The superintendent accepted testimony from the crowd of businessmen present, including Hollis Hanington of the Maine Forest Products Council.

"Cut and Run" -- Long Run?

"Cut and Run", the controversial film on logging in Maine, attracted 150 people to Fort Kent Town Hall on January 23 and 75 to the East Sangerville Grange Hall the following night. In each case, the program included spirited panel discussions in which foresters and contractors branded "Cut and Run" as a one-sided approach to the issue. Skip House was in the Sangerville audience, Wilmer Saucier at Fort Kent. The conservative Maine Paper called it "a hard core socialist propaganda film."

The Changing DEP

Even as new drafts of proposals to reorganize the Board of Environmental Protection are circulating, the BEP is undergoing a change in membership. Harvey DeVane of Ellsworth will leave the board after he is confirmed next week as Commissioner of Business Regulation. Joan Kidman of Portland has resigned because of poor health. The term of Jim Tweedie of Mars Hill expires February 10. Evelyn Jephson, a veteran member, is expected to be renominated. Mrs. Jephson's term
expired September 10. The business community has several candidates, including retired International Paper Company Woodlands Manager Morris Wing who reportedly is at the top of the list. Bill Blodgett, former chairman of the legislative Energy & Natural Resources Committee, is also a leading candidate.

PUBLIC RELATIONS

A news release was sent to the Portland newspapers for the annual business edition... I worked with Commissioner Barringer and Marshall Wiebe of the State Department of Conservation and Ad-Media on plans for an Augusta press conference next week if agreement is reached on a Penobscot Conservation Easement... The Millinocket mill will be the site of two television productions next week -- one a children's film for public broadcasting and the other a Great Northern advertisement...At a meeting of the Public Relations Council of Maine, January 29, Great Northern's accessibility to the press was cited as an example for others by Peter Cox of Maine Times... A public service advertisement will be sponsored in Katahdin Times to promote a blood drive... I answered questions January 28 from Bruce Mohl of the Boston Globe about Great Northern's reaction to the decontrol of oil prices and on January 29 he called back asking to come to Millinocket to do a story on the company's energy program... With Bart Harvey, Paul Firlotte and Galen Lander, I am planning a February 9 briefing on the hydro project, the conservation easement and other energy-related matters for employees and others who live and work in the region involved... In Orono, I met with Dr. Arthur Johnson to revive the Indian land claims book project which had been held up as a result of an illness in his family... In Augusta, I talked with Rob Gardiner regarding a briefing on Great Northern's coal project and tentatively set February 19 as a meeting time. Dale Phenicie and Dan Boxer are developing the format.

Sincerely,

[Signature]

pmc/b
FOR IMMEDIATE RELEASE
February 6, 1981

Governor Joseph E. Brennan and Great Northern Paper Company President Peter F. Yacavone today announced agreement on a conservation easement for approximately 78 miles of river and lake shore frontage in three counties.

The easement, negotiated by the Maine Department of Conservation and Great Northern, affects frontage along the East and West Branches of the Penobscot River, Lobster Stream and Lobster Lake. The frontage is in Penobscot, Somerset and Piscataquis Counties.

Governor Brennan and Yacavone signed a memorandum of agreement at a State House ceremony this afternoon.

"I am very pleased to be able to sign this memorandum of agreement, which provides for the donation of a conservation easement which is the largest ever established in Maine," Brennan said.

The agreement includes submission of a resource protection plan for the easement corridor. The plan will be submitted to the Land Use Regulation Commission.

"This agreement allows Great Northern to continue its timber and hydro management of the lands and waters involved. It also allows the state to manage continued public recreational use of some of the most popular canoeing, camping and fishing areas in the state," Brennan said.

-over-
"I am pleased to congratulate both Great Northern and the Department of Conservation for an effort which may well serve as a model for the protection of other Maine rivers with high recreational potential."

The West Branch section of the easement includes lands wholly owned by Great Northern between Seboomook Dam and Ambejejus Lake, including Lobster Lake and Lobster Stream. The East Branch portion includes Township 5 Range 8 and the Umbagog Lot in Grindstone Township.

The area covered by the easement also includes the northern terminus of Northeast Carry, an area cited in the writings of Thoreau, and numerous landlocked salmon fishing spots and various scenic rapids and falls popular with whitewater canoeists and rafters.

Under the agreement, Great Northern will relinquish residential and commercial development rights on land within 500 feet of both shores of waters involved, covering 7300 acres in all.

The agreement is neutral on the question of hydroelectric development. If a water impoundment were created in the future, the easement will move to cover the shore of the impoundment.

Conservation Commissioner Richard E. Barringer said final agreement between the state and Great Northern required the adoption of three elements -- the conservation easement itself; a resource protection plan which provides standards for future public use of this area; and a recreation management plan which provides for future public use of the area.
"The company has petitioned the Land Use Regulation Commission to zone the land involved as a Resource Protection Plan Zone," Commissioner Barringer said.

"The Commission will hold a public hearing on this proposal. If the plan is approved, forest management activities and other land uses in the zone will be conducted according to approved land use standards.

"The state itself is responsible for the recreation management plan, and the Bureau of Parks and Recreation and the Department of Inland Fisheries and Wildlife have drafted a plan for consideration by LURC. The Commission will schedule hearings on all these elements at an early time to receive public comments and review."

A conservation easement is a legal agreement by which a private landowner donates development rights to public or private organizations while retaining ownership of the land. About 200 such easements have been donated in Maine, covering roughly 15,000 acres. Until now, the largest conservation easement in the state was for the 2100-acre Bartlett Island off Mount Desert Island.

###
PENOBSCOT RIVER
CONSERVATION EASEMENTS

SEBOOMOOK LAKE
LOBSTER LAKE
CHESUNCOOK LAKE
RIPOGENUS DAM
BAXTER STATE PARK
FIRST GRAND LAKE
EAST BRANCH
WEST BRANCH
PEMADUMCOOK LAKE
DOLBY POND
BANGOR
AUGUSTA
PORTLAND
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending February 6 follows:

**THE PENOBSROT SOLUTION**

Since it was included on a list of rivers in 1968 to be considered for designation as a National Wild & Scenic River, the future of the upper Penobscot has been under study by state and federal agencies.

In Augusta on February 6, Governor Brennan and Great Northern Paper President Yacavone announced agreement on a conservation easement covering approximately 78 miles of river and Lobster Lake. Before the easement is transferred to the state, the Land Use Regulation Commission must approve a resource protection plan for the corridor, including 500 feet on both shores of the river and the shore line of Lobster. Approximately 7,700 acres are included -- all of the land owned 100 percent by the company on the East and West Branches. A recreation plan remains to be agreed upon.

There was a two-day flurry of activity in Augusta relating to the agreement.

First on February 5, Conservation Commissioner Barringer briefed 35 representatives of environmental organizations, sportsmen and legislators. Bob Bartlett, Dan Corcoran, Bart Harvey and I attended. Several of those present asked when other landowners would follow Great Northern's lead. In the evening, Peter Yacavone and Bob attended a Blaine House dinner as guests of the Governor.

The Governor's cabinet room was the scene of the formal announcement of the agreement. There was a map showing the area involved. Wire service reporters, free-lancers, and radio station representatives crowded into the room. In the back of the room were several of Barringer's colleagues involved in the negotiations, and two representatives of the company. Missing were some familiar faces, environmental writers Bob Cummings of the Portland papers, Dave Platt of the Bangor Daily News and Phyllis Austin of Maine Times.
Penobscot (continued)

A copy of the news release issued by the Governor's office is attached as well as a sketch of the area covered by the scope of the easement.

Yacavone said, "the people of Maine will indeed be fortunate... the State will acquire rights which will assure a beautiful river in the forest of the North Country will remain forever as it is today...a part of the Maine heritage." Great Northern, he said will achieve two objectives: "Control over the resource will remain in the hands of Maine people. Great Northern and the state are satisfied the Penobscot can be protected without federal involvement. If the necessary permits can be obtained, another hydro station is possible. The option remains open. Hydropower is a foundation of Great Northern, allows my fellow employees and I to compete effectively against papermakers in the Sun Belt and Canada...competitors with more reliable and less expensive energy sources."

The story wasn't the only big news of the day, sharing attention with the anticipated announcement that Barringer will move to the State Planning Office as director. Still, the easement story was on all the evening news reports on television and was page one news in Portland the next morning, Congressman David Emery quickly put out a news release praising the plan.

**Change At Conservation**

Barringer's successor as commissioner will be Dick Anderson.

Anderson, 46, is a partner in a firm specializing in the disposal and recycling of paper and other waste. Before going into business, he was executive director of the Maine Audubon Society and a biologist with the State Department of Fisheries & Wildlife. Anderson will have the support of representatives of industry, although it's likely there will be differences between them on some issues. He first won recognition fighting the use of DDT because of its influence on salmon in Sebago Lake. He's been a champion of Bt as a replacement for pesticides in budworm control.

Barringer leaves a department with 275 employees and a $15 million budget to direct a staff agency with 50 employees and a $1.5 million budget. The office was established in 1968 and today the staff spends most of its time coordinating federal programs.

**Spruce Budworm**

With budget-cutting rumors flying, it was inevitable that the question of federal financial support for spruce budworm control pop up. But Carol Hicks of Senator Cohen's staff says the administration hasn't announced any decisions -- and won't for a couple of weeks. In Augusta, Great Northern's legislative counsel, Lynwood Hand, says there is no hope of overturning the Brennan administration's decision to let landowners pay the entire state share of spraying and related costs. Amendments to the law are in the works and Bob Wright is tracking them and keeping Hand informed.
THE LEGISLATURE

Dan Boxer, representing the Paper Industry Information Office, and Bob Moore, representing Associated Industries of Maine, spoke at a February 2 public hearing against Legislative Document 353 which would revise laws concerning discharges into lakes. Moore says if the bill was approved the Department of Environmental Protection would not be able to license any discharge that would end up in a great pond and would impose "an incredible straight jacket on future industry." The DEP and lake associations supported the bill. The legislative Committee on Energy & Natural Resources asked that the conflicts be ironed out in a redraft. The bill may be thrown out.

Over 600 bills have now been printed for consideration during the session.

While it was a quiet week in the State House, there was lots of activity in Augusta. Tom Kelly attended a meeting of the Taxation Committee of Associated Industries of Maine. Utilities and other water users were apprehensive over a Maine Water Use Data System organizational meeting on February 6 on which Hank Magnuson will report. In nearby Hallowell on the same day, the State Insurance Superintendent reconvened the hearing on a proposal to increase Workers' Compensation insurance rates by an average of 25 percent.

NEXT WEEK IN AUGUSTA

Several bills of interest are scheduled for public hearings next week in Augusta.

The Paper Industry Information Office will support two proposals to require legislative approval of agency rules scheduled for public hearing on February 9 by the State Government Committee. The Energy & Natural Resources Committee the same day will consider a proposal for an experimental test for control of black flies. On February 10, a bill requiring reporting of Reyes Syndrome will be considered. The disease has been linked to spruce budworm spraying, among other things. The reporting of hazardous waste spills is the subject of a bill to be considered at a hearing on February 11. A national issue comes to Augusta that day with a proposal requiring advance notification to employees when a business leaves the state will be considered by the Labor Committee.

Paul Firlotte has been invited to be on a panel on hydropower for a February 10 meeting of the ad hoc energy caucus of the legislature. Peter Yacavone will visit with the Aroostook Delegation, Republican leaders and House Speaker Martin on February 11-12.

WASHINGTON NOTES

With Congress in recess, the Maine members will be hitting the road. Senator Mitchell will be in Millinocket on February 12 to tour the mill, lunch with managers and for a briefing on the spruce budworm. Senator Cohen is promoting his new book, "Roll Call"...Stan Hulett, who spent time in Maine while a vice president of the American
Washington Notes (continued)

Paper Institute is returning to Washington from California. He will join the Reagan team in the Interior Department...Charlie Jacobs will replace Mike Aube as No. 2 man on the Mitchell staff. He has been running Mitchell's Lewiston office...Bob McKernan, formerly Congresswoman Snowe's press secretary, is joining the API Washington staff...The January 30 Federal Register includes a Federal Energy Regulatory Commission public notice of Great Northern's application for a study permit.

PUBLIC RELATIONS

A three-man crew from the Maine Public Broadcasting System completed work for now on February 5 in the Millinocket mill on a 15-minute film for children for classrooms on the subject of papermaking. They'll come back in May to film the woodyard and do a companion film on logging. Chuc Halsted is the producer. Bob Leavitt supervised arrangements...Jack Havey and a photographer spent February 3 in Millinocket filming a Great Northern television commercial for Maine stations. It's the first of two budgeted in 1981...Bruce Mohl of the business news department of the Boston Globe spent several hours in Millinocket on February 3. He's preparing a story on the paper industry's switch from oil to other fuels...Ad-Media prepared a large map of the conservation easement and provided the Department of Conservation with copies for the media. It was widely used by the press and television. We also cooperated on fact sheets and news releases...I answered questions from Phyllis Austin of Maine Times. She is preparing an article on Maine's "most influential people"...A February 18 briefing in Augusta on the coal project was arranged with Rob Gardiner of the Natural Resources Council. Dale Phenicie is arranging the presentation...We invited 50 local residents and employees to a briefing February 9 on the company's energy strategy, the hydro project and the conservation easement.

Sincerely,

[Signature]

pmc/b
Enclosure
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Dick:  

The newsletter of the Public Affairs Office for the week ending February 13:  

**RULES AND REGULATIONS, AND FEES**  

Rules and regulations...  

Fees...  

These two subjects were the principal topics of conversation for lobbyists representing industry in Augusta last week.  

A February 9 hearing was held on two proposals requiring legislative review of all agency rules. The State Government Committee was told to expect two more such proposals. Legislators sponsoring the bills told the Committee that most of their constituent complaints stem from rules and regulations generated by state agencies. A spokesman for the Governor's office flatly opposes the idea, saying legislative review would be interference in the executive branch and unconstitutional.  

Considered February 9 were bills which would...  

1) Require legislative approval prior to adoption of a rule, unless an agency informs the appropriate committee in writing why a rule is necessary. Senator McBreaity is the sponsor.  

2) Require legislative approval prior to the adoption of all rules. The bill is sponsored by four legislators of both parties.  

Still to be considered are...  

3) House Majority Leader Mitchell's version which would allow legislative review of rules if enough complaints were received.
Rules and Regulations and Fees (continued)

4) A bill being drafted by Committee Chairman Ault in which Associated Industries of Maine is involved, focusing in part on a requirement that the Legislature be informed of the cost of all regulation.

Hank Magnuson of the Paper Industry Information Office testified in support of the two bills.

The consensus is that "something is going to be passed." The mood in Augusta is against over regulation, although no one is predicting any major roll backs in environmental controls.

The mood in Augusta also is against new taxes. That's why fees were being discussed. The Department of Environmental Protection wants to hire staff personnel with revenue from fees imposed on companies involved with hazardous wastes. The AIM staff was told by some key Senators to "make a deal" because the concept could not be blocked. So last week there was talk of a four-year phase-out of the proposal. Paper companies were trying to put the brakes on the idea.

"There is a dangerous precedent. General fund money has traditionally been used to pay for staff. If the DEP prevails on this issue, there will be no end to such fees -- and growth in staff," said Lynwood Hand, legislative counsel for Great Northern. "If there is a need for a little money for the DEP, we ought to lobby for a general fund appropriation before we open the door to the fee approach to financing."

The joke in Augusta is that "you can increase fees all you want" but not taxes. Governor Brennan pledged not to raise taxes while campaigning for office.

On Other Subjects

Magnuson also testified at a hearing on a bill which would require reporting of discharges of hazardous materials to air, water or land to the State Department of Public Safety. That's the administration proposal but Magnuson told the committee the bill doesn't do what it was intended to do -- eliminate duplicating reporting requirements. He suggested an amendment providing that not more than one agency would have to be notified.

Next week no hearings of interest are scheduled but on February 23 the Energy & Natural Resources Committee will review rules governing logging roads and hazardous waste. The Land Use and Environmental Affairs committees of the PIIO will meet February 18 and 19 to consider strategy.

Yacavone Visit

House Speaker John Martin told Peter Yacavone on February 13 that the session was running smoothly and adjournment by the end of May was a possibility. While in Augusta, Yacavone also met with the Republican leaders of the Senate (President Sewall and Senators Collins, Pierce, Huber, Devoe and Emerson) and with seven members of the Aroostook County delegation.
THE EASEMENT--REACTION

Reaction was mixed.

"...In complete and total disregard for this state's unique heritage and God-given natural beauty, Governor Joseph Brennan and Conservation Commissioner Richard Barringer have condemned the upper West Branch of the Penobscot River to death at the hands of the Great Northern Paper Company."---George Foster, Jr. of Bangor, a whitewater enthusiast, in a letter published in the Bangor Daily News, February 12.

"...To have locked up the potential hydroelectric power of this resource in perpetuity by making this watershed a federal wild river sanctuary immune to exploitation altogether would have been folly at a time when the pressure for these resources is rapidly increasing." ---editorial, Ellsworth American, February 12.

"The agreement to donate a conservation easement on 78 miles of the East and West Branch of the Penobscot River by the Great Northern Paper Company to the State of Maine appears to be in the best interest of the area."---editorial, Katahdin Times, February 10.

"...but the plan leaves up in the air the future of commercial whitewater rafting."---news story, Maine Times, February 13.

George Smith, president of the Sportsmen's Alliance of Maine (SAM) said he is writing a column praising the conservation easement, but Smith added he perceives a controversy of statewide significance attached to a proposal to dam the river with fishermen against the idea. In the 1981 Annual of Down East magazine, the "fate of the Penobscot" was identified as a major issue of the future in the "Environmental Watch" sector.

Rob Gardiner of the Natural Resources Council of Maine said his organization will be establishing a subcommittee to review the easement. His initial reaction was favorable.

A transcript of the press conference was prepared by Mary Bailey from a tape of the session.

SENATOR MITCHELL

Congress was in recess. Senator Mitchell came to Millinocket on February 12. He toured the Millinocket mill, lunched with a group of managers and was briefed on the implications of the spruce budworm epidemic. Mitchell said he expected a tax cut for industry and said he personally favors incentives for spending in the area of research and development. He's now on the Senate Finance Committee which will deal with such legislation. The same day Congressman Emery (running hard for Mitchell's seat) was also campaigning in the area.

BRIEFING

Paul Firlotte, Galen Lander and Bart Harvey on February 9 briefed 40 employees, logging operators, truckers, reporters, campground operators, landowners and others on the company's energy strategy, the hydro project and the agreement with the State which will lead to a conservation easement.
Governor Brennan has reappointed James Tweedie of Blaine and Mrs. Evelyn Jepson of Kennebunk and nominated Bill Blodgett of Waldoboro to fill a vacancy on the Board of Environmental Protection. Mrs. Jepson is a veteran and an environmentalist, Tweedie a potato farmer and Blodgett the former chairman of the Energy & Natural Resources Committee of the Legislature where he was a thorn in the side of industry. The Governor also picked Bill Malloy, a veteran state employee, to be Commissioner of Human Resources. Malloy is well acquainted with the logging industry's labor problems.

Public Relations

A photograph was released on a donation of a skidder by the Company to the Ashland Community High School...A series of three articles on the paper industry by Charles Goldsmith of United Press International appeared in the Portland newspapers, reviving talk of the Nader report and other criticism of the industry. The Portland papers balanced the series with a story on the industry's substantial contribution to the economy, citing Great Northern's business in the Portland area...News releases on promotions were distributed...Coming up: Yankee Magazine's March issue with stories on Great Northern and Millinocket and East Millinocket by Bill Johnson, the critic of the late Governor Longley, and photographs by Steve Muskie, son of the former Secretary of State.

Sincerely,

PMC/B

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Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending February 20 follows:

THE GREAT DEBATE OF '81

The paper industry is girding for a decisive debate this year in Washington. The Clean Air Act expires and Congress will rethink this national policy. What the future holds on the issue was the subject of meetings in Washington, February 17, of the joint government affairs committee of the American Paper Institute and the National Forest Products Association and February 18 of an API-NFPA workshop for persons in the government affairs field.

Speakers agreed changes will be made in the air act.

"There is an enormous potential for a way responsive to the needs of industry as well as the environmental community. The committee has it within our power to report out a piece of legislation responsive to the needs of both and not regarded as a defeat by others," said Frank Potter, staff director for the House Energy and Commerce Committee, adding: "Some new faces may place a lesser value on clean air but I don't sense much of a constituency for weakening the act substantially. It's not a good position to be in, that of being the Congressman who gutted the Clean Air Act."

"The committee appears committed to the goals of the Clean Air Act. We will be trying to figure out better ways of achieving those goals," said Jon Jewett, staff director of the Committee on Environment and Public Works of the Senate.

"More than fine tuning is needed," said Bud Ward of the National Commission on Air Quality which reports March 1 on a three-year study. "The commission found substantial problems."
"Members are not hearing horror stories from environmentalists that they were in the 60's, now they are hearing horror stories about results of the act," said Congressman Madigan of Illinois, ranking Republican on the subcommittee of the House Energy and Commerce Committee which will consider amendments.

What will the changes be? Ward suggested several possibilities:

1) Increase the number of allowable exceedants..."The commission found no public health basis for allowing but one a year."

2) There is a serious question of benefits from the PSD (Prevention of Significant Deterioration) aspect of the law. "Maybe the thing to do is eliminate Class II and Class III designations."

3) "The non-attainment aspects of the law give the act a credibility program with lots of paper shuffling...a novel approach would eliminate deadlines. Some areas will not, can not and should not meet goals of the act -- Los Angeles, for example."

4) Incredible amounts of time are spent by industry representatives and federal and state officials on SIPs (State Implementation Plans). Streamlining is needed, turning more authority over to states.

The question of the effect of acid rain will have to be dealt with, everybody agreed. The issue is generating a lot of mail for Congress.

After the Commission report, both House and Senate committees will move ahead without waiting for the administration to draft strategy. No EPA commissioner has been named. The name of Jim Mahoney of ERT (Engineering, Research and Technology) is being heard most frequently as a candidate. Hearings are expected in May, a draft report in May or June, floor action in September or October and a conference with the House early in 1982, according to Jewett.

Fred Benson, API's vice president in Washington, is pleading with government affairs people to seek examples of difficulties companies have had with law, to prod colleagues to respond to a survey by NCASI (National Council of the Paper Industry for Air and Stream Improvement, Inc.) and to stimulate interest in the subject by chief executive officers.

A separate report is planned on the workshop.

THE WASHINGTON SCENE

The meeting of the government affairs committee attracted over 80 persons representing 35 companies and six trade associations. They packed the conference room of the Capitol Hill Club, a Republican stronghold and an appropriate place to speculate over the effects of administration budget-cutting strategy.
The Washington Scene (continued)

"There was a lot of blood on the floor of the House when the budget process resulted in cuts of $6.2 billion last year," House Budget Committee Chairman Jones of Oklahoma said in a speech, contrasting progress of recent years with the reported new administration target of $40 billion. But the Democrat says, "three-quarters of that amount is attainable."

In addition to the Congressman's talk and the discussion of the outlook for the Clean Air Act amendments, updatings on three issues were presented:

Taxation --- API continues to push the 10-5-3 depreciation allowance approach, Tim Westbay of St. Regis reported.

Natural Gas --- Industry should be on the alert that deregulation is again surfacing as an issue, according to Tom Mitchell of Georgia-Pacific.

Rare II --- There will be another attempt to get all timberlands of national forests removed from the process, except those already designated as wilderness, according to Hubert Travaille of Potlatch.

Bob Mitchell dropped the quote of the day. Recalling a recent conversation with Treasury Secretary Regan, he said Regan told him the typical reaction he gets from business people when discussing budget cuts is, "You mean, of course, food stamps." The Treasury chief said, "You know there are a lot of subsidies you get -- and if we have our way, those are going to be eliminated." As an example, Regan cited industrial revenue bonds.

Bob McKernan of Bangor, formerly press secretary to Congresswoman Snowe, is now coordinating state affairs in the Washington office of API...Mrs. Snowe has moved into new offices in the Cannon Office Building where Congressman Emery's offices are also located. She gets "better-organized space". She has also been named to the prestigious Foreign Affairs Committee...Senator Cohen's new book was panned this week as a "masquerade" in a Washington Star Review. Entitled "Roll Call", the book traces Cohen's first year in the Senate...Senator Mitchell is moving but his staff doesn't yet know where. The shuffle takes place every two years with senior members of Congress getting the most desirable facilities.

NOTES

While it was a quiet week with no hearings scheduled of interest to the paper industry, the tempo of legislative activity is picking up. Nearly 1,000 pieces of legislation have been printed -- with that many more still anticipated. Galen Lander joined Lynwood Hand in Augusta as part of Great Northern's program of acquainting management personnel with the legislative process.
The Legislature (continued)

On February 23 the Energy and Natural Resources Committee will hold oversight hearings on rules adopted to regulate construction of logging roads and rules governing identification of hazardous matters. Dan Boxer is coordinating Paper Industry Information Office's testimony. The Appropriations Committee will conduct a public hearing on the Department of Conservation budget at 1:30 p.m., February 26. The forest industry's small woodlot owners group will be fighting to salvage the department's service forestry program. Great Northern is also monitoring how cuts proposed by the Governor in the spruce budworm and fire control will be dealt with by the Legislature. No hope is seen for state participation in the budworm effort.

PUBLIC RELATIONS

The new Great Northern radio format is being utilized in broadcasting a 30-second report on the coal project over a 13-station network from Maine to Fort Kent. The report will be heard 528 times through February 28...I provided Maryanne Lagasse with information on Great Northern for a 1980 review report in the Bangor Daily News... I provided John Keys of WMKR with information on the Caucomgomoc Dam project in response to questions after he received a news release from the U.S. Army Corps of Engineers...Bruce Mohl of the Boston Globe called with additional questions. His story on the Great Northern energy program is scheduled to appear in February 22 editions...On February 20, I joined Galen Lander and Dale Phenicie to brief University of Maine faculty members and regional planners on the "Big A" project. The briefings precede interviews by consultants...Opposition to Great Northern's application to FERC for a study permit for the project is taking shape with attorneys for whitewater rafters seeking support of a sportsmen's organization.

Sincerely,

[Signature]

pmc/b
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending February 27:

**WORKERS' COMPENSATION—UP!**

It's no secret that the rates for Workers' Compensation insurance are among the highest in the United States.

An average increase of 25% in overall premium levels was approved February 17 by the State Insurance superintendent.

A coalition of trade associations, which had questioned the justification for the increase on February 24, agreed to appeal the superintendent's ruling.

Meanwhile, the Legislature faced an avalanche of proposals (40 with more to come) to amend the law.

This is the picture:

The courts---Donald W. Perkins, the Portland attorney representing the coalition of trade associations, reports we have 30 days to appeal to the Supreme Court in Kennebec County. He recommended the appeal because the superintendent fails to make specific findings on certain requirements of the law. "In pursuing an appeal, we should pursue a stay of the rate increase, pending the decision on an appeal, which would be of substantial benefit in any event since the increase generates additional premium at the rate of $18 million per year," he wrote. Perkins went before the superintendent February 27 to ask for a stay of the increase pending the planned appeal. If he did not succeed, he planned later in the day to go to court.

The regulator---In his ruling, Superintendent Briggs wrote:

"Although the 25% increase requested by the council is not excessive, it does not follow that the methodology and procedures by the
Workers' Compensation (continued)

National Council on Compensation Insurance to produce an indicated 142.4% rate increase are either entirely proper or that they yield a correct projection."

Briggs referred to the 142.4% figure in explaining why he approved the increase on a public radio news program.

Another proposal for a rate increase is expected between June and October, the Government Affairs Committee on Public Affairs was told February 26 by Ron Colby of Associated Industries of Maine.

A copy of the superintendent's ruling has been distributed.

The Legislature---At the February 26 meeting, Colby summed up the outlook on four key bills in this manner. "Labor is death on the bill proposing limits on fees for attorneys. The Governor's office is death on the two bills proposing a 'cap' on benefits. House Democrats don't like the direct payment proposal."

If the AIM initiatives to slow down the escalating cost of the insurance are going to be successful, the association needs the help of some of the Democrats who dominate the House. Speaker Martin rules with an iron hand but AIM members will solicit support from 35 Democrats.

If the Legislature does not act, the weekly benefit under the law automatically increases from 166-2/3% of the average gross weekly wage ($332.17, tax free) to 200% (the exact amount will not be known until June) as of July 1, 1981. The AIM effort is aimed at putting a cap at 166-2/3% on this escalation.

While there's no hope of reducing costs at this session, Great Northern legislative counsel Lynwood Hand believes that no significant new legislation is likely to be passed. Republicans in the Senate will block moves to further liberalize benefits. Hand says farmers are very angry over costs of the insurance and will be putting the pressure on Democrats to keep the lid on costs. A wood buyer told the AIM committee "people are mad as hell. It's all they are talking about this week."

The 1980 cost to Great Northern Paper will be in the $4 million range and could double in 1981.

State House Briefing

Dan Boxer, Galen Lander, Dale Phenicie, Pat Welch and I participated in a February 25 meeting of a subcommittee of the Land and Water Council in Augusta, briefing representatives of nine state agencies, three legislators, the University of Maine and the New England River Basins Commission on the "Big A" hydroelectric project study. Lander outlined the scope of the project and Phenicie discussed the environmental studies. There were many questions (several regarding the possibility of a dry river bed between the new dam and the power house) and complaints from a bureau chief in the State Department of Environmental Protection that the agency needed more people to deal with such projects.

Dr. Harry Everhart, Ed Spear, Galen Lander and I will go to Augusta, March 6, to brief leaders of the Sportsman's Alliance of Maine.
Owners of small woodlots overflowed the largest hearing room in
the State House, February 26, to protest Governor Brennan's proposal
to eliminate 18 foresters from the staff of the State Department of
Conservation. The occasion was the hearing on the budget for the depar-
tment, including the cuts recommended by the Governor. Opponents
of the cuts spoke for 3 1/2 hours. Outgoing Conservation Commissioner
Barringer said a compromise is in the works but had no specifics to
offer. The economy moves by the Governor also would eliminate nine
positions related to the spruce budworm program but the administra-
tion suggests landowners pay for these services under the same tax
which provides for spraying and research. Hank Magnuson of the Paper
Industry Information Office told the committee that the state move
could jeopardize federal financial support. Bob Wright of Great
Northern monitored the hearing.

In other events of the week:

Dan Corcoran of Great Northern joined others in testifying in
support of proposed guidelines for roadbuilding in management dis-
tricts of the unorganized territory—but said if the guidelines are
interpreted to be standards "an unworkable situation" would develop.
The Energy & Natural Resources Committee on February 23 held an
oversight hearing on the new rules. House Speaker Martin joined in
asking "flexible enforcement". The same day the committee considered
Department of Environmental rules for identification of hazardous
waste. Tom Glidden attended that portion of the hearing.

On February 25, the Judiciary Committee considered a bill to re-
move the state's immunity from damage claims by persons alleging harm
from state spraying operations, such as spruce budworm control. The
Governor's office and an insurance underwriter defended the need to
retain the immunity.

Magnuson voiced paper industry support for Dick Anderson at a
February 27 hearing on the nomination of the new conservation commis-
sioner. Everybody supported Anderson, prompting Barringer to joke
"if we are in the right place." Barringer has never generated such
support—even when first nominated.

**Next Week**

The Taxation Committee on March 2 will consider a proposal for
an investment tax credit for energy projects. But like other tax
credit proposals, Representative Huber's suggestion will be opposed
as an income loss.

But the big hearing of the week will come March 4 when the
Energy and Natural Resources Committee will consider proposals to (1)
require LURC and the Board of Environmental Protection to consider
economic benefits and energy savings when considering applications
for permits and (2) require the BEP to review whether state standards
that are stricter than corresponding federal standards are necessary
from an energy, economic and environmental standpoint. Dan Boxer is
coordinating strategy on the bills on behalf of PIIO. Paul Firlotte
will be among proponents. At the same time, the committee will
consider a bill to prevent LURC from outlawing certain uses by
restrictive zoning—forcing the commission to consider energy pro-
jects in all zones. The PIIO Land Use Committee will meet March 4
before the hearing.
A contribution was made to the Maine Council on Education...I visited Unity College which is seeking financial support from Great Northern...On Sunday, February 22, the Boston Globe published an article on the Maine paper industry's switch from oil to other fuels, highlighting Great Northern's efforts. It was accompanied by a picture of the new boiler at East Millinocket...We provided Anne Erickson of The Katahdin Times with a map showing the hydro sites on the West Branch which Great Northern and Penobscot Associates seek to study...We considered a rebuttal to the article in the March issue of Yankee magazine but decided against such action after analyzing the contents and seeking the advice of others. We will let author Bill Johnson know of our disappointment.

Sincerely,

[Signature]

pmc/b

Distribution:

Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending March 6:

**BATTLE LINES IN THE 110TH**

Nearly 1100 proposed pieces of legislation have been printed. Next week public hearings will be scheduled on 110. And 42 days of the 100 days of the first session of the 110th Legislature have been consumed in Augusta. Battle lines are taking shape.

A status report on key areas:

**Taxation** -- Two bills with amendments to the Tree Growth Tax Law have been printed, one drafted by the Paper Industry Information Office and one by the Maine Municipal Association. Others are expected, including a proposal by Representative Post of Owls Head which would include a severance tax on timber at time of harvest. The Maine Forest Products Council voted March 5 to oppose the MMA bill for a number of reasons. The Council was told the MMA bill would require "beneficiaries of the Tree Growth Tax Law" in a town to make up any tax shift resulting from the Tree Growth formula. The discount factor would be eliminated. Don Perkins is analyzing the bills on behalf of PIIO. He is also researching the proposed level of taxes for the unorganized territory. No public hearings have been scheduled.

The Taxation Committee will hold a hearing at 1:30 p.m., March 9, on a proposal to replace the 5% sales tax on industrial oil with a $2 per barrel excise tax. Whether $2 is too much, or whether it wouldn't be boosted if the price per barrel goes over $40 are the last minute questions being faced by industry. It's an AIM proposal.

**Energy** -- There is little activity.

**Forestry** -- Farmers have killed the proposal to transfer authority to regulate pesticides from the Commissioner of Agriculture to the Pesticide Control Board. The Brennan administration is working...
on a compromise to salvage some of the service forest program which the Governor had proposed eliminating as an economy move. If the compromise is tied to the Tree Growth Tax Law, industry will oppose the concept. Procedural amendments to the Tree Growth Tax Law are being drafted. The Maine Woodsmen's Association is pushing legislation to require management plans from owners of over 1,000 acres of timberlands.

A bill seeking to force the Land Use Regulation Commission to consider hydro, peat, or other energy potential, wherever such exists was supported by industry but opposed as unnecessary by outgoing Conservation Commissioner Barringer and LURC Director Pidot. Another, requiring approval of LURC standards within 90 days, was opposed for the same reason. While Committee Chairman McBreairty is enthusiastic, not everybody else is as confident the Legislature is willing to make changes in the LURC law.

Labor -- Hearings will be held Wednesday, March 11, on two proposals by Associated Industries of Maine to put a "cap" on benefits under Workers' Compensation insurance. The Labor Committee will consider L.D. 613 and L.D. 785 at 1:30 p.m. at the State Office Building and business groups are recruiting people to attend and speak. They'll try to convince the committee that the scheduled increases in benefits must be slowed to reduce the burden on the economy. This is the "hot" issue of the session. Fearful that they'll lose the Workers' Compensation insurance business if rising costs are not reduced, the Independent Insurance Agents of Maine have launched their own cost containment effort, having four bills filed. They are also knocking on doors of small business, soliciting support. House Speaker John Martin is telling lobbyists he will again file a bill to create a state fund. Labor is on the defensive but has five people lobbying the issue.

Environment -- This week the Energy & Natural Resources Committee considered L.D. 673 which would (1) require energy and economic consideration by environmental agencies considering application for permits and (2) provide a review of state standards which exceed federal standards. Paul Firlotte and Pat Welch were joined by Millinocket Town Manager Bill Ayoob in supporting the legislation. Others from industry joined in the PIIO effort. But DEP Commissioner Warren and environmentalists opposed the bill as a threat to Maine's clean air. Lynwood Hand, Great Northern's lobbyist, and Dan Boxer, representing PIIO, believe that industry will get some concessions from the Legislature, probably as two separate pieces of legislation.

At 1:30 p.m., Monday, March 9, the Energy & Natural Resources Committee will consider L.D. 877 which would delete the "on mill" exemption from the definition "air pollution". It's the result of the Natural Resources Council challenge of the Martin-Marietta coal conversion. Mill sites are covered by union contracts and OSHA levels. Industry is planning serious opposition. Another NRC bill aimed at eliminating the sales tax exemption treatment from "tall stacks" will be heard by the same committee at 1:30 p.m., Thursday, March 12. It will also be opposed by industry.

When Representative Michaud had questions regarding the Medway tax picture, Jim Carson went to Augusta to brief Michaud. The East Millinocket representative has declined to co-sponsor a severance tax on wood.
ADVERTISING PROGRAM

The first of the three segments of the 1981 Great Northern Paper advertising program is at the halfway mark. The use of coal as a substitute for oil is the common theme for print, radio and television advertising and is a portion of the content for a new publication, "Up/Date". Included in the program are these components:

Newspaper -- A full page advertisement has been published in five daily and seven weekly newspapers and will appear March 7 in the Central Maine Morning Sentinel and March 9 in the Kennebec Journal in Augusta.

Radio -- A 30-second "Up/Date" was broadcast 528 times from February 16 to February 28 on a 13 station network.

Television -- Starting Sunday, March 8, a new 30-second commercial was scheduled to appear on television stations in Bangor and Portland 147 times between then and May 1. The schedule of showings focuses on the evening news on WGAN-TV and WCSH-TV in Portland and WLBZ-TV and WABI-TV in Bangor but will also appear locally on "Sixty Minutes" and other programs.

Publication -- "Up/Date" is a six-page summary of subjects such as the conservation easement, hydro, coal and workers' compensation as they relate to Great Northern. The publication will be mailed from time to time to enable the company to communicate directly with legislators, bureaucrats, suppliers, educators and others.

The Augusta advertising firm of Ad-Media is again representing Great Northern.

PUBLIC RELATIONS

Gordon Manuel of WABI-TV again asked permission to send a film crew to do a report on the boiler at East Millinocket. The unit is off-limits until the Open House...Ken O'Quinn of the Associated Press in Portland wrote a story on the industry's energy strategy which appeared in Lewiston, Waterville and Augusta papers on March 5. I was quoted...Fire Chief Dan Hart of Millinocket and Dale Phenicie briefed Anne Erickson of the Katahdin Times and Maryanne Legasse of the Bangor Daily News on the revised hazardous materials clean-up program for Medway, East Millinocket and Millinocket...At the request of Maureen Allen of WLBZ radio, I answered questions regarding environmental legislation considered in Augusta on March 4. I told her that energy and economics are legitimate matters which should be considered by environmental agencies...A first draft of a script for a slide presentation on the "Big A" project was completed.

THE COMMISSIONER-TO-BE

Dick Anderson has been confirmed as Commissioner of Conservation and it will be several days before he takes office. But March 5, Anderson was the guest speaker at a meeting of the Maine Forest Products Council board of directors. He came early to shake hands with all. When Anderson spoke, he predicted a period of cooperation between industry and the department. In responding to questions, he said "the industry has not done a good job of telling its story" but singled out the Great Northern program as an example of what others should be doing.
"BIG A" Project

Harry Everhart, Galen Lander, Ed Spear and I participated in a briefing of directors of the Sportsman's Alliance of Maine on the "Big A" project March 6 in Augusta. SAM is considering its position on the company's application to FERC to study a new facility and has been asked by whitewater rafters to join in opposition to the study. George Smith, president of SAM; Dick Jones, executive director; and six directors took part in the questions and answers which followed. Galen outlined the project March 3 at a meeting of the East Millinocket Chamber of Commerce.

Sincerely,

[Signature]

pmc/b

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Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Dick:  

The newsletter of the Public Affairs Department for the week ending March 13:  

"THE BRENNAN BEP"  

Frustrated with the refusal of his predecessor to consider their suggestions, environmentalists in 1979 launched a campaign to gain a strong voice on the Board of Environmental Protection when Governor Brennan took office. They have been successful.  

Environmental activists on the board March 12 joined Commissioner Warren in going beyond staff recommendations in attaching conditions to the license for the S.D. Warren biomass boiler in Westbrook.  

In Washington you hear considerable talk of eliminating the intricacies of the environmental laws, the bureaucrats in Augusta are not giving an inch -- and they have the active support of the Governor. When environmental legislation is being considered, Annee Tara or Skip Greenlaw of the Governor's staff is there to articulate on opposition of the administration to almost all changes. "He could leave it to the department heads to fight their own battles, but he is not," points out Hank Magnuson of the Paper Industry Information Office.  

All this is taking place against a background of critical decisions and controversy. In addition to S.D. Warren, Boise and Great Northern have coal utilization projects before the board. The Natural Resources Council has gone to court, challenging a permit issued to S.D. Warren. The talk in Augusta is that the NRC will do the same on all major permits in an attempt to force tighter emission controls.  

When Governor Brennan came to office in 1979, he talked about balance on the Board of Environmental Protection. David Flanagan, his counsel, invited nominations from industry as well as the environmental groups.
The Brennan BEP (continued)

Sterling (Tad) Dow of Kennebunk and Sam Zaitlin of Biddeford were among the Governor's first selections for the BEP. Dow had been a professional environmentalist for years. Zaitlin, a former Saco mayor, is a dedicated environmentalist. They have become articulate leaders. Zaitlin is out of work and attends every meeting, every hearing and every workshop.

When Harvey DeVane, general manager of an Ellsworth radio station, was named to the board, the business community welcomed the appointment. They saw him as balancing Zaitlin and Dow. But DeVane, who is leaving the board to become State Commissioner of Business Regulations, got bogged down in the details and admitted it. DeVane also couldn't find the necessary time. (In 1979-80, a member could have spent 64 days on board matters -- 24 regular meetings, 33 public hearings and five all-day training workshops.)

Now the former chairman of the House of Representative's energy committee, Bill Blodgett of Livermore Falls, has been appointed to the board. "He's another leader for the environmental faction, better than Zaitlin and Dow," Magnuson says, adding: "In addition, Warren is coming on strong...he has become polarized, sticking up for his staff, and no longer is the open, receptive commissioner who won the respect of industry."

Industry hasn't come up with nominees who can offset the environmental activists. Because of the BEP involvement with federal law, Attorney Dan Boxer says paper industry employees are ruled out for two years after retiring. Flanagan promised to seek a technically qualified person who could deal with complicated issues. Paper industry specialists had complained to him that the board was deficient in this capability and Flanagan agreed after attending meetings. Bill Mooney, retired director of the Portland Water District, is considered the best bet of the minute. But the rumors are that the Governor will name "another person who might not be liked by industry."

What's behind the Brennan philosophy?

Is the politically-motivated Governor reacting to the outcome of the nuclear referendum which some observers interpreted as demonstrating the State of Maine has a significant bloc of voters who are environmentalists?

Or has the Brennan staff tried and failed to achieve promises of balance?

When the time is ripe, industry has got to go back to the Governor. Overtures will be made.

The board now consists of the following:

Commissioner Henry Warren, Chairman
Evelyn Jepson, Kennebunk
William Blodgett, Livermore Falls
Lionel Perland, Poland
Maynard Marsh, Gorham
Earl Wahl, Woodland

James Tweedie, Mars Hill
Sterling Dow, Kennebunk
Neil Hapworth, Winslow
Samuel Zaitlin, Biddeford
*Harry DeVane, Ellsworth

*resigned
THE LEGISLATURE

The "big show" of the legislative week in Augusta was the March 11 hearing on two bills which would stem the rise in Workers' Compensation insurance costs. When the crowd overflowed the Labor Committee's room, the hearing was moved to a larger room and finally a third time to Room 228 on the second floor of the State House -- biggest in the complex -- and still people were in the hall. Wallie Jandreau of Pinkham Lumber attended.

"Make an impression? They certainly did," reported Great Northern legislative counsel Lynwood Hand. "The Republican Senate will pass these bills. Maybe the Democrats in the House will continue to stick with the labor unions, but if they do they are going to have a lot of unhappy small businessmen." Senator Pray of Millinocket sees a stalemate. He opposes any "cap" on benefits although urging compromise talks.

On March 9, the Associated Industries of Maine bill to replace the 5% sales tax on industrial oil with a flat $2-per-barrel tax was heard by the Taxation Committee. AIM offered an amendment to make the effective date 1983. Hand sees only slim hope for the bill.

Dan Boxer, counsel for the Paper Industry Information Office, said Dale Phenicie was effective March 9 in opposing a Natural Resources Council bill considered by the Energy & Natural Resources Committee. The NRC wants to eliminate the exemption under the air law for areas inside mills covered by labor agreements. "The hearing went well in my judgment and based upon discussions with committee members, there should not be more than a handful who will vote favorably on the bill."

On March 12, Boxer planned to testify in opposition to another Natural Resources Council bill, eliminating the sales tax exemption for "tall stacks" used to control air pollution.

NEXT WEEK

Hearings of interest will include...

The Energy & Natural Resources Council on March 16 will consider a bill requiring owners of 1,000 or more acres to file a management plan. Dan Corcoran will oppose the bill for Great Northern Paper.

The Fisheries & Wildlife Committee on March 17 will consider a bill mandating fishways on all dams. Fisheries & Wildlife Commissioner Glenn Manuel has told Hand that the department will oppose the bill.

Two bills relating to trucking, one which would increase weight limits, will be heard by the Transportation Committee on March 18. With the state short of money for road maintenance, it's unlikely there will be support for heavier loads on trucks.

Phenicie goes back to Augusta next week for an introduction to the overall legislative process with Hand. He follows Aroostook District Superintendent Orville Tripp to Augusta.
PUBLIC RELATIONS

Tim Clark of Maine Times called March 11 with questions regarding the impact of Workers' Compensation insurance. He had read Peter Yacavone's speech at the Governor's Conference on Forestry...Ken O'Quinn of The Associated Press on the same day inquired about the status of the company's waferboard project. He was developing a story on the product...Ad-Media proposed a model of an annual meeting exhibit...This week 1,394 copies of Up/Date were mailed opinion makers and employees. The information piece is primarily aimed at providing Great Northern with a forum for communicating directly with 500 opinion makers. The conservation easement, energy projects, and workers' compensation were subjects in the first issue...The company sponsored a radio broadcast of the Millinocket Chamber of Commerce "candidate's night" for those running for town council and school board...I represented Peter Yacavone at a 30th anniversary meeting of the Joint Council on Economic Education at the Federal Reserve Bank in Boston...Contributions were made to Dirigo Girls State, Dirigo Boys State, Millinocket Music Boosters, Kiwanis Club of Presque Isle and VFW convention booklet.

Sincerely,

pmc/b

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P. F. Yacavone
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending March 20 follows:

**HYDRO--EMERGING ISSUE**

Only whitewater rafting interests have been publicly critical of Great Northern's plan to study the "Big A" hydroelectric project. The state's major environmental organizations have been silent. Events beyond Great Northern's control are, however, drawing the project into a broader debate over the environmental effects of hydro power development.

Speaking at the Governor's Conference on Economic Development in Orono, March 18, State Planning Office Director Barringer said the challenges Maine faces include developing policies for "mineral, peat and hydro development." There are opportunities, he said, for significant projects on the Kennebec, Penobscot and St. John rivers -- "difficult decisions which must be made in the next few years." The state's hydro potential is "the best in the East" and a plus for Maine in a period of energy transition, Barringer said.

Downriver a few miles in Bangor, the city council's decision to authorize redevelopment of a hydroelectric facility had fishermen upset. Bud Leavitt wrote in the Bangor Daily News on March 18 the action was "the death knell for the recovering Penobscot" and predicted the "beginning of the end to the river's salmon runs" if a hole in the dam on the site is plugged. Television reporters fanned the issue, asking Bangor Hydro President Tom Greenquist why his firm didn't seek the site. He said there are others with more potential. Atlantic salmon expert Al Meister explained the effects of a new Bangor dam in another interview.

In a March 19 editorial, the influential editor of the Ellsworth American praised the "Big A" project. Russ Wiggins wrote "Thanks to the leadership of firms like Great Northern, Maine is making giant strides toward greater independence in energy."
Hydro—Emerging Issue (continued)

In Washington, there were rumors that staff members of the Maine Congressignal Delegation were seeking "a solution" to the Dickey-Lincoln issue. There was talk of a smaller project. There was talk of a Federal Wild & Scenic Rivers Study of the St. John. Environmentalists heard reports the Corps of Engineers had a proposal for a chain of smaller dams on the St. John. Public opinion polls have indicated that the Dickey-Lincoln issue is responsible for most of the public's apprehensions about hydro development. When and if the "solution" emerges, it is certain to focus attention on the issues relating to hydro.

In Aroostook County, the regional planning commission has embarked on a study of the "wild and scenic" potential vs. hydro development of 72 miles of the Aroostook River and 32 miles of the Machias River.

In Augusta, Representatives Kany and Huber have filed, on behalf of the Natural Resources Council of Maine, Legislative Document 1202 which Attorney Dan Boxer says "simply creates further avenues for adversely effecting the (Big A) project." Boxer says six further criteria would be added which an applicant must meet to obtain a site location permit. While based on a new federal law, the Small Dam Act's requirement that regulators consider the amount of fossil fuel that will be displaced is omitted from the NRC bill. Boxer worries about giving the Department of Environmental Protection authority over stream flows. A hearing has been scheduled April 1. Great Northern's legislative counsel, Lynwood Hand, is coordinating strategy on opposition to the proposal. Rob Gardiner of the NRC denies the bill is aimed at the "Big A" and says he's open to suggestions on ways to improve the bill. An NRC priority is putting the DEP "in charge of hydro".

The legislative hearing will add to the public debate. So will news of the decision of the Sportsman's Alliance of Maine to intervene in opposition to the "Big A" study. There are rumors that Trout Unlimited is ready to join the opposition. The DEP has a workshop on hydro scheduled April 7 in Augusta. The Land Use Regulation Commission on April 29 has scheduled a public hearing on the zoning and recreational management plans proposed for the upper Penobscot. Critics of the "Big A" project may try to use the forum. A story on LURC's plans appeared in the March 19 Portland Press Herald with mention of the hydro project. Even the annual report of Central Maine Power contributes to placing emphasis on the related issue -- with a photograph of a whitewater rafting outfit provided water by the utility.

'Cut and Run'

'Cut and Run', the movie which has raised the ire of the forest industry, is scheduled to be shown on WCBB-TV, April 2. The film is critical of the life of today's loggers, blaming all of the problems on paper companies. Hollis Hannington, a contractor from Wytopitlock who is vice president of the Maine Forest Products Council, and Bob Chaffee, executive director of the council, will represent industry on a panel which will discuss the federally financed film following its broadcast on the public television station which serves southern Maine.
THE LEGISLATURE

When Democrats defected on March 18 and the House rejected a labor instigated amendment to the Workers' Compensation law, House Speaker John Martin created headlines with a public attack on industry lobbyists. Those events of the week have been covered in the clipping service. While Martin finally got his forces in line, industry lobbyists and some Democrats are predicting more of the same in the weeks to come. "We knew the bill would be killed by Republicans in the Senate so we never lifted a hand to lobby in the House," Hand reported at a March 19 meeting of the Government Affairs Committee of Associated Industries of Maine. The AIM group, while pleased, is claiming no victory. Another hearing in mid-April will again provide small business spokesmen with an opportunity to protest the high cost of the insurance. Labor is interested in Attorney Pat McTeague "negotiating" with industry on behalf of the Democrats. McTeague, a former legislator, drafted most of the laws now on the books.

The week also saw:

Dan Corcoran of Great Northern was one of the several who opposed on March 16 the bill requiring landowners of over 1,000 acres to file management plans. Support came from two officers of the Maine Woodsmen's Association. Bob Wright monitored the workshop of the Appropriations Committee on the Department of Conservation budget and heard Representative Kelleher of Bangor unexpectedly attack the expense of LURC.

The sponsor withdrew March 17 a bill proposing that fishways be mandatory on all dams.

Dale Phenicie spent two days in Augusta with Hand. When he learned a section of L.D. 673 important to Great Northern was going to be deleted, we enlisted the help of Hand and Boxer. The controversial section would require state agencies to review standards more stringent than federal standards. An amendment was drafted calling for a study and an effort is being made to salvage the provision. The "going" is tough.

NEXT WEEK

Industry will be monitoring two bills dealing with the subject of hazardous waste on March 23 but a hearing on an important proposal regarding disposal sites was postponed. Another round of hearings on Workers' Compensation law amendments is scheduled March 25. The same day a proposal will be considered requiring paper companies to offer to sell leaseholders lots on land sold or traded to the state.

PUBLIC RELATIONS

Great Northern statistics are cited in the cover story of the March 20 issue of Maine Times, headlined: "Maine's Workers' Comp is Very Costly...But is the remedy to take it out on the workers?" A companion editorial called for a state fund to take "profits" out of
the picture...Dick Noyes, John Lombard, Veli Lapinoja, Bud Heal and I attended the Governor's Conference on Economic Development. At the conference, Tim Blagg and Bob Drake of the Central Maine Morning Sentinel of Waterville praised the Great Northern print advertisements...I answered questions from John Halverson of the Associated Press on March 19 regarding "wood thieves"...The day before, with help from Jim Carson, I explained Great Northern's dissatisfaction with Mattawamkeag taxes to Dan Aiken of the Lincoln News...Governor Brennan has accepted Peter Yacavone's invitation to speak at the May open house marking the start up of the East Millinocket boiler...Galen Lander agreed to discuss the "Big A" project at an April 14 meeting of the Action Committee of 50 in Bangor...New Great Northern Paper fact books and an East Millinocket mill brochure have been circulated for final review...Paul Firlotte was interviewed by Anne Erickson of the Katahdin Times on the new hydro computer system.

Sincerely,

Paul

pmc/b

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A. B. Danforth P. D. Hubbe A. M. Nemirow W. D. Vail
J. P. DeMarrais R. R. Johnson J. F. O'Handley P. H. Welch
A. E. Dentremont M. A. Keck P. P. Paul D. W. Westfall
P. I. Firlotte T. W. Kelly T. N. Pendleton H. Willets
T. H. Flanagan D. J. Krohn T. S. Pinkham P. F. Yacavone
SCOTT PLANS PAPERMAKING Scott Paper Company has announced a $195-MILLION EXPANSION million expansion of its S. D. Warren Division with plans to install a new paper machine adjacent to its four-year-old Somerset pulp mill in Skowhegan.

When completed in 1983, the new mill will produce 200,000 tons a year of lightweight coated printing papers. According to company officials, the expansion will make Warren competitive in one of the fastest-growing segments of the commercial printing and book publishing market.

About 800 workers will be employed during the construction phase at the Somerset mill and an estimated 200 permanent jobs created. Ground-breaking is expected in early April pending completion of all necessary state and local permits and licenses.

BOISE CASCADE Boise Cascade Paper SEEKING TO replace oil March that it is seeking permits from the Department of Environmental Protection to build a $200-million coal-fired power boiler starting in 1983. Company officials said the proposed boiler, to be the largest industrial boiler in Maine and one of the largest of its kind in the country, will be designed to use low-sulfur coal. Air emission control equipment will be installed to protect the environment.

The giant boiler would replace four relatively old oil-fired boilers, produce 1.2-million pounds of steam an hour, have a generating capacity of more than 74,000 kilowatts and reduce the company’s dependence on imported oil by an estimated 600,000 barrels a year.

Boise presently is nearing the end of a $254-MILLION expansion of its Rumford mill which has included construction of a thermomechanical pulp plant and recovery boiler and the installation of a high-speed lightweight coated paper machine. When completed, papermaking capacity at the mill will be increased by 40%. Also, the company has purchased 348,000 acres of timberlands in Maine, New Hampshire and Vermont. These timberlands, in addition to present holdings, will help provide a supply of fiber to the Rumford mill.

PEJEPScot MILL and Topsham WILL BENEFIT Pejepscot Paper Division, Hearst Corporation, has announced a $1.5-million capital project to reduce by more than 90% the volume of sludge the company deposits in the Topsham landfill. The project will benefit the town and make it possible to recycle half the wood fiber presently lost to the landfill.

Sludge, which is really wet wood fiber, burns very well when dry. Company officials said that research has been carried on with firms here and abroad to develop technology to reduce the water content in sludge to make it more suitable for incineration and large scale dewatering trials will be held at Pejepscot this spring. In a related project, the company is studying feasibility of incinerating municipal and industrial wastes to co-generate steam and electricity.
St. Regis Paper Company's Bucksport plant has received corporate approval to begin the planning process for conversion from an oil-fired to a solid-fuel boiler system. A feasibility study conducted last year was positive, company officials announced, and because of the higher price of oil and uncertainties over supply, the project has been given greater impetus.

The new boiler would cost an estimated $100-million and would be designed to utilize roughly a half-and-half fuel mix of low sulfur coal and wood waste. The mill currently uses 550,000 barrels of oil yearly and the new boiler would reduce dependence on oil as a fuel source. Permit applications with local, state and federal agencies will be filed in the near future and the company has said the new boiler will be environmentally cleaner than the present system.

**G-P PLANS ROAD NETWORK**

Georgia-Pacific Corporation has outlined plans for a private road system to connect its woodlands and operating facilities in New Brunswick with those in Maine.

The proposed road system will be 43 miles long including 23 miles of existing company roads—19 in Maine and four in New Brunswick—and 20 miles of new road—18 in Maine and 2 across the border. Also proposed as part of the system are four major bridges at Scott Brook, Grand Falls Flowage and over the canal at Grand Falls, all in Maine; a private bridge across the St. Croix River between Vanceboro, Me. and St. Croix, N.B., 1.5 miles south of the present public crossing.

Applications are underway for the necessary regulatory and environmental permits for the project. The company plans to begin construction on a short section of road in Woodland this year and to complete the project during 1982 and 1983. Two positive effects of the new system will be to conserve fuel and reduce logging traffic on public highways.

**IP SUPPORTS PORT DEVELOPMENT**

Douglas Charles, left, products manager for International Paper Company's northeast solid wood products, recently presented a membership check to Peter A. Garland, chairman, Maineport Council. Maineport is working to develop a proposed $21-million modern cargo port for Sears Island to handle forest and agricultural products. International Paper already has shipped about eight-million board feet of lumber out of Searsport to overseas markets and the IP official said the port's location is ideal for its northern lumber mill.

**FIRES DAMAGE** Fires in February caused paper mills damage at two mills and a temporary layoff at one of them. Both mills were restored to full operation quickly following the incidents.

An electrical fire damaged one of the four refineries at Pejepscot Paper Company, Topsham, on February 7 and injured one employee. Town fire officials reported that the blaze had activated the building's sprinkler system and the fire was out when they arrived but there was smoke and water damage.

At St. Regis Paper Company, Bucksport, 130 employees were temporarily laid off as the result of damage caused by an electrical fire on February 21. Company officials said the exact cause was not known but damage was to six five-inch diameter cables carrying 6,600 volts of electricity located in the basement of the mill beneath the wood grinders. Local fire fighters joined with the mill's fire brigade to put out the flames.
GREAT NORTHERN MAKES HISTORY WITH PENOBSKOT LANDS DONATION

The largest conservation easement ever donated in Maine’s history was officially recognized in February when a memorandum of agreement between the State and Great Northern Paper Company was signed by Governor Joseph E. Brennan and Company President Peter F. Yacavone.

As shown on the diagram, the easement consists of lands on the West Branch of the Penobscot River wholly owned by Great Northern between Seboonook Dam and Ambajejus Lake, excluding Chesuncook Lake but including Lobster Lake and Lobster Stream; and a portion on the East Branch including T5 R8 and the Umbagog Lot in Grindstone Township.

The agreement also provides for the creation of a long-term resource protection plan for land extending back 500 ft. from both shores of the waters involved and includes 78 miles of river and lake frontage covering 7,300 acres. As part of the agreement, fee ownership of the land will not change and taxes will continue to be paid. With the exception of structures necessary for forest and recreation management, all further development along the shoreline will be prohibited.

The company has submitted its resource protection plan to the Land Use Regulation Commission for consideration and public comment. With final acceptance of the resource plan and easement, the area will be protected in perpetuity for the benefit and enjoyment of all Maine citizens.

IT WAS THAT TIME OF THE YEAR SOONER THAN USUAL

Muds and floods arrived early this year—brought on by a February thaw and driving rains that disrupted wood hauling on paper company roads at several points and slowed harvesting operations as the ground softened.

Thawing conditions and mud forced St. Regis Paper Company to post its roads to public use and to schedule a temporary annual spring shutdown early, fearing that muddy ruts would freeze with the return of more seasonal temperatures and result in damage to roads and woods equipment.

International Paper Company reported that traffic on the Realty Road, the company’s major east-west haul road, had been closed to heavy trucking between Clayton Lake and Daquaam in February because of damage to the Moody Bridge piers from ice floes. While the Ashland end of the Realty Road was closed to public use, it was still open at the time to commercial pickup truck travel, pending deteriorating conditions and the weather.

On February 24, the Priestly Bridge over the Saint John River at Priestly Brook was washed away by turbulent flood waters, cutting off traffic from Canada at that crossing. The bridge, owned and maintained by Maibec/Blanchette and used by IP and others, is a wooden structure, ordinarily removed each season in time to avoid the spring floods—but this time, nature was too quick.
The Blaine House Conference on Forestry this winter brought together 350 people from industry, education and government agencies to hear as many opinions about Maine's forest as there are tree species.

The conference was called by Governor Joseph E. Brennan to focus attention on the importance of the forest resource to the state's economy. The two-day program was filled with speakers, panels and seminars related to the forest industry, economics and development.

In his welcoming remarks, the Governor noted a growing awareness by the public of the woods as more wood is used for energy to conserve imported oil. He pointed to increasing diversification in the industry and to the potential for wood exports overseas. He discussed his controversial proposal to reduce the state service forestry program and shift the emphasis from assistance to small landowners to general forestry education.

Among the key speakers, John E. Wishart, vice-president, Georgia-Pacific, told the conferees that Maine has some very real opportunities to develop its vast forest resources if it maintains "policies that promote progress and productivity." He said there is concern on the part of private industry about the erosion of management rights. What is needed, he advocated, is "an environment where there are fewer regulations, fairly and reasonably applied."

Peter F. Yacavone, president, Great Northern Paper Company, addressed the economic impact of Maine government on the forest industry and urged a more positive approach to government regulation—one that could provide fewer and less complicated regulations and would recognize "the economic impact of compliance."

Henry E. Warren, commissioner, Department of Environmental Protection, described the role of government in protecting the public interest as he saw it. Although government recognizes that "95% of the people do the right thing," he said, "laws and regulations are designed to direct the 5% of the people who don't." He took note of a new maturity of understanding that is growing between industry, government and environmental interests, but he added, the goals of a single purpose entity, that of making a profit in a free enterprise system, may not always be consistent with the public interest, and the underlying groundrule for government should be to balance these competing interests and identify the public concern.

Dr. David M. Smith, Yale University, analyzed the challenges of managing the forest resource in Maine given the short growing season, overabundance of regeneration, natural destruction by insects, fire and wind, diversity of species, soils and topography, and the management of stands that are more nearly even-aged than otherwise. He said he sees Maine's forest as full of all manner of opportunities which, if "recognized and appropriately grasped," can render the Maine Woods even finer and more useful to society than in the legendary past.
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending March 27:

**CRITICAL TIMES**

March 27 was the 57th day of the first session of the 110th Legislature -- limited by law to 100 days. The major issues are surfacing in Augusta. Next week committees have hearings scheduled on proposals dealing with hydroelectric development, phasing out property tax exemptions for pollution facilities, taxes on timberlands and placing a five percent ceiling on annual adjustments in benefits under Workers' Compensation insurance. Three of the four issues had been anticipated. The question of eliminating the tax exemptions is a surprise.

The Committee on Taxation has scheduled a public hearing Thursday, April 2, on Legislative Document 1261, providing for a five-year phase-out of the property tax exemptions for industrial pollution abatement facilities. If that happened tomorrow, Townsite Manager Jim Carson estimates the cost to the company would be over $300,000 a year in East Millinocket and Millinocket.

But there is a broader problem which first came up at a March 12 hearing on a bill to eliminate the sales tax exemption on "tall stacks". David Tudor, director of the Air Quality Control Bureau, Department of Environmental Protection, suggested that the Legislature consider removing the sales tax exemption for pollution control facilities altogether -- not just for tall stacks. He recalled that the original intent of this exemption had been to reduce the financial impact on companies forced to make the required investment in pollution control facilities. The control costs have been paid now, he said, and the reason for the exemption is past. Tudor also stated that "we have trouble interpreting this exemption," as a further reason for wiping it off the books. John Melrose, of the Maine Municipal Association, entered his organization's support for the concept of the bill, but said "we would go further," and remove the...
exemption for the property tax, too. He noted that municipalities are not getting much financial assistance from the state and are hard-pressed for local revenues. He called the exemption another case of municipalities having to bear the cost of implementing State policy.

Industrial lobbyists are concerned. Many legislators, particularly Democrats, see the exemptions as a tax break for the paper industry. Efforts are being made to assemble a broad-based group of speakers to defend the exemptions as justifiable relief from a tax on nonproductive equipment installed by government requirement to benefit society.

A statewide coalition of independent insurance agents are drumming up support for L.D. 1033 which would limit the annual increases in benefits under Workers' Compensation. A Labor Committee hearing is scheduled March 30. The agents worried that a state fund will be created and a multi-million dollar slice of their business threatened, say that a "cap" on benefits will reduce the need for large reserves by insurance companies which add to the cost. The agents' bill places a "cap" on the annual adjustment of 5 percent and provides for long-term limitation of temporary disability benefits to 250 weeks. The Millinocket Chamber of Commerce, for example, is sending a delegation to Augusta to support the proposal.

On April 1, the Committee on Taxation will consider four proposals dealing with taxes on timberlands. Three contain amendments to the Tree Growth Tax, one imposes a severance tax at time of harvest. The bills include:

L.D. 689---A bill drafted by Attorney Donald Perkins on behalf of the Paper Industry Information Office, the proposal has the support of the industry, the Maine Forest Products Council, the Maine Audubon Society, the Natural Resources Council of Maine, the Small Woodlot Owners Association, the Maine Coast Heritage Trust and possibly the Farm Bureau.

L.D. 955---The Maine Municipal Association version's significant feature is a provision that municipalities be reimbursed by the State for any reduction in tax revenues from forest lands resulting from the law; further, that whenever the State fails to make a full reimbursement to municipalities, lands under the Tree Growth Tax Law are to be assessed in each municipality to make up the difference. L.D. 955 also would remove from the law's valuation formula the 20 percent discount factor for trees that either are not harvestable or marketable.

L.D. 1328---This version is sponsored by Senator Thomas M. Teague (Fairfield), Taxation Committee Chairman, and simply pegs State reimbursement at 35 percent of a municipality's tax shift. The bill also would exclude coastal shoreline property from eligibility and would require any lands under the Tree Growth formula be open to the public for hunting, fishing or trapping. L.D. 1328 also would cut the Discount Factor from 20 percent to 10 percent.
Critical Times (continued)

L.D. 1417---Sponsored by Representative David H. Brenerman (Portland) and co-sponsored by Representative Bonnie Post (Owl's Head) this bill provides full State reimbursement by imposition of a severance tax. This basically combines the same proposals Reps. Post and Brenerman espoused last session. Haggling over the Post amendment was what created an impasse that blocked enactment of any Tree Growth Tax Law amendments in the last session. This new version sets an excise tax on wood harvested of 40¢ per cord on hardwood, 60¢ per softwood cord; $1.20 per million board feet on softwood and 80¢ per million board feet on hardwood. The first 500 cords (or equivalent measure) is exempt, as well as wood cut for the landowner's personal fuelwood.

The Energy & Natural Resources Committee will consider L.D. 1006 which adds another layer of regulation for "large" hydro projects at an April 1 hearing. This bill is the product of the Natural Resources Council of Maine and gives the Board of Environmental Protection through the site location law final say over such projects. The BEP would be able to control water flows. In addition, six new requirements would be added. While the bill is based on the federal small Dam Act, provisions in the federal law to consider the effects of replacing fossil fuels are not incorporated. Paul Fir-lotto will oppose the bill on behalf of Great Northern. It is expected other opponents will represent the Small Dam Owners Association, Central Maine Power, a staff member of the subcommittee on hydropower of the Land & Water Resources Council and others interested in this energy source.

The week also will see hearings on four bills dealing with the use of herbicides. A Paper Industry Information Office subcommittee is dealing with these bills.

**The New Inhabitants**

From 1970 to 1980, the population of the State of Maine increased by 13 percent. Politicians and bureaucrats are tossing the number around in speeches. Louis A. Ploch, a resource economist in the Cooperative Extension Service of the University of Maine, is completing a research project in which he explores the questions of who newcomers to Maine are and why they came to this state.

Ploch made a similar study in 1975.

Some observations made by Ploch at the Governor's Conference on Industrial Development, March 18:

42 percent of the new residents have college degrees (compared with 8 percent of the state's population);

They did not come here to obtain jobs;

One-half of the newcomers came from New England, a quarter from the rest of the Northeast;

They are very highly qualified--professionals, including physici-
The New Inhabitants (continued)

There are a lot of people returning to Maine with family ties;
They don't like the economics of the State (lack of jobs, low wages, taxes) and cold weather;
"Environmental and cultural" reasons are cited for coming to Maine;

Coastal areas are most popular but unlike the early group surveyed, the latest wave of newcomers includes many more who prefer to live in Maine's cities, such as Portland;
"Considerably different than adult population in State -- and with different opinions."

PUBLIC RELATIONS

Ruth Noyes, of Brunswick, a free-lance writer who has contributed to Maine Times, started contacting employees on the subject of industrial safety in midweek. After her telephone calls, we called Maine Times to ask that she talk also with company representatives... At the request of Bath Iron Works, I provided a list of company personnel who will be invited to the launching of a frigate named after a World War II hero from East Millinocket...With Galen Lander, we completed work on the outline of a set of slides to be used by him to discuss the "Big A" project. The set will be ready for an April 14 meeting of the Action Committee of 50 in Bangor. A fact sheet for public distribution on the project is also in final draft...Dues were paid in the Maine Forest Products Council and the Small Dam Owners Association...Three news releases covering promotions were distributed.

Sincerely,

pmc/b
Enclosure (PIIO Newsletter)
GREAT NORTHERN FACT SHEET

HYDROPOWER PROJECT

Great Northern Paper, Maine's second largest user of imported fuel oil, has embarked on the fourth phase of a program for development of alternative sources of power.

It has asked the Federal Energy Regulatory Commission for a preliminary permit to construct a $100 million (in today's dollars) hydroelectric generating plant that would replace almost 500,000 barrels of oil each year.

Great Northern has used up to 2.4 million barrels of oil annually. Already, by in-house conservation measures and installation of a $36 million bark burning boiler, usage has dropped to 1.7 million barrels annually. Conversion of two other boilers to coal (permits have been sought for that project, too) will further reduce consumption by 800,000 barrels.

And, if Big A goes on line in 1989, as planned, Great Northern's oil use would be down to a mere 400,000 barrels.

Big A stands for Big Ambejackmockamus (that mouthful is pronounced Am be' jack mock' a mus), a falls on the West Branch of the Penobscot River some 25 miles northwest of Great Northern's mills at Millinocket. The company already has six hydro stations along a 60 mile stretch of the Penobscot.

Big A's production capacity would be 34,000 kilowatts—2,000 less than that of McKay station, some four miles upstream. Because the two generating stations would be run in tandem, Big A would need a water reservoir of only 715 acres. That, of course, would mean less evenvironmental damage than alternative sites would cause.

The reservoir would be created by impounding water behind a 120-foot high earthen dam 1,900 feet long just above the falls. Water for power generation would run from the reservoir through a concrete lined tunnel, bored through rock buried in the earth, to a generating station about one and a half miles downstream. The drop in elevation would yield a net "head" of 137 feet.

Why is GNP so determined to cut its oil consumption? Aside from such obvious problems with oil as its questionable availability and prohibitive price, there's still a more fundamental reason.

Paul I. Firlotte, the company's power systems manager, recently said that in the 1970's "if our oil was shut off we wouldn't have been able to make a pound of paper."

(Over)
The reason: A pulp and paper mill needs steam for two principal purposes—to cook wood for pulp and to dry the product. Electricity can turn the pulp grinders and keep the paper machines going, but drying the paper requires steam—lots of it. By increasing hydroelectrical power more of the coal and wood-waste-fueled power can be devoted to generating steam.

In an average year, the company's existing hydro stations produce about half the electricity needed by the Great Northern mills.

The company already has spent $700,000 on environmental and feasibility studies and plans to spend $765,000 more. Under Project Manager Galen M. Lander, a team of experts will spend about two years on further studies of the social, economic and environmental effects of Big A. Then, a final decision will be made.
Mr. Richard W. Noyes
Assistant Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending April 3:

**Busy Week**

This was a week of intense activity in Augusta. Committees of the Legislature held hearings on proposals dealing with tax exemptions for pollution abatement facilities, hydropower development, taxes on timberlands and herbicides. The Senate approved a proposal to slow down the rising cost of Workers' Compensation, but the idea was expected to be rejected by Democrats who control the House—if Speaker John Martin has his way. A vote in the House was scheduled Friday. It was also a week when spokesmen for the Brennan administration irked fellow Democrats and environmentalists with surprise announcements.

The week started with a March 30 hearing on a proposal to place a five percent limit on the annual adjustments on benefits paid to injured workers. The bill was drafted on behalf of the Independent Insurance Agents of Maine who are advocating reforms in the system and the agents turned out a crowd which filled an auditorium at the Augusta Civic Center.

But action on the floor of the Senate the following day provided the week's big news. Six Democrats defected to join Republicans in approving, 19-11, the bill to limit annual increases in payments to recipients of Workers' Compensation Insurance to five percent. Northern Maine Senators Pray, Carpenter and Violette stuck with labor which prefers a 10 percent annual ceiling. Pray was quoted as saying the bill, drafted by Associated Industries of Maine, makes the worker the culprit. "Costs are high. But the question is whom do we take that out on. We've got to find a solution, that doesn't just freeze benefits," the Millinocket Senator was further quoted.

Speaker Martin, according to industry lobbyists, is still smarting from an unexpected uprising among Democrats on a minor Workers' Compensation bill. "The matter is too complicated to be debated in
Busy Week (continued)

the House," he told me. "AIM, the insurance agents and labor have

got to negotiate." Martin said he is writing all AIM directors

complaining that the association lobbyists dragged their feet on nego-

tiating.

The next move in the Augusta struggle may be a show of strength

--maybe 1,000 people--by businessmen in supporting two key AIM

bills--curbing the cost of attorneys and delaying the scheduled

increase in the maximum benefit from 166 2/3 percent to 200 percent

of the average weekly wage.

April 1 saw hearings on two matters of importance:

Paul Firlotte testified on behalf of Great Northern Paper

against a Natural Resources Council proposal to require new condi-

tions be made by hydro development. Using a color-coded wall chart

prepared by Ad-Media and Dan Boxer, Firlotte cited the "jungle" of

regulations now imposed by federal and state agencies and challenged

the committee to reduce, rather than increase regulation. Rob Gardi-

ner of the Natural Resources Council cited the controversy in Swan-

ville over water levels in a lake as justifying giving the Board of

Environmental Protection jurisdiction. William Groves, the man who

manages the Androscoggin River watershed on behalf of a Central Maine

Power subsidiary, told the Energy and Natural Resources Committee

that "you can't legislate the weather" and an attorney for the

company said passage of the bill would have a chilling effect on

hydro development and said "ratepayers would find it hard to under-

stand" why vacationists get a higher priority than homeowners and

businesses if flows are regulated to please them. Representative

Mitchell of Freeport asked Firlotte "Why Great Northern comes down

here and complains all the time. Has Great Northern ever been denied

a permit. Doesn't Great Northern care about what happens to the

State of Maine?" After the hearing, Gardiner angrily accused Craig

Ten Broeck of the Land and Water Resources Council of the State

Planning Office of "undercutting" the bill. Ten Broeck had asked

the bill be killed until a Brennan administration policy study is

completed in September. But Lynwood Hand, Great Northern's legisla-

tive counsel, reports that most of the committee expects the bill to

be withdrawn.

The Taxation Committee on April 1 considered four bills regarding

timberland taxation--amendments to the Tree Growth Tax law and a

severance tax proposal to finance reimbursements to towns. Skip

Greenlaw of the Governor's staff testified the administration favors

the Maine Municipal Association approach--and reportedly got House

Chairman Post upset. She had not been consulted. The MMA bill (L.D.

955) would allow towns to tax beneficiaries under the Tree Growth Law
to make possible 100 percent reimbursement as a result of any "tax
shift". Mrs. Post would increase reimbursement with funds provided

with severance tax on timber at time of harvest under L.D. 1417. Bob

Chaffee of the Maine Forest Products Council says most everyone else,
including environmental organizations, supported L.D. 689, the bill
drafted by Don Perkins for the Paper Industry Information Office--

which provides reimbursements to towns with a 5 percent "tax shift" or

higher. Chaffee says work sessions on a compromise will be

started in a week or two by the Taxation Committee.
Busy Week (continued)

The Taxation Committee on April 2 heard bankers, poultry growers, potato processors, economic developers, innkeepers and spokesmen for trade associations oppose another Maine Municipal Association proposal to eliminate the property tax exemption on pollution control facilities. George Ketterman, President of the Northeast Bank of Bangor, told the Committee a study left him astonished by the impact such legislation would have on fish processors, food processors, textile mills, public utilities and paper companies. "Frankly, many would not be able to pass expenses on...it is frightening to witness the load these companies are carrying today in a period of high energy cost in a state with high transportation costs because of distance to markets." Anticipating criticism, John Melrose of MMA said the truth is that Maine has "bent over backwards" for business and taxes are "far lower than elsewhere." James Barresi of the Northern Maine Regional Planning Commission said the Legislature would be "breaking faith with business" by eliminating the exemptions. Referring to Melrose's comments, he asked "If Maine is such a good place for business, why aren't we overrun with jobs?"

Hand and other lobbyists believe an effective case was made for killing the bill. Hank Magnuson of the PII0 will briefly testify April 6 on a bill in which Mrs. Post has "hidden" a repeal of the 5 percent sales tax exemption of pollution control equipment.

Next week spokesmen for AIM will oppose an administration proposal to establish a special fund to administer a hazardous waste program. The April 6 hearing will see the Energy & Natural Resources Committee consider two other bills on the subject.

Adrian Clark attended a March 30 meeting of the Tax Committee of AIM, Jim Carson attended the Workers' Compensation hearing as Millinocket Chamber of Commerce delegate and Wilmer Saucier spent April 1-2 with Hand and visiting members of the Aroostook delegation.

**Hydro Study**

William A. (Bill) Ball of the engineering firm of Kleinschmidt and Dutting has been added to the hydropower subcommittee of the Maine Land and Water Resources Council. Ten Broeck says the study, undertaken at Governor Brennan's request, is designed to "recommend new policies and legislation, if necessary, to facilitate hydropower development while carefully considering other environmental values." A report is scheduled to be completed by September 30. The committee is mainly composed of representatives of state agencies.

**Congressional Assignments**

Senator Mitchell and Congresswoman Snowe have emerged from the annual shuffling of committees with desirable new assignments. Mitchell lost the seat on Foreign Affairs he inherited from former Senator Muskie but instead will serve on the tax-writing Finance committee and on subcommittees on Energy and Agricultural Taxation and Economic Growth, Employment and Revenue Sharing. Mitchell continues on the Environment and Public Works Committee. In addition to Foreign Affairs, Mrs. Snowe serves on the Small Business Committee and
Congressional Assignments (continued)

Select Committee on Aging of the House. Congressman Emery is now a member of the House leadership as Chief Deputy Whip and serves on the Armed Forces and Merchant Marine and Fisheries Committee. Senator Cohen is the only member of the delegation who is a committee chairman—the Select Committee on Indian Affairs. Cohen also serves on Armed Forces and Governmental Affairs and the Select Committee on Aging.

ON MITCHELL'S AGENDA?

The Finance Committee will probably consider the Industrial Energy Security Tax Incentive Act of 1981, filed March 19 by a coalition of senators, including Wallop, Tower, Percy, Kennedy and Long. The Energy Investment Tax Credit would be increased from 10 to 20 percent for a variety of alternate energy projects which would reduce U.S. oil consumption by 900,000 barrels per day. The American Paper Institute was active in the drafting of the legislation.

SPRUCE BUDWORM

Forest Service Director Ken Stratton told Hand and me this week that he had the job of responding to criticism from the U.S. Forest Service that the State wasn't adequately supporting efforts to control the spruce budworm. Earlier he had met with the Governor and Conservation Commissioner Anderson. The criticism angered the Governor's staff who have been urging landowners shoulder the entire burden. Hearings on the amendments to the spruce budworm law haven't been scheduled with one of the two not yet printed.

PUBLIC RELATIONS

Roger Boynton went to Stamford with an exhibit for the annual meeting. Theme of the exhibit was Great Northern's energy advertising program...A news release on the meeting was distributed...Mary-anne Lagasse called with questions regarding water levels...Bob Chaffe and Hollis Hannington of the Maine Forest Products Council represented industry in a WCBB-TV debate April 2 following a showing of the film "Cut and Run" which is critical of industry...A critic of the industry, Larry Lack, is reportedly a new contributor of opinion to the Maine Public Radio Network...I answered questions from Sissi Maleki of the Readers' Digest editorial research staff... .Steve Curtis will represent Great Northern April 30 on a radio program over WFST and WDHP-FM on the subject of the future of Maine industry.

Sincerely,

[Signature]

pmc/b
Enclosure (Hydropower Project)
Mr. Richard W. Noyes
Assistant Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending April 10:

THE BUSINESS CLIMATE

Take your choice:

Maine still suffers the lowest per-capita income in the nation when energy costs are considered, and that in the 1970s business investment in Maine fell to half of the national average.—Portland Press Herald, Feb. 1, 1981, report on a study "The State of the Region-1981"

The debate over Maine's business climate is heating up with members of the Legislature caught in the middle. Representatives of industry go to the State House to complain they are over-regulated and overtaxed. The administration is seeking to attract industry to Maine with a study disclosing Maine has been ranked No. 1 or No. 2 for the past two years among the 12 states of the Northeast. Lobbyists say it is important how legislators perceive the business climate and at this time many are confused by what they hear and read, including:

"During the past ten years, the overall costs of Workers' Compensation in Maine has gone up nearly 800%! (The price of gasoline in the same period has gone up only 450%.)...For many businesses, the continuing cost increases threaten their very survival."—March 31, 1981, letter to legislators from Ron Colby of Associated Industries of Maine.

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
The Business Climate (continued)

"Scott Paper Company officials revealed Tuesday plans for a $195 million expansion project which will add a coated paper machine to the present Somerset Plant pulp mill here, and provide an estimated 200 new jobs."---February 25, 1981, Central Maine Sentinel, Waterville.

"The Board of Environmental Protection Wednesday gave the Louisiana-Pacific Corporation permission to locate a waferboard plant at New Limerick, near Houlton in Aroostook County. The company hopes to begin construction on the $300-million project this summer on a 165-acre parcel it has optioned."---February 27, 1981, Bangor Daily News.

John Melrose of the Maine Municipal Association told the Legislative Committee on Taxation, April 2, that industry is getting enough tax breaks with the repeal of the Inventory Tax, the new machinery exemption, the Tree Growth Tax Law and the chopping of taxes on land in the unorganized territory. He supported repeal of the property tax exemption on pollution control facilities.

"Maine is a marginal place to do business," banker George Ketterman told the same committee at the same hearing.

"The nation's largest stock brokerage firm has turned its analytical eye towards Maine and finds it in a healthy and promising financial state. Merrill Lynch Pierce Fenner & Smith became positively glowing when the report says Maine is first in the nation in the paper industry and that industry's expansion is continuing with over $1 billion invested in capital construction and modernization over the past five years. Tourism was up 10 percent over 1978 and 17 percent over 1979 with a record year. Cash receipts from farm marketing in 1979 increased 8 percent over 1978. And farm income reached $440 million, the second highest ever...Merrill Lynch is certainly bullish on Maine--bullish enough so its report could help the state considerably in its development efforts."---February 8, 1981, Maine's Business column by Frank Sleeper, Sunday Telegram.

"Population loss, high living costs, structural unemployment, low growth rates of business investment and soaring energy prices are but a few of the sign posts marking the region's difficult road ahead." ---The State of the Region-1981

While Republicans who control the Senate in Augusta are still sympathetic to the businessmen's complaints about the handicaps faced in Maine, not so the Democrats in the House and the Brennan administration. The Governor's philosophy that the paper industry can do more and successfully compete in the market was reflected in his terminating support for the spruce budworm control program and risking federal financial support. Despite our appeal, no one showed up from the Governor's office to oppose repeal of the property tax exemption for pollution control facilities. It's clear that the administration favors taxing owners of timberlands to reimburse towns for "tax shifts" under the Tree Growth Law--counter to the intent of the law.

Unless the public perception of the Maine's economy changes, the going is going to get tougher for business in the Legislature as new sources of revenues are being sought.
The Legislature is gearing up for the adjournment date. First will come a break over the Easter weekend, followed by four days of hearings without sessions of the Senate or House. "Double sessions" will start May 4 or May 11, the earliest in history. House Speaker John Martin is predicting adjournment by June 3 or 4.

The Brennan proposal for a $1 million fund for the Department of Environmental Protection to finance administration of a hazardous waste program ran into a storm of opposition from industry on April 6 in a hearing which ran into early evening. The AIM-coordinated opposition stressed that imposing fees to finance regulation of a program sets a dangerous precedent. In the past, fees have been assessed only to generate a clean-up fund. Brennan sent his chief assistant, David Flanagan, to support the bill. The implications are minimal for the paper industry, according to the Paper Industry Information Office.

Another AIM bill which would eliminate the requirement that employers pay attorneys involved in all workers' compensation cases was the topic of an April 8 hearing. It's one of the AIM objectives for the session. If the bill is approved, attorneys would be paid by employers only when the claimant prevails. Maine is the only state in the nation with this costly component. Nearly 15% of every premium dollar is going to attorneys.

Next week taxes in the unorganized territory are a delicate subject scheduled for hearing, April 13. Senator McBreairty is charging his constituents in several unorganized towns are being overtaxed because agencies are asking for more money than is spent on services provided by the state which normally would be provided by the city or town. If McBreairty succeeds in reducing the taxes substantially, paper industry lobbyists fear a severance tax would be imposed by the Legislature. A proposal to improve access to the Board of Environmental Protection is also scheduled for hearing April 15. The bill originated with the Greater Portland Council of Government (COG) but now has industry support. The Governor this week ordered a study of the BEP, probably trying to head off criticism.

**Spruce Budworm**

With summer comes the time for another spruce budworm crisis—with a new twist. The regional director of the U.S. Forest Service in 1980 was opposed to federal financial assistance. His successor is an advocate. The state cooperated in development of a five year plan but has completely withdrawn financial support from the program—and that is now drawing criticism from the U.S. Forest Service. The Brennan administration isn't budging and federal assistance is questionable. In the past, the paper industry has been able, with the help of the Maine Congressional Delegation, to overturn adverse recommendations of the U.S. Forest Service. In the climate of the Reagan administration, it's unlikely.

Legislation amending the Spruce Budworm Act has not been scheduled for hearing in Augusta.

Public interest is again being fanned by the media. One Bangor television station will devote two successive Sunday talk shows to the issue.
Open House

Because of a probable conflict with the schedule of the Legislature, the Open House at East Millinocket to mark the start up of the bark boiler has been postponed to June 12-13. With directors of Great Northern Nekoosa due for a May 6 visit, we are pushing ahead at full steam with all materials and other steps for the Open House.

Public Relations

Maryanne Lagasse of the Bangor Daily News called with questions regarding water levels on the West Branch. She had taken a photograph of Ripogenus Dam, April 5, with levels down 16.4 feet from the 944 full mark...We provided International Paper with a preview print of the commercial now being broadcast over Bangor and Portland stations. Bill Dodenhoff, a vice president, had seen the commercial in Maine and wanted to show it to colleagues in New York...Denise Goodman, a free-lance writer who contributes to the Boston Globe and New England Business Magazine, called with questions regarding the movie "Cut and Run" and the threat of a "strike" May 15 by the Maine Woodsmen's Association. I also asked George Smith of Congressman Emery's staff to clarify remarks attributed to Emery at the annual meeting of the MWA in Bangor...Paul Firlotte and I edited remarks proposed by the Paper Industry Information Office for the round of public hearings on the state energy plan...House Speaker John Martin called to discuss seeking a GNN Foundation grant for the medical center in Eagle Lake...Information on sons and daughters of Great Northern Paper employees who will receive GNN Foundation scholarships was distributed to managers. An awards dinner is planned.

Sincerely,

[Signature]

pmc/b

Distribution:

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T. H. Flanagan  D. J. Krohn  D. K. Phenicie
The Penobscot (continued)

culate East Boothbay woman who worked for a rafting company last year and has been a consultant for state agencies, was the most vocal. She quoted from a draft of a Critical Areas Report and from Henry David Thoreau and she suggested that a trade had been made between the company and the state. A representative of the governor of the Penobscot Tribe apparently claimed some of the land involved and asked LURC to reject the proposal. While praising Great Northern for opening its land -- as did Sandra Neilly who also lauded the company's energy program -- Nick Albans of Trout Unlimited opposed flooding of the "Big Eddy".

Conservation Commissioner Anderson termed the opposition minimal -- less than could be expected. Wayne Hockmeyer didn't have a word to say. The state's environmental organizations were not present.

Boxer is following up on the Indians. I obtained a copy of the Critical Areas Report -- 200 have been mailed. Dan Corcoran, who spoke for Great Northern, is preparing a further statement.

MILLINOCKET VISITORS

Anderson, State Development Director Barbara Cottrell and Steve Weems of the Maine Development Foundation briefed Bob Bartlett, Dick Noyes, Bob Shiners and I on a state study and a plan to recruit new business. The targets would be printers and converters using paper made in Maine by companies such as Great Northern.

MAINE BOOKS

With the Guy Gannett Publishing Company stepping up its activities in the field, new Maine paperbacks are appearing. "Over to Home and From Away" is a collection of Maine humor by Jim Brunelle, an editorial writer for the Portland newspapers. "House Warming" is an energy saving guide by Bob Cummings, the newspapers' environmental reporter.

WASHINGTON

Taxes and the Clean Air Act were the chief topics of interest at the April 22 meeting of the Government Affairs Committee of the American Paper Institute. A report memorandum on the April 22 meeting has been distributed.

PUBLIC RELATIONS

Contributions by the Great Northern Nekoosa Foundation of $7,000 for Husson College, $6,600 for the Pulp and Paper Foundation of the University of Maine and $2,000 for the Katahdin Valley Health Center have been approved...With Jim Carson and Phencie, I spent an hour covering potential questions Pat Welch may face in speaking at a May 5 meeting of the East Millinocket Chamber of Commerce and also in a meeting with selectmen...Lucy Martin of Maine Times called April 29 with questions on water conditions...Barbara Reinertsen of WABI-TV called April 30 to discuss the possibility of a strike by members of the Maine Woodsmen's Association.

Sincerely,

[Signature]
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending April 17:

**Senator Mitchell’s Crusade**

When George J. Mitchell was appointed to the U.S. Senate, he inherited a seat on the Environment and Public Works Committee. Edmund S. Muskie, his predecessor, had been the leading environmentalist in the Congress. Would Mitchell try to fill Muskie’s role? The first time the new Senator talked with Peter Yacavone, Mitchell expressed his concern over acid rain. When he came to East Millinocket to tour the site of the new boiler, he was asking more questions on the subject. On April 15 he conducted a public hearing on the subject in Augusta, a carefully staged "media show" which got extensive press and television coverage. While the administration in Washington may be going in another direction, Mitchell is sticking with environmental issues as he campaigns for reelection in 1982.

"Senator Mitchell will be a key man in the controversy over the Clean Air Act this year. He is one of the first members of the Senate Committee on Environment and Public Works that seems to share our view of the need for strong legislation," Rob Gardiner of the Natural Resources Council wrote members in urging them to turn out for the hearing. "Senator Mitchell needs to hear that his constituents care," Gardiner also said when suggesting letters be written to the Senator. A few NRC members showed up for the hearing which attracted approximately 100 people -- bureaucrats, trade association representatives, businessmen and reporters. Because Congress is considering amendments to the Clean Air Act this year, the industry testimony was orchestrated by Washington-based representatives of the paper industry and utilities. A St. Regis forester had a problem answering when asked if legislation reducing acid rain wouldn't benefit paper mills in Maine which must compete in national markets.
Senator Mitchell (continued)

Mitchell said he couldn't understand why Central Maine Power Company's Norm Temple wasn't sure what the problem was -- and preferred to find out before forcing industry to spend billions. Dale Phenice attended and will be writing a report on the testimony. People said what you would expect them to say with the spokesman for the U.S. Environmental Protection Agency plainly not sharing Mitchell's thinking that something must be done now to save the fish in Maine's lakes. The Governor worried about the combined effect of acid rain and the spruce budworm on the forest resource. It went on for five hours.

As testimony was winding up, Doc Hodgins, the mathematician who fled the Midwest to live off the land in Lubec, gave Great Northern notoriety. He spoke on behalf of Friends of the Earth. Singling out Great Northern as an example of how Maine industry is contributing major volumes of air pollution, he said there have been dangerous levels of sulfur dioxide recorded in school yards in Millinocket. He urged pupils be examined for concentrations of metals in teeth. Hodgins said soil tests would show pollution is the reason why grass is not growing in the school yard. Hodgins has been a leading critic of the Pittston Oil Company's refinery proposal and of St. Regis Paper for its role in the Dennysville spraying incident.

The Mitchell staff was elated with the publicity. Even Republican U.S. Senator Cohen (who is rumored to be bowing to environmentalists demanding a Wild & Scenic River study of the St. John) told television reporters he believes acid rain is a serious problem for Maine. But George Smith of Congressman Emery's staff says "no one is going to win an election on the issue." No one brings the subject up except the press, the Emery aide said. Emery is going to challenge Mitchell.

Associated Industries of Maine

Directors of Associated Industries of Maine were told April 14 costs for legal services, printing, operation of the recently acquired headquarters and other items have resulted in budget overruns. A revised budget will be submitted July 1. AIM's high visibility in the legislative wrangling over Workers' Compensation was discussed. There is an effort to get other segments of the business community more involved. Mrs. Gloria Faulkner of the H. D. Smith Company in Bangor was added to the board of directors, replacing Wally Hazeltine of Depositors Trust who resigned for business reasons. Jack Sullivan, who is president of the AIM personnel association, attended the directors meeting.

PIIO

The spring conference of the Paper Industry Information Office will be held May 29-30 at the Samoset in Rockport. Directors were told at an April 10 meeting that the invited speakers include Senator Mitchell, Conservation Commissioner Anderson and University of Maine energy specialist Dick Hill. A panel will discuss trade-offs necessary in the energy transition era with Paul Firlotte as moderator and Tom Greenquist of Bangor Hydro, Gordon Weil of the State Energy Office and David Tudor of the Department of Environmental Protection. At the request of St. Regis, directors established a committee to take a look at the operations of PIIO. St. Regis has complained for years about the cost of the operation.
**At the Break**

Legislators took a long weekend starting with Good Friday. Next week there will be no sessions of the House and Senate with committees scheduling hearings in both morning and afternoon. The session is limited to 100 days (with a 5-day extension permitted if necessary). Although most of the major issues remain to be resolved, the leaders of the House and Senate say they expect adjournment in early June. Finding money for programs -- particularly highways -- is the No. 1 problem. Here's a rundown of the issues from a Great Northern view.

Energy -- Lynwood Hand is hopeful the legislation dealing with hydroelectric projects will die.

Environmental -- Dan Boxer says everyone agreed at an April 15 public hearing that changes are required to improve the efficiency of the Department of Environmental Protection. "We (the paper industry) are not a voice in the darkness...everyone agrees there is a problem...it's just a question of time," Boxer said. What will come out is hard to say, but Boxer says a lot of people want to "send a message to the DEP" at this session and not delay until a commission created by the Governor reports. (Boxer is on the commission.) The support for regulatory reform was evident at another hearing, April 13, when eight bills on the subject were considered. Hank Magnuson testified in support of the concept. It's the No. 1 legislative priority of PIIO.

Forestry -- Amendments to the Spruce Budworm Act are scheduled for public hearing April 21 and Bob Wright will join Lynwood Hand in Augusta. The question of regulation of logging roads split the Energy & Natural Resources Committee. Industry is striving to avoid mandatory regulations in the vast management zones in the unorganized territory. The House has approved one version, the Senate another -- the more flexible approach. A bill requiring forestry management plans from all who own over 1,000 acres has been killed.

Labor -- Most of the focus is on the Workers' Compensation issue. House Democrats are standing with the AFL-CIO and opposing any meaningful changes in benefits. The next move may see the House pass a "package" of insignificant bills favored by industry and force Republicans in the Senate to reject the "package" and bargain for more substantial legislation. That would allow Democrats to say they favored reform. In the meantime, nothing is being accomplished. Present laws boost benefits July 1.

Taxation -- A workshop is scheduled next week on the proposal to repeal the property tax exemption for pollution facilities. Members of the Taxation Committee expect to kill the repealer. The Committee turns to the Tree Growth Tax Law the week after next with Don Perkins having redrafted an industry bill for consideration. Still up in the air is the matter of taxes in the unorganized territory. Hand and Perkins are closely following the situation. A bill calling for a constitutional amendment to allow higher priority taxes in the unorganized territory than in cities and towns is scheduled to be considered at an April 23 hearing. One of the last bills to be printed was a severance tax on mining.
PUBLIC RELATIONS

Galen Lander, using a new set of 35 mm slides provided by AdMedia, discussed the "Big A" project at an April 14 meeting of the Action Committee of 50 in Bangor. The Committee is composed of chief executives of Bangor businesses and schools and had the biggest turnout of the year (including editorial writer Mark Woodward of the News)...A news release on GNN earnings was distributed...Dale Phenicie, Pat Welch and I spent time explaining the operation and problems of the Dolby landfill to Maryanne Lagasse. She and others say there is growing concern that leachate from the landfill will pollute the East Millinocket water supply. She also had questions concerning DEP criticism of the management of the landfill...I answered questions from Lucy Martin of Maine Times on April 17 regarding water levels in the West Branch region...Seven releases on promotions were distributed...Phyllis Austin of Maine Times called on April 17 to say she is writing a story for the Boston Globe on the environmental and economic results of ending log drives. I suggested she get her thoughts organized on paper. She agreed...A contribution was made to the Committee for Joyce which is raising funds to post a reward for the killer of an East Millinocket teen-ager...Other contributions were made to the Muscular Dystrophy Association, Multiple Sclerosis Society, American Heart Association and the Millinocket Men's Bowling League.

Sincerely,

pmc/b

Distribution:

Negotiations (continued)

The adjournment drive is under way in Augusta with leaders hoping for adjournment early in June. Committees have been told to finish work on all bills by May 13.

In other areas of interest:

Taxation — House Taxation Committee Chairman Post is sticking to her proposal for a severance tax on wood at the time of harvest as a means of reimbursing towns for tax shifts resulting from the Tree Growth Tax Law. Lynwood Hand, Great Northern's legislative counsel, reports growing Senate opposition to any such tax. The Taxation Committee is expected to report out two bills containing amendments to the Tree Growth Tax Law, one containing Mrs. Post's version and another incorporating several changes supported by industry, but which will not provide a solution to the reimbursement issue. Senate Taxation Committee Chairman Teague will be the sponsor.

Still in committee is the proposed repeal of the property tax exemption on pollution control facilities.

The Paper Industry Information Office is retaining counsel to oppose Unitary Tax Legislation which would have a serious effect on multi-state corporations. AIM is also opposing the bill.

Energy — The Energy & Natural Resources Committee this week finally voted to kill the bill proposing new restrictions on hydro developments, according to Lynwood Hand, who said Representative Huber tried and failed to salvage the bill at the last minute. The Labor Committee is reported unanimously in favor of revisions in the law covering operation of power boilers -- a redraft worked out by Paul Firlotte and Hand.

Forestry — Amendments to the Spruce Budworm Act were on their way to final approval.

Ports — Transportation Committee Chairman Emerson expects the Brennan administration bond issue proposal to be divided, separating the proposal for funds for port development from those for agricultural projects. The port program would include funds for Searsport's container terminal.

The Woodsmen

House Speaker Martin says the Maine Woodsmen's Association has lost all credibility. WABI-TV Director Gordon Manual says the MWA has no substantial base of support. But MWA leaders are again talking about a "strike" in mid-May and demanding Canadian woodcutters be sent home and the news media is building up the issue.

Bob Bartlett was interviewed by Don Carrigan of WLBZ-TV on May 7 and I responded to a long series of questions from Lloyd Ferriss of the Maine Sunday Telegram on May 8. A transcript of the Bartlett interview has been circulated.

Sincerely

[Signature]

 PMC/B
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the period ending May 1:

**THE STRETCH DRIVE**

The first session of the 110th Legislature is in the homestretch with emotions running high on the issue of reform of the workers' compensation system and overshadowing other matters.

Leaders of trade associations representing business and industry and Democratic party leaders are locked in a confrontation with no sign of a break in sight. Ron Colby of Associated Industries of Maine on April 27 told the press a Democratic "compromise" package is "a cruel hoax, designed to deceive people into believing that something useful is being done." Colby's newsletter concedes that Democrats do propose freezing benefits at their present level of 166 2/3% of the average weekly wage -- unless something is done the figure rises to 200% in July. But AIM concludes the freeze, by itself, will have only a small impact. Democratic leaders, including House Speaker Martin and Assistant Senate Minority Leader Pray accused AIM lobbyists of refusing to negotiate. That's so, apparently because the industry lobby feels Democrats, who control the House, will cave in if forced to vote on bills which will reform the system. Both the trade associations and the Democrats are promoting their different approaches with AFL-CIO lobbyists pressuring Democrats, and Republican leaders urging on the business groups -- sensing a 1982 campaign issue.

The final outcome of the battle over workers' compensation insurance is difficult to assess. No cost reductions are coming, only at most a slowing down of increases. Even if business interests achieve their goal, a much more sweeping reform is needed. Our bet: Little, if any, 1981 success with reform.

Other matters have occupied Lynwood Hand and Great Northern personnel:

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
The Stretch Drive (continued)

Working with Paul Firlotte, April 29, Lynwood redrafted portions of a bill dealing with licensing of supervisory personnel in boiler plants. They won the cooperation of AFL-CIO lobbyists who initiated the bill to deal with an issue in another paper mill. The Labor Committee, which has spent most of the session split between Democrats and Republicans, agreed on the amendment.

Hand says a bill creating new requirements for licensing hydro-electric projects will be withdrawn. We led the opposition. A bill requiring fishways on dams has been killed. But a proposal to "protect" inland wetlands is still alive and of great concern to hydro developers.

Industrial developers from Lewiston and Bangor joined Dan Boxer on behalf of PIIO and an AIM spokesman in opposing April 28 a bill which would allow the Department of Environmental Protection to charge $15,000 for processing licenses. Boxer is optimistic the bill will be rejected by the Energy and Natural Resources Committee.

Other environmental bills still alive include a proposal to make changes in the DEP although the Governor's proposal to study the department has taken the impetus "away from the legislation," according to Boxer. There are eleven bills dealing with regulatory reform remaining to be considered by the State Government Committee.

Still under consideration by the bogged-down Taxation Committee are the proposals to repeal the property and sales tax exemption on pollution control facilities and equipment. There is considerable opposition. The committee still hasn't faced the issue of taxes on timberlands. In the interim, Great Northern is soliciting support against the possibility of the committee favoring a severance tax on timber at the last minute. Don Perkins, on behalf of PIIO, opposed during an April 23 hearing, a constitutional amendment to permit higher taxes in the unorganized territory. Perkins has also advised the Education Committee to delete from a bill an unconstitutional proposal to impose a 2-mill tax on the unorganized territory. When a proposal to tax multi-state and multi-national companies on a worldwide basis popped up April 29, Adrian Clark sought Phil Cannella's guidance. He was in Augusta with Hand. Industry spokesmen urged the committee to go slowly to allow company tax attorneys to analyze the implications.

Legislation making necessary changes in the Spruce Budworm Act was moving through the Legislature without opposition.

Finally, Senator Usher on April 24 asked that a committee delete from a bill a portion to give rule-making authority over chemicals in the work place to the Bureau of Labor. Other sections had industry support. Dale Phenicie and Carl Akeley worked with Lynwood Hand and an AIM lobbyist in preparing for the hearing.

**THE PENOBSCOT**

When the Land Use Regulation Commission April 29 considered a proposal for a resource protection plan for the East and West branches of the Penobscot, the opposition got the headlines and dominated television coverage. Sandra Neilly, an attractive and arti-
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending May 8:

**NEGOTIATIONS**

Delegations representing the House and the Senate opened negotiations last week at the State House on the workers' compensation issue.

While no immediate progress was made, according to Ron Colby of Associated Industries of Maine, the fact the Democrats who control the House had agreed to the negotiations provided fresh hope that the Legislature will act to slow down the rising cost of the insurance. For weeks, Democrats, on order from House Speaker Martin, had bottled up in the Labor Committee over 50 bills dealing with the issue.

The issue has resulted in Democrats attacking lobbyists representing AIM and others in the business community in speeches on the floor of the House. Businessmen have been barraging legislators with appeals for relief. Speaker Martin joined other Democrats in urging acceptance of a "compromise" package because "the stakes are too important and too complex to handle in a piecemeal fashion." Spokesmen from AIM and a dozen other employer organizations held a press conference to denounce the "compromise" as a sham and a hoax. At the request of Business Regulation Commissioner DeVane, Colby met one more time with AFL-CIO President O'Leary to demonstrate that industry and labor couldn't agree on a compromise. Finally House Majority Leader Mitchell agreed with Colby that the legislative leadership had to face the issue.

Senator Sewall, the woman from Newcastle who is chairwoman of the Labor Committee, is leading the Senate negotiating team. She can be expected to hold out for agreement on a 5 percent "cap" on annual increases in benefits as a result of increases in the state average weekly wage, a "direct pay" system eliminating the necessity for agreements which generate so much unnecessary litigation and legal expense and for repeal of the requirement that employers must pay attorneys' fees regardless of the outcome of the case. (Attorneys' fees account for 15 percent of the cost of the entire system in Maine, according to AIM.)
PUBLIC RELATIONS

Enclosed is an updated version of the Great Northern Paper fact folder. A fact card on the west branch salmon study has been printed to provide a progress report to persons interviewed during the course of the project. Bob Cummings of the Portland papers asked questions May 11 regarding the status of the hydro project. He was writing a story on the competition for sites. I met with Wayne Hockmeyer of the whitewater rafting group May 11 to discuss the project. A memorandum has been distributed on the meeting. The Public Relations Committee of PIIO May 12 voted to work with the journalism department of the University of Maine in an evaluation of media coverage of the paper industry. With guidance from Tom Pinkham, I approved a request from Bruce Nett of The County tabloid, published as a supplement with Aroostook weeklies, to do a story on a woman saw filer. I answered a question regarding company thinking on legislation from Mary Gerwin of Senator Cohen's staff and from Barbara Jordan of the staff of Congressman Emery on the Greenville area economy.

Sincerely,

pmc/b

Enclosures (2)

Distribution:

E. E. Allain  T. A. Galas  W. R. Laidig  T. S. Pinkham
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P. I. Firlotte  T. W. Kelly  T. N. Pendleton  H. Willets
T. H. Flanagan  D. J. Krohn  D. K. Phenicie  P. F. Yavacone
No. 1

The 1979 Census of Maine Manufacturers has been published and the average gross wage for the Millinocket (Millinocket, Medway, East Millinocket) economic area is ranked No. 1. The top ten areas:

<table>
<thead>
<tr>
<th>Economic Areas</th>
<th>Average Gross Wage</th>
<th>No. of Workers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millinocket</td>
<td>$19,747</td>
<td>3,254</td>
</tr>
<tr>
<td>Ellsworth-Bucksport</td>
<td>19,283</td>
<td>1,278</td>
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<td>Madawaska</td>
<td>16,018</td>
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<td>Rumford</td>
<td>15,246</td>
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</tr>
<tr>
<td>Calais-Baileyville</td>
<td>14,984</td>
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<td>Waterville</td>
<td>14,243</td>
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<td>Brunswick Bath</td>
<td>14,131</td>
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<td>Portland</td>
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</tr>
</tbody>
</table>

The average gross wage for industry was $12,219 with the paper and allied products the highest category at $18,903.

The Legislature

With 13 days remaining in the session, unless an extension is voted, legislators this week were wrestling with the difficult decisions. While public attention was focused on the Workers' Compensation issue as a result of the war of words between Democrats and Republicans, the Taxation Committee was acting on bills of interest to Great Northern.

A leave to withdraw report spelled doom for a Unitary Tax bill which would have created a new system for fixing the state income tax liability for multistate corporations. The Paper Industry Information Office retained Jim Good, a Portland tax attorney, to oppose the bill in workshop. Also killed by the same committee was a bill which would have repealed the property tax exemption for pollution abatement facilities. A proposed constitutional amendment which would have permitted higher property taxes in the unorganized territory than elsewhere also died in committee.

The Energy & Natural Resources Committee continued redrafting a hazardous waste regulation bill. Tom Glidden attended workshop sessions with representatives of Associated Industries of Maine coordinating industry participation. Lynwood Hand stepped in to protest on behalf of Great Northern the inclusion of waste oil as an item on which fees would be assessed. Hank Magnuson and Dan Boxer of the PIIO office worked with Conservation Commissioner Anderson and Jeff Pidot of the Land Use Regulation Commission to redraft logging road regulation legislation with satisfactory results according to industry negotiators. The amendment spells out that the Legislature intends that landowners have "a considerable degree of flexibility." Environmental Protection Commissioner Warren endorsed the compromise.

Negotiators on Workers' Compensation between Republicans and Democrats resumed after another spat but hopes were fading of any significant changes in the law. Developments have been covered in newspaper accounts.
Mr. Richard W. Noyes  
Assistant Vice President—Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending May 15:

**Off and Running**

There is a joke circulating in the halls of the Legislature among lobbyists. "If a member is creating a problem, talk him into running for Congress." The list of candidates is growing for major offices in 1982 -- months before any intensive campaigning will start. At stake will be the outcome of races for the U.S. Senate, the two House seats in Maine and the office of Governor. Exploratory committees are popping up, funds are being solicited and polls are being leaked to the press.

Here is the picture:

**U.S. Senate** -- George Mitchell, who replaced former Secretary of State Muskie, is a candidate to win on his own the seat to which he was appointed. Republican polls show former Governor Curtis is a stronger candidate than Mitchell. Curtis is back with his Portland law firm after a stint as U.S. Ambassador to Canada and circulating in Maine, saying only it is too early to make a decision although adding he could be a candidate. Friends say Curtis is angry over pressure he is getting not to run. Mitchell supporters concede their candidate must quickly improve his rating in the polls.

Among Republicans, First District Congressman Emery started running for the Senate as soon as he was reelected. From the outset, Emery's backers have hoped Second District Congresswoman Snowe would not be a candidate. Mrs. Snowe's staff leaked a poll showing her the winner. In Washington, associates say she will fight it out for the GOP nomination.
Governor -- Governor Brennan is a candidate. While even some factions in the Democratic party downgrade his accomplishments, politicians concede Brennan hasn't made many enemies. So far, he is unopposed among Democrats.

Portland attorney Charles Cragin says he will be a Republican candidate for a second time. He ran second in the 1978 primary. This week Senator Pierce of Waterville announced an exploratory committee. Ival "Bud" Cianchette, one of the brothers who run Cianbro, the Pittsfield contracting company, is also being widely promoted as a candidate now that he has switched from the Democratic ranks. The Cianchette family has the financial resources to make the unknown businessman highly visible in a short time by use of television. The Cianchettes, who operate on a non-union basis, are targets of organized labor which would fiercely fight a Cianchette on the stump. Another possible candidate also comes from a family with wealth, State Representative Sherry Huber of Falmouth.

First District-Congress -- Emery is giving up the seat.

Curtis could make the U.S. House of Representatives his target. Harold Pachios, the Portland attorney who was badly beaten by Emery, is still a Democratic possibility. Old Orchard Beach Senator John Kerry has already announced he will run. State Personnel Director Dave Bustin, who ran and lost before, is considering another bid.

Jock McKernan, a law firm partner of Cragin, is among Republicans giving thought to running. He's a former legislative leader now lobbying for hospitals and medical societies.

Second District-Congress -- When Mrs. Snowe makes it official, several legislators may jump into the Republican derby. Assistant House Majority Leader Tarbell of Bangor and Senator Howard of Bangor are the most visible at this stage.

Will House Speaker Martin seek the post? That's the big question among Democrats. Assistant Senate Minority Leader Pray is giving his candidacy a lot of thought. Attorney General Jim Tierney is taking soundings. He visited May 14 with Bob Shinners in Millinocket.

Still to be completed by the Legislature is redistricting under federal law. If Androscoggin County is returned to the First District, the Democrats will pick up enough votes to probably reclaim the seat but at the expense of having a strong base in the Second District.

AIM DIRECTORS

Directors of Associated Industries of Maine were told at a May 11 meeting more "name calling" by Democratic leaders could be expected before the issue of Workers' Compensation is resolved in the Legislature. Ron Colby denied all charges and said the attacks have been unwarranted. Colby said "everything favors the Legislature doing nothing" but AIM is attempting to seek to slow down the rate of increases. Colby reported 70 persons attended the first AIM Public Affairs Seminar. The subject was the Legislature. A second seminar will focus on regulatory agencies. Colby said the support of local Chambers of Commerce is proving valuable. Several chambers have become associate members of AIM. A revised budget will be submitted in July with $10,000 in adjustments predicted as a result of lobbying and other expenses related to the Legislature.
Again we wish to thank the Great Northern Paper Company for the excellent support given to this project and to vocational education here at Stearns High School. We especially wish to express our thanks and gratitude to James Carson who has been most helpful in working with us in coordinating this undertaking. This entire endeavor has been an excellent experience and the generous company support of scholarship funds is certainly appreciated.
Ground was broken in April, 1980 for the second house to be constructed by our Vocational Building Trades Classes. During May and June, the work consisted of site preparation, installing drainage, the foundation pouring and capping.

Beginning in September and working daily all year, the house is now completed. Considerable attention has been given to making the house energy efficient. Much care was given to insulating both ceiling and walls with electricity being the primary source of heat.

Again on this project, the Home Economics Department with instructors Mrs. Suzanne Kendrick and Miss Marguerite Coutu contributed by selecting colors, carpeting, pictures and wallpapering.

Under the initial direction of instructors Thomas Luckern and John Libera and continued this fall by James Grinnell and Kurt Fair, the following students participated in the construction of this house:

Shane Barr  
Peter Bisson  
Ronald Bouchard  
Daniel Brigalli  
Todd Brodeur  
Michael Burns  
Bernard Castonguay  
Glenn Cates  
Patrick Civiello  
Daniel Cyr  
Roderick Cyr  
Charles Davis  
Cris Davis  
Darrell Davis  
Wayne Dempsey  
Philip Deschaine  
Charles Dore  
Peter Dore  

David Flynn  
Terrence Friel  
Randy Gagnier  
John Gantner  
David Guy  
James Hartley  
Sheldon Hayes  
Michael Hazelton  
Kenneth LaPlante  
Kevin LeBlond  
Ronald Libby  
John Luckern  
Lestina Lyons  
Mark Lyons  
Robert Lyons  
Gary MacKenzie  
Ronald Mackin  
Matthew Miller  

Carl Morin  
William Nelson  
Alex Patchell  
Thomas Pelkey  
Thomas Picard  
Terrance Pickard  
Bernie Pineau  
Carl Russell  
John Santerre  
Christopher Seile  
Jamey Stewart  
Nathan Theriault  
Joseph Timoney  
Daniel Violette  
Michael Wallace  
John Wiley
Mr. Richard W. Noyes
Assistant Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Department for the week ending May 22:

**Nine Days To Go**

Legislators left several important matters unresolved when they went home for the long holiday weekend. When they return to Augusta May 26, only nine working days will remain in their session which is limited by law to 100 days. Most legislators shy away from talking about voting an extension because they feel such action would be difficult to justify to the public.

One issue left up in the air is the question of taxes on timberlands.

The Taxation Committee reported May 22 a bill proposing $7,003,573 be the total of the municipal cost components for the Unorganized Territory -- that's the amount required for fire protection, education, welfare and other services which in a town or city would be provided by the municipal government. It will be raised through the Unorganized Territory Educational and Service Tax. The total is $362,568 less than the amount originally proposed by departments, but represents a 13 percent increase over 1980-81. Great Northern, the largest single landowner in the unorganized territory, and others will benefit in the future, however, from Senator McBreairty's personal investigation of the state agencies and counties' justification for their requests. The Taxation Committee has incorporated into another piece of legislation new guidelines for reimbursements. Counties, for example, will be limited to a 10 percent reserve in such funds. Interest accumulated on such funds will be permitted to be used only for such services. As the law now stands, counties have been able to keep requesting money regardless of expenditures and there have been no requirement that interest be segregated.
The Attorney General May 22 also replied to a question from the Taxation Committee, saying that in his opinion the Maine Municipal Association proposal to impose an excise tax on forest land to reimburse municipalities for revenues lost under the Tree Growth Tax Law is illegal. The proposal was for a sliding scale of taxes with owners of large blocks of timberlands paying more per acre. The MMA has been desperately seeking funds from new and existing sources. One idea discussed last week was dedicating sales tax revenue generated by the paper industry expansion in Maine to the reimbursement.

Unless the MMA comes up with another idea, the committee now has two proposals left:

1) House Chairman Post's plan for a severance tax on timber to provide for 100% reimbursement; and

2) The industry bill which has been blended into Senate Chairman Teague's proposal, providing for reimbursement to towns which have a 5 percent tax shift, or higher.

The House of Representatives has approved a state fund which would compete with private industry in selling workers' compensation. Meanwhile negotiations on the issue are continuing between House and Senate leaders. Senator Pray of Millinocket now sees some hope for agreement on imposing a short-term ceiling on the inflation adjustments and achieving agreement on other steps to reduce the rising costs of the insurance. That isn't enough to satisfy business interests, or their Republican allies in the Senate.

The Energy & Natural Resources Committee is continuing to work on hazardous waste legislation.

The other issue still being closely watched is regulatory reform. At one time, the Legislature had 11 different proposals. The State Government Committee has packaged the proposals into a new draft to be printed over the weekend.

Governor Brennan's proposal for a severance tax on mining has also been printed. It will not be dealt with at this session.

Open House

Invitations were mailed May 13 to 330 persons for the first day of the June 12-13 Open House to mark the start-up of the bark boiler at East Millinocket. Over 150 persons are expected to attend.

All materials for the kit to be distributed to guests have been received from the printers.

A 7½ minute introductory audio-visual will be ready for review next week.

Material has been provided Governor Brennan who will be the speaker of the day.

The second day, a Saturday, will see the facility open to employees and the general public for tours and members of the East Millinocket and Millinocket chambers of commerce will be guests at a special luncheon.
CRITICAL AREAS

R. Alex Giffen, Assistant Director of the State Planning Office, said May 21 that the Critical Areas Advisory Board at a meeting May 15 voted to proceed with gathering information on whitewater rapids. The board met to consider a report on "Maine's Whitewater Rapids and their Relevance to the Critical Area Program." Two of the rapids recommended for consideration would be on the stretch of the West Branch which would be flooded if the "Big A" hydroelectric project materializes. Designation would not preclude an impoundment but would certainly provide opponents of a hydroelectric project with a strong talking point, which some are already using. The draft report was cited by opponents of the proposed conservation easement.

Giffen said that the economic implications of designation will be considered as well as other points suggested in a May 6 letter from Great Northern Paper Company.

Giffen said Great Northern can expect to hear from the Critical Areas staff within a few weeks as they seek additional information.

SCHOLARSHIP PLAQUES PRESENTED

Bob Shinners presented plaques to four 1981 winners of Great Northern Nekoosa Foundation scholarships at a May 22 luncheon in Millinocket for the recipients, their parents, school principals and managers of the departments in which their parents are employed. The four were joined by several past recipients, including one of the first three winners to receive degrees -- Miss Tammy Cottle of East Millinocket. Photographs and a news release were prepared for distribution to local newspapers and trade publications.

PUBLIC RELATIONS

With Dick and Shirley Noyes, Jean and I attended the 1981 Pine Tree Council Distinguished Citizen Award Dinner May 21 in Augusta. E. W. "Skip" Thurlow, President of Central Maine Power and a director of Great Northern Nekoosa Corporation, was the honored guest...A full page advertisement was placed in the Katahdin Times inviting the public to the open house May 31 of the second home built by vocational students in Millinocket with materials provided by Great Northern. With guidance from Jim Carson, we also developed a brochure to be distributed to guests...Roger Boynton took photographs of participants in the May 18 banquet for retired employees and prepared a full page layout for the Katahdin Times. Over 675 persons attended the annual event...With Bart Harvey and Paul Miller of the woodlands department, we planned a tour for reporters from the Bangor Daily News and Katahdin Times of the Telos blowdown area. A story by Mary Anne Lagasse appeared in the Bangor News on May 22. Our objective is to acquaint people with the reasons behind clear cuts resulting from the salvage operation which will be visible along a road vacationists travel into the Allagash Wilderness Waterway. A fact sheet has also been prepared and will be distributed...Contributions of $12,500 for the Eagle Lake medical center, $10,000 for an energy project of the Maine Audubon Society and $10,000 for St. Joseph's hospital in Bangor have been approved by the Great Northern Nekoosa Foundation.

Sincerely,

[Signature]

pmc/b
Mr. Richard W. Noyes  
Assistant Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending June 5:

**THE LEGISLATURE**

With two days left in the session, members of the Legislature still are struggling with at least three high priority issues for Great Northern Paper — workers' compensation, hazardous waste and taxes on timberlands. As expected, the real threat to adjournment on schedule, however, was the question of highway funding. Governor Brennan has said he will veto a gas tax increase. Republicans say an increase is needed to finance the program proposed by the administration. The whole matter may be tossed into a special session later in the summer. No crisis will come before September if the Legislature does not act.

On the other key issues:

**Workers' Compensation** — After months of sparring, Democrats appear willing to accept moves to slow down the increasing costs of this insurance — but not to the extent Republicans propose. They differ on the scope of a 5 percent a year cap on the annual benefit adjustment. Democrats prefer to exclude workers who suffer a 50 percent or greater disability and have received benefits for at least three years. Senator Sewall, the Labor Committee chairman, says an across-the-board cap would save up to 8 percent in benefit costs, the Democratic version 1 to 3 percent. Senator Pray of Millinocket is the leading spokesman for the Democrats and will ask for approval of the diluted cap on June 9. AIM lobbyists are promoting an amendment which will not penalize the long term or permanently disabled but create an appreciable saving.
The Legislature (continued)

Also still being debated is the issue of attorney fees. Associated Industries of Maine is pushing a proposal relieving employers of the obligation to pay over $200 in attorneys' fees of claimants who lose cases. Democrats would tighten the system up but not go as far as the AIM bill supported by Republicans.

There is agreement to pass legislation freezing the maximum weekly benefits at 166 2/3 percent of the state's average wage. The maximum is scheduled to rise to 200 percent July 1.

Hazardous Waste -- The Maine version of the federal hazardous waste is hung up between the Senate and the House. Milt Huntington, veteran lobbyist of the Maine Petroleum Association, sums up developments in this manner:

"The House passed a new draft which establishes a $600,000 fund financed by fees on firms that generate, store or transport hazardous waste in the state. The Senate approved version is similar but excludes waste oil as a hazardous waste. Republican Majority Leader Collins and Republican Senator McBrearty led the attack in killing the House bill, 18-12, arguing that Maine's existing $6 million oil spill fund, financed by a cent-a-barrel fee, is sufficient to deal with waste oil problems. They questioned the constitutionality of charging a cent-a-barrel for waste oil transported in Maine from out-of-state, and half-a-cent for in-state used oil."

Taxes on Timberlands -- A bill, or bills, proposing revisions in the Tree Growth Tax Law is still in committee, held "hostage" by House Chairman Post who wants to use it as a bargaining tool in the highway financing debate. Next week two bills will probably be reported out with a majority favoring a version which would reduce the discount factor from 20 percent to 10 and provide reimbursement to towns which can demonstrate a tax shift of 3 percent as a result of the law. Mrs. Post and the minority would eliminate the discount factor and provide a different reimbursement formula. The severance tax idea is dead.

Legislators could extend the session up to 10 days with a two-thirds vote of each branch.

**Open House**

Governor Brennan and First District Congressman Emery will be among the 250 persons expected to attend the first day of the Open House at the East Millinocket bark boiler, June 12-13.

Planning for the project continued. The coordinating committee met to consider details. The first of two training sessions was held for guides. The introductory slide-tape show was previewed. Kits of materials for guests were assembled. A general news release was prepared. Advertisements were placed in newspapers and on radio. We provided the Katahdin Times assistance with a special eight-page section devoted to the project. Signs were received to guide those taking tours. Parking of cars was discussed. Invitations were issued to company personnel.
Open House (continued)

The public will be invited to the second day of the Open House from 9 a.m. to noon. The company also will host a luncheon for the chambers of commerce of East Millinocket and Millinocket.

ADVERTISING PROGRAM

The print and radio segments of the "second wave" of the three part 1981 advertising program has been approved.

A full page advertisement will be published in seven Maine daily and 11 weekly newspapers commencing June 26. The theme will be the company's tree planting program.

This theme will carry over into a radio "Update" on 13 radio stations starting July 2.

A current "Update" which will be heard through June 9 has the bark boiler as a theme. (Copy attached.)

The summer advertising schedule omits television.

PIIO ANNUAL MEETING

Paul Firlotte, Jim Giffune, Bob Shinners and Peter Yacavone joined me at a spring conference of the Paper Industry Information Office at Rockport, May 29-30.

Firlotte moderated a panel discussion of "Energy and the Environment" with Tom Greenquist of Bangor Hydro-Electric, Dave Tudor of the Department of Environmental Protection and Gordon Weil of the State Office of Energy Resources participating.

Bill Bullock and Galen Cole were honored for serving as chairman and treasurer of the Committee for the Resolution of the Maine Indian Land Claims.

During a business meeting, lobbyists Dick Whiting of Boise, Don Perkins and Dan Boxer all called on companies to stimulate more management interest in the political process -- particularly in supporting candidates for the Legislature.

A new subcommittee of safety directors was authorized.

PUBLIC RELATIONS

Great Northern Paper contributions have been made to the Ashland Softball League, Dexter Vocational Field Day, Stearns Sports Calendar, Van Buren Centennial Committee, Pine Tree Society for Crippled Children and Millinocket Little League...A news release on the public tours of the Millinocket mill offered during the summer months was distributed...The tours and safe driving on logging roads are the subject of a new tape produced for WMKR...Attached is a folder distributed at the Open House at the second home built by vocational students.

Sincerely,

pmc/b

Enclosures (4)
THIS IS UPDATE, A SERIES OF REPORTS TO THE PEOPLE OF MAINE, BROUGHT TO YOU BY GREAT NORTHERN PAPER.

AT OUR MILL IN EAST MILLINOCKET, WHERE WE PRODUCE SOME 355,000 TONS OF PAPER A YEAR, WE NOW HAVE IN OPERATION OUR BARK BURNING BOILER THAT WILL REDUCE OUR ANNUAL CONSUMPTION OF EXPENSIVE, IMPORTED OIL BY OVER FOUR HUNDRED THOUSAND BARRELS.

THIS THIRTY SIX MILLION DOLLAR BOILER BURNS 1,400 TONS OF WASTE BARK DAILY, WHICH ALLOWS IT TO NOT ONLY FEED ON THE MILL'S CURRENT BARK GENERATION BUT TO EAT AWAY AT THE LONG-ACCUMULATING STORAGE PILES AND CONSUME EXCESS BARK FROM OUR CHIP PLANT AND PINKHAM LUMBER OPERATIONS IN AROOSTOOK COUNTY.

WITH OUR CONSERVATION PROGRAMS SAVING 13% OF OUR PREVIOUS OIL DEMAND, AND WITH THE BARK BOILER SAVING ANOTHER 17%, TWO IMPORTANT STEPS HAVE BEEN TAKEN IN OUR OIL REDUCTION PLAN.

THIS UPDATE HAS BEEN BROUGHT TO YOU BY THE PEOPLE OF GREAT NORTHERN PAPER.
MILLINOCKET --- Start-up of the $36 million bark boiler at the Great Northern Paper Company's East Millinocket mill will be marked by a two-day Open House, June 12-13.

Governor Joseph Brennan will be the principal speaker on the first day of the Open House.

Great Northern President Peter F. Yacavone says the start-up of the boiler represents a major step in the company's program to reduce dependency on foreign oil. In addition to an energy conservation program, Great Northern has also asked for permits to use coal instead of oil in two boilers at Millinocket and is studying a hydroelectric station on the West Branch of the Penobscot.

Federal, state and local officials, customers, suppliers and others will be invited Friday, June 12, to tour the boiler and related facilities.

The public will be invited to tour the boiler and mill from 9:00 a.m. to noon on Saturday, June 13.

The boiler will allow Great Northern to cut oil consumption by 400,000 barrels annually. The boiler is the biggest in Maine specifically designed for burning bark.
Construction on the boiler and related facilities started in April of 1979. The boiler started up in December of 1980. For the past several months, Great Northern crews have been working to bring the complex to full productive capacity.

The boiler, rated to produce 300,000 pounds per hour of high pressure steam, burns 1,400 tons of bark a day, or over 460,000 tons a year. The bark is waste, generated in papermaking and in the production of lumber. The boiler is designed to handle bark with up to 60 percent water.

Bark used as fuel will come from the pulp mill operations and also from storage piles, the company's wood chip plant at Portage, the Great Northern-owned Pinkham lumber mill north of Ashland and other sources.

The boiler is housed in a building 100 feet in height. It contains 10,000 square feet of area which was added to the steam plant which serves the pulp and paper mill. The boiler system includes facilities for receiving, processing and storing bark destined for use as fuel. Enclosed conveyors link the buildings in the complex with the boiler.

The boiler project involved up to 300 construction workers at the peak. As a result of the project, 16 new employees were added to the Great Northern work force.

The boiler is the newest in the integrated power systems which serves the East Millinocket and Millinocket mills. The total system consists of eight high pressure boilers, six turbogenerators and 32 hydroelectric generators. Under average conditions, about half the electric load is supplied from the hydroelectric portion and half from the turbogenerators.
The East Millinocket mill produces 1,000 tons of paper per day primarily for newspaper publishers. At the Millinocket mill, 1,400 tons of groundwood printing papers are produced daily. Great Northern Paper and Pinkham Lumber together have 4,300 employees, most of them in Maine.

Great Northern Paper is a division of Great Northern Nekoosa Corporation with headquarters in Stamford, Connecticut.

#####
Mr. Carl H. Reed  
Manager of Manufacture  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Carl:

The newsletter of the Public Affairs office is abbreviated because of the June 12-13 open house at East Millinocket and the adjournment drive of the Legislature:

THE LEGISLATURE

Unable to solve several problems in the allotted time, legislators gave up and extended their session a day -- hoping to adjourn June 11.

Left to be resolved were the highway financing issue and the closer-to-home questions of slowing down the rising costs of workers' compensation and amending the Tree Growth Tax Law.

After several days of exchanges between the two houses of legislature, the Senate prevailed on what material should be designated as hazardous waste. Waste oil will not be included. Environmental Protection Commissioner Henry Warren wanted oil taxed and regulated. Industry, including Great Northern, saw no need for such regulation.

After agreeing that waste oil would not be designated as hazardous, the Senate rebuffed a proposal to only impose a fee on waste oil as will be the case with other materials designated as hazardous. Senator Sam Collins of Rockland led the opposition.

THE POLITICS OF 1982

"We really had a party," said a member of Congressman Emery's staff.

"Party pressure forced her decision," said a member of Senator Mitchell's staff.
The Politics of 1982 (continued)

They were referring to Congresswoman Snowe's decision not to fight it out with Emery for the Republican nomination for the U.S. Senate in 1982. Her decision came as a surprise to many. While she indicated a desire to run for re-election, some Republican leaders are pressuring Mrs. Snowe to consider a bid for the office of governor.

PUBLIC RELATIONS

John Logan of WAGM-TV in Presque Isle called June 8 to ask for comments made by a vice president of the Maine Woodsmen's Association. Bob Bartlett agreed to a June 12 interview to rebut charges Canadians are taking jobs away from Americans and other familiar issues...When a contractor with a crew planting seedlings on Great Northern land invited Eunice Cox of Maine Times to see the project, we arranged for Ray Goody of the woodlands department to supervise the visit...Dick Claffey of the Boston Globe called to gather information for a story on the spruce budworm. Bob Wright of the woodlands department and I answered his questions...Questions regarding the Penobscot conservation easement came from Larry Skip of the New England Rivers Basin Commission...Tours were planned for 30 teachers enrolled in a summer workshop of the Maine Council on Economic Education and the 40 high school juniors enrolled in the annual summer program of the University of Maine Pulp & Paper Foundation.

Sincerely,

[Signature]

Distribution:

E. E. Allain  T. A. Galas  W. R. Laidig  R. W. Noyes
R. F. Bartlett  J. M. Giffune  G. M. Lander  T. S. Pinkham
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A. E. Dentremont  M. A. Keck  P. P. Paul  D. W. Westfall
P. I. Firlotte  T. W. Kelly  T. N. Pendleton  H. Willets
T. H. Flanagan  D. J. Krohn  D. K. Phenicie  P. F. Yavacone
The forests of Maine have a great ability to regenerate themselves. As one generation of trees dies or is harvested, a new one comes naturally along to replace it.

At Great Northern, we're giving nature a hand so that our future wood supply is not only maintained, but will increase. And we're trying to be sure that subsequent generations of trees consist of species less susceptible to insect infestations.

At our Rice Farm Nursery, four miles down the Penobscot River from Millinocket, we're now growing some 2 million black and white spruce seedlings a year in a controlled greenhouse environment of over 11,000 square feet. Twice a year, six-inch high seedlings are removed from the nursery and, with our facility at full production, we'll plant over 2,000 acres every year. Some of the planting is done by students who earn part of their college expenses during the summer, so we like to think everyone benefits from our investment in Maine's future wood supply. We'd be pleased to send you a copy of our new brochure describing the Rice Farm Nursery. If you'd like one, just drop us a note at Great Northern Paper, Box N, Millinocket, ME 04462.
Mr. Richard W. Noyes
Assistant Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office follows:

**Summing Up**

The first regular session of the 110th Legislature adjourned June 19.

Reform of Maine's costly system of workers' compensation insurance was the major goal of the business community. Opinions vary widely on the outcome. Here are three:

"After months of delay and blowing smoke, House Democrats, in one vote after another, removed all ambiguity about their position on workers' compensation reform. All major workers' compensation bills and substantive compromise amendments were killed in the House on almost straight party line voting. This means that as bad as the situation is, it's definitely going to get worse."

---Newsletter, Associated Industries of Maine

"Real progress was made in improving the administration of the law," says House Speaker Martin. The Eagle Lake representative says the Workers' Compensation Commission is gaining two new full-time commissioners, two secretaries, a stenographer and funds for a $60,000 study of a data input and retrieval system. Martin says the Legislature also banned all appeals on workers' compensation cases, except on points of law, to the Supreme Court. Martin says almost 25% of all cases before the court are now on such matters. It is predicted that the law change will reduce the proportion to approximately 10%. He said that a "cap" was placed on maximum benefits although AIM's refusal to compromise killed a House plan which would have reduced the maximum limit on annual inflation adjustments. Martin also says changes in the law make it easy to self-ensure.

Maine Times, the weekly journal of opinion, which has been following the issue, had this to say in an editorial by Editor Peter Cox:
Summing up (continued)

"Probably the greatest failure of the legislature was workers' compensation. At last, the issues are beginning to clarify themselves and they revolve around two points: adversary proceedings and private insurers.

"If the attorneys can be taken out of the process to a large extent, we will return to the non-adversary proceeding which was supposed to occur in workers' compensation anyway. And if a state fund can be set up, at least as a yardstick, we can finally resolve the question of insurance charges. We, too, remain baffled by the insurance companies which complain they lose money on workers' comp but fight tooth and nail to retain it. Ironically, large employers, including the state, are allowed to set up their own self-insurance programs which obviously save them money. It is only small businessmen who are left without an option, yet it was at the instigation of small business that the reform movement began.

"Workers' compensation is an issue that will be back next session when we hope legislators learn that this is a case where they will have to start doing their own research rather than trying to sift out the competing claims of the lobbyists on either side."

The only AIM proposal which survived freezes maximum benefits at their present level of 166-2/3% of the average weekly wage. Maximum benefits were scheduled to go to 200% on July 1. The average weekly wage will increase from $199.30 to $220.35 July 1 and the maximum tax free benefit from $306.23 to $332.17. An injured employee is entitled to two-thirds of his average gross weekly wages but not more than 166-2/3% of the average weekly wage as fixed by the state. As wages increase, this change is expected to be beneficial to the paper industry with the highest pay scales in the state.

Highlights of the session in areas of interest to Great Northern Paper:

Energy -- Opposition led by Great Northern resulted in the rejection of proposals to further regulate hydroelectric developments and to require fishways on all new dams. But one reason for the rejection of controls was a study by the Land & Water Resources Council which promised legislative proposals in 1982.

Environmental -- The Brennan administration headed off proposals to reorganize the Board of Environmental Protection by appointing a special commission to study the BEP and the State Department of Environmental Protection. Portland attorney Dan Boxer is a member of the commission. The commission's report will be a 1982 issue for legislators. A $600,000 Maine Hazardous Waste Fund to be financed with a system of fees was created to provide the DEP with staff and resources to deal with this problem. Industry blocked attempts to put a fee on waste oil -- the only issue on which a compromise could not be negotiated in the final hours of the session. Fees will be imposed on hazardous waste storage and disposal facilities and per-gallon fees on generators of hazardous waste (more than 1,000 kilograms per month). The Legislature opposed a Paper Industry Information Office proposal requiring regulatory agencies such as the BEP to consider the energy and economic implications of projects. An environmental health unit was created in the State Department of Human Resources.
Summing up (continued)

Rejected were proposals opposed by industry which (1) would have done away with the exemption for mill areas under the air pollution laws and (2) put a price tag on DEP permits with a system of special fees for major projects. But Great Northern and the paper industry failed to convince legislators that a study of state sulfur dioxide standards was needed.

"There was talk of environmental backlash and a new conservatism, but the Maine environment won major victories during the first session of the 110th Legislature," concluded Portland newspaper reporter Bob Cummings.

Forestry -- Logging road guidelines satisfactory to PIIO were finally approved. So were amendments to the Spruce Budworm Suppression Act. Killed was a proposal aimed at paper companies and other owners of large blocks of timberlands which would have required filing of management plans.

Taxation -- The municipal cost components which determine the amount of money to be raised by property taxes in the unorganized territory went up 13% for 1981-82. But new controls over how state agencies and counties can use the money should result in the tax leveling off in the future, Lynwood Hand, Great Northern's legislative counsel reports. The Tree Growth Tax Law survived with amendments and a severance tax on timber at time of harvest being rejected. Compromises were reached on all but the reimbursement question.

Killed were efforts to eliminate exemptions under the property tax law for pollution control facilities and under the sales tax law for pollution control equipment. PIIO led a successful fight against a Unitary Tax bill. Industry didn't gain an inch although the phasing out of the Maine Inheritance Tax over five years was approved.

Labor -- Establishment of a waiting period under the unemployment compensation insurance law is expected to save the state fund $4 million per year.

There were other matters of interest. A bond issue was sent to voters providing funds to modernize the Port of Searsport. Another attempt to impose state regulations over chemicals in the work place was rejected. A trucking deregulation bill was passed. The taxation of mining and mineral resources was put off until next year.

**ADVERTISING PROGRAM**

The abbreviated "second wave" of the three-part 1981 Great Northern Paper advertising program will focus on the company's tree planting program, a timely topic with major federal-state study expected to soon disclose that growth in the Maine forest is not keeping up with demand.

A full page advertisement will start appearing in 18 daily and weekly newspapers July 1.

An accompanying radio "Update" will be broadcast on 14 stations from Portland to Fort Kent beginning July 2.

A new brochure on the Rice Farm nursery will be offered in the advertisements.
Open House

Following the June 12-13 Open House at East Millinocket, kits containing materials distributed to guests were mailed to legislators and opinion makers unable to attend. A mailing is planned to customers with a printed collection of photographs of the Open House and portions of the boiler. The first day 193 persons were guests; the second 387. A memorandum reporting on the event has been distributed.

Publicity and Public Relations

An advertisement on behalf of Great Northern and Pinkham Lumber was placed in a special Ashland Logging Days section of the Presque Isle Star-Herald...Galene Lander, Dan Boxer and I met with representatives of the Whitewater Outfitters of Maine, Inc., June 17 and in Waterville June 24. Proposals to eliminate a controversy over the "Big A" project were the subject of discussion...I joined Peter Yacavone for his appearance at the summer institute of the University of Maine Pulp & Paper Foundation June 19...We provided a copy of his speech at a Paper Industry Management Association conference in Nashville, Tenn., to the editor of the PIMA magazine in which we also placed an advertisement...At the request of Veli Lapinoja and Dale Phenicie, I talked with Rob Gardiner of the Natural Resources Council of Maine, June 18 and 19, and urged the environmental group to help expedite the DEP approval of Great Northern's license to burn coal. Approval of the permit generated headlines June 25 and a question from Barbara Waters of the Katahdin Times on the construction schedule...After a front page story on Great Northern's tree planting program appeared in Maine Times on June 19, Laurent Belsie of the Christian Science Monitor called June 23 with questions regarding the contractor's use of migrant labor...Jim Griffith responded to questions regarding problems relating to alcohol and drugs in industry from Frank Quinn of the Associated Press on June 23...Steve Morrison of the AP called June 25 with questions regarding the hard times facing the lumber industry in Aroostook County. He asked permission to interview Tom Pinkham next week...A news release was distributed on the retirement of R. J. Shinners and the promotion of R. W. Noyes to vice president-operations...I was one of three businessmen who spoke June 22 at the opening session of a workshop on economic education at the University of Maine....Judith Kaplan of WBZ-TV News in Boston has asked permission to film Great Northern logging operations July 30...A contribution was made to Katahdin Jaycees for the 4th of July parade in Millinocket...Three news releases on promotions were distributed.

Sincerely,

[Signature]

pmc/b
Mr. Richard W. Noyes
Vice President-Operations
Great Northern Paper Company
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending July 10:

MAINE IN WASHINGTON

The Maine members of Congress are getting a lot of mail, much of it critical of the President's cutbacks. They worry, will presidential policies drag down Republicans in the 1982 elections?

No one in the upper levels of the Reagan administration -- including summer resident George Bush -- really knows much about New England, or cares about the region.

The Maine delegation has no enthusiasm for supporting reductions in standards in pending amendments to the Clean Air Act.

People have unfortunately forgotten about the nation's energy problems.

Olympia Snowe knows many people want her to run for Governor but she doesn't want to cut ribbons, or be an administrator.

Those are some of the things being talked about in the hot summer of 1981 in Washington based on a July 8 conversation with U.S. Senator George Mitchell and a talk with Gregory C. Stevens, administrative assistant to Congresswoman Snowe, and Thomas Heyerdahl, chief legislative assistant for Senator Cohen. We talked jointly with Stevens and Heyerdahl for 1 1/2 hours. Stevens is a former journalist, a veteran campaign worker, a former Cohen staffer, but a newcomer in Washington. Heyerdahl is a Wisconsin product, a young veteran who came to the Cohen office from that of Senator Charles Percy. He is a specialist in energy matters. Both know Great Northern.
Maine in Washington (continued)

For Heyerdahl, it's the first time he has been on the staff of a majority party member. Both he and Stevens agree pressure from the White House is intense. Senator Cohen and Mrs. Snowe have been trying to separate Maine issues from the loyalty demanded by the new administration. Cohen and Snowe, the staffers fear, have been loyal beyond the call of duty considering that they represent Maine which polls show remains far more liberal than the rest of the nation. Both see the emotional Social Security debate as the key to how the Republicans will be evaluated by many of their constituents.

What about the Clean Air Act?

There will be no rollbacks, both Stevens and Heyerdahl say. Maine people do not want to lower environmental standards. "The issues are just too complicated for most people to understand," Heyerdahl says. They see changes to expedite permits and cut down paperwork. Senator Mitchell expects a bill this session; Heyerdahl questions if the legislation can be fitted into the Republican schedule.

Secretary of the Interior Watt is viewed as a liability to the administration. He's costing the President popularity in his home state of California, the two Republicans said.

Those are the views of friends.

The Paper Industry View

If the Senate clears the decks of other matters, chances of passage of revisions in the Clean Air Act this year remains very possible, Bob Smith of Weyerhaeuser told members of the joint committee on government affairs of the American Paper Institute and National Forest Products Association at a July 9 meeting in Washington. But Smith said,"chances of passage look very slim in the House."

Smith said the long-delayed administration bill is expected to reach Congress next week. He said indications are that all but two of the major concerns of the paper industry will be addressed. The administration has found too much opposition to the idea of returning to the states control over secondary standards. The administration plans to tackle the visibility standard issue through administrative means. The Reagan administration has said the amendments will get a high priority -- but not until budget and tax matters are out of the way.

Taxes (the subject of an in-depth presentation by Tim Westbay of St. Regis and Rich Bailey, counsel to the Senate Finance Committee) and Rare II (the issue of wilderness designation for federal lands) were the other major topics of a meeting attended by 62 persons. Bailey said the legislation approved by the Senate Finance Committee will go to the floor for debate next week. Westbay said the House Ways and Means Committee has been "dawdling around" and a bitter partisan battle will leave industry little room for lobbying.
Several persons with backgrounds in the paper industry have joined the administration. Kathleen Bennett, formerly of the API staff and more recently with Crown-Zellerbach has been nominated as an assistant administrator of the Environmental Protection Agency and John Daniel, also a former API staffer and more recently with Johns Mansville, has become EPA's chief of staff. Stan Hulett, former API vice president in Washington, and more recently executive vice president of the California timberlands association, is in charge of congressional relations for the Interior Department. Laurie Buchanan, appointments secretary to Congresswoman Snowe, has resigned to take a $38,000 per year public relations job in the Commodities and Exchange Commission. Bob McKernan of the API Washington staff says his brother, Jock, is ready to announce his candidacy for Congress in the First Maine District. Jock is an attorney with the Portland firm of Verrill-Dana.

The "Big A" Project

People who enjoyed the whitewater rafting trip on the West Branch have started writing letters again, protesting the company's plans to build a new hydroelectric facility. By July 10, 12 had been received, apparently most from customers of Northern Whitewater, Inc. We will reply to all -- six from Maine, six from other states. On the same subject there were other developments:

Bill Ball of Kleinschmidt & Dutting comments that most of the talk at meetings of the Land & Water Resources Council hydro study committee is about the "Big A" project. The committee is considering, among other things, the need for additional legislation.

While Conservation Commissioner Anderson doesn't see punitive legislation being proposed, he is critical of "helter-skelter" proposals for small hydro projects. Anderson and other state agency heads will make the final recommendation to Governor Brennan.

After fishing at the Big Eddy, a Boston Sunday Globe columnist, Peter Anderson, left praising Great Northern as a company but writing he hopes another dam is not built. A free-lance writer is seeking information for an article in Canoe Magazine.

Eastern River Expeditions offered half-price trips to Greenville residents to acquaint them with the river.

Aroostook Study

James Barresi, executive director of the Northern Maine Regional Planning Commission, says the goal of the study now in progress is a recreation management plan for the Aroostook and Machias rivers. Barresi said the study is being financed with federal funds allocated by the State Bureau of Parks & Recreation. Will the study result in a plan similar to the Penobscot, or other concepts which would infringe on the state's commercial forest base? "I don't believe in infringing on private property rights," Barresi said flatly, saying he saw no land acquisition or zoning proposals coming out of the study. The final report, due in 1982, will go to the state and federal agencies. Mike Collins of Pinkham Lumber is serving on the advisory committee. From information now available, the woodlands department has estimated 21 miles of river frontage in which Great Northern has ownership is involved.
Aroostook Study (continued)

While in Aroostook County, I visited the regional planning commission office in Caribou. Barresi says businessmen in the county are dismayed that the Legislature did not act to reduce the cost of workers' compensation insurance. The issue is high on the NMRPC priority list. Publisher John Bishop guided me on a tour of the new Northeast Publishing Company building in Presque Isle. Bishop's firm publishes six weekly newspapers. I also talked with four legislators, called at the regional office of Senator Cohen and talked with a television news reporter as well as visiting the Pinkham mill and Portage office.

PUBLIC RELATIONS

With Dan Corcoran, Mickey Jones and Jim McLeod of woodlands and Mike Cuddy of power systems, I hosted a one-day tour by 28 teachers enrolled in the annual economic education workshop on the Orono campus of the University of Maine. The Rice Farm nursery, the woodlands information system and the bark boiler were on the tour. The group earlier visited an International Paper Company mill...A second edition of "Up/Date" was mailed to 1,421 opinion makers and monthly and weekly salaried employees...At the request of reporter Barbara Waters, we provided the Katahdin Times with information on water conditions in the West Branch region...After reporter Steve Morrison incorrectly attributed to me plans for a 35-hour work week for Pinkham Lumber, I called Associated Press Bureau Chief Peter Jackson in Augusta to ask that the error not be repeated...A news release was drafted and circulated for review on the first woman to complete papermaker apprenticeship training at the East Millinocket mill...Kits of material on the East Millinocket bark boiler open house were sent customers with letters from regional sales managers. The kits included a layout of photographs by Roger Boynton (attached)...Roger spent the holiday weekend photographing studies related to the "Big A" project...When a forest fire developed west of Chesuncook Lake, we answered questions from the media with assistance from Bob Bartlett, who took several calls while I was out of town. The fire was on land owned by Great Northern in common with others...We provided Dick Sprague with information and photographs of the bark boiler for use in the Bangor & Aroostook Railroad magazine...A radio "Up/Date" on the subject of the woodlands department nursery is being broadcast on 14 stations and a newspaper advertisement on the subject started appearing in Maine newspapers July 8. A copy of the advertisement is attached.

Sincerely,

[Signature]

pmc/b
Enclosures (2)
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Dick:  

The newsletter of the Public Affairs office for the week ending July 24:  

MAINE:  BOOM AND GLOOM  

Governor Brennan will ask the Legislature August 3 to approve a bond issue to cover the state's share of financing the expansion of Bath Iron Works Corporation on the Portland waterfront -- a project which will create 1,000 new jobs by 1986.  

Urban southern Maine had reaped another plum in the eyes of state and local officials. The euphoria matched the announcement in 1978 of Pratt & Whitney picking Berwick as the site for expansion.  

Up country the business news was far different.  

International Paper Company officials announced an extended shutdown of the firm's Masardis sawmill. It was another in a series of shutdowns and cutbacks in rural Maine. The plight of the lumbermen was one of a series of developments. The poultry industry collapsed earlier this year. Dairy farmers say they can hang on only if prices are fixed by the government. Down east the Mearl Corporation, largest employer in Eastport, pulled out, blaming a string of adverse economic factors.  

While unemployment in Maine was increasing in June from 7.3 to 7.7 percent, the percentage was below last year. Where was the jobless rate highest? In May, the Fort Kent-Allagash area had 20.1 percent unemployment with Patten-Island Falls second at 13.1. Seven of the nine areas with double-digit unemployment were north and east of Bangor. So was the area with the second lowest level -- Millinocket and East Millinocket at 4.3. No. 1 was Kittery-York at 3.5.
While the economic outlook was bleak in the rural areas, the Bath Iron Works announcement was one of a string of positive announcements by the Brennan administration. Maine Times, the journal of opinion, put it this way:

"Bath Iron Works (BIW) will get a $46.7 million repair and refitting facility on the Portland waterfront at the bargain basement price of $16.7 million. The Maine taxpayer will be betting $30 million that the plan succeeds."

The Legislature will be asked to increase by $5 million a bond issue going to voters for approval this fall and the $10 million previously approved for a new cargo pier in Portland would be used instead for the BIW project if approved in referendum. The city would also float a $15 million bond issue. All this is justified, state officials say, to beat Boston out for the jobs.

Several days after the announcement, the press reported some legislators wondering if colleagues would go along with such sweeping assistance to a private company at "taxpayers' expense". Republicans may also balk at adding the $5 million to the state bond issue. They have been insisting on retiring more bonds than are issued in an attempt to improve the state's credit rating.

**Bond Issues**

A coalition has been organized to promote passage of two of the bond issues sent to referendum by the Legislature. Voting will be November 3. For publicity and fund raising purposes, two committees have been established. The Maine Economic Education Committee will promote a $28.3 million bond issue for cargo ports, potato packing facilities, a feed grain terminal and airport improvements. The Maine Committee for Better Transportation will seek approval of $12.8 million for highway and bridge improvements. At a July 1 meeting of supporters of the two bond issues, a $75,000 target for fund raising was established ($45,000 for ports and agriculture; $30,000 for the other). Ad-Media, the Augusta advertising agency retained by Great Northern, will promote the two bond issues.

Two other bond issues will be on the ballot -- $4.1 million for state parks and energy conservation in state buildings and $1.5 million for solid waste and resource recovering subsidies.

Proponents of the development of a Searsport cargo port were delighted when the City of Portland abandoned the idea of developing a cargo port in favor of the BIW project.

**Paper Industry**

A tentative budget of $203,000 for 1982 was approved at a July 24 meeting of directors of the Paper Industry Information Office. The 1981 budget is $189,124.

A special committee was named to prepare reorganization proposals involving the board of directors and the government affairs committee. The public relations committee was asked to consider ways of promoting the coal conversions and intensive forest management.
STUDIES, STUDIES, STUDIES

It is an old tradition that in the lull between sessions, legislators engage in studies.

The most talked about project now under way is the evaluation of the Department of Environmental Protection by a commission which includes Dan Boxer, the Portland attorney who represents most paper companies on environmental matters.

Other studies authorized will focus on an analysis of rate making, inland wetland protection, taxation of mining and mineral resources and the forestry district tax.

The Department of Transportation will also conduct a highway cost allocation evaluation, with a report due by November 1, 1982.

ECONOMIC EDUCATION

Peter Yacavone was one of five executives who participated in the opening of an Advanced Summer Workshop in Business and Economic Education July 20 at a Weston, Mass. conference center of Northeastern University. The topic of his talk following dinner was -- "The Business Climate In The Tip Of The Frostbelt--Important, Or Not Important?". The week-long seminar involved 29 teachers from Massachusetts, Maine, New Hampshire and Vermont. The theme -- "The Changing New England Economy" -- was discussed by a panel composed of William Brown, President of First National Bank of Boston; Thomas Galligan, Chairman of Boston Edison; Robert P. Henderson, President of Itek; and Sinclair Weeks, Jr., President of Reed and Barton.

PUBLIC RELATIONS

Dave Arnold of the Boston Globe called with questions regarding the Penobscot River. He is preparing a story on whitewater rafting...Paul Firlotte talked with a Yankee Magazine writer researching an article on peat...Firlotte, Dale Phenicie and others briefed Representative Kiesman on a visit to the Millinocket area...High school juniors toured the woodlands of the West Branch and the bark boiler when on a tour as part of the University of Maine Pulp & Paper Foundation program...A free-lance writer preparing an article on issues surrounding hydro development met with Galen Lander, Paul Firlotte, Dan Corcoran and I...Revisions in the Great Northern Paper 35 mm slide-tape presentation have been completed...I talked with Phyllis Austin of Maine Times who is researching a story on health problems in pulp and paper mills. She said she had been told by an employee that Great Northern treats workers "like flies on the wall"...I visited the Telos area with Jerry Boyle of the Central Maine Morning Sentinel staff. He plans a story on the life of the logger...I answered questions from Ken O'Quinn of the Associated Press on the subject of coal conversion.

Sincerely,

[Signature]

pmc/b
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending July 31:

**BUSINESS-AND POLITICS**

Even before the regular session of the 110th Legislature came to an end, lobbyists representing the business community were voicing alarm over the political composition of the 111th.

They expect the Democrats to take control.

In 1981, lobbyists say they relied on the Republican-controlled Senate to protect the interest of the business community. It was a session in which anti-business legislation kept appearing on the dockets. Some examples include (1) repeal the tax exemption for pollution control facilities and equipment; (2) create a new tax system for companies operating in other states; (3) impose special fees to pay the cost of processing applications for "complicated" environmental permits; (4) add a new layer of environmental controls over the development of hydro power and (5) impose a severance tax on wood harvested by large companies. "As long as Republicans were in control of the Senate and had the power to kill or amend such bills, industry was safe," Lynwood E. Hand, Great Northern's legislative counsel says.

The feeling Republicans better understand and appreciate business is longstanding, says Hank Magnuson of the Paper Industry Information Office. Democrats took control of both houses of the Legislature in 1965 as Republicans went down to defeat with Barry Goldwater's dream of being president. Republicans regained control of the Senate two years later and have had the upper hand ever since -- 1981 by one vote, 17-16. Democrats also lost the House in 1967 but came back to win control again in 1975 and have held power since -- now by a margin of 84-67. Led by Speaker John Martin, Democrats actively recruit candidates; Republicans let 36 seats go by default in 1980.
Business and Politics (continued)

Political observers contrast the aggressive Democrats with the Republicans. "Joe (Senate President Sewall) is just sitting in there doing nothing. If he is offered an ambassador's position (as is rumored), he will jump at it. Pierce (the assistant majority leader) is running for governor. Collins (the majority leader) and Sewall are pumping Pierce's ego to get him out of the picture. Nobody is recruiting candidates," said one Augusta observer. While too critical in some ways, she explains why the general feeling is that the Republicans face defeat. "The state party chairman is running for Congress. All the party's talent is now in Washington. Maybe the only thing that will revitalize the party is a shattering defeat."

Since the end of the legislative session, the business community has been struggling to find ways to bolster the Republicans -- and support others with pro-business attitudes.

Directors of Associated Industries of Maine July 14 considered hiring a full-time employee to direct a political action committee (PAC) -- raising money and seeking out candidates. They backed off, partly over concern of AIM's tax-exempt status.

For that same reason and others, the Government Affairs Committee of the Paper Industry Information Office decided against PIIO's direct involvement in politics.

The Maine Merchants Association has a PAC but hasn't been able to raise much money.

The State Chamber of Commerce is considering organizing a PAC.

Traditionally, business has been reluctant to get involved or invest financially in politics. The paper industry has been criticized repeatedly by Republicans. In recent years, some companies (St. Regis, Boise and International) have contributed to candidates -- all Republicans -- and have been criticized by Democrats. Great Northern offered to match contributions of management employees to legislative candidates in 1980. Now Scott has modified its PAC to allow contributions to legislators.

Will business find a way in time to stave off a Democratic takeover? It is unlikely unless the paper industry gets deeply involved behind the scenes in structuring the mechanisms. Another PIIO session is scheduled late in August. Even if business gets involved, the race for control of the Senate may be too far along to reverse the outcome.

Democrats, including Assistant Minority Leader Pray of Millinocket, say they can win the key seats necessary in areas such as Old Town (if Sewall retires), Waterville (with Pierce a gubernatorial candidate), Bangor (if Dana Devoe has to retire for personal reasons), Wayne (where Dave Ault has always been hard-pressed to hold onto the seat) and in southern York county (if Walter Hichens retires).

If Democrats take over the Senate, the president would probably be Jerry Conley of Portland with Pray as majority leader and Nancy Clark of Freeport as assistant minority leader.
THE RAFTERS' COMPLAIN

When the flow of water on the West Branch of the Penobscot was reduced July 25, a rafter complained they had been misled and at the last minute forced to transfer activities to the Kennebec to "save the day." Wayne Hockmeyer was incensed. Another rafter said he was forced to quit for the day, while another ran despite the low water. Three companies hit the road to the banks of the Kennebec. The flow was reduced as the lower reservoirs were lowered after heavy July rains in the Millinocket area.

Hockmeyer has written a letter to legislators inviting them to take a rafting trip so they can better evaluate the "Big A" project.

AUGUSTA

The Legislature returns to Augusta Monday, August 3, to consider the bond proposals for the Bath Iron Works expansion into Portland. Hand, whose clients include the Bangor & Aroostook Railroad, a prime supporter of a container port at Searsport, attended a public hearing in Augusta on the bond issue July 31. On the same day, the Energy and Natural Resources Committee will consider the nomination of Ernest Caliendo, Jr. for the Board of Environmental Protection. Caliendo is president of Northern Products, Inc. of Bangor, a national distributor of materials for log homes. He is a political ally of the Governor. He formerly was industrial relations manager for Eastern Fine Papers. Caliendo will replace Harvey Devane of Ellsworth who resigned to become commissioner of Business Regulation.

Another August 3 public hearing will be held by the Agriculture Committee to consider the renomination of Andrew Berry to the Pesticides Control Board. He is a chemical applicator.

John Melrose has left the Maine Municipal Association to join Roger Mallar, former commissioner of Transportation, in the consulting business. Melrose says the MMA will probably give up trying to repeal the Tree Growth Tax Law. "They are worn out," he told Magnuson.

PUBLIC RELATIONS

Advertisements for radio and newspaper use and a news release were prepared to promote an August 8 Open House at the expanded Rice Farm Nursery...Weather forced a Boston television station to defer filming of loggers at Telos...Will Richards of the State Planning Office called soliciting nominees for an advisory committee for a state economic study...At Bob Bartlett's request, we discussed informally regulations pertaining to woods workers with the staffs of Senator Cohen and Congressman Emery...A copy of the GNP slide show and tape was placed in East Millinocket for showing customers.

Sincerely,

[Signature]

pmc/la
Enclosure
Mr. Richard W. Noyes  
Vice President - Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending August 7:

THE MAINE ISSUE

Before he returned to Augusta for a special session of the Legislature, Senator Jim McBreairty said he was planning to make a speech. The Aroostook County legislator said he wasn't going to try and scuttle the bond issue for expansion of the Bath Iron Works into Portland, but McBreairty was angry over "the double standard" for industry -- the contrast between the treatment of BIW and Superior Mining.

In the August 5 edition of the Bangor Daily News, McBreairty was quoted as saying:

"Instead of an emergency bill being considered in a special session to give Superior Mining a break, we have two tax bills setting on the shelf to put an extra excise tax on mining companies. What would Bath Iron Works do if instead of passing this bond issue today, we drafted an excise bill on shipbuilding and put it on the shelf for future consideration?"

The Legislature, in a one-day session August 3, approved a $15 million state bond issue -- part of a $46.7 million package -- after hearing Governor Brennan predict 1,000 new jobs would result.

It was left to Frank Sleeper, the veteran business news reporter of the Portland newspapers, to put the overall picture in focus in his weekly column of August 2:

"But let no one think this state's depressed economic picture is painted over as a result.
The Maine Issue (continued)

"Maine still remains the poorest state in the nation. It is the fourth lowest state in the nation when it comes to per capita income. The three states with lower per capita incomes are all in the south.

"And those three, therefore, don't have the high energy or shelter costs that Maine does. Combine the low Maine per capita income with its high energy and shelter costs (at least compared to the south and southwest) and you can prove this is the nation's poorest."

A few days later, in reacting to the Reagan Administration's proposals for rewriting the Clean Air Act, Democratic U.S. Senator Mitchell called for further environmental controls, which will probably have an adverse affect on the state's energy costs. Mitchell wrote in a weekly newspaper column he was planning to file legislation to prevent acid rain. Charlene Sturbitts of the Mitchell staff called to ask if Great Northern would like to see a draft of the legislation. I expressed shock (and political disbelief) that Mitchell would file a bill requiring retrofitting of large boilers. That means added costs for utilities and higher rates for Maine consumers already paying the nation's highest energy costs. A copy of the legislation is being sent to me.

Not long after the call from Washington, a reporter called to inform me of the announcement that Boise-Cascade had abandoned plans to spend $222 million on a coal-fired boiler in Rumford. The decision to spend the money elsewhere was blamed by Boise officials on "excessive" demands for pollution controls by the staff of the State Department of Environmental Protection. Newspapers said flue gas desulfurization controls would cost an estimated $33 million.

Gary Guimond of Boise said Jim Johnson, the Rumford mill manager, told Governor Brennan of the decision at a meeting in Augusta. DEP Commissioner Hank Warren and Air Bureau Chief Dave Tudor were present. The Governor said he regretted Boise would not go through the entire licensing process, but made no effort to keep the money in Maine, according to Guimond.

Boise, since purchasing the old Oxford mill from the Ethol Corporation, has invested over $250 million in modernization and expansion -- including a new paper machine. The coal boiler would have reduced oil consumption by 600,000 barrels.

Boise first sought a permit for the coal conversion in May of 1980. It was one of several triggered by fears of supply cutoffs and rising costs. The first, however, was challenged in the courts by environmentalists after Martin-Mariette got the permit. Scott won approval for a Westbrook biomass project. Great Northern's coal conversion plan was okayed -- subject to review by the Attorney General.

The Boise decision comes as a special commission appointed by the Governor is launching a study of the DEP. Boise officials expect to be asked to meet with the commission. Industry representatives' views have been solicited. Next week members of the environmental committees of Associated Industries of Maine and the Paper Industry Information Office will meet with Dan Boxer, the Portland attorney who is representing industry on the commission, along with Jim Vamvakias of E. C. Jordan.
The Maine Issue (continued)

The Governor appointed the commission, headed by Senator Barbara Trafton, after several proposals for reform of the DEP had been filed by legislators.

The week's contrasts also included two stories in the Bangor Daily News, first an article saying a draft report by a state study group was cautioning a go-slow approach on development of peat resources (that's been the feeling of Conservation Commissioner Anderson). Two days later the State Energy Office disclosed that the Governor had pledged full cooperation in a letter to Charles Dingman of Wheelabrator-Frye. Nothing inconsistent, said an Energy Office spokesman.

So it goes in the State of Maine.

THE ENVIRONMENTALISTS' VIEWS

Rob Gardiner of the Natural Resources Council summed up the 1981 legislative session in this manner in a letter to members:

"One of Maine's newspapers called the recently completed legislative session one of the best since 1970. We think that such praise is a bit lavish, but we're pleased to report that our lobbying efforts were quite effective. The Legislature began with a decidedly anti-environmental bent as bills to increase pesticide use, reduce environmental protection controls, allow more air pollution, and eliminate energy planning were introduced. Eventually, most of these anti-environmental bills were defeated.

"Defeating legislation was the easy part. It was much harder to pass new laws. Several NRCCM-drafted bills were rejected in spite of some strong expression of support from legislators. Many of those bills will be redrafted and resubmitted to the next session because our experience shows that most new ideas fail the first time but have more success the next time around.

"Major victories for the environment came in the areas of hazardous wastes, pesticide controls, and lake water quality legislation. Thanks to the 1981 Legislature, we have a new Hazardous Wastes Fund to control spills, new hazardous wastes facilities siting procedures, a new environmental health division, streamlined pesticide registration procedures, a reduction of discharges to Maine's dirtiest lakes, and a fund to help clean up some of those worst lakes. These are all significant improvements, and we are proud of our role in helping to put them into law."

Gardiner's counterpart with the Maine Audubon Society, Bill Ginn, sees spraying as a major issue for the Legislature in 1982 -- not the spraying of spruce budworm. He said Maine has a million acres which could be sprayed because of other insects -- 700,000 damaged by the gypsy moth, 200,000 defoliated by forest tent caterpillars and 100,000 damaged by the saddle prominent.

The tug-of-war between environmentalists and bureaucrats taking place at this time is on the question of who sprays -- if at all. Ginn, chairman of the Pesticides Control Board, says Conservation's Anderson is saying the state should be doing the job to ensure uniform and responsible applications.
ADVERTISING PROGRAM

The second "Update" of the summer advertising campaign will be mailed next week with a copy of the Rice Farm Nursery folder. With the mailing, the second "wave" of the three-part 1981 campaign will be completed.

As a result of newspaper and radio advertisements, requests have been answered from Maine communities and eight states for copies of the nursery folder. One came from Bill Butler, a vice president of the Maine Woodsmen's Association.

IT'S RECESS TIME

Members of Congress are on vacation but not wasting a minute. With an eye on the 1982 elections, members of the Maine delegation will be highly visible the next few weeks. Monday, Mrs. Snowe will visit Millinocket for a lunch with a Great Northern group and a tour of the mill. Thursday, Congressman Emery will be in town for a fund-raising reception.

PUBLIC RELATIONS

Contributions for July included the Ashland Logging Museum, Northwood Institute (Margaret Chase Smith Library Center), Jaws of Life project in Ashland area, Lumberman's Museum in Patten, Maine Red Cross Services Fund, Jackson Laboratory, Bangor Symphony Orchestra, Kiwanis Club of Katahdin, Spudland Open Golf Tournament and the Schenck High School Calendar...On August 3, a television crew from Channel 4 (WBZ-TV) in Boston filmed workers at the Telos operation...Phyllis Austin's story in Maine Times on hazards in paper mills hasn't appeared. She interviewed St. Regis officials two weeks ago but told them "horror stories" about incidents at the Georgia-Pacific mill in Woodlands and the Pejepscot mill at Topsham would get headlines. She told St. Regis people that Great Northern had workers complaining about working conditions. We have provided her materials and offered to answer questions, but haven't heard back from Miss Austin who reportedly is taking a four months vacation...We provided copies of the Nursery folder and helped with other arrangements for the Open House at the Rice Farm Nursery August 8...In Portland, I talked with Ginn about a three-part series on public television on the subject of forestry in Maine. We will support the project if a recommendation for funding by the GNN Foundation is approved...In Orono, I talked with Vice President Fred Hutchinson about fund-raising projects and with Linda Burroughs of the Maine Public Broadcasting Network on the same subject.

Sincerely,

pmc/la

Enclosure
Mr. Richard W. Noyes  
Vice President-Operations 
Great Northern Paper Company 
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Department for the week ending August 21:

**THE CHANGING REGULATORS**

New faces have appeared, or will soon, on four of the five state regulatory panels which deal with the paper and forest industries -- Human Rights Commission, Board of Environmental Protection, Land Use Regulation Commission and the Workers' Compensation Commission. Only the Board of Pesticides Control isn't seeing a turnover during the summer of 1981.

Under the administration of the late Governor Longley, a policy was adopted limiting regulators to a single term on a board or commission. With few exceptions, the Brennan administration also is continuing to seek new blood when vacancies occur. Governor Brennan, an attorney with a staff dominated by attorneys, has filled several vacancies with attorneys. His most recent nominee to the Workers' Compensation Commission is a woman attorney and another woman attorney will reportedly be nominated to the Human Rights Commission.

The picture:

Human Rights Commission

The term of Irving B. Faunce of Gardiner, executive director of the Maine Good Roads Association, has expired. Faunce has been considered as filling the "industry seat" on the commission which seeks, among other goals, to prevent discrimination in employment. His replacement may be a Portland attorney, Sheryl Monahan Ainsworth, who is reportedly the choice of the Maine Commission on Women. Faunce sought instead an appointment to a panel studying highway finances. Faunce believes the lack of an industry representative isn't too serious at this time. Fournier operates in a fair manner as chairman and the staff has become more effective in Faunce's opinion.
Human Rights Commission (continued)

Here is the commission as it now stands:

Norman L. Fournier, Presque Isle, Chairman
David W. Kee, Bucksport
Irving B. Faunce, Gardiner

Jane P. Paxton, Augusta
Sid H. Schwartz, South Portland

Board of Environmental Protection

Ernest A. Caliendo, Jr., of Hampden, became the newest member of the BEP August 12. Caliendo formerly was in the paper industry and now has a variety of business interests -- including a log home company. He argued in favor of a tax abatement for ambient air quality monitoring equipment installed by Great Northern at his first meeting. Dale Phenicie was impressed by the new member's performance. "He should help strike a good balance and offset the bullishness of board member Zaitlin." Barring resignations or other unexpected events, the BEP will remain stable until 1983 when the terms of five members expire.

Here is the present commission:

Commissioner Henry Warren, Chairman
Maynard Marsh, Gorham
Lionel Ferland, Auburn
Neil Hapworth, Winslow
Sterling Dow III, Kennebunk
Samuel M. Zaitlin, Biddeford

Earl J. Wahl, Calais
Evelyn Jephson, Kennebunk
James Tweedie, Sr., Mars Hill
William B. Blodgett, Waldoboro
E. A. Caliendo, Jr., Hampden

Land Use Regulation Commission

The Committee on Energy and Natural Resources will consider on August 28 the nomination of Ray B. Owen, Jr., of Orono to the Land Use Regulation Commission. Owen is the "eagle expert" on the faculty of the School of Forest Resources of the University of Maine. He has the full support of Conservation Commissioner Anderson. Owen will replace Robert Ciullo of Springvale in the fisheries and wildlife seat. Anderson hasn't yet found a replacement to suggest the Governor nominate for the seat of William Vaughn of Hallowell who serves until a successor is named. Anderson is considering the names of several persons who live in the unorganized territory which LURC regulates.

The present composition of LURC:

Charles A. Blood, North New Portland, Chairman
Robert Ciullo, Springvale
William Vaughn, Hallowell
Susan B. Morris, North Waldoboro

John Walker, East Livermore
Margo Holden, Ashland
Woodbury E. Brackett, Auburn

Workers' Compensation Commission

The commission, which administers this highly controversial law, will increase to seven members as authorized by the 110th Legislature if Mrs. Suzanne E. K. Smith of Woolwich, an attorney, is confirmed. Her nomination will be considered August 28 by the Judiciary Committee. Once a part-time job, the commission now has been expanded and
Workers' Compensation Commission (continued)

membership made full-time because of the workload. Chairman Charles Devoe has been plugging to eliminate delays in the commission's consideration of claims under the insurance program.

Here is the present commission:

Charles C. Devoe, Jefferson, Chairman
James M. Coyne, Caribou
David C. Pomeroy, Portland
Joseph Jabar, Waterville

Edgar F. Gaulin, Biddeford
Ronald D. Russell, Bangor

WORKERS' COMPENSATION

The cost per $100 of payroll of workers' compensation insurance for those persons classified as engaged in paper manufacturing will jump 35 percent under a new schedule proposed by the National Council on Compensation Insurance. The increase averages 25 percent. Theodore T. Briggs, Superintendent of Insurance, has scheduled a September 24 hearing on the proposal in Augusta.

When the rate increase filing was announced, I commented in response to questions from the Bangor Daily News. The News reporter got mixed up and talked about workers' compensation insurance and unemployment compensation insurance -- confusing people although accurately reporting the cost of the insurance in Maine is higher than in most other states.

Other specific increases include:

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<td>6.94</td>
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</tr>
<tr>
<td>8232 Lumber Yards</td>
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<td>9.41</td>
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</table>
Workers Compensation (continued)

Attorney Donald Perkins has been retained by a coalition led by Associated Industries of Maine and the Paper Industry Information Office to challenge the justification for the increase. Rates were increased on an average of 25 percent in March of 1981.

MAINE READING

A 424-page history of Baxter State Park entitled "Legacy of a Lifetime" has been published as a part of the 50th anniversary of the establishment of the 200,000 acre park. Dr. John W. Hakola of the University of Maine at Orono is the author. Bob Cummings, the environmental affairs writer, said "This is a fascinating important -- and frustrating -- book" because Hakola ignored "the stumpage events that gave Great Northern Paper Company a big chunk of the Baxter legacy."

PUBLIC RELATIONS

A Coal Weekly reporter called for an updating on the coal conversion project...A printed Update with copies of the nursery brochure and the photographic layout of the East Millinocket Open House was mailed to 1,443 opinion-makers, weekly and monthly salaried employees...A Christian Science Monitor reporter visited the Pinkham Lumber mills while collecting material for a story...A Wall Street Journal reporter called for information on the spruce budworm epidemic...We provided the Katahdin Times with information on water levels -- "close to normal".

Sincerely,

pmc/b
Enclosure (PIIO Newsletter)
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Dick:  

This week saw the summer doldrums come to an end. Those startling events and others are reported in the newsletter of the Public Affairs Department:  

REWITING HISTORY?  

"...I am troubled by what appears to be an attempt to rewrite the history of this turbulent era in the Maine woods."  

---Supreme Court Justice David Nichols  

Those were the words of Justice Nichols in a dissenting opinion to a State Supreme Court ruling that the public lot cutting rights granted by the State of Maine during the period 1850 to 1875 conveyed no right to cut timber not in existence on the date of the conveyance. The majority opinion, which reversed the findings of a retired Supreme Court justice who considered the matter as a referee and also a Superior Court judge, was very disappointing to attorneys representing owners of such rights.  

First word of the decision came with calls in late morning on August 24, from reporters seeking comments on the decision. After alerting Barry Shainman, I called the offices of Pierce, Atwood, Scribner, Allen, Smith & Lancaster in Portland and Daniel E. Boxer confirmed the news. Great Northern had no comments for the press except to provide, if asked, information on the total acres of such rights still held (27,000) and the number traded (58,000) in 1975. Eight calls came on August 24, followed by two on the next day and a brief chat with Bob Cummings of the Portland Papers, August 25. Cummings won a journalistic award for writing a series of articles which first publicized the issue. Newspapers reported the ruling with wire service accounts on August 24 and 25. Radio and television accounts were brief. But all said it was of "historic importance". Bob Cummings said he is preparing an analysis for the Maine Sunday Telegram and Steve Morrison of the Associated Press was asking about the number of cutting operations taking place on lands in which the state would now have a say -- just like any other owner. David Platt of the Bangor Daily News on August 26 had reported what one industry leader saw as the result of the court ruling:
'The court decision will have a tremendous effect,' said George Carlisle, whose Bangor-based firm, Prentiss and Carlisle, manages about a million acres of Maine timberlands. The state, he explained, will become a party to many transactions which formerly were handled privately. About 29,000 acres of land the company manages will be directly affected by the decision, meaning Prentiss and Carlisle will have to begin paying for the privilege of cutting on the land."

The decision came up with the Supreme Court in transition. Governor Brennan has nominated two Superior Court judges, Elmer Violette and Daniel Wathan, to fill vacancies. Chief Justices McKusick and Carter did not participate in the deliberations because they had represented companies involved prior to being appointed to the court. Justices Godfrey, Roberts and Wernick (who is retiring) made up the majority. Because all of the signers are believed to be liberal Democrats, some wags on the Augusta scene were billing the ruling as a "Democrat decision". They buttressed such a theory with the language of Nichols' dissent, widely quoted in the press: "Today's majority concludes that the grantees under these deeds... were entitled to harvest only a single crop. Do they limit those parties to a single crop of grass?"

Donald W. Perkins, Esq., a Portland attorney who has been involved in the litigation, briefed owners of timberlands at a previously scheduled meeting August 28 in Augusta. Perkins said a legal review is in process. Until the review is completed and complicated questions such as that of trespass are evaluated, he cautioned against drawing any conclusion. The attorneys will also have to recommend what future legal avenues, if any, are open to the people and companies who believed they owned the timber and grass rights.

The issue has its roots in history as Justice Nichols wrote. When Maine was part of Massachusetts, the state was divided into townships, each with a "public lot" to be used to raise money when the township was settled. When the state needed money, the timber and grass rights were sold between 1850 and 1875. After Cummings' series of articles claiming the state had abandoned the lots, an assistant attorney general wrote a report interpreting the deeds to say the timber and grass rights sold in the 1800's had expired. The report said they had sold only the standing crop of trees. Great Northern Paper, which acquired such rights from others after 1900, joined in asking the courts to uphold the title until townships were organized. That triggered events which led to August 24, 1981.

Great Northern exchanged 58,000 acres of timberland for title to public lots on which the company claimed ownership of cutting rights. The press was told the exchange would result in a charitable contribution by the company to the state in access of $5 million and mean a tax deduction of approximately half that amount. The state plans to use the multi-million contribution as the basis for seeking federal matching funds for management and development of such lands and others. The fate of both the tax deductions and the matching money can be expected to be the subject of future articles in the press.
Reversing History (continued)

When news came of the court decision, Governor Brennan joined in saying it was of "historic importance" but he also was quoted as praising the "cooperative attitude" of some of the state's major landowners. "Despite the ongoing litigation, many of them donated or traded their timber and grass rights back to the state -- enabling Maine to consolidate many small holdings into large management units."

THE COAL QUESTION

After the Board of Environmental Protection on August 26 decided not to reconsider the license to burn coal issued to Great Northern Paper, the events resulted in a Bangor Daily News story by Dave Platt headlined "BEP Ignores Advice on GNP Coal Permit". Although Bob Cummings covered the session, no story appeared in the Portland, Augusta or Waterville papers. He sometimes holds articles for the Maine Sunday Telegram. The story in the Bangor newspaper was picked up by the wire services and broadcast all over the state on August 27. At the request of WABI-TV, I answered questions on television.

LEGISLATORS' VISIT

State Representatives Ingraham of Houlton, Foster of Ellsworth and Holloway of Edgecomb toured the Ragnuff and Telos wood harvesting operations and the Millinocket mill in another of a series of tours for members of the Legislature. Lynwood Hand, Great Northern's legislative counsel, accompanied the legislators. Meanwhile, I joined Paul Firlotte, Bob Bartlett and Bart Harvey for a discussion of energy and forestry-related matters with Conservation Commissioner and Forestry Director Stratton at Camp Phoenix.

REFERENDUM

Roger Mallar, the former Commissioner of Transportation now in the consulting business, has been asked to consider chairing a committee to oppose the creation of a Maine Energy Commission, replacing the Public Utilities Commission and the State Office of Energy Resources -- providing for elected commissioners. The issue is on the November 3 referendum ballot. Mallar says higher electric rates for industry can be expected based on the pattern in other states. Bruce Reeves, the Central Maine Power critic, is leading the campaign to have the new agency created, contending it means lower rates for most consumers.

Mallar has told representatives of industry and others he will undertake the effort only if $400,000 can be raised -- half of it from the pulp and paper industry. Polls show the public is listening to arguments and willing to be convinced. Utilities feel they must publicly remain aloof. Tom Greenquist of Bangor Hydro talked with Dick Noyes and I talked with Mallar, Jack Sutton of Keyes Fibre and Norm Temple of Central Maine. We are catching up on the issue before making a recommendation.
LANDOWNERS MEETING

In addition to discussing the court ruling at the August 27 meeting in Augusta of representatives of paper companies and land management firms, Perkins reported on progress in the sale of land to the federal government on behalf of two Maine Indian tribes to implement the settlement approved by Congress. In one acquisition, July 28, the tribes acquired $40,000 worth of timber and grass rights. The tribes now have purchased 170,000 acres and can be expected to buy 50,000 more by September. Their goal is 300,000. Perkins said Indians are getting involved in wood harvesting. The spruce budworm program, the legislative study of the Maine Forestry District and other matters were topics.

PUBLIC RELATIONS

At the request of a reporter from Pulp & Paper Magazine, Mary Bailey provided information on the modernization of paper machines No. 7 and No. 8 in the Millinocket mill. I provided information on the same subject to John Keys of WMKR...Jack Faulkner of the Presque Isle Star Herald asked questions regarding the cutback at the Pinkham Lumber Company. He was preparing an article on the recession in the lumber industry in Aroostook County. Maine Times published a second article on the subject of "Dangers in the Work Place" in the pulp and paper industry. With Jim Giffune and Lin Davis, we are considering a response when the third and final installment is published...Dues were paid to Associated Industries of Maine.

Sincerely,

[Signature]

pmc/b
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Department for the week ending September 4:

**Conservation Department Personalities**

Created in controversy in 1973, the State Department of Conservation's history has been highlighted by the activities of controversial personalities.

The absence of key figures from their offices resulted in an article in The Maine Paper, the voice of conservatives in Maine, disclosing Deputy Commissioner Nancy Ross and Director of Parks & Recreation Herb Hartman were taking the summer off -- unpaid leaves of absences. Lloyd Irland, the director of the Bureau of Public Lands, transferred to the State Planning Office to become state economist. He joins Dick Barringer, who left the Department of Conservation to become director of the planning office. Bernard Schuender, on leave from the U.S. Forest Service, becomes chief of the Public Lands bureau.

When former Governor Curtis proposed merging several departments into the conservation agency, the state's fishermen and hunters rebelled. The Governor settled for less and the Legislature created the Conservation Department, combining Parks and Recreation and Forestry with the Maine Geological Survey formerly a branch of the economic development department and put the Land Use Regulation Commission under the Conservation Commissioner for administrative purposes. The Bureau of Public Lands was created in the fall of 1973.

As state agencies go, Conservation isn't big -- approximately 500 people and a $20 million budget. Donaldson Koons, a Colby College professor on leave of absence, became the first commissioner -- quitting when he realized he couldn't get along with the late Governor Paul K. McCann  
Manager Public Affairs  
September 4, 1981
Conservation Department (continued)

Longley. Barringer, his deputy as well as director of Public Lands, was his successor. Barringer was involved in controversy in all of his years in office. Governor Brennan this year asked him to become planning director and picked Dick Anderson as the department's third commissioner.

Under Anderson, the attitudes of the department personnel are visibly changing. The new commissioner wants harmony. A former director of the Maine Audubon Society and a one-time state fisheries biologist, Anderson is known and respected on all sides. He travels widely -- enjoys getting into the woods. Anderson's first choice of a bureau head, Schruender is an unknown to most but those who know him endorse the commissioner's choice. Anderson recommended an expert on eagles for the vacancy on the Land Use Regulation Commission -- replacing a person with environmental leanings with another of the same sort. He is still left with bureau heads selected by Barringer -- Herb Hartman, Jeff Pidot, Ken Stratton and Walt Anderson. There are rumors that other changes may be coming, although Hartman has dropped plans to quit his position and "rethink" his career. Some say Mrs. Ross isn't likely to return. While Dave Flanagan of Governor Brennan's staff was in China, Mrs. Ross filled in for him, handling relations with the Legislature. She could well emerge with a top-level post as the Governor seeks to respond to critics who say he hasn't given women an important role in the administration. The Maine Paper reported Mrs. Ross is writing a book. So is Irland, who has solicited photographs for illustrations and says it is going to the publisher shortly. The subject? Forestry in Maine.

Here is a table reflecting the changes in top roles in the department since its inception:

DEPARTMENT OF CONSERVATION

- Commissioner
  - Don Koons
  - Dick Barringer
  - Dick Anderson

- Land Use Regulation Commission
  - Jim Haskell
  - Ken Stratton
  - Jeff Pidot

- Bureau of Forestry
  - Director
    - Fred Holt
    - John Walker
    - Ken Stratton

- Bureau of Public Lands
  - Director
    - Dick Barringer
    - Lee Schepps
    - Lloyd Irland
    - Bernard Schruender

- Bureau of Parks & Recreation
  - Director
    - Larry Stuart
    - Tom Dickens
    - Herb Hartman

- Maine Geological Survey
  - Director
    - Bob Doyle
    - Walter Anderson

* concurrently director Bureau of Public Lands
** concurrently director Bureau of Planning and Program Services
ANNUAL MEETINGS

The rivals in the 1981 race for the Senate make their first joint appearance September 11 at the annual meeting of the State Chamber of Commerce. Senator Mitchell and Congressman Emery will speak at a 6:30 p.m. dinner in Bangor. In the afternoon, there will be a discussion of "The Business Environment in Maine presented by the Bangor Action Committee of 50" and annual meetings of the Chamber of Commerce and the Maine Council on Economic Education.

The 61st Annual Meeting of Associated Industries of Maine will be held October 6 at Portland. Workshops on the subjects of Energy Investments in Today's Economy and the Clean Air Act are scheduled. Concurrently the AIM Personnel Association's program will include discussions of drugs in the work place, unemployment compensation appeals, revised workers' compensation regulations and new directions in OSHA. Jack Sullivan is bowing out as president.

COAL

When directors of Great Northern Nekoosa Corporation postponed, at least for a year, approval of the coal conversion project at the Millinocket mill, a news release was issued. The story appeared on the front page of the second section of the Bangor Daily News but not in other dailies. The news was broadcast on WFKR and picked up by the wire services and heard elsewhere in Maine. I made a radio tape for WGUI and appeared on WLBZ-TV in an interview with Don Carrigan. Transcripts of the radio and television reports were distributed in the daily clipping service.

Dan Boxer assured the staff of Governor Brennan and Environmental Affairs Commissioner Warren that the decision was not influenced by the action of the environmental regulators. Peter Yacavone talked with Governor Brennan to explain developments. Dale Phenicie talked with the DEP staff members.

Before the postponement came, the BEP had been accused of placing "unnecessary obstacles before some of Maine's larger applicants" -- including Great Northern -- in a Bangor News editorial.

AROOSTOOK VISIT

In Aroostook County August 31 and September 1, I visited the offices of the Northern Maine Regional Planning Commission in Caribou, Senator Cohen, the Star-Herald and Northeast Publishing in Presque Isle. A report memorandum on a discussion of a NMRPC study of the Aroostook and Machias rivers instigated by the State Conservation Department has been distributed. The study has all the potential for another "Wild and Scenic River" controversy. In talking with the press and congressional staffers, the topic was the layoff at the Pinkham mills. On the day I was in Presque Isle, International Paper had announced plans to lay off 166 for at least three weeks. In all, over 250 workers in three plants were scheduled to lose paychecks because of the lack of business. Cohen had conferred with lumbermen while in the county a few days ago.
An advertisement was placed in the Howland area high school’s yearbook...Contributions were made to March of Dimes and Christian Record Braille Foundation...With Bud Heal and Bob Leavitt on September 3 I briefed nine new teachers in the Millinocket school system and several administrators on Great Northern. They also toured the mill...Although the Maine Sunday Telegram published four stories and an editorial on the subject of public lots in editions of August 30, calls from the press on the issue have tapered off...A film segment on Great Northern’s Telos woods harvesting operation is scheduled for 7:30 p.m., September 7, on the Evening Magazine of WBZ-TV in Boston. The program is syndicated to 60 other stations for showing at a later date.

Sincerely,

[Signature]

pmc/b

Distribution:

E. E. Allain          T. A. Galas          W. R. Laidig          T. S. Pinkham
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F. I. Firlotte       T. W. Kelly          T. N. Pendleton       H. Willets
T. H. Flanagan       D. J. Krohn          D. K. Phenicie        P. F. Yacavone
Mr. Richard W. Noyes  
Vice President—Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Department for the two weeks ending September 18:

**The Referendum**

Little old ladies were soliciting signatures in business offices in Augusta September 14 to force a statewide referendum on the 1982 moose hunting season.

People go to the polls November 3 to vote on the proposal for a Maine Energy Commission, the result of a 1980 petition campaign.

The referendum boom is frequently traced to Mary Adams, a housewife in the tiny rural Penobscot County community of Garland. When she got angry over the way the state was dictating school financial policy in 1977, Mrs. Adams launched a petition campaign. She was successful and the State Uniform Property Tax was repealed.

Just before Mrs. Adams got started, a group had successfully forced creation of the Bigelow Mountain Preserve. Lance Tapley, now with Common Cause, was the leader. Other memorable referendums of the period -- before Mrs. Adams made history -- were on the subject of public power (defeated), the state income tax (a repeal move failed), truck weights (a controversial law was repealed) and removing the party square at the top of ballot.

Since then, the initiated referendums have settled two widely publicized issues:

Twice voters favored a law requiring a deposit on beverage containers -- advocated as a litter prevention measure;

And in 1980 they rejected a proposal to close the Maine Yankee Nuclear Power Station.
The Referendum (continued)

Lots of other efforts to force referendums on issues have failed -- including efforts to force a vote on the Indian Land Claims settlement and on the Tree Growth Tax Law. Critics of the settlement and the tax did not organize successful signature-collecting campaigns.

In 1908, an amendment was adopted to the state constitution which says:

"The people reserve to themselves power to propose laws and to enact or reject the same at the polls independent of the Legislature, and also reserve power at their own option to approve or reject at the polls any Act, bill, resolve or resolution passed by the joint session of both branches of the Legislature.

In the book "Down East Politics" written by a team of University of Maine professors, the amendment is explained:

"The principle embodied in this amendment refers to the initiative and referendum. The initiative is a device whereby a number of people equivalent to ten percent of the total popular vote in the last gubernatorial election may, by petition, propose a law to be placed on the ballot for voter approval or rejection. The Legislature is given an opportunity to adopt the measure, in which case no further action is required. If the Legislature refuses to accept the proposal, voters may express themselves on the question in an election. The referendum is a procedure by which legislative measures, including initiated measures, are submitted to the voters for their acceptance or rejection. In Maine, a referendum may be invoked to test the acceptability of legislation already passed by the Legislature. The procedure requires that a number of people equivalent to ten percent of the total popular vote in the last gubernatorial election may petition for a referendum on a particular measure within ninety days after the adjournment of the Legislature which enacted the bill."

The business community is now rallying behind a coalition headed by former State Transportation Commissioner Roger Mallar to oppose the creation of the Maine Energy Commission. Governor Brennan is also opposed to the idea and one of his aides, Gordon Weil, and a Bowdoin professor, Chris Potholm, who is a close advisor of U.S. Senator Cohen, are part of the Mallar team. The utilities are taking a "low profile" because they face a 1982 effort to phase out Maine Yankee. Mallar is looking for $400,000. Keyes Fibre has already contributed $25,000. St. Regis is considering $35,000. Scott, International and Boise will consider $25,000. Because we use so little purchased power, the Great Northern contribution has been pegged at $5,000.

The Maine Energy Commission would set public utility rates and establish state energy policy. The commission would be unique in that a two-thirds majority of each house of the Legislature would be necessary to over-rule its budget. Commissioners would be elected. The commission would replace the Public Utilities Commission and the State Office of Energy Resources. Mallar says that in states with elected commissioners, the cost of power for industry has increased. The proposal is attributed to Bruce Reeves of Pittston, a long-time critic of Maine utilities.
The Referendum (continued)

Polling by Mallar's team indicates the electorate is open-minded on the issue but leaning in the direction of an elected commission because of frustrations over high utility costs.

The November 3 ballot also includes several bond issues. One bond issue for $33.3 million will pay for the development of port facilities (including the Bath Iron Works expansion into Portland), the Searsport cargo pier project, airport construction and potato storage and packing facilities. Great Northern Paper will support this proposal, contributing $2,000 to the Maineport Council.

Supporters of bond issues have learned not to take the Maine voter for granted. They do not always respond to the political leaders. In 1969, a bond issue for roads and bridges was killed. Since then, contractors and their allies have raised a campaign fund to advocate passage of such bond issues.

Coming up? Polls show growing support for proposals to phase out Maine Yankee. Governor Brennan is pushing a referendum on milk price controls. And opponents of a moose season say they will not give up trying to force a statewide vote. Grassroots America is still there...in Maine.

Associated Industries of Maine

Jack Sutton, Vice President-Engineering of Keyes Fibre, was elected president of Associated Industries of Maine at a September 15 meeting of directors. He succeeds Bernie Estey who is retiring from S. D. Warren. Bob Catell of New England Telephone is the new vice president. New directors will be elected at the October 6 annual meeting in Portland.

Executive Director Ron Colby proposed for discussion a 1982 budget of $248,000. Sutton said income is estimated at $232,400 and said belt-tightening may be necessary. Dues were increased last year and another increase isn't likely to be approved during the business downturn now in progress. I protested another reduction, to $6,200, for hiring legislative counsel. The reduction means most of the lobbying on behalf of AIM will be by staff members. No funds will be available for opposing rate increases in workers' compensation insurance. I also criticized the fact that 65 percent of the budget goes for the expanded staff -- four full-time professionals and one part-timer. (I believe we would get a more cost effective lobbying effort by reducing the size of the staff and retaining counsel as needed.) While paying dues a month ago, I put AIM on notice that Great Northern is reconsidering its membership.

Lobbying

The decision of Scott Paper to drop the services of the Portland firm of Verrill-Dana means Lynwood Hand (who represents Great Northern Paper and other clients) will be left as a full-time lobbyist in Augusta. Scott will turn over the lobbying responsibility to a public affairs representative. St. Regis took this step several years ago. Georgia-Pacific followed. International Paper also has a public affairs man at the State House but also retains counsel. Nationally the
Lobbying (continued)

major companies are establishing and staffing state government programs -- usually with a person responsible for several states -- and leaving to trade associations "sentinel" duties and day-to-day lobbying. Despite the fact Maine may be the industry's toughest battleground, the people responsible for building state programs are determined to fit Maine into their preconceived scheme.

Senator Pierce Visit

Dick Pierce, the 38-year-old State Senator from Waterville, toured the timberlands of the West Branch region, viewed the new computers of the woodlands department and power systems and lunched with Peter Yacavone, Dick Noyes and Tom Kelly. Pierce is one of three candidates for the Republican nomination for governor.

Clean Air Act

Louis Laun, the president of the American Paper Institute, has asked members to urge prompt action by Congress on amendments to the Clean Air Act. I had already sent members of the Maine delegation a copy of a letter written by Dale Phenicie. Next week I go to Washington and my tentative goal is to plan a seminar for the staffs of delegation members, possibly with Peter Yacavone chairing the meeting. Meanwhile in Maine, Phenicie and I have talked with AIM's Colby who is convinced Maine industry needs to take a leading role on the acid rain issue. The industry favors intensified study over five years to determine strategy for control. The AIM Environmental Affairs Committee meets next week and Dan Boxer, Pat Welch, Dale and I have been trying to head off any AIM deviation from industry policy.

Public Relations

Roger Boynton spent two days with an Ad-Media crew collecting photographs for a television commercial. John Christie and I presented a proposal for the "third wave" of the 1981 Maine advertising program at a Millinocket meeting September 10. The stress will be on papermaking with print, television, radio and mailings planned starting November 1...The Great Northern Nekoosa Foundation approved a $3,500 contribution to the Katahdin Area Council of Boy Scouts and $6,000 for the Houlton Regional Hospital...A second $10,000 contribution to the Hillcrest Golf Club matching money raised by members to finance a new club house, replacing one destroyed in a fire. The company also contributes $10,000 a year to the club's operation... Eunice Cox of Maine Times called with questions regarding the appeal of the court ruling on timber and grass rights and on the Board of Environmental Protection's granting of an appeal on a sales tax exemption for air pollution monitoring equipment.

Sincerely,

pmc/b
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Dick:  

The newsletter of the Public Affairs office for the week ending September 25:  

**THE CLEAN AIR ACT**  

When 1981 commenced, it was visioned within the paper industry as the year of the titanic struggle over removal of the Clean Air Act. With the Reagan administration having devoted itself exclusively to budget cuts and tax cuts for months, Congressional action on the Clean Air Act has been delayed. The administration's strategy still isn't clear. When Congress will move isn't clear. One thing is clear: Nothing is likely to happen in 1981. Three opinions expressed September 23:  

"The administration is asking for help in getting a bill out of the House. The best we can hope for is passage of a bill early next year."  
---Carol Raulston of the American Paper Institute  

"A one-year extension will be voted."  
---Jean Streeter of the staff of Senator Cohen  

"The Senate will start drafting a bill in mid-October. The House is way behind. I don't believe a bill will be passed early next year....the debate will probably drag out for months. That's what happened the last time (1974-75-76). It doesn't matter that 1982 will be an election year."  
---Charlene Sturbitts of Senator Mitchell's staff  
(She's a key player, a former aide to Senator Muskie who transferred to the Mitchell staff and advises the Senator. She is a leading advocate of action on acid rain.)  

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
The Clean Air Act (continued)

The American Paper Institute has urged people to write to members of Congress asking prompt action on amendments to the Clean Air Act. The industry supports the basic goals of the Act but believes:

"---Changes in the Clean Air Act are needed to make it a more workable law--one which will enable us to have clean air and to achieve additional national goals.

"A complete and open discussion of the provisions of the Clean Air Act is needed in 1981."

But the API position doesn't reflect reality in the minds of the staff of the Maine delegation.

One of the planned amendments to the Clean Air Act is getting a considerable amount of publicity--acid rain.

The Library of Congress defines acid rain in this manner in a report to Congress which says the "potential for damage to crops, forests, soil fertility, lakes and fish populations, and man made materials appears great":

"Acid precipitation results from oxides of sulfur and nitrogen reacting with water vapor in the atmosphere. These pollutants are produced primarily by the combustion of fossil fuels in power plants and automobiles, and in smelting processes."

The Canadian government and environmental organizations have teamed-up to orchestrate a campaign for immediate action on acid rain. The Canadians are talking about "shaming" the U.S. with a half billion dollar campaign to control emissions in industrialized Ontario. Canadians say "thousands of lakes are being destroyed by acid rain from coal-burning U.S. power plants in the Midwest. The Maine Sunday Telegram of September 20 contained two articles on the subject. The current Sports Illustrated magazine contains another. Dale Phenicie and Pat Welch had to deal this week with a staff proposal within Associated Industries of Maine which would have endorsed Senator Mitchell's call for immediate action to control acid rain. Great Northern's position reflects that of industry: More intensified research is needed. Dale is satisfied AIM will reflect the national position.

Ms. Sturbitts said she expected the Senator's proposals to generate a lot of opposition in Maine. Only Great Northern has responded in writing--although Miss Raulston has told her to expect an API comment. Charlene says it isn't the intent of the Senator to place additional control on Maine mills. She, Jean Streeter and others talked about the recently released report of the National Academy of Science. "It's pretty damaging to our position--supporting new controls, not additional research," Carol says.

And Charlene tells about the Consolidated Edison representative who called up to protest but ended up saying he would help with writing the amendment. She believes his input reflect a trend. A poll recently taken by St. Regis Paper Company show there is little public support in Maine. Senator Mitchell has been talking about controlling acid rain for months but most people haven't been listening.
WASHINGTON CALLS

With Senator Mitchell's administrative assistant, I visited the offices of the Senate Finance Committee and met Tom Gallagher of the staff. Gallagher assists Mitchell in his role as a member of the committee. Charlie Jacobs of the Mitchell staff said he and House Speaker John Martin were canoeing the Allagash when vicious rains and winds hit Aroostook County in August. The found refuge in a cabin... John Gould of St. Regis says the company plans to regularly conduct public opinion polls in several states where the company has major holdings...In the Cohen office, Jean Streeter deals with Social Security as well as environmental matters and says the mail is heavy from senior citizens. Carol Hicks says the letters complaining about spruce budworm spraying have turned into appeals for help in dealing with the gypsy moth. Tim Woodcock, the Cohen aide on the Indian Affairs Committee, is planning to return to his hometown of Bangor to practice law--but not right away....I also looked at a video-taped film produced by the Public Affairs Council promoting participation in political action committees. The council is a coordinating agency for PAC administration and for training programs for people in the public affairs field...Bob Rose, press secretary to Former Senator and Secretary of State Muskie, is free-lancing in company with Leon Billings, the man credited with drafting the Clean Air Act. Among their projects--a severance tax study in Montana.

CONTRIBUTIONS

P. F. Yacavone and R. W. Noyes joined Hillcrest Golf Club President Charles Coffin, Dick Morrison, Chairman of the club's fundraising campaign, golf pro John Colgan and I for a look at the new club house. Great Northern, which annually contributes $10,000 to the club's operations, contributed $20,000, in a matching grant, to help with the cost of a new club house. A fire in 1979 destroyed the club house. Roger Boynton took a photograph for distribution to the local press.

POLITICS

There were tangibles to add to the rumor mill in developments on the political front.

Former Governor Curtis announced he would "explore" a primary race against Mitchell. John Gould says many in Washington believe Mitchell can't win. In Maine, several State House observers say a race between Curtis and Congressman Emery in 1982 would be close. Rose wonders where Curtis will find the money. Bob Tyrer of Cohen's staff says he is elated Curtis is going to make his move now--and not against Cohen.

A reliable poll shows over 40 percent of Maine people are uncertain about how Governor Brennan is performing--an unusually high number. Approximately 50 percent say Brennan is "doing a good job" and less than 10 percent rate him as doing "a poor job".

Young partners in Portland's two leading law firms are front runners in the race for nominations to Congress in the First District. Republican Jock McKernan of Verrill-Dana was visiting in Washington this week. Democrat John O'Leary of Pierce-Atwood had been in town a few weeks ago. McKernan may not have a primary race--but O'Leary faces a fight.
MEANWHILE...IN AUGUSTA

Legislators returned to Augusta for a one-day special session September 25. The subject was revenue-sharing but the nomination of Beren G. Harrington of Parlin Pond to the Land Use Regulation Commission was also approved. Senators McBreairty and Redmond and Representatives Austin and Kiesman closely questioned the former U.S. Forest Service ranger who now guides and logs. He fills a conservation seat on LURC...The changes continue in the Conservation Department. Administrative Director Nancy Kenniston has left to join the Department of Transportation and Insect Manager Temple Bowen has resigned to join a company which makes Bt (the bacterial spray used to control bugs) and other products...Kathryn Monahan Ainsworth of Portland was nominated by Governor Brennan to replace Irving Faunce on the Maine Human Rights Commission. Mrs. Ainsworth's nomination does not require legislative confirmation...Bill Ball of Kleinschmidt & Dutting says Craig Ten Broeck of the Land & Water Resources Council has been exploring the idea of requiring legislative approval of all "large" hydro projects, such as "Big A". Ten Broeck, who is coordinating a Brennan administration study, says prior approval by the Legislature would expedite agency action.

PUBLIC RELATIONS

Jim Giffune, Bud Heal, Bob Leavitt and Carl Reed joined me in reviewing a film on papermaking for children in grades 4 to 8 produced by the Maine Public Broadcasting Network...A companion film on forestry will be made in the West Branch region starting in October with Bill Carpenter as the project coordinator...A duplicate of the WBZ-TV Westinghouse Broadcasting Network in Boston report on the "Paul Bunyans" of the Telos logging operation has been shown managers. It will also be shown in the logging camp...I answered questions regarding the decision not to proceed with the coal project from Lisa Cohen of Energy Users News. After first wanting to write an interpretive article on the reasons behind the GNN decision, the reporter decided she was more interested in the overall energy picture. We will arrange an interview with Paul Firlotte...Sheila Wellingham of the Portland Press Herald called with questions regarding Interior Secretary Watt's policies on timber harvesting in national parks. I explained that there is so little federal land in Maine that the company does not follow the issue...After eight inches of rain in three days, I had calls from the press asking about water flows and road conditions.

Sincerely,

[Signature]

pmc/b
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for two weeks ending October 9:

THE HYDRO DEBATE

The issue has not yet generated newspaper headlines but the future of hydroelectric power generation is being widely talked about and probably will be debated in the Legislature in 1982.

Discussions on the subject have intensified since the Legislature adjourned in June. During the session, the Natural Resources Council pushed for additional controls over hydro development and the operation of such facilities. Another proposal was made to require fishways on all dams. Legislative staffers worried over water levels in lakes were also agitating for controls. They reflected the concerns of cottage owners and the Congress of Lakes. The proposals were shelved with a spokesman for the State Planning Office announcing plans for a study of the subject, saying the Brennan administration planned to follow up with legislation designed to encourage hydro development.

The study was undertaken by a subcommittee of the Maine Land & Water Resources Council with Executive Director Craig Ten Broeck also serving as chairman. The council is composed of department heads of state agencies who deal with natural resources. The original charge was clear -- coming up with a legislative proposal to "support and encourage the development of hydroelectric generating facilities by simplifying and clarifying requirements..." The subcommittee recruited outsiders with an interest in hydro. Great Northern nominated Bill Ball of Kleinschmidt & Dutting.

Ball has been increasingly concerned over trends in the subcommittee's deliberations. State Planning Office Director Dick Barringer attributes some of the drift to the aggressive approach of the State Office of Energy Resources which has polarized the participants. Ten
Broeck says representatives of the Department of Environmental Protection, the Land Use Regulation Commission and the Inland Fisheries & Game Department do not want hydro development to continue under existing laws. "They feel there are some rivers where hydro should not be permitted. There was a proposal to allow major developments -- such as the 'Big A' project -- only with approval of the Legislature. There is now a proposal for a moratorium while certain rivers are designated for 'protection' from hydro projects. Another group headed by Esther Lacognata of the State Department of Agriculture is studying modifications in the abandoned dam act and water flows. It got to a point where Deputy Energy Director Connie Irland angrily wrote a letter challenging the course of the subcommittee."

"The last meeting of the hydropower subcommittee was the most interesting to date because the 'masks' came off some participants and most discussion centered around the GNP 'Big A' or CMP Cold Stream (the Central Maine Power site on the Kennebec) projects," Ball wrote. "Charlie Lord (a Federal Energy Regulatory Commission official) gave an excellent presentation of the legal and actual relationship between the State and the FERC in the licensing process. There was nothing new in his formal presentation but Jeff Pidot (LURC) and Craig Ten Broeck kept asking what the State could do that would prohibit licensing by the FERC. They used examples such as legislative designation as a unique area, failure to obtain legislative designation as a unique area, failure to obtain legislative approval if required by law, designation as a 'critical area', or failure to obtain a DEP or LURC permit. They also asked if the rafting organizations could use the legal and bureaucratic systems to indefinitely delay 'Big A'."

Ball's concern is apparent in the redrafted goal of proposed legislation to be considered by the committee. While continuing to support and encourage hydro, this would be done "while assuring reasonable protection of natural resources and the public interest in use of waters of the state."

As a result of Ball's report, Dan Boxer and I have talked with top officials in the Brennan administration. They pledged to take a quick look at progress of the subcommittee, saying the administration's general support for hydro projects still stands -- subject, of course, to full scrutiny by environmental agencies under existing laws.

The "Critical Areas" ploy is gaining more attention. Several areas on the West Branch (including Ripogenus Gorge) have been proposed for designation. While the designation doesn't prevent a hydro project, the device is a potent tool for opponents. The advisory committee for the "Critical Areas" program were briefed on the "Big A" project October 9 by Galen Lander and toured the river corridor.

If a fight develops in the Legislature, the Small Dam Owners Association, the utilities, a few other paper companies and Great Northern will be lined up against the Natural Resources Council, Trout Unlimited, the Congress of Lakes, the Sportsman's Alliance of Maine and the bureaucrats. The Brennan administration could scale down -- perhaps even defer -- the battle by forcing the agencies to adhere to the Governor's policy. Great Northern could get an answer on the political feasibility of the project even before deciding on the merits of going ahead with construction.
The Referendum

The Coalition for Responsible Government headed by Roger L. Mallar is stepping up opposition to the Maine Energy Commission -- a proposal on the November 3 referendum ballot. At a meeting this week of Maine industrial public affairs representatives, the consensus was that momentum is on the side of the Coalition although polls show the public split -- a third in favor, a third opposed and a third undecided. The Coalition is seeking $400,000 (mostly for advertising) and paper companies have pledged $175,000. The meeting also included a discussion of plans for a new business political action committee, the outlook for the Legislature (Democrats may win control of both houses) and the petition drive to force a 1982 vote on phasing out Maine Yankee in five years.

Tax Exemptions

In recent session of the Legislature, Great Northern had to rally opposition to proposals to eliminate the sales and use tax exemption on pollution abatement equipment. The Committee on Taxation has scheduled two days of hearings (October 14-15) on all such exemptions. The Maine Forest Service next week has three days (October 13-14-15) of "scoping" sessions scheduled on the spruce budworm program. The sessions could see the issue spill over into the question of spraying to control the gypsy moth and other insects. The Paper Industry Information Office will be monitoring both activities.

Public Relations

Al Lobozzo of the Bangor Daily News requested information October 8 on any employee assistance program we plan to establish. He was polling companies for reaction. With guidance from Jim Griffith, I told him a program was being developed at Great Northern but declined to go into details...Great Northern entertained 28 high school students at an engineering exploration seminar October 6, sponsored in cooperation with the Pulp & Paper Foundation of the University of Maine. Tom Malikowski, Cliff Raymond, Frank Crosby and Bob Cottle participated in a panel discussion...Contributions were made to the Maine Lung Association and the Salvation Army...A hunting safety advertisement was scheduled for the October 27 issue of The Katahdin Times -- a repeat of a 1981 advertisement...Three news releases on promotions were distributed.

Sincerely,

[Signature]

pmc/b
Enclosure (PIIO Newsletter)  September 1981
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending October 16:

**THE CHANGING TIMES**

This week the State Bureau of Forestry invited comments at meetings in Augusta, Bangor and Presque Isle on plans for spraying to control the spruce budworm, gypsy moth and forest tent caterpillar in 1982.

The cast has changed. Bob Wright, Great Northern's spruce budworm team leader, quotes Charles Fitzgerald of Atkinson, a long-time opponent of the spraying to control the spruce budworm, as explaining the lack of opposition by saying people have just got tired. Few people showed up at any of six sessions -- two in each city. The 40-people who attended the first Augusta meeting constituted the largest turnout of the week. There the issue was the gypsy moth. A debate took place which could be a preview of what will be heard in the Legislature next year.

First Forestry Director Ken Stratton outlined the problems and said he was planning to seek federal financial assistance for spraying 1.1 million acres infested by the budworm, 80,000 by the moth and 10,000 by the caterpillar. Mel Weiss of the U.S. Forest Service said the amount of money being sought in New England to deal with the moth exceeds the total U.S. budget for insect control. The need to spray was defended by town officials and a consulting forester.

Strong opposition came from the state's leading environmental organization.
The Changing Times (continued)

"The millions to be spent on this spray program cannot be justified environmentally, biologically and economically," said Cheryl Ring of Maine Audubon who pointed out, "we are also surprised to learn that it is quite likely that the U.S. Forest Service will allocate the money it has used to support the spruce budworm program to the gypsy moth control in New England. I think that all experts both within the Department of Conservation and outside of it would acknowledge that the impact of spruce budworm on both the economics of the state and the forest's health is vastly more significant. It troubles us a great deal that the state and the federal government seem so willing to switch their priorities from the economically important budworm program to a politically popular program for gypsy moth which has little or no economic benefit." Audubon opposed spraying when "there is no evidence that the gypsy moth is more than an aesthetic pest." After Miss Ring, Ormond Staples, the new president of the Natural Resources Council, put that group on record as opposed to state spraying of a "terrible nuisance" which should be left to individuals to deal with on their own.

While publicly proclaiming neutrality, Stratton privately says that there is a lot of support among legislators and town officials in southern Maine for spraying the gypsy moth. The forestry director believes the situation, in which people in southern Maine are discovering the necessity of spraying, "can do nothing but help them understand the need to protect trees from the spruce budworm."

Another question of concern is the financial ramifications. Will all federal assistance go to fight the moth instead of the budworm? Will there be any federal money at all?

Will manpower now dedicated to the spruce budworm program also get involved in dealing with the moth and the caterpillar? That is another critical matter for Great Northern.

The legislative battle over the gypsy moth spray program will be interesting. Conservation Commissioner Anderson (Stratton's boss) will be pitted against his hand-picked successor as director of Audubon, Bill Ginn. (Ginn is also serving effectively as the chairman of the reorganized Maine Board of Pesticides Control.) While not as issue-oriented as the NRC, Audubon usually has been a winner. With a full-time lobbyist, a staff of 30 and a new computer system targeted to, among other things, influence legislators, Ginn and Audubon apparently look forward to the debate.

Great Northern's Wright believes the gypsy moth should be controlled where it threatens a forest resource but should not compromise the effectiveness or efficiency of the budworm program. That will be our goal in the Legislature.

We have also asked Carol Hicks of the staff of Senator Cohen to explore the outlook for federal funds and what, if any, priorities have been established by the U.S. Forest Service for the use of available funds. While there is considerable pessimism over federal funds for anything these days, Great Northern believes the spruce budworm program should have the support of the Maine delegation for top priority. That may be complicated to obtain in an election year.
Tax Exemptions

The Taxation Committee of the Legislature started October 14 a complete review of the 43 exemptions under the sales tax law. In the last session, Great Northern Paper and others successfully opposed an effort to repeal the exemption for pollution control equipment. Hank Magnuson of the Paper Industry Information Office this week defended the same exemption and also the exemption for new machinery. In response to a question from House Chairman Bonnie Post, I explained why Great Northern made headlines recently by fighting to have the Board of Environmental Protection rule monitors in the Millinocket air emissions control system exempt under the law. Mrs. Post, long a critic of exemptions for industry, complained about the process in which a board ruled on exemptions. When no one else testified, I wrote industrial developers in Caribou, Bangor and Lewiston requesting they again let legislators know the exemptions are necessary if Maine is to attract industrial growth.

The study will continue for several weeks. Mrs. Post says taxes could be slashed if exemptions were eliminated. Few expect that to happen in Maine -- although it is said another state has done so. The exemptions are believed to cost Maine $200 million annually in revenue. With federal funds drying up, elimination of exemptions could be an alternate revenue source. PIIO will follow the committee's work sessions.

Public Television

The Maine Public Broadcasting Network will launch a series entitled "Field Trip" October 27 for youngsters in Maine schools. Subjects to be covered will be papermaking and forest management based on 15-minute films made in cooperation with Great Northern Paper. The papermaking film has been completed and a draft reviewed by C. H. Reed, J. M. Giffune and others. Bob Leavitt coordinated the project. A finished version will soon be available. Production of the forestry film will start later this month in the West Branch District.

Advertising Program

The third and final "wave" of the 1981 Great Northern Paper Maine advertising program kicks off October 19 on television stations in Portland, Bangor and Presque Isle. A 30-second commercial illustrating the contribution of Great Northern papermakers to the Maine economy will be shown 177 times on news and public affairs' programs on WGAN-TV and WCSH-TV in Portland, WAGM-TV in Presque Isle and WABI-TV and WLBZ-TV in Bangor during the next eight weeks. A radio "Update", an "Update" mailer and a printed advertisement all will follow the same theme -- the contribution of Great Northern people to the Maine economy.

Hydro

A week ago we discussed the debate developing in Augusta on hydro development. Add another to the list of those involved. Conservation Commissioner Anderson says he does not believe Maine should allow dams to be built on every river. He favors the Department of Conservation designating certain rivers as off-limits. The Commissioner says there is a lot of discussion going on in Augusta on this subject. I protested to him (and he agrees) that the "Big A" project could be a victim of such legislation. I said that there are ample regulations to protect environmentally sensitive areas from hydro developers.
PUBLIC RELATIONS

After the State Supreme Court refused to reconsider the "public lots" decision, I responded to an October 14 request for comment from Charles Goldsmith of United Press International...Jack Faulkner of the Presque Isle Star Herald called October 14 to inquire if the company had laid off any woodworkers...We called the Bangor News office in Presque Isle to correct a story on the closing of an International Paper mill in which they said the Pinkham mill had closed earlier...While not many people were interested in the Augusta session on spraying, four reporters were there -- Dave Platt of the Bangor Daily News, Bob Cummings of the Portland papers, Bob Datz of the Kennebec Journal and Eunice Cox of the Maine Times...A hunting safety announcement was placed on WMKR...I visited Unity College which is seeking a grant from the Great Northern Nekoosa Foundation.

Sincerely,

[Signature]

pmc/rr

Distribution:

Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending October 23:

**The Referendum**

"Common Cause is giving us fits," said a supporter of a bond issue which will provide funds for expansion of Bath Iron Works Corporation into the City of Portland.

"With a $30 million surplus in the state treasury, people are going to wonder why we are borrowing all this money in hard times," said an Augusta observer.

"We are coming on strong. In recent days, we have had some super press," said the leader of a coalition opposing creation of a Maine Energy Commission, "but polls show we are doing better in the First Congressional District than in the Second. There is a lot of work left to do."

There has been an increasing trend toward forcing statewide referendums on controversial issues. The Bangor Daily News quotes a Washington research group as saying Maine voters November 3 will face ten referendum questions -- the most issues on any ballot in the nation this year. The ten include one statute (the Energy Commission), three constitutional amendments and six bond issues. The pre-referendum debate has been surprisingly vigorous, centering on the Energy Commission and the bond issue which provides funds for BIW's expansion and other projects, including development of a containerport at Searsport. Great Northern Paper has contributed $7,500 to the Coalition opposing the Energy Commission and $5,000 to a group promoting Searsport as a port.
The Referendum (continued)

You can't take the Maine voter for granted. Bond issues have been turned down in the last decade. That is why $65,000 is being spent to promote the bond issue providing $33.3 million for BIW, Searsport, grain feed terminals, potato storage facilities and airports and $12.3 million for bridge and highway improvements. An estimated $300,000 will be spent by opponents of the Maine Energy Commission.

As one supporter of state assistance for the Bath expansion, which voters are told will provide 1,000 new jobs on the Portland waterfront, said, Common Cause is the vocal opposition. The small but militant Maine Chapter of Common Cause questions why a profitable privately-owned company should get state financial assistance. State and Portland officials say if the deal with BIW isn't approved, the shipyard will go out of state to expand and 1,000 jobs will be lost. When the project was announced with great fanfare by Governor Brennan, there was almost unanimous support. When Common Cause came out against the project, the news media welcomed the debate. Lance Tapley and others in Common Cause are old hands in generating headlines. There is no doubt public support has been ebbing for the BIW project. Polls show 55 percent of voters now support the package -- by comparison with over 70 percent support for the highway and bridges bond issue. BIW officials have refused to debate and were sharply criticized October 22 on "Statewide" by host Angus King of public television station WCBB. BIW is anxious to see the Governor and Portland officials, who fought to save the project which was going to Boston, take the lead. "We did not come begging," a BIW official said.

Another apparently small minority group led by long-time Central Maine Power Company critic Bruce Reeves, is promoting the Maine Energy Commission. The three-member elected Commission would replace the appointed Public Utilities Commission and would set rates, establish energy policy, develop a budget and establish a development fund. Opponents say the new Commission would have unprecedented powers to spend. Supporters say that claim by political leaders -- and they all oppose the idea -- is a "red herring".

The Coalition opposing the Energy Commission ran into credibility problems when its advertising was criticized as misleading and a reporter quoted a spokesman for the Coalition as admitting confusion over what the proposed law would mean. The resulting story in Maine's largest newspaper (the Maine Sunday Telegram) reversed -- apparently only temporarily -- a trend in favor of opponents. While critical of the advertisements in some cases, most newspapers in editorials oppose the Energy Commission. Peter Cox of Maine Times calls it a "half-baked idea" when regulators would also be responsible for promoting energy development.

While acknowledging "we have become referendum happy," the Bangor Daily News in an editorial in editions of October 22 said, "we wait, along with so many other tax-abused citizens, for the opportunity -- not only to affix our signatures to the enabling petition -- but to cast our vote in the affirmative next November" for a proposal to limit annual property tax increases to 4.5 percent. The Maine Association of Taxpayers is promoting the idea. We never heard of the association before the story appeared in the News last week. Already it is expected voters in 1982 will be asked to vote on a proposal to phase out the Maine Yankee atomic plant.
WASHINGTON

Senator Cohen will chair a subcommittee hearing November 17 of the Government Affairs Committee on the subject of U.S.-Canadian relations. Cohen will be soliciting ideas of what this country should be doing to improve relations...The National Alliance for Hydroelectric Energy has kicked off a campaign against repeal of energy tax credits...Two bills have been introduced to control acid rain, one by Senator Mitchell and a second by Senator Moynihan of New York. The paper industry supports "an accelerated program of research and analysis to determine how best to deal with possible causes and effects of the phenomenon. A Reagan administration member has cautioned against launching a huge new effort without adequate research...Senators may start drafting amendments to the Clean Air Act, Tuesday, October 27, at a session of the Environmental and Public Works Committee.

A SPECIAL PROBLEM

In an American Forest Institute summary of a study of national public opinion, it was reported:

"The 1981 YSW (Yankelovich, Skelly and White) study underscores certain developments in the Northeast that may be particularly troubling for the forest products industry. Still a major population center, the Northeast is suffering from severe economic malaise. One symptom of this malaise seems to be a continuing antipathy to business. One-third fewer Americans in the Northeast than in the country as a whole think that the forest products industry is 'doing a good job in conserving natural resources.' And as they move from Frost Belt to Sun Belt, they bring their attitudes with them."

WORKER'S COMPENSATION

The Superintendent of Insurance is expected to decide by October 29 on a proposal for an increase averaging 25 percent in worker's compensation rates. Attorneys, including Donald W. Perkins, who is representing a coalition of employers including members of Associated Industries of Maine, the Paper Industry Information Office and the Maine Forest Products Council, were scheduled to file final briefs October 21. Perkins has been provided with comparisons on rates in states in which Great Northern Nekoosa has operations, supplied by Tom Flanagan.

Premium cost per $100 of payroll at manual rates for paper mill operations:

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LANDOWNERS' MEETING

Representatives of companies owning or managing large blocks of timberlands met October 20 in Augusta and heard Ken Stratton and George Bourassa discuss the Bureau of Forestry's budget for firefighting. The informal group decided not to participate in a study of such costs as proposed by a consultant. Instead, managers will offer Conservation Commissioner Anderson assistance in holding down costs. Economy moves have dangerously reduced funds for the service, Stratton said, warning further cuts would mean reductions in personnel. A legislative study of the Maine Forestry District is scheduled to be completed this year. Reports on court cases involving public lots, timber harvesting in deeryards and spruce budworm control were presented. Al Leighton said a proposed land exchange involving public lots between the Pingree Heirs and the State of Maine had bogged down after the Supreme Court ruling.

PUBLIC RELATIONS

The text of a Maine public opinion survey was approved and will be completed by December 1 to become a basis for public relations strategy for 1982...Roger Boynton taped P. F. Yacavone's speech before a regional association of accountants October 19 in Millinocket and Mary Bailey transcribed the text...Boynton also accompanied a free-lance writer on a visit to take photographs of personnel in the Telos logging operation...I answered questions regarding sites for the "Big A" project from David Platt of the Bangor Daily News with guidance from Galen Lander. Platt also had questions regarding the potential use of Searsport for receiving coal in light of Central Maine Power's decision to drop studies for a coal-fired plant at Sears Island...I also provided Jack Faulkner of the Presque Isle Star-Herald with information on the importance of the forest products industry in Maine...I visited Stamford to discuss possible public relations aspects of the Leaf River project in Mississippi...A Maine Public Broadcasting Network team is making a film on forestry and wood harvesting in the West Branch district. When completed, it will be shown to school children.

Sincerely,

[Signature]

pmc/b
BOISE CASCADE HOLDS OPEN HOUSE, DEDICATES R-15, "THE MIGHTY ANDY"

The dedication of R-15, giant No. 15 paper machine at the Boise Cascade Paper Group Rumford Mill, on September 18, 1981 was the highlight of a four-day celebration marking the completion of the biggest industrial project ever undertaken in Maine — Boise Cascade's $265-million expansion. The R-15, one of the world's largest light-coated publications grade paper machines, cost $179-million to install. It raises the total capacity of the Rumford mill to 1,400 tons a day, making it one of the largest white paper mills in the world.

In his dedication remarks, John B. Fery, chairman of the board and chief executive officer, said that "the outstanding work done in putting the new facilities on-line is another good example of the skills and dependability of the Rumford mill employees. The people working on the R-15 literally wrote their own training manuals for operating this machine. That's quite a testimony to their papermaking expertise," he added.

The new machine has been named "The Mighty Andy" in honor of long-time, dedicated employee, Andrew M. McBurney and for the Androscoggin River, a mill resource since 1901. McBurney, a retired executive vice-president now living in New York, began his career with Oxford Paper Co. in 1936. He has remained in close association with the mill over the years and was instrumental in bringing the R-15 to Rumford.

THE EVENT DRAWS A LARGE CROWD

About 5,400 people from 26 states and three foreign countries turned out for Boise's Open House to see the new R-15 paper machine, tour the new thermomechanical pulp mill and process recovery boiler, and sample some of the 9,700 sandwiches, 4,500 cookies, 150 gallons of cider and 350 pounds of cheese provided, among other refreshments.

Each day was dedicated to a special group of people — retirees, employees and their families, the general public and tree farmers and wood producers. Since coming to Maine in 1976, Boise has made a substantial impact on all these groups. Capital investments in manufacturing and pollution control equipment total more than $400-million. Employment exceeds 1,500 people who take home an annual payroll of over $35-million. The Company buys about $30-million worth of wood from local suppliers and pays over $6-million in state and local taxes each year. And, last year, a purchase of 348,000 acres of timberlands increased the Company's northeast holdings to 716,000 acres and ensured a supply of fiber for the future.

Your guides were on hand to escort visitors through the facilities. In the photo at the right, a group inspects the massive control panel for the new "C" Recovery Boiler.

Henry A. Magnuson, Executive Director

Franck P. Morrison, retired mill manager of Penobscot Chemical Fiber Co., now a part of Diamond International Corp., has been honored with a scholarship established in his name at the University of Maine Pulp and Paper Foundation by the Northeast Division of the Paper Industry Management Association (PIMA). Morrison, a long-time treasurer of the Paper Industry Information Office, spent his entire 45-year career with Penobscot Chemical and rose through the ranks to retire as vice president-operations. He has been an active member of PIMA since 1943 and of the Pulp and Paper Foundation for 25 years.

This 65th scholarship to the Foundation was accepted by Foundation Chairman, Henry W. Fales, himself named PIMA's Man-of-the-Year for 1981 and well-known in the Maine paper industry. Since 1950, scholarships totalling $1.9-million have been awarded to 1,400 UMO engineering students and the recipient of the Morrison Scholarship will receive full Maine resident tuition and an additional $50 a semester for educational expenses.

WOMEN LEGISLATORS TOUR
IP WOODLANDS OPERATIONS

One experimental project to determine the possibilities for reducing spruce budworm susceptibility in the Maine forest is explained by Paula Broydrick, center, IP, to State Sens. Barbara Trafton, left, Auburn, and Mary Najarian, Portland, during the tour of Company woodlands. In this experiment, 200-acres have been clearcut and the site prepared with a controlled burn for replanting with resistant species. The study plot is a project developed in Maine by IP under a joint US/Canadian CANUSA program involving a series of tests for budworm control strategies. On this plot, the women legislators were shown a variety of small seedlings which will be monitored for growth and survival for the next 50 years.

Other IP budworm control research plots will record levels of growth and survival from fir-reduction selective cuts where all the budworm susceptible fir is harvested and the less susceptible spruce is left to mature.

At a logging operations site also visited on the tour, State Rep. Harriet Lewis, Auburn, shown right, is going over a detailed operations map with Al LeBrun, IP. The map shows the location of buffer strips around waterways and other protected areas and designates those trees to be harvested by the cutters.

Al LeBrun, International Paper Co. forester; Paula Broydrick, left, public relations coordinator for IP Northeast woodlands; and Renee Potosky, public relations manager for the Androscoggin mill, traveled with women members of the Maine Legislature who were invited to tour IP forest logging and research operations in the Musquacook and Clayton Lake areas. The tour included inspections of two 200-acre silvicultural research blocks where budworm control strategies are being studied.
Every Wednesday during the summer, Scott Paper Co. takes about 45 people who sign up at the Greenville office (top right) on an 80-mile bus trip (top left) of company woodlands in that area. The route winds through the unorganized townships of Thorndike, Soldiertown, Brassua and Rockwood Strip with numerous stops along the way to allow the passengers to walk into the woods for a closer look at forest management as practiced by Scott on its 860,000 acres in Maine.

Two Scott foresters go along on every trip to meet the public and explain the practicalities of road building, wildlife habitat protection, erosion and sedimentation control, reforestation and harvesting techniques including clear, patch, shelterwood and selective cutting.

On one trip, Carl Jordan (center photo) is shown identifying various tree species during a stop. He explained the options, after cutting, of allowing prolific natural regeneration to take place or replanting. Donna Cassese (bottom left) points out growth characteristics in a stand being mechanically harvested during another stop.

Many of those taking the tour are from out-of-state and most have nothing in common except a desire to see a woods operation. By the end of the day, however, everyone has made new friends, seen a lot of woods and, judging from comments often overheard, learned about multiple use in a thoroughly informative and enjoyable way.

WINNERS CHOSEN FOR SAFETY LOGO Shelley Cyr, left, wife of a Fraser employee and Bernadette Michaud, personnel and safety clerk, are shown with Bill LaFramboise, mill manager, Fraser Paper, Ltd. in front of their winning entry for the "Find a Logo for our Central Safety Committee" contest held recently at the Maine mill. The logo features a safe worker wearing an oversized hard hat embellished with symbols from both the U.S. and Canadian flags. Fraser's paper mill in Madawaska and its pulp mill in Edmundston, N.B. face each other across the St. John River marking the international border. For their efforts, each of the women received a check for $100.
Something new in education — a complete master’s degree program for employees of an industrial firm — started this fall at the Androscoggin Mill, International Paper Co., Jay, under the auspices of IP and the Thomas College Continuing Education Division. Two courses, Theory of the Organization and Collective Bargaining, attracted an initial enrollment of 41 middle-management employees who attend classes one night a week. Completion of the program will lead to a Master of Science in Business degree.

Boise Cascade Rumford mill employees can get an assist from the Company in continuing their education to keep up with changes in today’s world or to train for present and future jobs. Under the Boise Cascade Education Aid Program, the Company will reimburse employees 75% of the costs, including tuition and books, for any approved course taken through a university, college, vocational-technical institute or correspondence school. Boise officials report that a significant number of workers take advantage of the offer.

G-P WAFERBOARD
NEW TO MAINE
AND THE MARKET

Georgia-Pacific’s new waferboard plant, as seen from the air over Woodland, is the “first-of-its-kind” in several ways. It is the first waferboard plant for Maine — and, in fact, for the northeast. It is the first facility in the nation to produce softwood waferboard from lower cost, and previously underutilized, eastern fir, hemlock, pine and spruce. Most recently, it became the first 7/16-inch or 1/2-inch waferboard to be approved by the American Plywood Association as performance-rated sheathing paneling — comparable to 3/8-inch and 1/2-inch plywood.

Waferboard is made by bonding large wood flakes with resin into panels under heat and pressure. The process uses virtually all of the tree, company officials say, produces no water effluent and has negligible air emissions. In addition, the mill is energy self-sufficient, burning bark and other biomass residues for steam and electrical cogeneration.

About 100 people are employed at the plant which has a capacity for manufacturing 166.4-million square feet 3/8-inch basis paneling a year using about 130,000 cord of wood.

For Georgia-Pacific’s facilities Downeast, the waferboard mill adds a new dimension of diversification to its existing paper and stud mill operations.

G-P CREW REPLANTS AFTER SALVAGE

One man’s woodlot may become the most intensively managed non-industrial timberland Downeast, according to Georgia-Pacific foresters who, along with Maine service foresters, are assisting Charles D. Nelson in Jonesboro to bring his 400-acres of forest back into production. Under its free Cooperative Forest Management Program to landowners, G-P supplied its own greenhouse-grown, high-quality black spruce seedlings and a crew to plant them this summer on Nelson’s acreage — decimated first by balsam woolly aphid and then by spruce budworm. Reforestation efforts will continue next season. In addition, over 100-acres have been precommercially thinned by woods workers from the area.
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter for the Public Affairs office for the week ending October 30:

**THE WORKPLACE -- AN ISSUE?**

"The present occupational disease law procedure is simply not working. The number of compensated claims under the law is small. The number of workers with occupational diseases who do not receive compensation is much greater than reported by employers."

---Statement of Fact, Legislative Document 730

Bogged down in a debate over workers' compensation insurance, the Legislature in 1981 never tackled the developing issue of industrial working conditions. The Labor Committee was ordered to study four bills, including L.D. 730, dealing with the occupational loss of hearing, diseases resulting from dust in the workplace, and related occupational health matters. The staff of the committee is drafting proposals for consideration by the Legislature in 1982, they told representatives of Scott Paper Company.

The issue is being orchestrated by agitators representing federally funded health and legal agencies, unions, the medical profession, the Maine Lung Association, politicians and to some extent by the press and attorneys who make their living dealing with cases involving workers' compensation. Even when faced with the mood in Washington, there is no lack of enthusiasm. How much of the activity is coordinated is an unanswered question.

Jack Sutton, the Keyes Fibre vice president who is the new president of Associated Industries of Maine, told me October 29 that the AIM staff expects to see the issue their top legislative priority in 1982.
The Workplace--An Issue? (continued)

A subcommittee of the Labor Committee composed of Chairman Sewall of Newcastle and Representatives Baker of Portland, Foster of Ellsworth, Lewis of Auburn and Tuttle of Springvale visited the S.D. Warren-Scott Somerset mill for a briefing this week by the Scott corporate medical director and the mill's safety director and industrial hygienist. The legislators are dealing first with the question of defining levels of industrial noise which can be the basis for compensation for losses of hearing. One of the bills under study would recognize "that significant occupational deafness is detectable in the frequencies of 2,000, 3,000 and 4,000 cycles per second" instead of 500, 1,000 and 2,000. After dealing with the question of noise, the committee will turn to asbestos and dust problems with a Yale expert scheduled to testify.

The issue has been developing for several years. It's been heating up again since an August series in Maine Times entitled "Dangers in the Workplace." Great Northern and other paper companies and their employees' health was the subject of Phyllis Austin's articles. Doctors whom she quoted are telling colleagues their words were taken out of context -- but they didn't ask for corrections. A Bangor physician said he had a severe attack of asthma while visiting the Millinocket mill. He also told Miss Austin about the "Millinocket disease" -- a lung ailment -- saying it has nothing to do with Great Northern "as far as anybody knows." Headlines in Maine Times told readers "a growing number of paperworkers claim they were slowly poisoned on the job."

In September, Susan Accardi of the Maine Health Group asked permission to tour the Millinocket mill. We refused to consider her request until the Maine Health Group asked in writing, explained their purpose and provided background material on the organization. She asked for the tour as an "educational experience". We have never had a formal request from the Health Group. In October, newspapers reported Susan Accardi was the leading advocate of a resolution approved by the Maine Nurses Association calling for phasing out of Maine Yankee.

The Maine Labor Group on Health was created by the Maine Health Systems, a federally funded agency established to coordinate health care in the state. When hard times saw diminishing federal grants, some of the Labor Group staff were given offices by the unions representing workers in the S.D. Warren mill in Westbrook. They have been trying to establish a health maintenance organization -- an HMO -- for the area. There are unconfirmed reports of a new $200,000 grant.

What are the objectives of the Maine Labor Group on Health? In a letter to Maine Times, Charles Leavitt outlined three goals:

1) Recognition by industry, the medical community and the legislature that a problem actually exists;

2) Establishment of an Occupational Health Clinic;

3) Stimulate unions to bargain for "specific controls of the manufacturing process, penalties for negligence, and the right to refuse unsafe and unhealthful working conditions" in labor negotiations.
The Workplace—An Issue? (continued)

What's industry doing to prepare for the legislative fight ahead? Too little. A new committee of mill safety directors has been organized within the Paper Industry Information Office. Scott has proposed the joint hiring of a sound expert to deal with the legislative study now in progress. The AIM Workers' Compensation Committee (only six people attended) discussed the matter and also decided to seek outside help. Industry is again on the defensive and not ready for a legislative wrangle with the 1982 session scheduled to convene January 6.

THE REFERENDUM

Polls show the economic development bond issue providing state funds for the Bath Iron Works expansion is in trouble. Voters go to the polls on November 3. State and local officials and BIW were pinning their hopes for reversing the trend on a $70,000 television blitz.

The ballot will include ten questions.

Great Northern Paper has contributed to committees urging:

1) A "No" vote on Question No. 1 -- opposing creation of the Maine Energy Commission;

2) A "Yes" vote on Question No. 2 -- the $33 million economic development package which includes funds for BIW, Searsport port facilities and facilities for farmers.

The $7,500 contributions to the Coalition for Responsible Government and $5,000 to the Maine Economic Development Committee via Mainеport Council by Great Northern were reported in newspapers this week.

HYDRO PROJECT

The staff of a subcommittee of the Land and Water Resources Council this week circulated a final draft of a hydro power study and report. The draft calls for changes in the Brennan administration's energy policy to put more emphasis on protecting the environment in promoting hydro development -- and also urged new state controls over water flows from existing facilities. Legislation is proposed.

I protested to David Flanagan, the Governor's counsel, that the study has been diverted from its original thrust -- streamlining procedures for hydro development. Paul Firlotte protested to State Energy Director Gordon Weil. I had previously talked with Conservation Commissioner Anderson and State Planning Director Barringer.

Flanagan asked for suggestions to counter the environmental tone of the report.

One of the many groups interested in the "Big A" project has been the Critical Areas Advisory Committee which is considering designation of three areas which would be affected if a dam were built. This week Governor Brennan named Boise-Cascade Woodlands Manager Hartranft to the committee and reappointed Paul Uttormark of the University of Maine faculty.
FINANCING HIGHWAYS

The financial problems of the State Department of Transportation are staggering with gas tax revenues declining and costs increasing. The Legislature ordered a cost allocation study with a report due in 1983. Hank Magnuson, the executive director of the Paper Industry Information Office, is serving on the study committee. This week Magnuson wrote the study coordinator "I rankle at the obvious attempt by some of the committee to justify loading cost allocation on trucks, and especially forest products carriers." Railroad spokesmen are getting support from the DOT in this approach -- a philosophy long associated with Transportation Commissioner George Campbell.

THE GOOD NEWS

The State Superintendent of Insurance, October 29 rejected a proposed 25 percent average increase in workers' compensation insurance rates. PIIO will distribute copies of the ruling which was opposed by Attorney Donald Perkins on behalf of the industry office, AIM and a coalition of employee groups.

PUBLIC RELATIONS

Attached is a copy of the "third wave" newspaper advertisement which will be in the November 1 issue of the Maine Sunday Telegram and in 16 other daily and weekly publications in November and December. The final segment of the 1981 advertising program got started on television October 18. A radio "Update" also starts November 1 on 14 stations....A Maine Public Broadcasting Network team completed filming of a forestry film for a children's audience this week in Millinocket...I answered questions from reporters of the Katahdin Times and Bangor Daily News regarding layoffs...Paul Firlette and I attended the 1981 Maine Perspective sponsored by Cianbro Corporation in Augusta for leaders of business and government...John Ball and I met with Tim Donnelly, general manager of the Kennebec Journal, to discuss an Arbor Day promotion the newspaper is considering...I talked with Victor Bilodeau of the State Department of Transportation regarding directional signs under consideration for East Millinocket and Millinocket...A $10,000 contribution (the fourth in a series of five) from the Great Northern Nekoosa Foundation for the Eastern Maine Medical Center cancer facility was received.

Sincerely,

pmc/b
Enclosure
Next week
Millinocket's
Renis Cyr
will be making TV Guide
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending November 6:

"THE REAGAN-GORSUCH TEAM"

Only Interior Secretary James Watt is more unpopular with environmentalists. But Environmental Protection Agency Administrator Anne M. Gorsuch gave all the appearance of thriving on criticism as she appeared at Environmental Forum XII sponsored by the American Paper Institute and the National Forest Products Association, November 3-4, in Washington. She is attractive, believable and has answers for the tough questions. Whether she will ever sway members of Congress, who are sensitive to public opinion polls, is questionable. The Gorsuch approach is perceived in the polls as an undermining of the national commitment to protecting the quality of the environment.

In her talk at the Forum, Mrs. Gorsuch pledged to do a better job than her predecessors. She sniped back at charges the EPA staff was deserting, saying the EPA had a higher turnover rate last September than last month. She said the EPA is absorbing the same cuts in budget and staff as all other federal agencies and "can do a better job with less people." Mrs. Gorsuch said EPA is done "counting beans" and is seeking results under a new enforcement policy. State bureaucrats are complaining they don't have the financial resources for a larger role in administrating environmental programs, she said, not the governors. And she added the challenge really for the EPA is to conceive more realistic programs. Will a larger role for the states mean more disarray? Not a chance if standards are still a federal responsibility, was Mrs. Gorsuch's answer.
The Reagan-Gorsuch Team (continued)

On the Clean Air Act, Mrs. Gorsuch said a bipartisan approach is needed to reduce the rhetoric and win approval of amendments which will improve the effectiveness of the act. "Senators need to hear from you now," she told the 125 persons in the audience -- paper company employees, staff members of trade associations, government representatives and reporters (including David Platt of the Bangor Daily News). A Senate committee is at work on "marking up" or drafting a bill.

Following her appearance, EPA Enforcement Counsel William Sullivan spoke at a workshop. In discussing the "Reagan-Gorsuch" team, the attorney described EPA as "not a religion with a staff of crusading priests but just lawyers, scientists, administrators and others who make mistakes and tell Congress when changes are needed." Like his boss, Sullivan said the EPA must have a sound scientific basis for regulation. Sullivan also pointedly warned industry against stalling on legal matters.

Earlier Kathleen Bennett, an assistant EPA administrator responsible for air programs, disagreed with pessimists who say Congress can't complete work on the Clean Air Act before adjournment in December and called for a strong state role in the field. Mrs. Bennett had been the EPA spokesman who testified against acid rain legislation filed by Senator Mitchell of Maine. She reaffirmed administration policy (which is also API policy). "I hope Congress will not direct a new program in this field until basic research is complete," she said.

Washington lobbyists say the paper industry isn't realistic on acid rain. There's too much support in Congress (every member from the Northeast) for action now to permit the study approach to prevail, said Art Brownell of International Paper. Brownell says the big coal-burning plants of public utilities are the target, not boilers of paper companies. The IP man says analysis of the Mitchell legislation and the other major acid rain proposal (filed by Senator Moynihan of New York) shows no effect on paper mills in Maine -- only on one mill in the Northeast. The API policy is being reconsidered.

When the Senate Environment and Public Works Committee began drafting amendments, The New York Times headline was "Senators weighing Clean Air Act hint major changes are unlikely". Paper industry strategy, in fact, pins hope for regulatory reform on the House version. Hearings in the House Environmental and Health Committee are finally under way but no date has been set for drafting a bill.

Overall, the new administration has a colossal public relations problem. Pollster Lou Harris warned members of Congress that any member who voted to weaken the Clean Air Act did so at the risk of losing his seat. Harris said the "desire on the part of the American people to battle pollution is one of the most overwhelming and clearest we have ever recorded in our 25 years of surveying public opinion in this country." The Maine delegation in Congress knows polls show their constituents more committed to environmental protection than those in other parts of the country, according to staff members.

Dale Phenicie also attended the forum and will be reporting in more detail in a separate memorandum.
"MILLINOCKET DISEASE"

Dr. Bernard Gee of Yale University met with a subcommittee of the legislative Labor Committee November 5 to discuss health problems associated with dust in industrial plants. He questioned if the two year status of limitation in Maine's occupational disease law is fair to workers. Much of his time was devoted to asbestosis. But as the work session ended, Susan Accardi of the Maine Labor Group asked him if he knew there were more cases of sarcoid in the Millinocket area than anywhere else in the state. Sarcoid causes scarring of the lungs, shortness of breath and restricts the lung function. Miss Accardi also said she and a colleague are preparing a pamphlet on industrial health problems to warn workers of the dangers in Maine mills. The subcommittee is studying occupational diseases with a chance to report in January if additional laws are needed. Jane Hinson of the Paper Industry Information Office is writing a report on the workshop.

BIG SPENDERS--BIG WINNERS

"The National organization of Common Cause has won a fine reputation for the common causes it has sometimes championed. But the Maine chapter has been going off half-cocked," wrote Bill Caldwell in the Maine Sunday Telegram, November 1.

Maine voters agreed on November 3, approving a bond issue to permit expansion of Bath Iron Works into the City of Portland. BIW spent $100,000 on last-minute television and radio messages on top of an $80,000 campaign by the Maine Economic Improvement Committee which was promoting highways, cargo ports and agricultural facilities as well as the Portland project. Cumberland County voters (the area surrounding Portland) went 3 to 1 for the project. Voters in Northern Maine didn't agree. The victory margin was 57 percent. BIW President Bill Haggett says the company's decision in not agreeing to debate the project in October almost scuttled the project.

The Coalition for Responsible Government raised approximately $300,000 and waged a successful campaign, convincing 62 percent of the voters that the Maine Energy Commission was a bad idea. Half of the Coalition's funds came from the paper industry.

Ad-Media, the Augusta advertising agency employed by Great Northern, was the agency which represented the winners in the referendum.

WOODLANDS TOUR

With Lynwood Hand, Senator McBreairty of Perham and Representative Peterson visited the West Branch region to view timber harvesting and forestry activities on November 3-4.

"OUTLIVED ITS USEFULNESS"

The Board of Environmental Protection is reviewing policies under which the board functions. The question of policy on dealing with the board's job of certifying equipment eligible for the sales and use, or property, tax exemption was the subject of lengthy discussion October 28. Board member Sam Zaitlin continued his criticism of his colleagues who voted to allow Great Northern an exemption for air monitoring equipment. Steve Groves, the water bureau chief for DEP, said the exemption had "outlived its usefulness." No policy was adopted. The BEP meets November 10.
RIVERS STUDY

State and federal officials have scheduled a November 18 seminar on the Orono campus of the University of Maine to consider how to protect rivers from hydro developers. The Maine Audubon Society says the state "seems to be racing to balance the conflict between using rivers for hydropower development and using them for their unique recreation and ecological values." Audubon also says Governor Brennan will get a report November 12 from the Land and Water Resources Council.

DELAY

Ad-Media has delayed until November 15 the Maine Sunday Telegram publication of the "third wave" newspaper advertisement. The delay will permit distribution of prints within the company. The advertisement will run in 13 Maine daily and weekly newspapers.

Sincerely,

[Signature]

pmc/b
Enclosure (PIIO Newsletter)

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H. Willets
P. F. Yacavone
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending November 13:

**BEP Flip-Flop?**

The New BEP: Is it on a "mindless march" to serve industry?  
---Maine Times, November 6

Audubon lashes out at DEP board  
---Portland Press Herald, November 7

Records show DEP board voting with developers  
---Maine Sunday Telegram, November 8

Now the environmentalists are upset. A year ago it was people in industry who were complaining over the trend of decisions being made by the Board of Environmental Protection. The Brennan administration headed off several proposals by legislators to reorganize the BEP and the Department of Environmental Protection by creating a special study commission headed by Senator Trafton of Auburn.

The latest criticism results from refusal of the board to reconsider allowing a cottage to be built in an important tern nesting area in Kennebunkport. The Maine Audubon Society reacted angrily, charging the "Goose Rocks case is symptomatic of the anti-environmental trend we have seen developing."

When Governor Brennan took office, he was lobbied heavily by environmentalists to appoint Samuel Zaitlin of Saco and Sterling Dow III of Kennebunk to the BEP. Zaitlin, a former Saco mayor and outspoken environmentalist, and Dow, an engineer who quit industry to work for environmental groups, quickly dominated the board -- a group without strong opinions inherited by Brennan as a result of appointments by his predecessor, the late Governor Longley. There were
complaints. When Harvey DeVane of Ellsworth accepted appointment, he was seen as a balance wheel. But DeVane never emerged as a leader, eventually resigning to become Commissioner of Business Regulations. Enter Ernest G. Caliendo of Hampden, a businessman and out-of-doors enthusiast. Caliendo waded into BEP debates, taking on Zaitlin and Dow -- and has been winning on most issues.

This is the BEP today:

Commissioner Warren, chairman
Maynard Marsh of Gorham Lionel Ferland of Auburn
Neil Hapworth of Winslow Sterling Dow III of Kennebunk
Samuel Zaitlin of Biddeford Earl J. Wahl of Calais
Evelyn Jephson of Kennebunk James Tweedie, Sr. of Mars Hill
William B. Blodgett of Waldoboro Ernest Caliendo, Jr. of Hampden

Bill Ginn of Maine Audubon says a full-time, three-member board is needed because the present group doesn't have the time to do the job. He also says an advisory group should screen candidates. This is the thrust Bob Gardiner of the Natural Resources Council is taking in deliberations of the commission studying the DEP and BEP.

Dan Boxer, the Portland attorney who guides Great Northern, is a member of the commission. He told a recent meeting of the Environmental Affairs Committee of the Paper Industry Information Office that the commission is getting the general message that the DEP "isn't working well."

In addition, he noted, many criticisms have been received describing Maine as the hardest, most costly state in the nation to do business in, environmentally.

Other state environmental protection agencies had been studied by the commission, he commented, and of them all, Georgia seems to have the most smoothly coordinated system. Georgia was regarded also by others, as "a great state to do business in," Boxer added. The commission seems to feel, he continued, that Georgia's success is due to a strong administration of its environmental agency and good working relations with applicants. One factor that seems to contribute to the latter, he added, is that lower level staff are removed from the applicant during the processing of applications. The commission's report most likely will contain a recommendation, he said, for a department task force comprised of the commissioner and the four bureau chiefs. This task force would become involved at the outset with every major industrial and municipal application, he added. Once an application is submitted, the task force would then assign the project to the appropriate bureau for processing, he noted. Working under a stated time frame, the staff would then report back to the task force, he explained, and where problems are encountered, resolution would be between applicant and task force rather than between applicant and staff.

It also may be recommended, he said, that the board be changed in nature to an appeals board -- one that would approve regulations in final form rather than grant permits and licenses.
The draft report is to be presented to the Governor by November 18, 1981, Boxer said, and it is likely that it would then be circulated for public hearing. He urged industry participation by all companies in the hearings.

The department task force could be created by executive order, he added, but the change in the board function would take legislative action.

Looking ahead to the 1982 Legislature, the NRC has put the issue of DEP/BEP restructuring on a list of priorities which also includes mineral development, hydro development, and air and water quality. With an effective PIIO committee working with Boxer, industry appears ready for this issue.

WASHINGTON BRIEFING

With Paul Firlotte, Dale Phenicie and Peter Yacavone, I participated in a November 10 briefing of staff members of the Maine Congressional Delegation in Washington. The subject of the briefing was amendments to the Clean Air Act as perceived by the management of the Maine mills. Six staffers and Donald Larrabee, director of the State of Maine office in Washington, attended. We also met at breakfast with Charlene Sturbitts of Senator Mitchell's office. Mitchell is on the Senate Environmental and Public Works Committee and is engaged in drafting the amendments. Miss Sturbitts, a specialist, sees the amendments simplifying the controversial PSD (Prevention of Significant Deterioration) system. She predicts final passage of legislation early in 1982. Miss Sturbitts is optimistic acid rain controls will be included among the amendments -- but sees no impact on industrial facilities in Maine.

WORKERS' COMPENSATION

As you know, the Superintendent of Insurance rejected on October 29 a request for a rate increase averaging 25 percent. In analyzing the written decision, Attorney Donald Perkins found substantial indirect support for the appeal to the courts of a 25 percent increase approved on February 17, 1981. Perkins says the insurance companies lack much of the information in the form requested by Superintendent Ted Briggs -- and he estimates it will take two years to gather the data. The increase is in effect pending the court's decision. There has been no indication of when the courts will rule. In another development, new rules for self-insurance under the Workers' Compensation law have been challenged in the courts by attorneys for International Paper and others. Finally, Governor Brennan picked a law partner of Patrick McTeague, the chief architect of Maine's liberal Workers' Compensation law, to fill out the Workers' Compensation board.

SPRUCE BUDWORM

For the first time in a decade, everything went smoothly with the 1981 spruce budworm control program. The federal dollars were allocated almost without controversy although challenged in the
Spruce Budworm (continued)

courts. The regional director of the U.S. Forest Service in October told the Director of the Maine Forest Service that he believed cutbacks in the program made the state program insufficient to warrant funds in 1982. Maine Director Ken Stratton denied the accuracy of the federal statement and pledged to fight -- and said that was the policy of the Brennan administration, reconfirmed by the Governor's counsel.

With guidance from Bob Bartlett and Bob Wright, I talked with Stratton and Conservation Commissioner Anderson. Stratton was optimistic the recommendation could be overturned. Anderson was pessimistic, feeling the money would go for gypsy moth control in states with more political clout. (There are requests for more money than is budgeted, $7.2 million.)

Maine has applied for $2.9 million in federal assistance. Total cost in 1982 is forecast at $8 million.

Bob Bartlett also talked with Anderson, urging him to back Stratton. I talked with Carol Hicks of Senator Cohen's staff. She recognizes the priority for protecting spruce and fir because of the greater contribution from these species to the economy. P. F. Yacavone, while in Washington, answered questions from Kathy Bingley of the staff of Congressman Emery.

Environmentalists in Maine oppose spraying to control the gypsy moth -- and, if necessary, I will encourage their activity to balance the demand for funds.

The letter telling Stratton of the intent of the regional office triggered unfortunate publicity -- which quickly gets to Washington, creating confusion. A Bangor News front page headline flatly said no federal money would be available. A Portland Press Herald (where editors think, despite being told otherwise, that the spray program is a failure because all bugs haven't been eradicated) editorial cheered the apparent end of the federal support.

Sincerely,

[Signature]

pmc/b
Mr. R. W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the week ending November 20:

TENSIONS IN THE WOODS

In October of 1975, paper production in Millinocket was cut back because wood supplies were disrupted by pickets representing the Maine Woodsmen's Association. Newspapers told of "death threats, destruction of equipment, intimidation and fear" in the forest products industry.

In August of 1977, Canadians harvesting wood fled from a St. Regis logging camp after it was attacked. Another camp in Southern Aroostook County was destroyed by fire.

Historically recessions have resulted in unrest among loggers in Maine. They protest Canadians working in the woods are taking jobs away from Americans. With another recession in progress, most sawmills have closed, or reduced production. Some paper mills have also reduced production. This has led to short work weeks, or layoffs in the logging end of the business -- and complaints Canadians are taking jobs away from the unemployed, or cutting wood which people working only a few days a week could be cutting.

This time the loggers themselves are not doing the complaining. Wives have been visiting the Bangor and Presque Isle offices of Senators Cohen and Mitchell. The Mitchell office has received two petitions signed by "hundreds of people", according to Clyde MacDonald of the Mitchell staff. Sally Lounsbury of the Cohen staff in Washington says Cohen has one petition. One petition is from St. John Valley residents. The second was signed by residents of Washington, Hancock, Penobscot and Piscataquis counties. How many wives have gotten involved isn't clear but they have impressed the staff people with complaints about the way husbands are paid, how they are laid off while Canadians work and how others are working only a few days a week. Specifically criticized have been Maibec and Irving, two Canadian firms with operations in Maine.
Tensions in the Woods (continued)

Great Northern has not been singled out for criticism. But with half of the raw material for the pulp and lumber mills cut by Canadian harvesters, any potential threat to the stability of this labor force must be carefully evaluated. In a speech before a Senate subcommittee in 1977, Bob Bartlett said "there is a distinct geographical division between where the job opportunities are and where people are. It does no one a service to drive the Canadians out if those people who see them as a threat are not willing to go where the trees are to cut the wood."

Reacting to the complaints, the Mitchell staff has asked Great Northern's reaction to his proposing legislation which would permit cutters with visas to continue to live in Canada and commute. Newcomers would have to live in the United States. This legislation would answer charges Canadians are taking money out of the country -- and being paid U.S. unemployment while living in Canada. Even Mitchell staff members concede there is only a slim chance of such a proposal becoming law. Canadians with visas travel with all the independence of U.S. citizens. (A "bonded" employee is imported to fill a specific job for a period of time.)

I discouraged the Mitchell approach -- saying it doesn't solve the problem and could encourage militants among the cutters. We plan to seek a meeting with the Senator.

There were also developments on another front. In Washington, the Senate subcommittee on Immigration headed by Senator Simpson of Wyoming scheduled a November 30 oversight hearing on imported agricultural labor. The MWA and Pine Tree Legal Society have asked to speak. The American Pulpwood Association will seek to balance the testimony. We asked George Carlisle of Prentiss & Carlisle to urge APA involvement. We also provided speech material.

The plight of the unemployed is generating considerable sympathy in the ranks of Congressional staffers. While the issue has not emerged in the press, it can be expected to do so in the near future.

**Spruce Budworm**

Carol Hicks of Senator Cohen's staff called November 18 after attending a U.S. Forest Service briefing in Washington on the gypsy moth problem. She said there was a big turnout of staff people, reflecting support for spraying. Miss Hicks said she was told that Maine's request for funds for controlling the spruce budworm must compete against demands for gypsy moth control. I sent Miss Hicks letters drafted by Bob Wright containing background on the budworm situation. Bart Harvey was told by State Forestry Director Stratton he would appeal the recommendation of the regional U.S. Forest Service director in a letter this week. Once the letter is written, we will urge support of the entire delegation in Washington.
Chamber of Commerce

Sixty-four members of the Millinocket Chamber of Commerce and their guests attended the chamber's annual "Great Northern Night". A buffet was served in the Engineering & Research Building. Dick Noyes briefed the group on business conditions. Dick Bailey and Art Birt outlined the functions of the computer information system and the accounting department. A tour and demonstrations followed with several employees of the controller's department participating.

State Hydro Report

Bill Ball of Kleinschmidt and Dutting, who has served on the hydropower study subcommittee of the Land and Water Resources Council, provided us with a copy of another version of the group's final report. Ball said some sections of earlier drafts of the report to which Great Northern objected have been deleted or modified.

But the Department of Conservation, in cooperation with the Bureau of Parks & Recreation, is pushing ahead with a study of Maine rivers to thwart hydro developers. Galen Lander attended a meeting at the University of Maine in Orono November 18. Most opponents of the "Big A" project were there.

Public Relations

With guidance from P. F. Yacavone, I provided a speechwriter for Assistant Secretary of Commerce Larry Brady with information on how the Canadian government invests in paper companies with products which compete in the U.S. market. He was preparing to testify before Senator Cohen's subcommittee on Government Operations...In Aroostook County, I visited offices of the Presque Isle Star-Herald and Senators Cohen and Mitchell and Congresswoman Snowe...Contributions have been made to the American Cancer Society, Millinocket Bowling League and Millinocket Halloween Party.

Sincerely,

Paul
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462  

Dear Dick:  

The newsletter of the Public Affairs office for the week ending December 4:  

THE LINES FORM  

Vice President Bush says the eyes of the nation will be on the U.S. Senate race in Maine in 1982. Governor Brennan's bid for renomination is being challenged by a conservative Democrat. Three Republicans are seeking the party's nomination for Governor. A half dozen Democrats, at last count, are considering seeking the nomination for Congress in the First District. There is a lot of political activity in Maine -- and a lot more anticipated between now and the June primaries and the November general election.  

The Vice President came to Maine November 27 to raise money for Congressman David Emery, the Republican candidate for the seat held by Senator George Mitchell -- shaking hands at a $100 per person cocktail party and speaking at a $25 per couple reception which attracted several hundred persons. Former Governor Kenneth Curtis, who had been considering challenging Mitchell in the Democratic primary, suffered a mild heart attack this week. Bush says Emery can win the race, regardless of who heads the Democratic ticket. The Reagan administration must retain control of the Senate, Bush said, to stay on the offensive in Congress.  

Although most political observers say Governor Brennan should win re-election, he will face a challenger within his own party from Representative Georgette Berube of Lewiston, a well-respected veteran. She isn't given much chance of upsetting Brennan. Mrs. Berube will attract French-Canadian voters in some areas and has, in the opinion of some Democrats, also positioned herself to appeal to opponents of nuclear power. A statewide referendum on nuclear power is expected during the election year. Some polls reportedly show that while a majority of voters believe Brennan is doing a good job, there is a substantial block with no opinion -- an unusual situation.
The Lines Form (continued)

On the Republican side, Portland attorney Charles Cragin is making his second bid for the gubernatorial nomination. He's a former lobbyist and partner in the firm of Verrill & Dana. State Senator Richard Pierce of Waterville and State Representative Sherry Huber of Falmouth are also seeking the nomination. Pierce, the assistant Republican floor leader, got started first and has been campaigning full-time. Mrs. Huber has been active in the energy and environmental fields and is a member of a wealthy family. If Mrs. Huber splits the big voting block in Southern Maine, Pierce is hopeful he will emerge the winner.

The most interest is in the Democratic nomination in the First Congressional District, the seat Emery has held. Until Emery upset Peter Kyros in 1974, the district had been considered "safe" for Democrats. Emery won by a 2-1 margin in 1980. So far, these are the people who have said they are considering seeking the nomination: State Senator John Kerry of Old Orchard; former Portland Mayor John O'Leary; and former State Senator Phil Merrill of Portland. There has been speculation former Governor Curtis might get involved. In Augusta this week, there were reports former U.S. Senator Hathaway was establishing his residence in Freeport prior to entering the race. Others also say State Personnel Director David Bustin, who ran unsuccessfully two years ago, may again run.

On the Republican side in the First District, John McKernan (another Verrill & Dana partner) is unopposed.

Ed Schlick, a former Democratic party leader and aide to the late Governor Longley, is running as an Independent.

In the Second District, no one gives anyone a chance of upsetting Republican Congresswoman Snowe. Democrats are again finding it difficult to interest candidates in filling out the ticket. Presque Isle Attorney Jim Dunleavy reportedly is interested, Mrs. Snowe says.

On top of the scrambling for most of the major offices, there will be a lot of effort going into the fight to control the Legislature. The next Legislature will reapportion the state, establishing boundary lines for congressional and legislative districts.

**Legislature**

Governor Brennan has called the Legislature back to Augusta December 9 to revise the state's income tax law and bring it into conformity with the changes in the federal law made this year. Business will support the Governor although he's proposing to incorporate the changes only for 1981 -- giving the Legislature time to later chart a long-term course. Bill Garside, the administrative director of the Legislature, says estimates of what the results of the change will be on state revenues are vague -- ranging up to $2.5 million for fiscal year 1982.

Lynwood Hand, Great Northern's legislative counsel, attended a December 3 meeting of the Governmental Affairs Committee of Associated Industries of Maine when strategy for the one-day session was discussed. Hand also arranged for pre-filing of a bill for the 1982 legislative session. Legislative leaders will screen bills December 11 for the session opening January 6. Lynwood will return to Augusta December 9 when the agenda may be expanded to include highway taxes.
**SPRUCE BUDWORM**

I sent Carol Hicks of Senator Cohen's staff information on developments on the 1982 spruce budworm program. The regional office of the U.S. Forest Service has reversed itself, according to Hank Magnuson of the Paper Industry Information Office. Magnuson said he was told by State Forestry Director Ken Stratton that the regional office will recommend federal financial assistance.

**WOODS LABOR**

An attorney for Pine Tree Legal in Maine and woodsmen from Rangeley, Allagash and Whiting visited Washington offices of the Maine Congressional Delegation after Attorney Margaret McCain testified at a November 30 hearing of the Senate subcommittee on immigration. They complained Canadians were taking jobs away from Americans in the woods. Ken Rolston of the American Pulpwood Association defended the Canadians.

Bob Bartlett, Dennis Violette of Seven Islands Land Company, and Gordon Cote of Big Brook Logging, and I are scheduled to discuss the same subject December 5 in Portland with Senator Mitchell. Mitchell is considering filing legislation requiring Canadians working in this country with visas to establish residence. Canadians now here would be exempt from the residency requirement.

**PUBLIC RELATIONS**

In Augusta, I met with John Christie of Ad-Media and Peter Davis, a pollster, to review preliminary results of a public opinion poll...I made a radio tape for WPOR in Portland on the subject of the bark boiler...We worked on plans for printing and distribution of the President's annual letter to employees and a companion radio program...I also visited David Flanagan of Governor Brennan's staff to acquaint the administration with GNN expansion plans...A snowmobile safety advertisement was placed on WMKR...Roger Boynton designed a new Christmas advertisement for the Katahdin Times.

Sincerely,

[Signature]

pmc/b
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs Office for the two weeks ending December 18:

WORKERS' COMPENSATION

Developments of recent weeks indicate 1982 may be the year when meaningful consideration will be given to changing Maine's much criticized Workers' Compensation insurance laws. Benefits are among the most liberal in the country and almost everyone agrees the system is too costly. The issue was the subject of a bitter and futile debate earlier this year in the Legislature. Democrats, labor unions and attorneys who specialize in the field were pitted against the business community, Republicans and to some extent the insurance industry.

House Speaker John Martin, who balked at making any changes under pressure earlier, will name in the next several days a Select Committee on Workers' Compensation to evaluate changes in the law -- "a broad based attack on the deficiencies of our current system" by businessmen, labor representatives, trade associations, legislators and citizen representatives.

Charles O'Leary, President of the AFL-CIO, now concedes changes must be made and supports the Martin approach which will permit "prudent study".

Ken Allen, Martin's administrative assistant, says Jack Sutton, Chairman of Associated Industries of Maine, was conciliatory when informed of the Martin plan and pledged to cooperate.

Because Martin will ask the Committee to "take a close look at the Ohio State Fund", insurance industry opposition is anticipated.
Workers' Compensation (continued)

Martin is carefully putting the committee together, excluding those who engaged in the name calling during the year's debate. Allen also says Martin is asking the different interests not to pressure committee members. Jim Griffith of Great Northern Paper is one of the men asked to represent business in the study. Don Perkins, the Pierce-Atwood attorney who has successfully opposed several rate increases sought by the insurance industry, also plans to accept appointment.

The calm created by the Committee may be shattered early in the session. The same people are headed for a confrontation on proposals to tighten up the occupational disease law. The Business Legislation Committee of the Legislature is studying a bill aimed at putting Workers' Compensation on a "free enterprise" basis -- removing government from rate-setting procedures. The insurance industry apparently opposes the concept recently adopted in Minnesota. Legislation designed to require a safety program evaluation as part of the rate-filing procedure has been drafted for AIM by Perkins.

Still pending is the appeal by Perkins of a 25% average rate increase approved in February. Perkins is refiling to incorporate into the Superior Court record pertinent material from the ruling by the state insurance superintendent in rejecting a second 25% increase sought by the insurance industry. There is no indication of when the court will rule on the appeal.

**TAX EXEMPTIONS**

The Taxation Committee of the Legislature met December 17 to continue a study of the merits of tax exemptions now allowed by the state income tax law. According to Hank Magnuson of the Paper Industry Information Office, House Chairman Bonnie Post added the exemption for pollution control equipment to the list of those the committee is considering recommending be repealed. Mrs. Post said testimony was needed from the State Department of Environmental Protection. The staff of the DEP has taken the position the exemption should be eliminated because it creates an administrative headache. This is the second time in a year Mrs. Post has tried to get the exemption repealed. All members of the Committee are being contacted in the next week to explain why the exemption is only fair -- and why other papermaking states grant such an exemption. The Committee votes December 28 and is scheduled to report to the Legislature during a session opening January 5.

**OCCUPATIONAL DISEASE STUDY**

The anticipated legislative debate over amendments to the occupational disease law will stem from a study by another committee, Labor. The Committee, also facing a January deadline for submission of a report, will meet December 22. O'Leary says the issue tops the AFL-CIO priorities for the session. Pat McTeague, the Brunswick attorney who advises labor on the Workers' Compensation law, is involved. The Committee was ordered to study the need for changes in portions of the law relating to dust and sound.

With Eldon Doody, I attended a meeting in Portland, December 7, when industry strategy was discussed on the sound, or noise, law. A memorandum reporting on the meeting has been circulated.
Year-End Activities

A letter written by P. F. Yacavone was mailed December 11 to 5,572 people, including retirees, public officials, businessmen and news media. With the letter, 2,163 copies of the condensed version of the early history of Great Northern Paper were also distributed. The Yacavone letter was the subject of a story in the Bangor Daily News. Frank Sleeper, business reporter for the Maine Sunday Telegram, called to say he was preparing an article on the book.

Distribution of the book is continuing. The book will be sold in Millinocket. Copies have been mailed to libraries. The sales department plans to distribute copies.

For the first time, the annual letter by the president was expanded to include a half-hour radio program -- a discussion involving Yacavone, Dick Noyes, Bill Cozens and Tom Pinkham which was broadcast on 19 stations from Dover-Foxcroft to Fort Kent. The program was produced by Ad-Media.

A final 1981 printed "Up/Date" as well as reprints of the three advertisements published in Maine newspapers during the year will be mailed December 29.

Community Affairs Luncheon

Marvin Keck discussed the new Employees Assistance Program, December 14, at a community affairs luncheon at the Guest House attended by 38 people. R. W. Noyes discussed current business conditions and P. F. Yacavone brought the group up-to-date on the Leaf River Project. This was the second in the series of luncheons.

Maine In 1990?

At a meeting of the Maine Forecasting Advisory Committee December 16 in Augusta, staff members of the State Planning Office predicted a 10% increase in Maine's population from 1980 to 1990. In the decade ending in 1980, there was a 13% increase -- the first since 1910. A decline was predicted in the number of young people from 1 to 18 years of age with a slight increase in senior citizens. The population growth would be in the "work force" age group (18 to 65). Still forecasters say continued in-migration will be needed to satisfy the demand for workers in the expanding economy -- mostly in Southern Maine. I serve on the committee.

Public Relations

Christmas greetings from Great Northern Paper were authorized (see advertisement) in the Katahdin Times and Lincoln News as well as on WMKR and WKTR...A television commercial made in the Aroostook District to recruit students for The Northern Maine Vocational Technical Institute woods harvesting program was approved...A news release on plans for the extended Christmas shutdown of the pulp and paper mills was distributed to local papers and resulted in questions from several reporters...David Platt of the Bangor Daily News called to ask questions regarding the Leaf River project...Platt tells me he is also researching a story on Maine rivers concentrating on the issue of hydroelectric development. He will interview Galen Lander on the
"Big A" project...Great Northern Nekoosa Foundation grants have been made to Maine Maritime Academy and the New England Interstate Water Pollution Control Commission training school. Other contributions were made to the Chesuncook Village Church, Susan Curtis Foundation, Maine Center for the Blind, Arthritis Foundation, the Santa's Helper Fund of the Bangor Daily News, the Millinocket Chamber of Commerce Christmas Party, Great Northern Paper a company of Great Northern Nekoosa Corporation, Maine Lumberjacks and Pioneer Hose Company of Millinocket...Dale Phenicie answered questions from Mary Anne Lagasse of the Bangor News regarding the E. C. Jordan report on the Dolby landfill. A story appeared in the December 17 edition of the Bangor paper...Dick Noyes was interviewed by Rod Meloni of WABI-TV, December 19, in Millinocket. Meloni's subject was the economy and the slump in business. Background film was shot in the Millinocket mill.

Linda Alley
Mary Bailey
Roger Boynton
Paul McCann
Rhonda Reed

Sincerely,

[Signature]

pmc/b
Enclosure (PIIO Newsletter)
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper Company  
Millinocket, Maine  04462  

Dear Dick:

The newsletter of the Public Affairs department for the period ending December 31:

**COMING UP: THE LEGISLATURE**

Lawmakers return to Augusta January 6 to open a session limited to 50 working days in which election year thinking will dominate the rhetoric. Legislative leaders admitted 160 bills for consideration and Governor Brennan is expected to submit 75.

These matters of interest are expected to be considered by legislators:

**Energy**

Streamline regulatory requirements and ask only one application for hydroelectric facilities, but also require identification of river sections which should be protected from hydroelectric projects. Legislative leaders turned down a version reportedly drafted by the Natural Resources Council and whitewater rafters. But a high-ranking Brennan administration official says the Governor has been asked to submit another, less stringent, version. Lynwood Hand is closely tracking this issue and efforts will continue to persuade the Governor not to file the bill. (A memorandum reporting on recent developments was distributed December 28.)

Extending grandfather provisions under the Oil Burnerman's licensing law for one year;

**Environmental**

The so-called "Trafton Commission" headed by Senator Trafton will report on proposals to reorganize the Department of Environmental Protection. The environmental affairs committees of Associated Industries of Maine and the Paper Industry Information Office are expected to take positions on the proposals in the report. PIIO has authorized retaining Dan Boxer to lobby on the issue. Until the final report is published in mid-January, it is difficult to predict the intensity of the debate.
State assistance in establishing solid waste disposal sites;
Incentives for municipalities to use sludge for soil conditioning;
Require waiting periods on excavation of archaeology sites;

**Forestry**

The administration is expected to propose new conditions under which land can be withdrawn from the spruce budworm suppression program. Bob Wright says there has been talk of three other changes regarding cost-sharing with small and non-industrial landowners, encouraging greater participation in the five-year protection district and redefining the forest insect manager's responsibilities;

State supervision of a gypsy moth spray program and cost-sharing;

A report is also due on a study of a proposal for protection of inland wetlands. The original bill created problems for forest managers and hydro developers. The "study" never really materialized and a report is still in question.

**Labor**

The Labor Committee intends to report out proposals for new laws dealing with occupational hearing loss and asbestosis. A task force of business interests has retained a consultant on noise and a bill modeled on a recently enacted New Jersey law is being drafted by an attorney on the staff of AIM. This issue is expected to generate considerable debate although passage of a new law is likely in this election year.

Several pieces of Workers' Compensation legislation are in the mill, including:

A new system of assigning risk rates to reflect risks;
Revisions in the self-insurance laws;
A computerized data system for the Workers' Compensation Commission;
And a bill establishing a competitive rating plan.

The AIM Workers' Compensation Committee meets January 5 to discuss these bills and the Safety Committee of PIIO will meet January 13 and will evaluate legislation.

Several bills will be proposed by the Brennan administration to place Maine in conformity with new Federal laws dealing with unemployment compensation. The Unemployment Compensation Committee of AIM meets January 6 to consider these and other bills.

With federal affirmative action programs facing the economy axe, it is proposed the State Human Rights Commission take over administration of affirmative action programs in employment.
Taxation

One of the big debates of the session will be over financing the Department of Transportation.

The Brennan administration will propose a new mining tax. While Great Northern Paper has not lobbied for or against the project, the legislation is followed because the company is the major owner of land in which the Bald Mountain Project is located.

PIIO and representatives of paper companies have been opposing repeal of the sales tax exemptions on air and water pollution equipment. The Taxation Committee put off a final recommendation at a December 28 meeting.

Several towns are seeking to withdraw from the Maine Forestry District and the tax which supports the district is being studied. It could open up a new debate over the tax structure in the unorganized territory, Hank Magnuson of PIIO cautions.

An amendment to the Tree Growth Tax Law clarifying revisions approved earlier this year may be necessary.

Other Matters

A bill being drafted by attorneys for Great Northern Nekoosa is designed to delay unfriendly corporate take-overs.

Of prime interest to Great Northern Paper and other industries is a repeal of a requirement enacted early this year which could be interpreted to require inspection of all electrical motors in plants.

The Maine Forest Products Council is promoting extension of the Tri-Axle provision for trucks for 12 months.

The Book!

Business reporter Frank Sleeper wrote a Maine Sunday Telegram article December 27 headlined "Book Charts History of Important Maine Company." His story was only one ripple resulting from the publication of "The Northern: The Way I Remember" -- covering the early history of Great Northern Paper.

After an advertisement was published saying the books were on sale at the office of the Katahdin Times, Publisher Anne Erickson said they "were selling like hot cakes -- 17 in one day."

Many wrote to thank the company for copies of the book.

Public Relations

With guidance from Peter Yacavone, I responded to a question December 24 from Allan Lobozzo of the Bangor Daily News. The reporter asked if the company was offering to deduct money from employees' checks to be deposited in the new IRA (Individual Retirement Accounts) and I told him GNN was not planning to do so...Russ Wiggins
Public Relations (continued)

of the Ellsworth American wrote an editorial in his paper December 24 about "some mighty intriguing paragraphs" in P. F. Yacavone's letter to employees. Wiggins wrote he was disappointed a company spokesman would not be more specific about "the attitude of some public officials" which Yacavone said dragged down Maine's business climate.

Wiggins has been critical for months of the staff of the State Department of Environmental Protection...A brochure in which newspaper advertisements of 1981 were reprinted and an "Up/Date" mailer were distributed December 30 to 1,406 employees and opinion-makers...

Contributions were made to the recreation room of the East Milloocket Housing Corporation, the Eastern Spruce Budworm Research Conference, the Business Council of Maine (a new political action group composed of business interests and headed by Mark Gartley of Cianbro), the State YMCA and the Northeast District YMCA...In Aroostook County, radio advertising this week was featuring the county's best country music band, "Great Northern."

Happy New Year!

\[Signature\]

D. W. Westfall  
P. F. Yacavone

Distribution:

E. E. Allain  
T. A. Galas  
W. R. Laidig  
T. S. Pinkham

R. F. Bartlett  
J. M. Giffune  
G. M. Lander  
C. H. Reed

J. A. Blickle  
C. R. Grantland  
V. V. Lapinoja  
D. R. Roop

P. Cannella  
J. W. Griffith  
W. E. Lloyd  
R. J. Rychlik

J. B. Carson  
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O. J. Lombard  
W. A. Saucier

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R. Hellendale  
V. F. Mattson  
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A. L. Clark  
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G. H. Cook, Jr.  
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P. F. Mendola  
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A. B. Danforth  
P. D. Hubbe  
A. M. Nemirov  
W. D. Vail

J. L. Dardenne  
C. A. Hutchins  
G. L. Nystrom  
G. E. Veneman

J. P. DeMarrais  
R. R. Johnson  
J. F. O'Hendley  
P. H. Welch

A. E. Dentremont  
M. A. Keck  
P. P. Paul  
D. W. Westfall

P. I. Firlotte  
T. W. Kelly  
T. N. Pendleton  
H. Willets

T. H. Flanagan  
D. J. Krohn  
D. K. Phenicie  
P. F. Yacavone