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 January 15:

**Down East Rebellion**

Plants in which sardines or herring are packed once lined waterfronts of towns such as Eastport and Lubec. In 1882, Eastport had 18 such factories. Now there are 14 left in the state, eight in Washington County. Staff members of the Maine Congressional Delegation say the plants are the last vestige of the industry in the United States. Washington County has been compared to Appalachia. Across the border Canada heavily subsidizes the fishing industry to keep it alive.

This week sardine packers and employees apparently were making progress in rebuffing an effort by the State Department of Environmental Protection to force factories to comply with state standards, six times as stringent as those required by the U.S. Environmental Protection Agency for discharge of fish oil. Maine representatives in Washington were told by EPA officials they did not plan to tighten standards -- the justification used by the DEP to explain the more stringent Maine standards.

Newsmen on January 12 reported a spokesman for Governor Brennan as telling a delegation of workers the Governor would work to save their jobs. He scheduled a January 15 meeting with industry representatives. When the controversy first made news, the Governor established a task force to find ways to improve the Washington County economy, without relaxing environmental standards.
The Congressional Delegation reacted quickly to protests.

"The DEP has gone too far," said a member of Senator Mitchell's staff.

"The DEP is just being excessive. The state justification is not accurate. EPA tells us they have no plans to impose stricter regulations, and I don't think that is going to happen," said a member of Senator Cohen's staff. "It is the attitude of the state regulators which bothers me -- they have put people through the wringer on short notice," he added. The member of Cohen's staff said there is serious question if biodegradable fish oil discharges ought to be regulated. "It's difficult to see why," the spokesman said.

Congressman Emery was on a campaign "walk" in Washington County when the problem developed and quickly promised to investigate. He met with 250 people in Lubec -- some in tears, a staff member said.

As you would expect, Editor Russ Wiggins of the Ellsworth American was critical:

"What an irony it would be if government wiped out the sardine industry in the pursuit of a dubious ideal with only a marginal relation to water quality and let in the Pittson oil plant at Eastport with its inevitable fatal effect on the entire fishing industry of the New England coast."

A three-page story in the Quoddy Tides of Eastport concluded:

"The DEP may have opened the proverbial can of worms when they went after the can of sardines."

The DEP strategy against the sardine industry was charted April 14, 1981. The Board of Environmental Protection approved plans of the staff to tighten restrictions, seek fines against packers and obtain consent agreements. Unless the crackdown were approved, a report of the meeting from the Paper Industry Information Office said a DEP official told the board "there were those present who would report to the paper industry that the sardine industry was not being fined for violations and, in his opinion, this would be 'not proper' and contrary to board policy."

Now the Brennan administration and the environmental regulators again face the sardine question -- unable to argue more stringent standards are needed to satisfy the EPA.

**The Trafton Report**

The so-called Trafton Commission, appointed by Governor Brennan to consider the need for changes in the Board of Environmental Protection and the Department of Environmental Protection will report in the next few days. If the Brennan administration follows through on recommendations, major changes could be in the making according to the Maine Audubon Society newsletter. The 11 member BEP would be replaced with a five member board and become an appeal board with the Commissioner deciding on permits. Audubon is committed to working for change. Bill Plouffe, the Society's staff attorney, isn't sure the administration will have time to propose significant changes this session.
THE $200 QUESTION

The only significant bill aimed at reducing the cost of Workers' Compensation insurance passed by the Legislature in 1981 placed a "cap" on maximum benefits under the law at 166-2/3% percent of the average weekly wage. If the cap had not been approved, the maximum benefits would have gone up to 200% of the average weekly wage. But the effective date of all non-emergency legislation was September 18 and on that basis, it is understood, the Workers' Compensation Commission has approved settlements at the 200% level. Bob Turner of St. Regis said five such settlements were approved by the Commission -- two involving employees of that company. Jim Griffith talked with the Fred S. James Company and was told the findings will be appealed to the courts.

MINING IN MAINE

The Natural Resources Council of Maine, in cooperation with Superior Mining Company, will sponsor a February 6 conference on metal mining. State officials, mining company officials, environmentalists, town officials, regulators, officials from Minnesota and Wisconsin and others will participate in the morning and afternoon sessions. The issue of taxing mines will be one considered by the Legislature this year.

ROAD SHOW

When the public lots debate was kicked off in 1972 by State Senator Richardson, he took his "Grand Plantation" scheme to the people in a series of hearings. With the courts having found the state owns the timber and grass rights, a special panel will go to the people asking guidance -- seeking ideas on where lands should be acquired in anticipated trades. The hearings will be held January 26 in Augusta, January 27 in Machias, January 29 in Presque Isle, February 2 in Dover-Foxcroft and February 3 in Rangeley.

THE LEGISLATURE

As usual, the opening days of a legislative session were lack-luster. Governor Brennan's message January 13 contained no surprises, Hank Magnuson of the Paper Industry Information office reported.

Among bills printed early were proposals to revise the system for withdrawing lands from the spruce budworm program and a second clarifying requirements under the electrician's law.

Faced with lagging revenues in the recession, the Maine Forest Products Council has cut funds for lobbying and will retain Doug Smith of Dover-Foxcroft only on the tri-axle trucking issue.

The industry task force drafting a new hearing loss law met January 11 with labor representatives in Portland and, as expected, failed to agree. They did agree to meet again soon.

A hearing was scheduled at 1 p.m., January 19, in Augusta by the business legislation committee on a proposed clarification of the law governing electrical work.
The American Paper Institute has asked members to rally behind a bill filed by Representative Luken of Ohio to amend the Clean Air Act. The focus and current lobbying efforts will be the House Energy and Commerce Committee and other House members. Meanwhile, API has reaffirmed its position more study is required before any controls are placed on industry.

The Luken bill would: (1) limit the "percentage reduction" requirement on sulfur emissions to utility boilers; (2) eliminate Class II and III increments of the Prevention of Significant Deterioration Program and allow five exceedances of the Class I short-term increments annually; (3) make uniform technology control requirements which equate Best Available Control Technology to New Source Performance Standards where they exist and eliminate the Lowest Achievable Emissions Rate; (4) simplify federal review and approval of State Implementation Plans; and (5) extend deadlines for states to meet air quality levels. The bill contains no provisions on visibility or acid rain.

In another Washington development, I asked Senator Cohen's staff to check on the status of federal action on spruce budworm funding.

Sincerely,

pmc/b

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 January 22:

**Advise and Predict**

There was time for House Speaker John Martin to advise members of the Paper Industry Information Office on dealing with legislators and for the representative from Eagle Lake to make some predictions as legislators marked time during the early days of the 1982 session. Martin was a speaker at a legislative workshop of PIIO January 15. This week and last the Legislature was occupied listening to Governor Brennan's annual message and hearings on non-controversial proposals.

Martin's comments included:

The "Trafton Commission" proposals to reorganize the Department of Environmental Protection "stink" -- "citizens dealing with the agency will be more frustrated than ever."

"Next year Democrats will take control of both houses of the Legislature and the office of Governor for the first time since 1912."

"For too long, businessmen saw Democrats as always representing unions, a thorn in their side."

"If a political action committee, or a company gives to politicians, don't give it all to one party." (He said International Paper made that mistake in 1980.)

"Don't assume people in the Legislature know what they are talking about. Bob Bartlett has convinced me spraying is necessary to control the spruce budworm."

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
'Advise and Predict (continued)

"I know we have got to lower costs of workers' compensation -- both as a legislator and as a person who employs others and pays the insurance." (He said Roger Mallar of Augusta, former state transportation commissioner, will serve as co-chairman of the special committee he is assembling to study the program.)

Don Perkins and Dan Boxer, who serve as counsel to PIIO committees, and Steve Clarkin of the staff of Associated Industries of Maine discussed forestry, environmental and labor issues likely to come before the session. Boxer, a member of the "Trafton Commission", previewed the report, which was to be presented to the Governor later that day. The PIIO environmental committee will study the report and recommend a course of action. Clarkin said the Legislature will likely consider changes in the occupational disease laws pertaining to hearing loss, dust and duration of liability. A task force is drafting revisions in the hearing loss law and Clarkin said the proposal now under study will not result in increase in costs -- "in fact some decrease is possible." Perkins discussed mainly tax matters.

(Copies of the "Trafton Commission" report have been distributed. Details of the PIIO workshop were covered in another memorandum.)

Elsewhere in Augusta, Dick Hale, Lynwood Hand and I met with representatives of the Electricians' Examining Board and attended a hearing of the Business Legislation Committee, January 19. In the process of changing the law last year, the Legislature inadvertently omitted an exemption from the state permit requirement for industrial facilities. An amendment worked out with the state agency would not require a permit for work supervised by an electrical engineer or master electrician. While standards must be maintained and state inspection allowed, no permits would be required on Great Northern or Pinkham projects if this is adopted, attorneys advise. (A separate report will be circulated on details of the hearing.)

Bob Wright and Hand attended a hearing January 20 on a Maine Forest Service proposal to revise the procedure for withdrawing land from the spruce budworm program. (A memorandum on this hearing has been circulated.)

Revisions in the Uniform Take-Over Act have been proposed in a bill filed by Senator Devoe at the request of Great Northern Nekoosa Corporation. A new revision is being drafted.

Visit to Augusta

Peter Yacavone and I met for over an hour January 15 with Governor Brennan and David Flanagan, counsel to the Governor. The meeting had been requested to permit Great Northern Paper to protest reported plans of the administration which would provide opponents of the "Big A" project with a way to deny the company the right to seek permits to build the dam. Also discussed were the state's business climate and the subject of workers' compensation. (The meeting is covered in a separate memorandum.) After the meeting, I told Millinocket area legislators (Senator Pray and Representatives Clark and Michaud) of the visit.
When plans were announced for shutting down a total of four machines and the off-machine coater in the pulp and paper mills, there was considerable interest from the media. A news release was distributed January 14 to the Katahdin Times, WMKR and the Bangor Daily News. (The next day an employee complained that the news release identified the total layoffs before unions were told.) Gordon Manuel made it the lead item on WABI-TV evening news January 15, saying the development was a sign of an erosion in the state's economy as the recession deepened. I was interviewed on both WABI-TV and WLBZ-TV. I made a radio tape for a Bangor station and Mary Bailey responded to inquiries from reporters from two other Bangor and a Lincoln station.

Half of the state is composed of the "unorganized territory", an area without local government. In lieu of towns or cities, services are provided by state agencies. The Unorganized Territory Educational and Services Tax finances such services. Great Northern Paper is the largest owner in the district. The state agencies and counties estimate $7.6 million will be needed to provide such services in 1982-83, but because of adjustments for the past three years, $8.2 million will be needed -- up 10.0% over last year. Fire control costs eat up $4.1 million. A separate memorandum analyzing the costs will be distributed. Lynwood Hand is following this matter.

Over 80 companies were represented at the Public Affairs Council's Political Action Committee Conference which I attended January 20-21 in Washington, D.C. Lee Ann Elliott, recently named to the Federal Election Commission, told participants criticism of PACs "being too powerful is not so...PACs are composed of little people." Mrs. Elliott said Americans of voting age averaged contributions of $1.51 to candidates in the 1980 campaign. Only 22% of contributions came from PACs. (A separate memorandum will provide details of the conference.)

In Millinocket, a series of briefings for husbands and wives explaining the Great Northern Good Government Committee got under way with a January 18 dinner at the Guest House. They will continue and all eligible employees will be asked to attend a briefing.

Hydropower development vs. whitewater rafting, salmon fishing, etc. The issue is being orchestrated by people in the rafting business who have forged an alliance with environmentalists -- apparently in anticipation significant legislation will be proposed by the Governor. The "Big A" study is No. 1 on the list of the objectional projects. What's happening? A full-page story on the issue appeared in the Bangor Daily News written by David Platt, a writer who responds to issues defined by the environmentalists. The Natural Resources Council of Maine scheduled a January 23 conference on the subject. (Hank Magnuson of PIIO plans a report.) The Brennan administration decided against recommending designating as "critical areas" whitewater rapids. Designation had been opposed by the company.
PUBLIC RELATIONS

A snowmobile safety advertisement was published in the Millinocket newspaper...Planning continues for the 1982 advertising campaign but a "first" wave advertisement is being circulated for comments...Contributions were approved for the Portage Lakers Snowmobile Club, the Pine Tree Society for Crippled Children and the Frenchville Recreation Department...Post cards of the East Millinocket and Millinocket mills have been stocked at the guest house.

Sincerely,

[Signature]

pmc/b
Distribution:

R. F. Bartlett  T. A. Galas  W. R. Laidig  T. S. Pinkham
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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 January 29:

**HYDRO: HELP, OR HINDER?**

The hydro power issue has been building for months. This week there was widespread speculation over the course the Brennan administration would follow. Would a proposal to consolidate and expand state control over hydro development be submitted to the Legislature by a state agency, or the Governor? Would legislators see the legislation as necessary to strike a balance between developers and environmentalists?

The Natural Resources Council of Maine puts the rivers issue at the top of its priorities for this session of the Legislature. Great Northern Paper opposes infringement on management of its existing system (regulated by the Federal Energy Regulatory Commission) or denying the company the right to seek environmental permits for the "Big A" project, if it is decided to go ahead with construction. Others share the company's concern that what was intended to be legislation to encourage hydro development has instead become a way to slow down growth in this alternate energy category.

There have been these recent developments:

Apprehensive over the contents of rough drafts of the bill, the Small Dam Owners Association voted January 18 to write Governor Brennan and legislative leaders to oppose the bill.
Hydro: Help, or Hinder (continued)

At a January 23 conference on "Rivers in Peril" sponsored by the NRC, conservationists, environmentalists and bureaucrats were urged to form a common front against hydro development. The "Big A" was branded "one dam too many" by Sandra Neilly and Nick Albans of Trout Unlimited who pledged to make the "Big A" a "national issue", as the organization did Dickey-Lincoln.

The Governor's office provided copies of a draft of the legislation January 27 and asked for comments by February 1.

Paul Firlotte, Power Systems Manager, and attorneys Dan Boxer and John Gulliver reached the conclusion that the bill is unacceptable. Firlotte says if the bill were approved permits would be required to change water levels in some dams in the system and to perform other routine management functions. All power over this energy source would be in the hands of the State Department of Environmental Protection. The evaluation criteria includes measuring energy benefits to the public, flood control, improving fish and wildlife resources, and benefits to water quality -- all elements Boxer says would be difficult to prove in the case of the "Big A". A river corridors study is proposed to determine those areas which would be "irreparably harmed if a project were developed." The study is actually already well under way.

A letter of comment will be drafted.

Lynwood Hand is coordinating lobbying efforts in Augusta with help from others with a stake in Maine's hydro resources. They include the small dam owners, utilities and other paper companies. There are also those who question the necessity of considering such complicated legislation in a short session. Senator Pray of Millinocket, a member of the Legislative Council, is among this faction.

The Legislature

Elsewhere in the Legislature, there was action on two bills of interest to Great Northern Paper.

In a rare step, the Legislature agreed to the withdrawal of one version of revisions to the "Maine Take-over Bid Disclosure Law" and the substitution of another, Hand reported. The bill is aimed at strengthening a corporation's defense against unfriendly take-over attempts. No date has been set for a public hearing.

The Business Legislation Committee agreed to report out an amended but unacceptable, version of the bill to restore the mill exemption from the permit requirement under the electrician's law.

Controversy is brewing over the proposal of the "Trafton Commission" to reorganize the State Department of Environmental Protection and reduce in number and scope the Board of Environmental Protection. Some feel the opposition of members of the current BEP may influence the Governor against proposing legislation at this session. This week the NRC and some people from industry questioned the reorganization proposed by DEP Commissioner Warren -- a step taken contrary to the "Trafton" report.
The Legislature (continued)

The Legislature will begin four-day work weeks (Tuesday through Friday) February 2 and go to five-day sessions February 22. There are rumors of a recess during the third week in March with adjournment in mid, or late April.

**PUBLIC LANDS**

The Bureau of Public Lands of the State Department of Conservation launched a series of public meetings January 26 in Augusta to solicit public opinion on the criteria for acquiring additional public lands. The state expects to consolidate 145,000 acres of public lots in a series of land exchanges as the result of a recent court ruling. The Appalachian Mountain Trail Conference urged lands be acquired with trail protection in mind -- particularly the township containing Gulf Hagas. Jack Dyer urged that priority be given to trades being negotiated before the surprise decision of the court. The Dyers' have offered an interest in Gero Island in an exchange. State Economist Lloyd Irland, a former director of Public Lands, suggested proximity to markets and people be stressed. There was criticism of the Coburn exchange now before the Legislature. The meetings were scheduled to continue in Presque Isle, Machias, Dover-Foxcroft and Rangeley, ending February 3. Bernie Schruender, Director of the bureau said he hoped to see exchanges proposed in a month or two.

**SPRUCE BUDWORM**

Carol Hicks of Senator Cohen's staff reported this week that the question of federal funding for spruce budworm control was before the Secretary of Agriculture. The Secretary was considering a U.S. Forest Service response to the Appropriations Committee of Congress which had asked programs be shuffled to provide additional money for spraying all across the nation. She said the new proposal increased available funds from $6 to $9 million. R. F. Bartlett asked International Paper's Maine manager of forestry to ask IP's Washington office to monitor developments in the next week or 10 days.

**JOBS IN JEOPARDY**

In his request for legislative approval of funding 131 state positions, Governor Brennan included the position of state economist held by Irland, who left the Bureau of Public Lands post several months ago. The Governor also asked for state funds for the position of executive director of the Land and Water Resources Council, a position held by Craig Ten Broeck who is credited with authoring the controversial hydro legislation.

**POLITICS**

There had been speculation no Democrat would challenge U.S. Representative Olympia Snowe, a Republican. Now there are two in the running -- Aroostook County judge of probate, Jim Dunleavy, and Paul Zendzian, former mayor of Bangor. Contests are now in the making for all major offices at stake in November.
PUBLIC RELATIONS

P. F. Yacavone has agreed to tape a half-hour television inter-
view February 2 with Gordon Manuel of WABI-TV (Channel 5) which will
be broadcast at 6:30 p.m., Sunday, February 7...Seven news releases
covering recent promotions were distributed...The 1982 Maine advertis-
ing program was put on "hold" as an economy measure...A contribution
was made to the Millinocket Music Boosters.

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 February 5:  

**Political Pain From Acid Rain**  

Members of Congress and their staffs, the bureaucrats and representatives of the paper industry share a common frustration -- the lagging process of extending and amending the Clean Air Act. This was evident in talks with members of the Maine delegation and their staffs and at the joint meeting February 4 of the government affairs committees of the American Paper Institute and National Forest Products Association.

Bob Smith of Weyerhaeuser, who is coordinating lobbying on the issue by the paper industry, reported at the committee hearing:

"In the Senate, hearings have been completed but there's not much moving.

"In the House, there is reason for optimism. The subcommittee chairman who will conduct hearings on the Act promises a bill by March 12.

"There are several bills in circulation relating to acid rain and none are very attractive.

"If the House proceeds as expected and incorporates a response to acid rain in its bill and if the Senate committee works out a compromise, a tough conference to blend the two versions into one bill can be expected just before the election."
Political Pain (continued)

A bill filed by Representative Luken of Ohio with bipartisan support from 30 co-sponsors has the support of API.

Smith says the outlook for an acceptable package of amendments "is very good" and he predicts the Luken bill or similar legislation will be passed in the House but with a first step incorporated to control acid rain. API favors an accelerated, multi-million dollar, study. Faced with criticism from member companies and from normally friendly members of Congress, the API committees reconsidered the position several weeks ago -- and will do so again. Industrial scientists say not enough is known about the problem to adopt a control strategy.

Members of the House from Maine can't understand why the paper industry doesn't support a strategy which would include control of emissions from big coal using boilers of the Midwest. Congressman Emery's opponent in the race for the U.S. Senate is the leading advocate of acid rain controls. Congresswoman Snowe's administrative assistant says some people in the paper industry are going to get letters "they will not like" on the subject. "Our mail shows people want to take action to solve the problem," Greg Stevens said.

The public perception of the paper industry's goals worries Smith and others.

"Please communicate with employees and the local press. We are not trying to weaken the act, not trying to gut the act but only trying to streamline it," the committee was urged.

Dale Phenicie has written members of the staffs of Emery and Mrs. Snowe putting Great Northern Paper on record in favor of the Luken bill. I told Emery if he decides to draft an acid rain bill with help from the staff of the Environmental Protection Agency, I would ask Dale to comment on the text and solicit similar views from others through API.

API-NFPA MEETING

Congressmen Conable of New York and Bonker of Washington were speakers at the meeting of the government affairs committee attended by 65 persons. Marshall Hahn, president of Georgia-Pacific, has taken over as chairman of the committee -- concurrently while serving as vice chairman of API.

Jack Pflieger of Time, Inc., made a presentation on the housing outlook, predicting 1982 "will be very flat...just as bad as 1981." The political pressure is building to stimulate the picture by government action. Pflieger expects the pressure to build when the normal spring vise in business does not materialize. The administration is considering a $1 billion program to shave 3 points off the high interest rates but even this will mean only 100,000 additional starts.

Other subjects discussed were energy (including possible changes in laws relating to hydro), regulatory reform, timber capital gains (the situation seems under control) and the tax outlook.
WASHINGTON CALLS

While in Washington, I thanked Carol Hicks of the staff of Senator Cohen for monitoring developments on the spruce budworm program and visited with Tom Heyerdahl, Jean Streeter and Bob Tyrer of the Cohen staff. Congressman Emery told me the state of the economy may be a key (6 or 8 points) in his race with Senator Mitchell. Kathy Bingley told me of the Emery plan to draft acid rain legislation. Both he and Mrs. Snowe expressed concerns over the lay-offs in the lumber and paper mills. Greg Stevens, administrative assistant to Mrs. Snowe, said he was worried over the outcome of the nuclear referendum and questions the credibility of the utilities with the electorate. Senator Mitchell and his key aides were tied up with an API group discussing Clean Air Act amendments. They found him friendly and willing to listen, but not making commitments, except on acid rain -- he wants controls now.

SPRUCE BUDWORM

Arthur Brownell of International Paper told me February 4 in Washington high level-sources in the Department of Agriculture say the Secretary will recommend federal financial support for the spruce budworm control program. "It'll be less than last year and less will be recommended for 1983" in a letter the secretary is expected to send to Congress reporting on budget revisions. Staff members of the Maine delegation urged the allocation and Ken Stratton of the Maine Forest Service told me February 5 a letter signed by the Governor had been sent to the Secretary requesting funds and said copies were sent to the Maine Congressional Delegation. Stratton was contacting staff members.

THE LEGISLATURE

Great Northern Paper's objections to a draft of a bill designed to speed-up the process of obtaining permits for hydropower projects and at the same time protect Maine rivers outlined in a letter to the Governor's council was delivered February 2. At week's end, no bill had been filed. The Bangor Daily News jumped on the "save the rivers" bandwagon February 3 in an editorial urging the Governor to file the bill. Bill Ball of Kleinschmidt & Dutting was asked February 3 for suggestions by the State Planning Office staff to overcome some of the problems identified by Great Northern -- and told the river designation portion had been eliminated. If a bill is filed, the Natural Resources Council will seek to restore the rivers designation plan which would permit state agencies to bar hydro on designated stretches of river corridors.

Legislators had been scheduled to put in a four-day week but had to cancel Friday's session because of a lack of business.

Lynwood Hand tells me...

An amendment restoring the exemption from permits for electric work for industrial and logging facilities is moving through the Legislature without objection;

Hearing on amendments to the corporate take-over bill drafted by attorneys for Great Northern Nekoosa will probably be held the last week in February;
The Legislature (continued)

The Energy & Natural Resources Committee February 3 approved an amendment to the spruce budworm law supported by the paper industry, providing for withdrawal of lands if natural disasters or regulations do not permit spraying;

A wetlands protection bill (covering only the organized territory) was introduced;

The long awaited mining tax bill was printed. Governor Brennan makes a policy speech February 6 at a University of Maine-Orono conference jointly sponsored by the NRC and Superior Mining.

The Transportation Committee will hold a hearing February 9 on a Maine Forest Products Council bill to continue to allow trucks hauling forest products to carry 10% more weight than other tri-axle trucks. No opposition is expected.

TELEVISION INTERVIEW

P. F. Yacavone was interviewed on the program "Follow Up" by Gordon Manuel, News Director of WABI-TV, for broadcast Sunday at 6:30 p.m., February 7. Manuel and the Great Northern Paper president traded 43 questions and answers in the half-hour pre-taped program. From the economy, they ranged over the state of the forest resource, workers' compensation, the business climate and other subjects. Manuel requested the interview because of reports of slumping business conditions for the paper industry in Maine. An excerpt from the tape was broadcast February 2 on the evening news and a transcript circulated in the clipping service.

PUBLIC RELATIONS

The Bangor Daily News in editions of February 2 expanded a routine story on lay-offs of Great Northern and the threat of others into a page one statewide roundup of conditions in various mills. The headline and the story irked Great Northern employees because it painted the mills as worse off than others in the state...I made a radio tape on WGUY February 2 on the same subject...Lloyd Ferris of the Maine Sunday Telegram called John Dixon with questions regarding the surface of the "Golden Road"...Budget revisions resulting from the cost reduction campaign were completed. The services of Ad-Media will terminate at the end of February and the 1982 advertising program cancelled. An already completed print advertisement will be placed in Maine newspapers, all customers...A February 1 Bangor Daily News story on the safety record of Cianbro mentioned the fact eight Great Northern Paper employees have died in accidents since 1970.

Sincerely,

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 office for the week ending February 12:

MAINE'S BUSINESS CLIMATE

Representatives of the State of Maine who have been promoting industrial development have had a lot to brag about during the last two years. Studies of the business climates of all the states ranked Maine 15th in 1979. That was tops in the 12 states of the Northeast. In 1980, Maine was 24th, second best in the region. Governor Brennan has hailed with pride the state's favorable business climate. That is now a thing of the past. In the 1981, ratings, Maine slipped to 40th and was fourth best in the Northeast.

If asked, and if they felt candor would not endanger relations with regulators, people who work for paper companies with mills in other states would say Maine is now where it belongs on the list. Politicians, industrial developers and the press were shocked and felt the downgrading would hurt Maine's efforts to attract industry. A February 6 editorial, in the Portland Press Herald, said the study presents an "...incomplete picture of manufacturing prospects here...But the drop actually reflects, among other things, very positive achievements for Maine. State spending to protect the environment is one, rising wages for workers another."

Paper industry criticism of Maine's business climate has fallen on deaf ears. Complaints have come while the companies were investing hundreds of millions of dollars in Maine, more than in any other state. While public opinion has been increasing favorable to the paper industry, Maine's major newspapers have turned reporters loose on both sides of the business climate issue -- and usually the environmentalists have gained the upper hand. Industry as a whole hasn't matched the environmentalists in communicating its viewpoint.
Maine's Business Climate (continued)

Even before the state's rating plunged, newcomers were joining in the criticism of the attitude in Maine toward business.

The Maine Development Foundation has established the identification of problems facing existing industry as its No. 1 project for 1982. Jointly financed by state government and private industry, the Foundation has retained John Menario of Portland to undertake a study. A former Portland city manager, chairman of the Save Maine Yankee campaign and an architect of the Brennan administration, Menario is now a management consultant. He has already started interviewing people in business and government -- and environmentalists such as Rob Gardiner.

While cynics might suggest the Foundation will be duplicating the activity of trade associations, Nancy Sewall, the knowledgeable executive director of the Bangor Committee of 50, says that isn't so. The Foundation people know there are problems out there and have been frustrated in trying to get the attention of the Brennan administration. Maybe Menario can. But Democratic legislators have warned the Foundation not to join in the "Chamber of Commerce chorus". With half of the Foundation's money coming from the Legislature, this will inhibit the study. Sewall identified "workers' compensation, the Trafton report and the income tax executives must pay" as examples of Maine's problems concerning the Foundation.

(In the ratings for 1981, Florida was ranked No. 1. Last year's leader, Mississippi, slipped to No. 6. Arkansas was 21 and Wisconsin 31. Copies of the full report are being sought.)

A political ally of Governor Brennan recently suggested to a St. Regis representative at a Foundation meeting that things have improved since Brennan started making appointments to the Board of Environmental Protection. The St. Regis man said in Texas the regulators ask for a one-page BACT (best available control technology for controlling air emissions) summary. "In Maine we are at 200 pages and still filing more with a project application."

Until the public perception changes, it's unlikely even bad publicity will result in the state taking steps to improve the business climate. Public opinion polls show over half of Maine people say they would prefer to see plants close before changing present air pollution laws. With Governor Brennan considered an odds-on favorite to be re-elected, the current spat and related activity isn't likely to produce change.

Even when it appeared the sardine industry would be shut down by inability to meet environmental standards, the administration sought a solution which would not weaken the law. Now that the Department of Environmental Protection has calmed down the sardine packers, a legislative document aimed at reducing the standard for fish oil has been withdrawn. Attorney Dan Boxer says it would have provided the first legislative test of a state standard stricter than a federal regulation.
LEGISLATURE

There were few concrete developments on the legislative scene in Augusta. Some call this session the dullest in memory.

The bill restoring the exemption from the electrical permit law for work in Great Northern facilities has been passed to be engrossed -- one step short of final approval, Lynwood Hand tells me.

No hydro legislation has been approved yet.

The anti-takeover bill is expected to be printed in a few days.

Ed Gorham of the AFL-CIO is quoted as saying labor will not accept the revised occupational hearing loss law drafted by Dr. Joseph Satalof and reported out by the Labor Committee. No hearing date has been scheduled.

Jim Griffith and I will join the businessmen at a February 17 meeting in Portland when a bill to require mandatory rehabilitation programs for injured workers will be discussed with an expert. Chairman Charles Devoe of the Workers' Compensation Committee is drafting the bill.

Next week the Taxation Committee will consider the municipal cost components proposed for the Unorganized Territory Tax District at 1:30 p.m., Thursday. Woodlands managers meet the day before at the Paper Industry Information Office to plot strategy.

PETER F. YACAVONE

In addition to appearing on the WABI-TV (Channel 5) pre-taped television program "Follow Up", P. F. Yacavone was interviewed February 9 by Mary Anne Lagasse of the Bangor Daily News and February 11 by Frank Sleeper of the Maine Sunday Telegram in Portland. Both reporters solicited the interviews. Mrs. Lagasse is preparing a story on the company for a special industrial edition of the News. Sleeper was interviewing a group of business leaders on the same subject.

The Great Northern Paper president also attended a February 8 meeting in Bangor when a group of businessmen were briefed on the Maine Development Foundation.

BUSINESSMEN AND POLITICS

Two political action committees have been launched by Maine businessmen -- both aimed at influencing the outcome of the 1982 legislative matters.

United for Maine is the product of efforts by representatives of Associated Industries of Maine, Associated General Contractors, Maine Petroleum Association and Paper Industry Information Office -- but now is completely independent although a companion political education program -- the Business Council of Maine -- is also in its infancy (Great Northern Paper contributed seed money). Phil Hussey of North Berwick is chairman. The committee's leadership is bipartisan, carefully divided between Republicans and Democrats.
Businessmen and Politics (continued)

Leonard Minsky of Bangor is chairman of the political action committee of the State Chamber of Commerce.

Both communities are seeking contributions from individuals and companies. Contributions are not eligible for matching money under the Great Northern Paper program, so we urge direct contributions to candidates by employees.

The series of department-by-department solicitation of the Great Northern Good Government Committee is continuing Mondays.

COMMUNITY LEADERS LUNCHEON

Dick Noyes reported on business conditions and an entertaining ten minute television report on the Telos logging operation was shown at the third in a series of luncheons for two dozen community leaders at the Guest House, February 8.

Sincerely,

PMC/B

Distribution:


Mr. Richard W. Noyes
Great Northern Paper Company
E & R Building
Millinocket, Maine 04462

Dear Dick:

The newsletter of the Public Affairs office for the two weeks ending February 26:

**THE LEGISLATURE**

Many predicted the session of the Legislature now in progress would be one without items of high priority for business and industry. With 24 days of the 50-day session behind them, legislators are now faced with several matters of significance. The Legislature is expected to recess March 25 and return later for three days before adjourning late in April. The recess will permit legislators to deal with anticipated problems resulting from federal cutbacks.

The issues include:

**Hearing Loss** -- The Labor Committee has scheduled a hearing March 3 on a proposal (L.D. 1952) resulting from a study and drafted in large part by Dr. Joseph Sataloff, an expert retained by an ad hoc industry task force (including Great Northern Paper). The legislation changes the formula for evaluating hearing loss and revises the scale of benefits. The AFL-CIO has delayed responding to industry overtures to work together on the final redraft. There is speculation labor will oppose the bill -- taking a hard line because they anticipate a takeover of the Legislature in 1983 by the Democrats, traditionally labor's allies.

**Rehabilitation** -- The Legislature several months ago asked the Workers' Compensation Commission to provide recommendations for an expanded rehabilitation program. Commission Chairman Devoe provided a bill based on a Minnesota law, but with so much emphasis on costly education that an expert brought to Maine from Minnesota warned of the great costs involved. Another ad hoc task force is being established to hire Dr. Philip Haber of Minneapolis to work with attorneys to redraft the bill with Associated Industries of Maine out front in advocating passage. The possibility and desirability of putting a decision off for a year is being considered. A report memorandum has been distributed.
The Legislature (continued)

Electricians' Law -- Governor Brennan has signed legislation restoring the permit exemption for paper and lumber mills under the state electricians' law. Copies have been distributed.

River Designation -- Legislative leaders and bureaucrats believe the Brennan administration feels the issue is too complicated to file a bill at this time. The Natural Resources Council hasn't given up and is planting newspaper stories to embarrass the administration. "Friends of the Penobscot", a group opposing rebuilding of a dam at Bangor, has stirred up opposition to hydro -- with "Big A" mentioned -- in general and Lynwood Hand has been carefully monitoring developments. (A report memorandum has been distributed.)

Takeover Law -- There was unanimous support at a hearing February 25 for revisions strengthening the Maine law regulating corporate takeovers. The proposal was made on behalf of Great Northern Nekoosoa Corporation and other companies. Hand expects passage of the bill as emergency legislation.

Spruce Budworm -- No date has been set for a hearing on the 1982 funding program -- a bill authorizing the taxing of landowners and the state spending of the funds raised.

Unorganized Territory Taxes -- A hearing was held February 12 on a $7,714,166 spending program to finance services in the unorganized territory provided elsewhere by local governments. The total is up 10% over last year. Hand says the attorney general, reversing a previous ruling, proclaimed it is not legal to finance the Land Use Regulation Commission ($387,000) from the special tax. He says it is also reported the Maine Forest Service is seeking $1.3 million in adjustments to cover costs in earlier years not previously recovered.

Martin-Marietta -- A delegation of industry representatives asked Governor Brennan's counsel at a February 26 meeting to send to the Legislature immediately legislation to overcome problems resulting from a court challenge to the cement plant's air emissions license. The ruling eliminates the exemption of mill property covered by union contracts from state air quality standards. Dan Boxer and the Environmental Affairs Committee of the Paper Industry Information Office are coordinating this high priority issue. (Reports have been circulated on specifics.) The outlook is encouraging.

Tax Exemptions -- It appears now Representative Post will come up with a bill to repeal the sales tax exemption on pollution abatement equipment -- reporting it out of the Taxation Committee as a result of a study.

MAINE READING

The "1982 State O'Maine Facts" book is published by Down East. The 211-page publication is a handy reference covering people, attractions, culture, history, business, education and government.

"Faces of Maine" by Bob Niss is a 215-page collection of biographical profiles of "men and women of the past two centuries who molded the state..." Niss is a Portland newspaperman. The soft-cover is published by Guy Gannett Books.
Workers' Compensation Appeal

A member of the Workers' Compensation Commission has ruled the "cap" the Legislature put on maximum benefits under Maine law in 1981 doesn't apply in all cases. Where maximum benefits were approved prior to the effective date of the "cap", the ruling will allow payments to increase from 166-2/3% of the state average annual wage to 200% -- $73 a week. The 166-2/3% ceiling covers only those not already awarded the maximum benefit, the commissioner ruled.

Al Ayre of Pierce-Atwood and Steve Clarkin, the AIM staff attorney, have advised the paper companies to support an appeal of the ruling initiated by Fred S. James Co., an administrator of a self-insurance program. Associated Industries of Maine doesn't have money to join in the appeal but PIIO does and the Government Affairs Committee has recommended directors approve March 12 the spending of up to $5,000 on an appeal with Ayre representing PIIO.

Spruce Budworm Financing

The U.S. Department of Agriculture has informed a congressional committee it has reprogrammed funds available for pest control and adopted a policy which will continue federal financial assistance for the spruce budworm control program. If the policy withstands scrutiny, it will mean 12½% of the total cost of the Maine program or $923,000 will be made available. Until the state environmental evaluation is approved, probably in April, the actual funds cannot be allocated.

Economic Education Council

The executive committee of the Maine Council on Economic Education will undertake to redefine the long-range policy and relate the program to financial resources. The Council is in the second year of a commitment to improve the teaching of economics in the state's largest school system, Portland. At a February 23 meeting in Portland, the committee heard that the council is in sound financial condition. A $2,000 Great Northern Nekoosa Foundation contribution has been made.

Political Action Committee

Two groups of eligible management employees have been briefed on the objectives and activities of the Great Northern Good Government Committee. All those who have contributed to the political action committee have been sent a report on activities, inviting views on issues and candidates.

Sincerely,

Paul

pmc/b
IP ANNOUNCES HYDRO REDEVELOPMENT PLANS

Three hydropower plants on the Androscoggin River are to be up-graded by International Paper Co. at Jay in a multi-million dollar project that will triple the electrical output of those generating facilities.

In December, a fourth station upstream at Riley went on-line after a $12-million redevelopment project. The latest announcement calls for the construction of a new powerhouse and electrical substation on the west side of the river at Otis. Two turbines and two generators will be installed there.

A powerhouse at Livermore will receive the same development following demolition of the existing powerhouse and wood room.

The Jay plant will require less redevelopment. An additional generator to be taken from the old Otis site will be installed.

The three power plants now generate more than 40 million kilowatt hours a year. Work is expected to begin later this year and completion of the project is scheduled for late 1983 to early 1984.

Installation of a transmission line three-and-a-third-miles-long from the Otis power plant to the James River-Otis Co. mill and from there to the Jay power plant and the Androscoggin Mill of International Paper Co. is also part of the project.

When IP undertook the initial redevelopment project, in which the former Riley Mill grinder room building was converted from hydromechanical to hydroelectrical generation, a feasibility study on the other potential sites was begun. This work was handled by the Pittsfield engineering firm of Kleinschmidt & Dutting.

According to J. Alan Day, Androscoggin Mill manager, the hydro projects “...are all part of International Paper's overall plans to lessen dependency on fossil fuels, especially imported oil.”

In addition to electrical generation from water power, IP utilizes a waste fuel incinerator in which bark and sawdust are burned as supplemental fuels for the mill’s power requirements.

RECESSION CATCHING UP WITH MAINE'S PAPER INDUSTRY

Cumulative effects of the nation's recession began catching up with Maine's paper industry in recent months.

A "soft market" resulting in reduced orders led to layoffs for some mills, while others whose markets are more specialized and stable continued to operate near capacity. For all mills, however, rising costs are putting pressure on efforts to increase productivity.

Forecasts have been made for improved business conditions in the last half of this year, but officials of Maine's paper industry don't expect significant gains before 1983.

The number of employees laid off is small compared to the more than 20,000 paper industry workers in Maine. A temporary layoff of 175 workers effective Feb. 1 was announced by Great Northern Paper Co. at Millinocket and East Millinocket, in addition to other smaller cutbacks since September. On March 1, about 100 of the employees had been called back, but about 125 remained out of work.

Diamond International Corp. at Old Town laid off 70 workers this year and Lincoln Pulp and Paper Co. has experienced a reduction of about 15% in its work force.

Compared to the South, Maine's mills were in good shape. Of the 102 mills reporting for the week ending Jan. 23 to the Southern Forest Products Association, 31 mills were closed and 17 were operating on curtailed schedules. With a normal work force of 13,639 employees, 4,645 were laid off by closure and 905 by curtailments.
Correction: The capacity of S. D. Warren's coated paper machine under construction at the Somerset plant in Skowhegan will be 600 tons per day or about 200,000 tons per year . . . not 200 tpd as reported last month.

Maine Environmental Research Newsletter is a new publication of Maine Medical Center, Portland, aimed at scientists and professionals concerned with environmental health in the State of Maine. The first issue carries brief reports on the newly-established Environmental Health Unit of the Maine Bureau of Health, radon research, residue analysis of Sevin and Guthion by high-performance liquid chromatography, occupational asthma, a calendar of events and a directory of services.

International Paper Co's commitment to mental health programs under its Employee Assistance Program has been recognized by an award from the National Mental Health Association. International's EAP, like those at several other Maine paper companies, offers consultation and referral service to employees who seek counseling on personal or family concerns. One of the program's features is an ongoing series of workshops to address some of the causes of stress before an individual is affected adversely.

UMO PULP AND PAPER FOUNDATION HOLDS OPEN HOUSE APRIL 15-16

The University of Maine Pulp and Paper Foundation's 1982 Open House to be held on April 15-16 will attract 300 industry executives to a program designed to appeal to both technical and management interests.

The open house will begin with a presentation by William E. Conway, president of Nashua Corporation, whose topic, "The Japanese Secret - Quality and Productivity," has brought his company the attention of many executives of leading U.S. manufacturers.

Conway, an industrial engineer who spent his entire career at Nashua, is leading his company's efforts to adopt the techniques which originated in America but have been skillfully used by Japanese industries to provide high quality and productivity simultaneously. He has spoken to industry executives both in the U.S. and abroad. Open house participants will learn how the Japanese success can be applied to the paper producing and supplier industry.

Responding to Conway's presentation will be a panel of six Foundation scholarship recipients who will begin a discussion which will be expanded to include the entire audience in a town meeting style atmosphere. The program, which will begin at 2 p.m., will be followed at 4:45 p.m. by the Foundation's annual meeting.

The day's activities will conclude with the annual lobster/steak banquet where William R. Haselton, chairman and chief executive officer of St. Regis Paper Co., will be the speaker. His subject is, "The United States - Wood Basket for the World."

On Friday morning, ten research demonstrations will be presented by undergraduate and graduate students and university faculty to describe their work of interest to paper industry managers. The university's million-dollar wet pressing study will be reviewed, as well studies concerning pulping of insect-infested wood and coating rheology.

The open house luncheon is designed for enjoyment with Joe Perham of West Paris the speaker. A former Maine mill and mine worker and Phi Beta Kappa graduate of the university who taught English for several years, Perham will demonstrate the skill for which he is best known . . . telling Maine stories in his authentic Maine dialect.

Additional information concerning the open house is available from the University of Maine Pulp and Paper Foundation, 217 Jenness Hall, Orono, ME 04469

MAINE STUDENTS RECEIVE PULP-PAPER SCHOLARSHIPS

More than 100 Maine students of engineering and forestry at the University of Maine at Orono have been selected for Spring 1982 scholarships of the UM Pulp and Paper Foundation.

They come from paper mill towns including Millinocket, Westbrook, Rumford, Madawaska and Woodland and from 54 other Maine communities. A total of 128 students, including 18 women and 18 students from other states, share in the competitive awards, which are based on academic performance and a demonstration of interest in paper industry related careers.

Scholarship applications for the 1982-83 academic year will be received by the Foundation until March 15, 1982. During the 1981-82 academic year, a total of $166,000 was awarded, bringing the total scholarship assistance of the Foundation, organized in 1955, to more than $2-million.
Mr. Richard W. Noyes  
Great Northern Paper Company  
E & R Building  
Millinocket, Maine  04462

Dear Dick:

The newsletter of the Public Affairs office for the week ending March 8:

**HYDROMANIA**

A few years ago almost everybody seemed to be in favor of developing Maine's abundant hydropower resources as one of the alternatives to reducing a dependency on imported oil.

Now the enthusiasm for the production of electricity from water power is called "hydromania" by environmentalists, fishermen, white-water rafters and others who want to protect free-flowing rivers.

The debate is intensifying.

When the City of Bangor asked the Legislature to clarify the city's right to lease a dam site, the stage was set for a confrontation. More than 250 persons attended a February 16 public hearing. The majority opposed any step which could lead to the restoration of the old dam on the site. Senate President Sewall, an Atlantic Salmon fisherman himself, led the opposition, saying a dam would wipe out eight miles of North America's best fishing. The bill was withdrawn.

In a February 26 letter to those who attended a January rivers conference, Rob Gardiner of the Natural Resources Council said Governor Brennan "lost his nerve" under heavy and conflicting pressures from conservationists, dam developers and the paper industry and decided not to offer a river protection bill in 1982. "For at least another year, we must live with the threat that this state's great rivers will become a target for developers." Gardiner said the Maine Rivers study of the Department of Conservation "will hopefully become the information base for state rivers protection."

At a March 1 meeting in Old Town, the results of the study were outlined by two National Park Service planners on loan to the DOC's Bureau of Parks & Recreation. The 25 people in the audience were mostly fishermen and canoeists -- probably half from the Orono campus of the University of Maine. Most praised the study and criticized the
Governor. The study identified 3,900 miles of river corridor -- 12 percent of the state's 32,000 miles of streams and rivers -- as containing unique natural and recreational values. Included on a list of "A" rivers were the St. John, the Aroostook, the East and West Branches and the upper main stem of the Penobscot. Results of the plan are being discussed at a series of meetings. At the Old Town meeting, Land Use Regulation Commission Director Pidot said zoning can be imposed to protect significant rivers.

On March 3, trustees of the Maine Audubon Society meeting in Portland were asked to join the West Branch Penobscot Coalition to oppose the "Big A" project. "The goal of the Coalition is ostensibly to prevent the destruction of the competing values of the river," trustees were told. "The coalition intends to retain legal service, obtain intervenor status before FERC, develop a public relations campaign, submit testimony and information to the state during its license process and negotiate with Great Northern." The Coalition expects to recruit a dozen organizations as members, including the Penobscot Indian Nation. Trustees were told a LURC staffer expects a final application as early as this spring from Great Northern.

Also on March 3, legislation was introduced in Augusta by Sewall, with House Speaker Martin as a co-sponsor, which would ban further hydro development from Veazie to the sea, ruling out redevelopment of the dam at Bangor and protecting "the premier Atlantic Salmon rivers on the North American continent." There was talk of amending the bill to cover other rivers. A hearing on the bill was scheduled for March 10.

State Energy Resources Director Gordon Weil on March 4 told a South Portland cogeneration conference that while Maine is rich in hydro potential "I am concerned whether we will have any more significant hydro development...Just as soon as almost any specific site is proposed for consideration, vocal groups are heard in opposition." He criticized the West Branch Coalition.

The "Hydromania" issue is also a topic in Washington. A U.S. Court of Appeals in January struck down two provisions of Federal law designed to encourage hydro development -- a requirement utilities pay the full avoided cost for hydropower, and a rule giving developers blanket authority to interconnect with utilities. The American Paper Institute is seeking legislation to solve problems created for cogenerators and hydro developers. In addition, API is seeking preference for landowners in the licensing process of the Federal Energy Regulatory Commission (FERC). API's objections include full hydro value for sites sought under eminent domain in the hydro laws. Senator Humphrey of New Hampshire, chairman of an energy subcommittee, is drafting legislation to be introduced in a few weeks.

Late in 1981 a public opinion poll showed two out of three Maine people favorable toward hydro development. If there are more Bangor issues and if Great Northern continues to be perceived as ready to seek approval to build the "Big A" facility, public support will erode rapidly if a counter-campaign isn't launched. Weil needs help. If politicians see hydro losing support, this election year could see many joining the opposition. Politicians are well aware of the strong environmental leanings of voters.
THE LEGISLATURE

Labor and industry split along predictable lines at hearings in Augusta March 1 and March 3 on proposals to change the Workers' Compensation laws. With legislative leaders determined to complete the important business of the session by the end of the month, the pace was quickening.

The Labor Committee heard:

A spokesman for the AFL-CIO support expanding the mandatory rehabilitation program of the Workers' Compensation Commission. Dr. Philip Haber, a nationally recognized authority on rehabilitation, said similar legislation passed in Minnesota resulted in many workers with back impairments enrolling in colleges, taking courses they were unsuited for and coming out four years later unable to find jobs. Haber said a rehabilitation law must give top priority to returning people to work. Lobbyists report a compromise bill can be drafted before legislators go home. (A detailed report of the hearing has been circulated.)

A spokesman for labor at a second hearing said proposed legislation contained provisions "which serve to practically eliminate any possible recovery for occupational hearing loss..." The legislation was drafted by a consultant hired by industry. There was talk this bill also would die although some lobbyist for industry were considering trying to reach a compromise. They say industry's liability under the present law are staggering if claims are pushed. Eldon Doody of Central Engineering attended the hearing.

Associated Industries of Maine is taking the lead on both issues although the experts had to be hired by ad hoc groups because AIM didn't have money available.

Bob Wright of the woodlands department testified in support of the budworm tax bill on behalf of the Paper Industry Information Office March 5, but asked to review the Forest Service's justification for the $7½ million request. The long-awaited revised mining tax bill was printed. There was talk of a $1 million-plus cut in the proposed Unorganized Territory District tax. A redraft in the amendments to the corporate takeover law was submitted. A bill regulating wetlands in the organized territory was running into opposition. Members of the Marine Resources Committee were lining in support of bill preventing state regulators from imposing stiffer environmental standards than the federal U.S. Environmental Protection Agency. Representative Post said she couldn't get support to report out a bill doing away with the sales tax exemption on pollution control equipment. The Governor announced he would ask the Legislature to approve changes in the Department of Environmental Protection as a result of the Trafton Commission report.

PUBLIC RELATIONS

Dick Bailey and Art Birt were speakers at the annual "Great Northern Night" of the East Millinocket Chamber of Commerce March 2 with a tour of the controller's department facilities following their presentation. Nearly 70 attended...Bob Bartlett, Paul Firlotte, Veli Lapinoja, Dick Noyes and I had lunch with Republican gubernatorial
Public Relations (continued)

candidate Charles Craigin while he was campaigning in Millinocket March 3...P. F. Yacavone was one of ten business leaders whose views on Maine's economic future appeared in the industrial and financial editions of the Portland newspapers February 27...Maryanne Lagasse asked me to check the facts in an interview with the Great Northern president which will appear in the industrial edition of the Bangor Daily News later this month...Marv Keck of Central Personnel and consultant John Wiebe were interviewed March 3 by Mrs. Lagasse and Anne Erickson of the Katahdin Times on the company's new Employee Assistance Program. They had requested information...Denise Goodman, a correspondent for the Boston Globe, called March 5 with questions regarding snow accumulations and the outlook for the spring runoff.

Sincerely,

Paul

pmc/rr

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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 March 12:

MINING IN MAINE

The question of how to tax mining companies is one of the most difficult the Legislature will face in the final 14 days of the current session. When talk of an Aroostook mining venture was first heard, bureaucrats started thinking about a new tax. The Legislature didn't get around to considering a tax proposal in 1981. Representatives of the mining companies say "they can live with the proposal" now before the Legislature. They hope for action before the end of the session, although no final decision has been made to go ahead with the project.

The site of the Bald Mountain project (Township 12, Range 8) is in timberlands owned seven-eighths by Great Northern Paper. Prentiss & Carlisle of Bangor manages the remaining interest. Superior Oil of Houston and Louisiana Land & Exploration are partners in the project and a Superior subsidiary, Superior Mining, is coordinating all activities. Great Northern Paper isn't involved in the politics of mining, only as a landowner permitting exploration and mining under an agreement with the mining companies.

There's been a lot of publicity. In the November issue of Down East magazine, Michael T. Kinnicott wrote:

"After ten years of vigorously scouring the remote corners of Maine, the personable, fifty-one year-old Cummings (John S., the geologist who discovered the ore), a native of Auburn, had hit upon a bonanza estimated at $1 billion. The lode, which could yield 35 million tons of high-grade copper and zinc over a twenty-year period, lies buried deep in ancient volcanic rock about fifteen miles to the West of Portage..."
Mining in Maine (continued)

Superior has been aggressively promoting the Bald Mountain project in the press, in tours for public officials and in meetings with leaders of communities near the mine site. When in operation, the mine would employ half as many people (200) as Pinkham Lumber when that division of Great Northern Paper is in full production. But it is a diversification in Aroostook County where lumber and potatoes have long dominated the economy. The Aroostook business community is solidly behind the Bald Mountain project. Jim Barresi, the vocal director of the Northern Maine Regional Planning Commission, is fighting to get revenue for nearby towns.

Governor Brennan has introduced a mining tax proposal drafted by a task force headed by State Planning Office Director Dick Barringer. Don Perkins of Pierce-Atwood, who represents Superior, says the company has no problem with the revised concept -- "a tax on the net" -- but he expects a fight over how the revenues are spent.

Senator McBreairty, champion of taxpayers in the unorganized territory, doesn't like the idea of a special tax in lieu of property taxes. The Aroostook Senator would prefer to see the property tax in the unorganized territory reduced. But because this would only benefit companies such as Great Northern Paper as well as the several thousand people who live in the unorganized territory, the special tax is likely to be the choice of legislators.

Details of the Brennan administration plan are contained in a 30-page legislative document printed March 2. Even equations for dividing up the income are included. The Governor told an Orono conference in February he expects the minimum tax would be $600,000 a year. The tax will rise and fall with profits. Part of the money (more during the construction and start-up years) will go to nearby towns to help them deal with the influx of construction workers and miners. During construction, it is estimated 600 to 1,200 jobs could be created. One estimate has been up to 1,700. When the mine is in operation, 200 people will be employed by Superior -- and it is estimated 150 to 200 jobs will be created downstream. The general fund of the state would also benefit. A small share of the tax would go to county government.

The controversy over the tax will be centered around the idea of a trust fund with power to buy land for state parks, purchase wildlife habitat and unique natural areas and restore lakes, rivers and streams.

Already the Portland Press Herald has come out in an editorial against the dedicated revenue approach.

Republicans on the Taxation Committee, including Senator Emerson of Corinna, are questioning why tax revenues are being sidetracked from the general fund at a time when money is short.

Although the Legislature will be talking taxes, the subject will be clouded by the concerns of the state's militant environmentalists and bureaucrats in the regulatory agencies. Bob Cummings of the Maine
Mining in Maine (continued)

Sunday Telegram has written about the possibility of "a biological desert" being left behind because of the difficulties of extracting copper from sulfite areas. Rob Gardiner of the Natural Resources Council of Maine talks about the magnitude of the project -- 850 acres, a 300-acre rock pile and a 400-acre tailings pond -- and the state's lack of experience in regulating mining. While he sees Bald Mountain mining as probable, the NRC is pressing for stiff environmental safeguards. Gardiner even talks of a bond to ensure complete rehabilitation of the area. Superior has spent over $1 million on environmental studies.

Legislators, town officials, environmentalists, planners and others take a back seat to the copper market. A Superior official was quoted by Bob Cummings as saying copper is selling for 76 cents a pound, down from $1.41 last year. Copper would have to sell at $1.25 to make the Bald Mountain project profitable.

A hearing has not yet been scheduled on the mining tax bill.

THE LEGISLATURE

Conservation Commissioner Dick Anderson, who often has pictured himself as a hydropower enthusiast, said March 11 he doubts if there is much hope for developing facilities in Maine. The Commissioner had testified the day before in opposition to legislation intended to prevent the rebuilding of the Bangor dam: "Those salmon fishermen are not interested in compromising. I am afraid this bill is going to pass." (A lot will depend on an opinion on the constitutionality of the bill, Lynwood Hand says.) Anderson believes no one wants a dam on their favorite stretch of river or stream.

The Appropriations Committee has named a three-member sub-committee to resolve the $500,000 difference between landowners and the Bureau of Forestry on how much is needed to finance the spruce budworm control program. Forestry Director Stratton wants $7.5 million, industry says $7 million will do the job. A hearing is scheduled March 16.

The amendments to the Corporate Takeover bill will be reported out by the Business Legislation Committee with unanimous support. Hand expects no opposition now that differences with the Bureau of Banking have been resolved.

With labor showing little interest in compromising, the fate of bills dealing with occupation hearing loss and rehabilitation under the Workers' Compensation law was still up in the air. Workers' Compensation Commission Chairman Charles Devoe was trying to save the rehabilitation program that he drafted. Al Ayre was crediting the testimony of Dr. Philip Haber with convincing legislators the bill would create more problems than it would solve.

A draft of legislation which would lead to the reorganization of the Department of Environmental Protection has been circulated by the Governor's office.

Legislative leaders are aiming at getting all bills out of committee by March 14.
WHO GIVES?

The average number of persons contributing to 250 political action committees was 388, a 1981 survey reported and the average annual contribution was $80.50. Half of the contributions were less than $50 per year.

MAINE READING

"A Maine 'Deeper In'") is a 120-page collection of photographs of Aroostook and Washington counties by Martin Brown, published by Down East Books of Camden. Bob Bartlett found familiar places and people in the portion covering Aroostook. A copy is in the library of the guest house.

PUBLIC RELATIONS

Gordon Manuel of WABI-TV called March 11 to ask for a backgrounder on the current state of the economy as we see it...Contributions were made to the Bangor Symphony Orchestra, Medway Girls All Star Tourney, Moosehead Marine Museum, YMCA State Legislature program, Millinocket Junior Pro Basketball trip and the Millinocket Horse Show. Broadcast of the Millinocket Chamber of Commerce "Candidates Night" was scheduled on WMKR and WKTR. Annual dues were paid in the Bangor Action Committee of 50.

Sincerely,

[Signature]

Distribution:

E. E. Allain                T. A. Galas                W. R. Laidig                D. K. Phenicie
R. F. Bartlett             J. M. Giffune             G. M. Lander                T. S. Pinkham
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P. Cannella                L. E. Hand                O. J. Lombard               R. J. Rychlik
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S. A. Casey                D. O. Hickey                E. V. Maxfield              B. J. Shainman
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A. B. Danforth             C. A. Hutchins             A. M. Nemirov               W. D. Vail
J. L. Dardenne             R. R. Johnson             G. L. Nystrom               G. E. Veneman
J. P. DeMarrais             M. A. Keck                 J. F. O'Handley             D. W. Westfall
A. E. Dentremont            T. W. Kelly                P. P. Paul                 H. Willets
P. I. Firlofete             D. J. Krohn                 T. N. Pendleton             P. F. Yacavone
T. H. Flanagan
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 March 19:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Legislation</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>BEP/DEP Reorganization</td>
<td>Everybody agrees something is needed--and a little may be accomplished.</td>
</tr>
<tr>
<td></td>
<td>Martin-Marietta remedy</td>
<td>Put off by administration until court appeal is decided.</td>
</tr>
<tr>
<td>Forestry</td>
<td>Spruce Budworm financing</td>
<td>With industry, Bureau of Forestry in agreement on $7.5 million program, quick OK expected.</td>
</tr>
<tr>
<td>Labor</td>
<td>Occupational hearing loss benefits</td>
<td>Committee has voted to kill bill.</td>
</tr>
<tr>
<td></td>
<td>Expanded rehabilitation program under Workers' Compensation</td>
<td>Committee has voted to kill bill.</td>
</tr>
<tr>
<td>Taxation</td>
<td>Unorganized territory taxes</td>
<td>Cut of $600,000 to $1,000,000 possible in request of $7,700,000.</td>
</tr>
<tr>
<td>Other</td>
<td>Amendments to Uniform Takeover Act (GNN bill)</td>
<td>Unanimous support from committee expected.</td>
</tr>
</tbody>
</table>
THE LEGISLATURE

Pressure in the halls of the Legislature was mounting this week. Only nine working days remain for members to complete the session, limited by law to 50 days (two additional days are necessary if members vote to extend). The target for adjournment is April 2 with April 6-7 tentative dates for extension of the session. As the summary on the preceding page indicates, several pieces of legislation of interest to the forest industry remain to be resolved.

With leaders trying to get all bills out of committee, the bill reorganizing the Department of Environmental Protection was redrafted overnight to meet the March 19 deadline. The Paper Industry Information Office strategy changed after a March 17 hearing. At first, industry supported the administration bill but suggested further study. But Attorney Dan Boxer, Dale Phenicie of Great Northern Paper, and others yielded to pleas from the administration and others to "do something now." The Board of Environmental Protection will remain as it is now constituted with the Commissioner removed. The message to the staff that DEP change must come may be the biggest result, Phenicie says.

The Taxation Committee still hasn't acted on the $7.7 million proposed for municipal services in the Unorganized Territory where Great Northern Paper is the largest landowner. As a result of a ruling by the Attorney General that the Land Use Regulation Commission can't be funded from the Unorganized Territory Tax District revenues and from challenges to other assessments, a cut of $600,000 to $1,000,000 is possible in the total request of $7,700,000. Lynwood Hand, representing Great Northern Paper, and Don Perkins, representing PIIO, are closely following this issue which is complicated by the Taxation Committee confusion over the Maine Forest District's future. The district is a fire fighting structure dating back to the early 1900's which towns now are rebelling against because of the cost.

The anticipated unanimous report of the Legal Affairs Committee recommending passage of amendments to the state corporate takeover law still had not been printed March 19.

After a March 18 workshop of the Labor Committee, Steve Clarkin of Associated Industries of Maine said the committee had decided against trying to redraft the expanded rehabilitation program under the Workers' Compensation Law. The committee made the same decision on an occupational hearing loss study report. The AFL-CIO didn't put up much of a struggle because they feel the next session will be controlled by sympathetic Democrats.

With Bob Wright of Great Northern and Hank Magnuson of PIIO representing industry, differences with the Bureau of Forestry over the cost of the spruce budworm program were settled before a March 23 Appropriations subcommittee meeting. The committee will recommend the $7.5 million sought by the agency, but the bureau will ask only $7 million be raised initially by taxes -- and the dates when the taxes will be due will be postponed.
Reflecting the recessionary times, directors of the Paper Industry Information Office on March 12 eliminated the annual spring conference for 1982. Officers will be elected at the May meeting of directors. A meeting of a new personnel committee was authorized subject to antitrust counsel approval of agenda.

**THE MINING TAX**

The March 16 hearing on the Brennan administration proposal for a new tax on mining companies was interesting as much for what was said about existing taxes in the unorganized territory as for the issue of the day. The hearing attracted 75 people, an interesting mix -- three attorneys from Pierce-Atwood, the Portland firm representing Superior Mining, three top officials of the Department of Conservation, two top legislative leaders (House Speaker Martin stayed to the end), spokesmen for environmental groups and 10 of the 13 committee members (a big turnout). The hearing lasted four hours. A report will be distributed on details of testimony and questions.

If the Brennan administration gets its way, an excise tax on net profits will be imposed on miners in lieu of the property tax, because...

"There is a question about the fairness of the unorganized territory tax law...there is no benefit at all to the vast majority of the people of Maine."---State Planning Office Director Barringer.

"This will avoid a major windfall for a small number of major landowners, because the present system would serve only to lower taxes. This is sufficient reason by itself to pass a new tax."---Senator Paul Violette of Van Buren.

And why is funding proposed to permit the state to buy land?

"Maine has an extraordinarily small base of public land."---Barringer.

Democrats and Republicans alike criticized the proposal, chiefly because of the fact it came so late in the session. If the tax is approved, the revenue provisions may be changed. There is growing sentiment against creating a fund to finance a state land acquisition program.

Superior Mining attorneys tried to explain to hostile committee members why they supported the bill but at the same time complained Maine would become a "high tax" state. A clarification of tax policy is needed before a decision is made on the Bald Mountain project. "We didn't ask for a new tax," Attorney Jim Good told the committee. House Speaker Martin claimed the administration tax will reduce the company's tax burden. The project is in his district.

When a workshop was conducted on the legislation, a Boise-Cascade mining specialist came to Maine to label the tax too high.

Sincerely,

[Signature]

PMC/B
Enclosure (PTIO Newsletter)
Dear Dick:

The newsletter of the Public Affairs office for the week ending April 2:

**AUGUSTA SCOREBOARD**

<table>
<thead>
<tr>
<th>Subject</th>
<th>Legislation</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>BEP/DEP Reorganization</td>
<td>Watered-down version approved by Senate April 1 with House action expected April 5.</td>
</tr>
<tr>
<td>Forestry</td>
<td>Spruce Budworm financing</td>
<td>$7.5 million program approved by Legislature; Governor is expected to approve legislation.</td>
</tr>
<tr>
<td>Taxation</td>
<td>Unorganized territory taxes</td>
<td>Bill one of few still in committee; cuts expected in requests for $7.7 million.</td>
</tr>
<tr>
<td>Other</td>
<td>Amendments to Uniform Takeover Act (GNN bill)</td>
<td>Bill approved by Legislature is expected to be signed by Governor.</td>
</tr>
</tbody>
</table>

**STRANGE ADVERSARIES**

Surprising new coalitions emerged in the final days of the legislative session. Central Maine Power Company's hopes of creating a non-regulated holding company were jolted by an alliance of several paper companies and the Brennan administration's new Public Advocate's office. The involvement of organized labor was credited with at least slowing down an administration proposal to allow out-of-state banks to buy Maine banks.
Great Northern Paper wasn't involved in either of the two confrontations which were the talk of Augusta.

Charles Goldsmith, State House reporter for the Guy Gannett newspapers, was asking if history wasn't being made as lobbyists for International, Scott, St. Regis and Pejepscot paper companies were arrayed against Central Maine Power. Goldsmith was writing an analysis for the Maine Sunday Telegram. The 25-4 Senate vote to regulate holding companies created by utilities topped the news in April 1 editions of southern Maine newspapers.

Why the rift?

Representatives of IP, Pejepscot and Scott were saying the utility was backing off from buying power from hydro and cogeneration facilities. St. Regis wasn't happy with being "taken for granted" as Central Maine's No. 1 customer. They saw the holding company as an attempt by Central Maine to establish a non-regulated competitor for the paper companies in the hydro and cogeneration fields. IP's lead lobbyist was Severin Beliveau, a newcomer to the ranks of attorneys representing paper companies, but with ties to small dam owners who had been at odds with CMP.

Will the rift continue?

"I hope Central Maine sees it as an issue, not as the end of the world," said one paper company lobbyist who says he expects his firm to be in the front line again with CMP in the referendum campaign to Save Maine Yankee.

Friday there were reports the AFL-CIO fears of job losses resulting from the banking bill's passage had been put to rest and the proposal would be revived.

Also in Augusta

Lynwood Hand said confusion over the banking bill resulted in the only question raised as amendments to the State Takeover Bid Law were approved without opposition. The bill, originated by Great Northern Nekoosa Corporation, is now awaiting the Governor's signature. The commissioner of Environmental Protection will no longer chair the Board of Environmental Protection and his three top aides will lose civil service status under a bill making its way through the Legislature. One of the few bills left in committee is the unorganized territory tax bill. The Legislature returns April 5 with three days left within the statutory 50-day limit. An extension is expected to be voted.

GNN Annual Meeting

Roger Boynton staffed a Great Northern Paper exhibit at the annual meeting of GNN March 31 in Stamford. The exhibit had a background of three panels of old construction photographs of the East Millinocket and Millinocket mills, timber harvesting and river driving. A two minute slide-tape show brought viewers up-to-date. Copies of the recently published history of GNP were offered to shareholders. Norman Martin of Bangor constructed the exhibit. Roger and Rhonda Reed produced the slide-tape narrated by Dale Phenicie. The exhibit also will be used during East Millinocket's Diamond Jubilee this summer.
A QUESTION OF $$$

Ken Stratton, Director of the State Bureau of Forestry, said March 29 he couldn't understand the recommendation of the regional office of the U.S. Forest Service which would mean only $200,000 in support for the 1982 spruce budworm control program. Stratton had believed 12\(\frac{1}{2}\)%, or $937,000 of the $7.5 million program, would be paid with federal funds available within the U.S. Forest Service budget. The regional office says it wants to participate only in the cost of applying Bt and acephate in environmentally sensitive areas. Stratton suspects the decision may mean more money for gypsy moth control in states with more political clout than Maine.

Stratton has asked the Chief of the U.S. Forest Service to over-ride the recommendation. That's happened before. Stratton said March 31 a letter of protest had been approved by the Governor. In Washington, March 28, I advised Carol Hicks of Senator Cohen's staff, Charles Jacobs of Senator Mitchell's staff, Kathy Bingley of Congressman Emery's staff and Liza Louzier of Congresswoman Snowe's staff of the development and asked them to protest the decision. All agreed to do so. I provided them with copies of the U.S. Forest Service recommendation and the draft of a letter of comments written by Bob Wright. Dave Carlisle of Prentiss & Carlisle called Senator Cohen to emphasize the need for the money to go to Maine. I brought Art Brownell of International Paper Company's Washington office up-to-date.

Peter Yacavone will join George Carlisle and Stratton, April 7, in Washington for a meeting with top Forest Service officials. (A report memorandum on this activity is being prepared.)

API MEETING

The economic outlook for the forest products industry and amendments to the Clean Air Act were the two subjects on which members of the joint committee on government affairs of the American Paper Institute and the National Forest Products Association spent most of their time at a March 31 meeting in Washington.

Norma Pace of API, Jack Pfliger of Time, Inc., and Senator Lugar of Indiana all focused on the economic problems of the industry. Lugar has filed legislation designed to generate 450,000 additional housing starts. Pfliger predicted quick Senate approval of Lugar's bill but fears it will get bogged down in the House where leaders want to first solve problems of the Savings & Loan Associations. "If we don't get a bill, we will be lucky to clear a million starts," Pfliger said.

Of the Clean Air Act, Bob Smith of Weyerhauser said it appears Senate and House versions will go to conference close to election time. He asked that companies explain to employees and the local press that the paper industry is only trying to streamline the process and eliminate things from the law not contributing to clean air.

(Memorandums reporting on details of the meeting will be distributed.)
Senator Mitchell vs. API

Senator Mitchell of Maine, chief promoter of legislation to control acid rain, spoke at a March 24 meeting of the joint Air Quality Committee of the API/NFPA in Washington. API is sticking to a position that more study is needed before any controls are imposed to curb acid rain. Mitchell told the group, "We know more about acid rain now than we did about air pollution when the Clean Air Act was passed in 1970." Mitchell told me March 30 he didn't expect to convert the industry to his thinking but he said he enjoyed meeting a lot of nice people. Several Washington-based representatives of paper companies credited Mitchell with making an impressive case for controls.

Matching Gifts Program

Information on the Great Northern Paper program of matching gifts for Maine political candidates was mailed to monthly salaried employees April 2 accompanied by a letter from P. F. Yacavone urging involvement in the political process. Copies will be sent to all candidates for Governor and the Legislature.

Public Relations

I provided a Presque Isle Star Herald reporter with a source of information on the Ashland Rotary Club honoring T. S. Pinkham...With guidance from Joe Jamieson, I answered questions from Alan Lobozzo of the Bangor Daily News on the high cost of travel facing business today...Mary Anne Lagasse wrote a story April 2 on the training program for Great Northern employees and others in the Millinocket-East Millinocket-Medway area who may have to deal with hazardous substances. Two photographs accompanied the article...A news release was distributed on the GNN annual meeting.

Sincerely,

Paul

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 April 9:  

**AU** **GUSTA SCOREBOARD**  

<table>
<thead>
<tr>
<th>Subject</th>
<th>Legislation</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>BEP/DEP changes</td>
<td>Preliminary approval in both branches.</td>
</tr>
<tr>
<td>Forestry</td>
<td>Spruce budworm financing</td>
<td>$7.5 million program approved by Legislature and Governor.</td>
</tr>
<tr>
<td>Taxation</td>
<td>Unorganized territory taxes</td>
<td>Legislature has authorized $6.1 million tax, a cut from original proposal. Bill on Governor’s desk awaiting signature.</td>
</tr>
<tr>
<td>Other</td>
<td>Amendments to Uniform Takeover Act (GNN bill)</td>
<td>Approved by Legislature and is expected to be signed by Governor before April 12 deadline.</td>
</tr>
</tbody>
</table>

**ONE MORE DAY, OR MORE?**  

The thoughts of many were expressed in an editorial in the Portland Press Herald of April 9 which said, in part:
One More Day, or More (continued)

"Once again this year, the Legislature went through its regular session doing what it seemed to do best -- it dawdled right up to the last minute. In fact, although its sense of procrastination is usually more precise, it dawdled beyond the last minute this time, requiring a one-day extension beyond the legal limit of 50 days for the session. The lawmakers will return next Tuesday to clean up several important matters which could easily have been taken care of earlier."

Many would have agreed with a Bangor Daily News editorial of April 9 blaming the Democrats for the problems of the Legislature:

"Of all the items awaiting attention, tax conformity, though not a jazzy issue, is by far the most critical. If Speaker Martin and the Governor had their way, and the Legislature just ignored the fact Maine is currently out of step with the federal tax system, all manner of tax headaches and needless costs and complications would be visited upon every taxpaying business and individual in the state."

When the session resumes April 13, the Legislature will be asked to quickly approve agreements negotiated on budget matters and funding of the money-short transportation department and consider steps to bring state tax laws into line with federal tax cuts.

On April 7 the Taxation Committee finally agreed on a total of $6,127,000 for the municipal cost components -- in effect the 1982-83 budget for the unorganized territory where Great Northern Paper is the largest taxpayer. The original proposal asked for $7,714,000 to be raised under the Unorganized Territory Education and Services Tax. The 1981-82 total was $7,003,000. The crusade of Senator McBreachy of Perham paid off for the several thousand people who live in the Unorganized Territory. The Governor still must sign the legislation. (A memorandum with details will be circulated.)

The bill to reorganize the Board and Department of Environmental Protection has had preliminary approval. All that remains of the original proposal is to remove the Commissioner from the Board, to allow the Board to elect its own chairman, to encourage delegation by the Board to the Commissioner for minor permitting decisions, to require computer tracking of applications, and to create an unclassified position of Deputy Commissioner.

Signed into law by the Governor was the legislation authorizing a $7.5 million spruce budworm control program. Still awaiting his signature is the bill containing amendments to the corporate takeover law. The Governor is expected to sign the bill, originated on behalf of GNN.

While Great Northern had no role in the deliberations, the Legislature authorized putting a moratorium on new licenses for commercial whitewater rafting and established a commission to study the impact of rafting on the Penobscot and Kennebec rivers.
APRIL 12 MEETING

Maine Forest Service Director Ken Stratton was grounded this week by the Blizzard of '82 and the Washington meeting on federal funding for spruce budworm control was postponed to April 12. P. F. Yacavone and David Carlisle of Prentiss & Carlisle will join Stratton in asking the Chief of the U.S. Forest Service to overrule the recommendation of a regional office to provide Maine with $200,000 instead of the almost $1 million expected under a formula recently approved by Congress. Stratton remains optimistic.

CAMPAIGN '82 -- THE PRIMARY

The deadline for political candidates to file nomination papers permitting their names to appear on the June primary election ballots has passed. After compiling lists of candidates, Hank Magnuson of the Paper Industry Information Office made these comments:

"Prospects for the Republicans to retain their one-vote margin of party control in the Senate are dim. Democrats are likely to win 16 seats and Republicans 14, with three seats in doubt. Of the three 'doubtful' seats, two are held by incumbent Democrats seeking reelection -- Frank P. Wood of Sanford and Larry M. Brown of Lubec -- whose seats previously were held by Republicans. The third 'doubtful' seat is that being vacated by Republican Senator Howard M. Trotzky of Bangor where both parties have primary contests. Unless the Republicans can take all three 'doubtful' seats, party control of the Senate will change over to the Democrats.

"The House picture is harder to paint, but in the background are 31 Democrat seats where there are no Republican entries and 10 Republican seats where there are no Democrat entries. Thus, the Democrats have a three-to-one edge on 'sure' seats, which comprise nearly a third of the House membership. In addition to their 31 'sure' seats, the Democrats have another 34 'probable' seats. Republicans have 19 'probable' seats in addition to their 10 'safe' seats, so the predictable outcome in November is 65 to 59 in favor of the Democrats with the balance of power resting on the outcome of 27 'doubtful' contests. If those 'doubtful' seats are retained by their respective parties, party control of the House in the 111th Legislature would be 86 to 65 in favor of the Democrats -- the same as it is now."

The full PIIO report has been distributed to managers.

OPPOSITION TO "BIG A"

Confirming what had been anticipated for several weeks, the April newsletter of the Natural Resources Council of Maine reported directors of the organization had voted to oppose the "Big A" project. They'll seek to have the river designated "Wild and Scenic" under federal law. The NRC also will push to have the next Legislature adopt a rivers policy. Cheryl Ring of the Maine Audubon Society requested information on the project for trustees who have been asked to join the West Branch coalition.
Public Relations

Working with the staff of the development office of the University of Maine at Orono an April 17 dinner is being planned in Millinocket for the 150 graduates employed by Great Northern Paper. It is a fund raising event for a performing arts center...With guidance from Jim Griffith, I answered questions from the Katahdin Times on the rehiring of 24 employees at East Millinocket...With help from Galen Lander and Paul Firlotte, the "Big A" fact sheet was updated...I attended an April 6 briefing in Millinocket by officials of the State Development Office. They asked comments on a new approach to promoting tourism, breaking the state up into regions. One region would be the "Katahdin-Allagash" area where the recommendation followed company policy of not encouraging public use. I wrote a follow-up letter, asking to be involved in the preparation of literature and maps -- if the concept is adopted...A news release was issued on Maine winners of Great Northern Nekoosa Foundation Scholarships...We responded to a Maine Public Broadcasting Network request for an interview to discuss the network's need for funding to replace equipment. Voters turned down a bond issue last year...With help from Art Dentremont, we arranged for company representation at a testimonial for an East Millinocket mill employee retiring as state commander of the VFW.

Sincerely,

[Signature]

pmc/b

Distribution:

E. E. Allain       R. F. Bartlett       A. P. Birt
J. A. Blickle     P. Cannella       J. B. Carson
S. A. Casey       A. L. Clark       G. H. Cook, Jr.
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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 for the Public Affairs Department for the two weeks ending April 23:

**AUGUSTA SCOREBOARD**

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<thead>
<tr>
<th>Subject</th>
<th>Legislation</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>BEP/DEP changes</td>
<td>Died in deadlock ending session and not likely to be reconsidered in 1982.</td>
</tr>
<tr>
<td>Taxation</td>
<td>Unorganized territory taxes for 1982-83</td>
<td>$6.1 million tax bill (a 12.5% cut from 1981-82) signed by Governor.</td>
</tr>
<tr>
<td></td>
<td>Conformity with new federal tax code</td>
<td>Died in deadlock but issue isn't going to go away.</td>
</tr>
</tbody>
</table>

**THEY'LL TRY AGAIN**

Governor Brennan is calling members of the Legislature back to Augusta April 28 to approve a 1982-83 budget and face the issue on which they deadlocked April 13 -- the question of to what extent businesses in Maine will have their 1982 state income taxes conform to definitions of taxable income under the new federal code.

When the so-called second regular session ended April 13, dozens of bills died. Before that time, the Brennan administration gave up on the proposal to make changes in the Department of Environmental Protection. The scope of the bill had been reduced several times and was finally stripped of the appropriation clause providing the funds for the newly created job of deputy commissioner. Henry Magnuson of the Paper Industry Information Office quotes aides of Governor Brennan as saying the bill is dead for 1982. The Taxation Committee was never able to agree on a mining tax report.
They'll Try Again (continued)

The Governor signed a bill requiring $6.1 million be raised in 1982-83 from the Unorganized Territory Tax District, a 10.8% reduction from 1981-82. Great Northern Paper is the largest taxpayer in the district. Senator McBreairty of Perham is considering a court challenge of the Legislature's providing 75% of the operating budget of the Land Use Regulation Commission from the unorganized territory tax. The Attorney General agrees with the Senator. McBreairty points out 40 plantations (which levy taxes in the same manner as cities and towns) are getting LURC services free, the same services residents of the unorganized territory must pay for with taxes.

Contrary to this department's April 9 newsletter, the whitewater rafting study ordered by the Legislature contains no moratorium on activity in 1982. An appropriation of $1,000 to finance the study was also stripped from the bill before passage.

When the Governor signed into law legislation granting the sardine industry a two-year exemption from environmental regulations, the Portland Press Herald said in an April 17 editorial: "Governor Brennan and the Maine Legislature made a perfectly dreadful decision in approving a bill exempting sardine canneries from complying with the State's anti-pollution laws. For the first time in history, an entire industry has been excused from complying with anti-pollution laws which apply to everyone else." It was a significant step.

Milton F. Huntington, the veteran director of the Maine Petroleum Association, summed up the tax conformity issue in this manner in a report to members:

"Republicans held fast in their insistence on total conformity of Maine income tax laws with the federal code at a cost of nearly $10 million. Their approach would have included funds to provide accelerated depreciation schedules for business. Democrats adhered to a plan which would have scaled down the rapid depreciation provision and would have limited the total price tag to only $6.2 million.

"Democrats claimed it was too early to piggyback the federal tax changes, with Congress poised to make further changes later this year. Republicans called that a 'smoke screen' and complained that the D's were able to find adequate funds to finance their pet projects, but not enough for important business tax relief.

"Some State House observers believe the Governor will accept a larger sum for tax conformity if the money is available next fall. Lawmakers approved a measure last December which provided tax conformity for the 1981 tax year, and with a one-year sunset provision, avoided the burden of dual state-federal record keeping and tax accounting systems."

Republicans were praised in the newsletter of Associated Industries of Maine:

"It is clear that on this issue of vital importance to all businesses and industry in the state, Republican legislators and their leaders, at some political risk, went the full distance this session on the principle of tax equity for all taxpayers."
One of the most talked-about races for a seat in the Legislature is shaping up in House District 14, composed of 13 Northern Aroostook County towns and plantations. Speaker of the House John Martin, a Democrat, is being challenged by Republican George "Pete" Sawyer of Ashland, the widely-known veteran manager of Dunn Timberlands. Martin, a teacher and businessman, has filled the seat since 1964. Since 1975 the Eagle Lake man has been the leader of the House. Sawyer has long been active in the Aroostook County Regional Planning Commission and is a former member of the Land Use Regulation Commission. District 14 geographically is the largest in the state. In 1980, there were 2,256 registered Democrats and 934 Republicans. Martin won 2,173-569 in 1980 with a 595-140 margin in Ashland and 417-106 in Eagle Lake, the two largest communities.

**The Next Decade**

At an April 14 meeting of the Maine Forecasting Advisory Committee, State Economist Lloyd Irland asked for comments on a forecast for employment in the 1980's in the natural resource-based industries including "outdoor recreation, lumber, paper, agriculture, fisheries and food processing." For paper, his draft paper concluded, "Maine output will grow apace with U.S. output -- no boom but not stagnation either. Productivity growth will mean that jobs will not grow, and could (odds?) decline slightly." For lumber, Irland suggests, "Hopes for a strong national lumber market in the 80's have turned to ashes. Still, based on rising costs in the South and West and rising freight, lumber output growth seems likely for Maine. Waferboard and new products seem likely to grow for the same reasons."

**CMP on the Offensive**

Central Maine Power Company has retained Ad-Media, the Augusta advertising agency dropped in an economy move earlier this year by Great Northern Paper. "We've got a lot of work to do in the next couple of years -- dealing with a nuclear referendum and patching up relations with paper companies," said a CMP public relations staff member. She referred to the recent Legislature when the utility and several companies split over plans of CMP to establish a non-regulated holding company.

**Spruce Budworm**

A delegation led by State Forestry Bureau Director Stratton and including P. F. Yacavone and David Carlisle of Prentiss & Carlisle, appealed to U.S. Forest Service Chief Max Peterson April 12 in Washington to increase the recommended federal financial support for spruce budworm control. A regional office had recommended $200,000 instead of the $937,500 the state had expected. The Maine congressional delegation and Governor Brennan sent letters asking more federal assistance. Kathy Bingley of Congressman Emery's office was awaiting a response, with some optimism based on conversations with aides in the headquarters of the USFS. (Copies of letters and a report will be circulated.)
PUBLIC RELATIONS

At the request of the Maine Development Foundation, P. F. Yacavone discussed the business outlook in Maine with Nate Bowditch and John Menario who are interviewing 35 people in the process of a study. While in Portland April 13, we also discussed with Stephen G. Lakis a proposal for funds for the State Legislative Leaders Foundation...Cheryl Hutchins agreed to answer questions April 21 from Allan Lobozzo of the Bangor Daily News. The Bangor Daily News business writer was preparing an article on annual reports...Charlene Sturbits of Senator Mitchell's staff called April 14 to clarify the Senator's position on amendments to the Clean Water Act. Dale Phenicie and I talked with her...A news release was drafted on the decision to drop public tours of the pulp and paper mills as an economy step in 1982...Chancellor Patrick McCarthy came to Millinocket to join in an April 17 dinner for Great Northern employees who graduated from the University of Maine at Orono. A dance troupe from the Orono campus entertained at the event, kicking off a solicitation of funds for a new performing arts center...With representatives of the environmental and woodlands departments, I looked at a Trout Unlimited slide-tape show on acid rain. The show is being shown throughout Maine...I attended the Pulp & Paper Foundation Open House in Orono on April 15-16.

Sincerely,

pmc/rr

Distribution:


Dear Dick:

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

**The Business Climate**

Debate over the business climate in Maine was revived by headlines in the Wall Street Journal on April 22 proclaiming "Maine's Economy Turning Around After 25 Years of High Joblessness." The story reported, "While recession haunts the country, Maine is on the rebound" but added unemployment was over 10 percent in farming areas of the north and industry-scarce coastal regions compared with 6.6 percent in the Portland region. The story didn't mention two of the state's major industries -- No. 1 paper and No. 4 lumber and wood.

As reported in the Public Affairs newsletter of February 12, the debate was kicked off when Maine slipped to 40th in the national ranking of state business climates.

This week United Press International reported several Maine economists offered a strikingly different view from the "rosy picture" painted by the Wall Street Journal. John Coupe, an economist who is now vice president for financial matters of the University of Maine at Orono, was quoted as saying the severity of the recession could be measured by layoffs in the paper industry.

Maine Business Indicators, a publication of Maine National Bank and the University of Southern Maine, devoted three pages of its March issue to the subject -- analyzing different aspects of the business climate, but not drawing any overall conclusions.

The Maine Development Foundation is looking for ways to ease problems facing the business community -- with John Menario, former Portland city manager and an architect of the Brennan cabinet, consulting with industry leaders. P. F. Yacavone was interviewed April 13.
Business Climate (continued)

Maine Times, the weekly journal of opinion, in its April 2 issue asked, "The Business Climate -- Is a trout stream a better lure than a tax break?" Reporter Phyllis Austin built a case for including quality of life (the environment) in any ranking.

On another front, the Legislature this week was debating business taxes. Would Maine follow the nation? Democrats didn't want to do so. Republicans insisted. Two quotes from an Associated Press story reflect on the business climate:

"This is certainly a welfare bill -- welfare for the corporate structure of the state primarily," said Senate Minority Leader Conley.

"The primary beneficiaries of this legislation are going to be utilities and the large corporations," said Represenative Connolly, a Portland Democrat.

The same day Bath Iron Works decided to hold up on plans to expand into Portland until courts decided on Common Cause's challenge of state financial support for the project.

The debate is timely. It is an election year. Businessmen are getting involved in the political process in numbers and ways never seen before. Two new statewide political action committees have been established to raise money for candidates considered pro-business. Individual companies, including several paper companies with Maine mills, are encouraging political contributions and in many cases planning outright gifts.

Can Maine business turn attitudes around in Augusta, as others have reversed policies in Washington?

Probably not in 1982.

According to a Business Council of Maine survey, the outlook now is for a Democratic sweep and a Legislature tilted against business.

But the political action groups being organized will be testing their abilities in 1982 and really looking to the future. The 1984 legislative races and the 1986 gubernatorial races will provide the true test.

In the meantime, No. 1 ranked Florida will be running advertisements seeking to attract more business. The ads feature a photograph of a list of the rankings. Maine is so far down it is cropped out of the picture.

THE CAMPAIGN

The outlook for the 1982 legislative races was discussed at an April 23 meeting with two dozen people who represent business and industry in the public affairs field. Lynwood Hand and I participated. The significance of the split between four paper companies and the utilities over an issue in the Legislature was also evaluated. A separate report on the meeting will be prepared.
THE LEGISLATURE

Before passing a compromise on the question of tax conformity, the Legislature April 29 approved a revised version of an order calling for a $25,000 study of "an axial flow bulb-type turbine that can produce energy without the construction of a conventional-type dam." The $25,000 appropriation clause was stripped from the resolution and the study delegated to a standing committee instead of the special committee originally proposed. Without the money, Great Northern Legislative Council sees little chance of legislative leaders sanctioning a study. House Speaker Martin and Senate President Sewall were co-sponsors of the bill, the idea of Representative Carter of Winslow, a fishing enthusiast.

If there are adequate revenues available December 1, the tax compromise provides Maine will match most of the business tax relief provisions in the new federal law. It is a $3.5 million question, with $6.2 million in tax cuts accepted.

A special session is expected May 14 to approve a labor agreement with state employees -- and possibly a mining tax.

SPRUCE BUDWORM

The good news came in a letter to State Forest Service Director Ken Stratton from Duane Green, regional director of the U.S. Forest Service, and received April 26. Instead of approximately $200,000, Maine will be eligible for some $975,000 in federal financial assistance for the 1982 Maine spruce budworm program. The 12.5% federal share was restored after representatives of state government, the Maine Congressional Delegation and the forest industry protested. With Great Northern Paper now paying approximately 50 percent of the cost of the program, the decision was important. The U.S. Forest Service said it's the last year of support and in the future only spraying on federal lands and intermixed private lands will be supported. That means only Western lands, Stratton said. He plans to challenge the approach.

Across the board, there was widespread publicity resulting from a study by scientists in New Brunswick which found no link between spraying and Reye's Syndrome, a children's disease. In Washington, a New York Times' story said there was a growing concern in the scientific community about a link between aspirin and the disease.

POLITICAL ACTION COMMITTEE

Eligible employees of the Woodlands department based in the Millinocket area were briefed April 26 on the Great Northern Good Government Committee at a dinner for couples at the guest house. Dale Phenicie has been elected to the executive committee of the PAC, replacing Carl Peterson. Arthur Michaud is the new treasurer.

The first three contributions under the matching gifts for Maine political candidates have been processed.
Public Relations

Anne Erickson of the Katahdin Times called April 30 to say Phyllis Austin of Maine Times was in town collecting information on charges by environmentalist Doc Hodgkins that air pollution was resulting in health problems for school children...When the company paid fines April 28 resulting from complaints by environmental agencies, the outcome of negotiations with the Board of Environmental Protection and the Land Use Regulation Commission was combined the next day in a Bangor Daily News story headlined "GNP to pay fines" and mentioned briefly in the Portland Press Herald. In advance, Jim Carson had alerted East Millinocket selectmen to expect the story. The fines involved alleged violations of an agreement on operating a landfill, waste-water discharges and timber cutting in a protection zone. Dale Phenicie and I briefed Anne Erickson on the developments...Ad-Media is updating several slides in the "Big A" slide show for use by Galen Lander at a Trout Unlimited meeting in Freeport May 11...Paul Firlotte discussed the emergency action plan for the hydroelectric system and Dick Noyes reported on business conditions at an April 26 luncheon for 28 community leaders.

Sincerely,

pmc/rr

Distribution:

E. E. Allain T. A. Galas W. R. Laidig D. K. Phenicie
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T. H. Flanagan

T. H. Flanagan
Maine's six-million acre National High Adventure Area of the Boy Scouts of America rated full-color cover treatment and a feature article in the February issue of Scouting magazine, which goes world-wide to adults and scouts. The article chronicles a week-long wilderness trip taken by Auburn's Troop 111 from the Matagamon base northeast of Baxter State Park, one of three bases on land made available by several cooperating paper companies... Great Northern Paper, St. Regis, International, Scott, Diamond International, Boise Cascade and Georgia-Pacific... and other landowners.

The program also includes Seboomook Base, northern Somerset County, and St. Croix Base, northern Washington County. Each year, about 1,500 young men and women from many states and foreign countries take the High Adventure trips.

MANAGEMENT CHANGES ANNOUNCED AT IP

International Paper Co. has announced several managerial changes at its Androscoggin Mill in Jay.

J. Alan Day, Androscoggin Mill Manager since 1977, has been promoted to Manager - Containerboard Manufacturing, Industrial Packaging Group. In his new position, Day will be responsible for the primary manufacturing system of the Industrial Packaging Group which is composed of five mills: Bastrop, La., Gardiner, Ore., Mansfield, La., Pineville, Ark., and Vicksburg, Miss.

Day assumed his new responsibilities at the company's corporate head-quarters in New York on March 8.

Replacing Day as Mill Manager is Newland A. Lesko. Lesko began his career with IP at the Androscoggin Mill in 1967 as a process engineer in the technical department. He held positions of increasing responsibility at the Androscoggin Mill; the Ticonderoga, N.Y., mill; the Gardiner, Ore., mill; and the Hudson River, N.Y., mill. In 1978 he was named manager - manufacturing at Ticonderoga and he assumed the position of mill manager at Ticonderoga in March of 1981. Lesko, originally from Livermore Falls, holds B.A. and B.S. degrees in chemistry from Colby College.

Also leaving Androscoggin is Manager of Operations Roger H. Purrington. Purrington's new position will be Manager - Implementation at the company's Georgetown, S.C., mill. Purrington will head the recently-announced multi-million dollar reconfiguration project there.

Replacing Purrington as Manager - Operations is Perry A. Harding. Harding joined IP in 1947 at the Otis Mill (now a James River Co. operation). He held numerous production and supervisory positions including Mill Manager at the Otis, Androscoggin and Ticonderoga mills. In 1978 he was promoted to Manager - Manufacturing Services, White Papers Group. Harding served as the Project Manager for the 1980 conversion of Androscoggin's No. 2 paper machine. An Anson native, Harding holds a B.A. degree in chemistry from Colby College.

MARCAL MILL TO RE-OPEN

Marcal Paper Mills, Inc. at Mechanic Falls, closed since September except for a brief production run in the fall, will re-open March 15.

The largest and newest of the mill's three paper machines, No. 6, will be put in production soon after that date to fill orders for converting papers.

Mill Manager E. Horton Girdler said Marcal will open on a five days a week basis with two five-day weeks running back to back. This means that on the start of production the mill will be running for ten consecutive days and then down for four.

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<tr>
<th>Company</th>
<th>Mill location</th>
<th>Union</th>
<th>Covered employees</th>
<th>Contract expires</th>
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<td>U,B,A</td>
<td>944</td>
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<td>Jay</td>
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<td>1024</td>
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<td>1042</td>
<td>10/31</td>
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*UPIU = United Paperworkers Int'l. Union; A = Int'l. Assn. of Machinists & Aerospace Workers; B = Int'l Brotherhood of Electrical Workers; O = Other.

Source: American Paper Institute Employee Relations Dept.
Biomass Boiler Fired Up at S. D. Warren, Westbrook

Savings Equal 700,000 Barrels of Oil a Year

Scott Paper Company's S. D. Warren Division at Westbrook has officially started up its new biomass boiler.

According to Henry J. Roehner, plant manager, the 128-year-old plant will be in a better competitive position because of reduced energy costs associated with the use of biomass fuel.

At the same time, the biomass facility is the centerpiece of a unique financing agreement between Scott and a group of investors that will help support the company's aggressive capital spending program. The boiler has been sold for $91.5-million to Connecticut Bank and Trust Company acting as owner-trustee for General Electric Credit Corp.

The proceeds from the sale will be used by Scott for general corporate purposes including support for its $1.6-billion capital improvement program. The biomass boiler, the $195-million Warren coated paper machine under construction at the Somerset plant in Skowhegan, and a recycled fiber plant nearing completion at Winslow are all part of this program.

“Ending dependency on costly foreign oil has special significance, not only for the approximately 2,000 employees of the Westbrook mill, but also for the community and the state,” Roehner said.

The new facility, on which construction started in the spring of 1980, replaces five oil-fired boilers. The use of biomass fuel, coal, and/or wood waste is estimated to save 700,000 barrels of imported oil per year. Over the expected 40-year life of the boiler, the savings could amount to approximately 28-million barrels of oil.

In recent weeks, the first shipments of coal for the boiler arrived from Kentucky at Portland's waterfront. As the boiler start-up routine progresses, the fuel mix will go from coal to greater volumes of wood.

The focal-point of the project is the 220-foot-high boiler building, in which the steam boiler literally hangs suspended. The boiler will supply both low pressure mill process steam and electrical power. At full capacity, it will produce 650,000 pounds of steam per hour and will power a new 35,000 kilowatt steam turbine generator.

Other elements of the project are a feedwater building, a biomass storage building, four truck dumpers, about 9,000 feet of conveyors, a bridge over the Presumpscot River and numerous access roads.

noteworthy: More than 20,000 people . . . one-fifth of Maine's adult working population . . . are employed in the state's paper industry.

noteworthy: Paper has been made in Maine since the 1730's . . . more than 250 years . . . but the use of wood fiber, replacing rag pulp, has covered only the past 100 years.

Printed on Maine-made paper
Education takes many forms in Maine's paper industry

Education is a vital process in Maine's paper industry from the grade-school student who makes his own hand-made sheet of paper to the 20-year mill veteran learning new ways of dealing with stress for a better home and work life. This issue of the News/Paper looks at the wide variety of education related to paper-making and the Pine Tree State.

The University of Maine's Pulp and Paper Foundation recently highlighted technical research by UMO students and a number of Maine paper companies have announced scholarship awards. The state's vocational-technical institutes in Calais and Presque Isle are training tomorrow's wood harvesters. Paper company employees at every mill are involved in dozens of continuing education courses to up-grade skills and qualify for advancement.

As its name implies, the Paper Industry Information Office has an important educational role. This newsletter reaches schools and libraries throughout Maine, business leaders, organizations and government officials from the town to federal level. Speaking engagements and slide presentations are scheduled through the office and all kinds of informational literature is available.

Phone calls and letters come from all over the country. An Alaskan family is planning a summer camping trip; a New York educator is researching cogeneration of power; a national wildlife writer asks about moose migration in timber harvesting areas.

Sometimes the inquiries provide a two-way street for education. When a Cape Elizabeth student asked how much wood goes into a book, the people at S. D. Warren Co. at Westbrook came up with some fascinating facts.

Warren paper was used for James Michener's best seller, "Chesapeake," which sold a million copies. We learned that about 2,160 cords of wood went into the order for 1,200 tons of paper. It was estimated that each cord produced 463 books or... broken down further... one cubic foot of pulpwood represents about four copies of "Chesapeake."

Maine's paper companies are involved in highly successful forest management educational programs. Company foresters assist hundreds of small private woodlot owners. Industry support also played a part in producing the award-winning "Yankee Woodlot" series on MPBN.

The paper companies provide numerous in-house training and self-improvement opportunities. These range from Great Northern's program on hazardous substances handling to Fraser's French-English classes. There are safety, first aid, smoke-quitters and stress management workshops... all of which contribute to employee productivity.

State agencies and organizations throughout the state are involved in educational efforts related to the paper industry. The Board of Pesticides Control provides chemical spray training; the Land Use Regulation Commission distributes booklets on skidder operation in French and English; the Extension Service helps woodlot owners.

Arbor Week in Maine... the third full week in May... will focus attention on the importance of trees to this state's principal manufacturing industry. The American Forest Institute, working with paper industry representatives, has the same goal right through the year. Their Project Learning Tree program for teachers is one example of AFI's effort.

In one form or another, education is ever-present in the paper industry.

Jeff Low has been named resident manager at Boise Cascade Paper Group's Rumford mill. Effective June 1, he will have responsibility for the entire Rumford mill complex and timberland operations as well as the Rumford Paper Co. Lowe joined Boise in 1968 and most recently was manager of manufacturing at Boise's Paper Group Office in Portland, Ore.

Dedication ceremonies and a public open house were held May 7 at the new biomass facility of S. D. Warren Co., a division of Scott Paper Co., at Westbrook.

Work is proceeding on schedule with the steam pipeline connecting the Edmundston, N.B., and Madawaska mills of Fraser Paper, Ltd. Concrete support work is nearing completion, as is the new international bridge across the St. John River.

Maine Notes

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Earl W. Ramsdell, manager of utilities at S. D. Warren Co., Westbrook, is author of a book published recently by the Technical Association of the Pulp and Paper Industry. The publication, "Practical Application of Statistical Analysis in the Industrial Process," is available to TAPPI members at $33.30 and non-members at $49.95. The book is published on Warren's Olde Style paper. Ramsdell also was recently named a fellow of TAPPI, one of nine from around the world to be so honored this year. He is a TAPPI director and has served as chairman or member of several technical committees.

UMO STUDENTS PRESENT 11 RESEARCH PROJECTS

Research presentations by students on 11 projects were featured at the mid-April Open House of the University of Maine Pulp and Paper Foundation at Orono.

The projects represent technological work in the departments of chemical engineering, civil engineering and the School of Forest Resources.

One of the presentations involved a comparison between wet pressing pilot and laboratory studies. A major goal of this wet pressing research project, which is sponsored by the U.S. Department of Energy and carried out by the Department of Chemical Engineering, is to be able to predict mill press performance from data obtained in the laboratory. A wide range of pressing variables was examined, including pressing time, pressure, felt type, pulp type, freeness, basis weight and ingoing moisture level.

In another project, a capillary viscometer was designed and constructed for the determination of black liquor viscosity. The new viscometer is capable of measuring high solids liquors at the high temperatures and high shear rates experienced in industrial processes.

Forestry research studies included development of salvage strategies for spruce budworm devastated timberlands. Another forestry report entitled "Plus-Tree Selection in Eastern Larch" describes the process by which exceptionally fast-growing, well-formed trees have been found in the forest to serve as the basis for future breeding efforts.

In kraft pulping, a recurring problem of industrial significance is determination of the pulp yield and degree of delignification while the pulp remains in the digester vessel. Without physically taking pulp samples, which is difficult at best, and subsequently performing laboratory analyses, which is time consuming, there is no method currently known for determining the extent of delignification reactions.

In order to cope with the problem, a method of controlling the kraft delignification reactions in batch digesters is being studied and developed.


ARBOUR WEI MAY

Since 1978, Maine has celebrated Arbor Week. A group of sixth grade students from Foxcroft helped convince the Maine state legislature to pass a bill making the tree the official state tree. On May 19, people of all ages will be celebrating Arbor Day. The Maine Department of Environmental Protection has designated May 19 as a "Tree Day." This year's theme is "Trees Make a Difference." People are encouraged to plant trees and shrubs to improve the environment.

Noteworthy: The nation's largest single Pitch Pine is a 101-foot-tall giant, more than 11 feet in circumference located at Poland, Maine, in Androscoggin County.
The American Forest Institute's "Tree Tops" award was given to Maine Public Broadcasting Network's popular TV series, "Yankee Woodlot," at the April 16 annual meeting of the Maine Forest Products Council. Ed Meadows of Seven Islands Land Co., chairman of AFI's New England Regional Communications Committee, called the series, "an outstanding job of building awareness and understanding of forests and forestry." The ten-part TV series was made possible by a grant from International Paper Co.

The 23rd University of Maine Pulp and Paper Summer Institute takes place on the Orono campus June 11-18. It is the only program of its kind in the country offering an overview of the technology of the pulp and paper industry. Last year, 199 men and women from 107 mills and suppliers in 30 states, the District of Columbia and four foreign countries registered. Taking part in this summer's week-long schedule of classes, panel discussions and mill visits will be 28 industry experts.

GREAT NORTHERN CONDUCTS TRAINING ON HOW TO HANDLE HAZARDOUS SUBSTANCES

About 50 persons representing several state and local agencies gathered at Great Northern Paper Co.'s Millinocket plant about a month ago in an effort to keep a hazardous substance contingency plan current. "The purpose of this session is to make people aware of hazardous situations we might have, how to identify the material or substance, clean-up procedures, and, most important, the chain of command," explained Tom Glidden, an environmental protection engineer for Great Northern.

The day-long training session covered a wide range of topics. Glidden said continued training and communications are essential. He said that in 1981 the paper company's spill team provided 129 different services to area communities. The team was organized in 1974 to take care of oil spills. In 1978-79, hazardous materials were included.

AUBURN SCHOOLS INTRODUCE YOUNGSTERS TO PAPERMAKING

A unique program called "Words, Paper and Ink in Creative Expression" has reached more than 1,000 Auburn and Lewiston school children in the past two years.

Auburn artist Richard Lee, a seven-year resident of Maine, wanted to bring his work to children to teach them about the native Maine industry of papermaking. Together with poet Martin Steingesser and artist Nancy Tyndall, Lee helps the students produce handmade sheets of paper on which they put their own words and pictures.

"A piece of handmade paper is a work of art in itself," he says.

The environmental engineer said Great Northern has the largest storage of materials used for discharge cleanup north of Portland.

Great Northern's manager of environmental affairs, Dale Phenicie, said that in 1969 the paper company made a list of chemicals used in the mills, a list of their reactions and how to treat for exposure. In 1979, the company developed a hazardous substance plan. The chemical plan started in the paper mills grew to include area communities.

He said later meetings were held with town representatives, police and fire departments, the Penobscot and Piscataquis counties' sheriff's departments, state police, representatives of the Bangor and Aroostook Railroad, the office of Maine Civil Emergency Preparedness and the American Red Cross.

Phenicie compared the plan to an insurance policy. Objectives are to identify risk potentials within the communities through an inventory of materials in use, their locations and exposures along routes of transportation and exposures near storage and use locations.

IN MAINE: 4-22

third full week of May as Arbor Day and their teacher from Dover-Legislature that late April is still thought some towns and schools will bring in Augusta on Wednesday, May 22, brought a bit of the Pine Tree Community Forestry Program for a celebration billed as "The third pine seedlings for planting week." Gov. Edward J. King by Phenicie, who in 1977 became the state's pulp and paper industry.

He said later meetings were held with town representatives, police and fire departments, the Penobscot and Piscataquis counties' sheriff's departments, state police, representatives of the Bangor and Aroostook Railroad, the office of Maine Civil Emergency Preparedness and the American Red Cross.

Phenicie compared the plan to an insurance policy. Objectives are to identify risk potentials within the communities through an inventory of materials in use, their locations and exposures along routes of transportation and exposures near storage and use locations.
WOOD HARVESTING CURRICULUM INCLUDES LOG BRIDGE BUILDING

Bridging a woods stream

Main stringers placed

Cross stringers are next

The finished product

Trial and error is a poor way to learn safe, efficient techniques of wood harvesting. That's why two of Maine's vocational-technical institutes are offering half-year programs that combine classroom instruction with actual production experience.

The wood harvesting courses at Washington County Vocational Technical Institute in Calais and Northern Maine VTI, Presque Isle, are the only ones of their kind in the eastern United States. The students receive instruction in skills directly related to wood harvesting, such as operation and maintenance of chainsaws and skidders, woods road maintenance, wood products utilization, scaling, map and compass work, basic hydraulics, wire ropes and first aid.

At each school, emphasis is placed on making the student safety-conscious at all times. The last several weeks of the courses are spent in production on a cutting site to test acquired skills. Students receive a stipend for their production work.

Maine's paper companies are supportive of the wood harvesting programs in a number of ways. For instance, Roger J. Mitchell, resource manager for Georgia-Pacific Corp., Woodland, serves as chairman of the WCVTI advisory committee and Joel Swanton, St. Regis Paper Co. forester, Bucksport, was graduation speaker at WCVTI in January. In March, WCVTI and NMVTI participated with the wood harvesting instructors of the area's high school regional voc-tech centers in a workshop at Great Northern Paper Co.'s Rocky Brook camp.

Costs for the six-month program are slightly more than $1,000 including in-state tuition, room and board, books and other fees. Further information on the wood harvesting courses is available from WCVTI, River Road, Calais 04619 and from NMVTI, 33 Edgemont Drive, Presque Isle 04769.
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 May 7:

**HEALTH AND THE ENVIRONMENT**

"It is likely that Maine's high rate (of respiratory disabili- 
ties) is linked to such major industries in the state as paper and 
textile manufacturing and agricultural spraying operations, all of 
which emit toxic chemicals."

---1981 State Health Plan for Maine

Only three paragraphs and four tables in the 507-page 1981 State 
Health Plan for Maine were devoted to the environment, but the 
document provided recognition for a subject which has generated 
considerable discussion but few facts.

The issue is "heating up" with many of the same personalities 
and people involved as there were a year ago.

How is the issue defined?

"Environment refers to those physical, biological and chemical 
agents transmitted to man through air, water, land, food, shelter and 
transportation."

---1981 State Health Plan for Maine

"Environmental health hazards may mean conditions that cause 
legally compensable illnesses or, it may mean any conditions in the 
workplace that impair the health of employees enough to make them 
lose time from work, or to work at less than full efficiency."

---Maine Safety Council
Health and the Environment (continued)

There is a growing tendency to include as a part of the issue the quality of life in industrial communities. In Maine, that means paper mill towns.

The state plan further says:

"Contrary to popular opinion, Maine does have environmental hazards. For example, Maine has one of the highest rates of respiratory disabilities in the nation...the percent of disability claims in Maine for respiratory diseases was considerably higher than for the United States and New England in nearly every year since 1970...Since 1950, Maine's rate of deaths caused by cancer has been consistently higher than the United States rate, suggesting that Maine residents are at higher risk for the disease."

Here are some of the developments:

Susan Accardi -- She's the spokesperson of the Maine Labor Group on Health, the federally-funded project in which the paper industry is the announced target. She is an active member of State Health Coordinating Council "who gave their time and energies to the development of the State Health Plan for Maine." She will outline the goals of the Maine Labor Group for Health and ask industry cooperation at a June 2 meeting of the Safety Committee of the Paper Industry Information Office in Madawaska. A year ago she was asking permission to tour the Millinocket mill but has not yet sat down (as AFL-CIO Treasurer Ed Gorham suggested) with Great Northern officials to explain her objectives.

Maine Times -- Peter Cox, publisher of the weekly journal of opinion, said April 30 he has scheduled a story in three weeks on the Granite Street School situation in Millinocket. A year ago the newspaper published a series on "Dangers in the Workplace" in which Great Northern and other companies were criticized. The inspection of the Millinocket mill by the federal Occupational Safety and Health Administration (OSHA) followed.

Phyllis Austin -- The Maine Times reporter who wrote the series last summer was in Millinocket April 29-30 asking questions regarding charges by Doc Hodgins of lead poisoning of school children as a result of emissions from the Great Northern mill. The Director of the State Bureau of Health, while admitting "I, too, am concerned that at times we sacrifice health issues to economic considerations" said Hodgins' scare tactics to get public attention were "dishonest and reprehensible". Dr. W. S. Nersesian found no data to support an illness among children. Hodgins, a back-to-the-earth refugee from Michigan, lives 100 miles away in Trescott, Maine, where he first gained prominence opposing plans of the Pittston Company to build an oil refinery.

Coming up June 3 is a Presque Isle meeting of the Maine Safety Council where an OSHA hygienist will discuss "Health Safety Hazards Encountered During Paper Mill Shutdowns, i.e, Construction."
Sometimes industry overreacts. When the Maine Department of Human Services March 31 scheduled a seminar "to describe the common causes of indoor pollution and the health dangers of hazardous waste products and spruce budworm spray", industry feared the worst. Speakers talked instead about other subjects.

BIG A? RIVERS DEBATE?

When the new managing editor of the Augusta newspaper came to Millinocket, May 6, he was asked about the debate over the future of Maine rivers. "This is the first I've heard of it," said Chet Lunner of the Kennebec Journal. He recently moved to Augusta after stints on Portland and Biddeford newspapers. His wife is director of the Maine Housing Authority.

But others are more aware of the issue.

"The next hydro battleground, according to Trout Unlimited officials, will be at Big Ambejackmockamus (Big A) Falls on the West Branch of the Penobscot where Great Northern Paper proposes to build a generating plant," reported the May 7 issue of Maine Times.

Lunner's remarks came before a briefing by Paul Firlotte and Galen Lander. Vicki Foster, assistant to the KJ general manager, is planning an Arbor Week project in which Great Northern seedlings will be distributed to readers.

BACK TO AUGUSTA

Legislators return to Augusta May 13 for a special session when they will be asked to approve a new labor contract for state workers. Whether or not a mining tax will be on the agenda for the session is questionable.

RAY B. "BUCKY" OWEN, JR.

He's the professor of Wildlife Resources and "eagle expert" in the School of Forest Resources on the Orono campus of the University of Maine. Ray B. Owen, Jr. coordinates the U.S. Fish and Wildlife Service project to identify and protect nesting areas of the eagle.

He is also a member of the...

Land Use Regulation Commission,
Natural Areas Advisory Committee, and
Frequent spokesman for the Natural Resources Council
of Maine's committee on rivers.

$7,000 FOR LIGHTS

Jim Carson soon will be able to announce the campaign to raise funds to light the football field in Millinocket has gone over the top. A $7,000 contribution from the Great Northern Nekoosa Foundation has been approved.
WORKERS' COMPENSATION

House Speaker John Martin finally has announced the Workers' Compensation Study Committee he has been considering naming for several months. Jim Griffith of Great Northern was notified of his appointment by Martin's staff. Roger Mallar, the one-time Commissioner of Transportation who is now in the consulting business, and Gary Cook, an international representative of the United Paperworkers International Union, will serve as co-chairmen. While newspapers didn't disclose the membership of the committee, Martin had planned to appoint, among others, John Marquis of Irving Oil and Portland Attorney Donald W. Perkins who has been representing industry for several years in rate case proceedings.

CONGRESSIONAL OFFICES

Three members of the Maine congressional delegation have offices in Bangor. I visited with staff members May 6. What's on their minds? All agree Senator Mitchell and Congressman Emery are locked in a close race for the U.S. Senate. They say people are apprehensive over budget cuts -- particularly Social Security -- but teenagers and families are also speaking out against cuts in student loans. So far, none reported complaints about Canadians taking jobs away from Americans in the forest product industry. Mitchell appears to have found no legislative approach to the alien labor problem which satisfies him as productive.

PUBLIC RELATIONS

A news release was distributed announcing elimination of tours of the paper mills as a result of the recession... Revised "Big A" slides were provided Galen Lander by Ad-Media. Lander will speak at a Trout Unlimited meeting in Freeport on May 11... I visited with Ellsworth American Editor-Publisher Russ Wiggins May 7. He was getting ready for commencement talks at the University of Minnesota and University of Maine-Orono... Allan Lobozzo of the Bangor Daily News called April 30 requesting information on Great Northern's exports and their impact on Searsport. He was developing a story on port development for the State Chamber of Commerce magazine.

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 department for the two weeks ending May 21:

**THE PUBLIC DOMAIN**

"Away from the coast, the great forest tracts of Maine -- their wilderness lakes, streams and mountains -- remain Maine's greatest resource for the future."

---The Maine Manifest

Richard E. Barringer, Director of the State Planning Office, was the author of the Maine Manifest. The document suggested a tax policy could be adopted to make possible a land acquisition program enabling "controlled growth on Maine's terms." Barringer's influence in Maine is traced back to the publication of the Manifest in 1972.

On tax policy, Barringer wrote:

"Property taxes to clean up and restore the resources and natural beauty of Maine, to plan and implement the thoughtful, benign use of Maine land in the interest of all of its residents, is an investment in the value of every property owner's stake in Maine."

On land acquisition, the Manifest said:

"What will a land bank do for Maine? The idea is simple enough: land acquisition, land planning and land use in the public interest, on a permanent basis. The three roles compliment one another, and proceeding together, can permit a unique focus for all those interested in Maine's land, as well as a unique vehicle for stimulating limited, controlled growth on Maine's terms."

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
The Public Domain (continued)

Some other views:

"The basic limit upon a land bank's ability to acquire title and rights to land will be funding."

"...As the recreational potential of the land grows, along with demand for lumber for first and second homes, consideration of its several uses will become more complicated. One possible eventuality is that as the tax assessment on the lands increases with their income potential, it will become more profitable for the paper companies to present gifts of land to the state in return for lumbering rights limited to their anticipated needs."

And on a growth strategy:

"...to keep most of Maine as it is, preserved intact for future generations of Mainers and Americans."

When the Legislature approved a mining tax bill May 13, the results were compared with the Manifest's objectives. This was new tax policy. An excise tax replaces the property tax. Senator McBreairty of Perham charged the proposal was a rip-off at the expense of taxpayers in the unorganized territory but to no avail. While a portion of the revenues will go to towns which will be impacted by a new mining industry and another portion will go to pay general state expenses, a land bank is created. The Mining Excise Tax Trust Fund will be administered by a five-member board appointed by the Governor. It is a non-lapsing fund with the principal amount not to exceed $10 million. The board could expend income from the trust fund for purchase of real estate for parks and recreation use, purchase of wildlife habitats, marine habitats and unique natural areas or to restore the quality of lakes, rivers, streams and marine waters. The principal may be used for these purposes only if approved by the Legislature and the Governor.

While McBreairty railed against the excise tax, the bill sailed through both houses of the Legislature. McBreairty says Barringer has been quoted as saying this was just the first step in siphoning off revenues for the unorganized territory. Taxes in the unorganized territory have been stable because of constitutional limits on taxing owners. The owners pay only for the services provided by the state in the absence of a local government. The rate would drop under present property tax law if a mining project starts up. The project everybody says will come first (if the copper market ever rebounds) is west of Nashville Plantation in T12 R8.

Although at least one newspaper questioned dedicating $10 million for parks in these times and some members of the Taxation Committee also questioned a high priority for this purpose, the concept stuck. Barringer has been plugging for its adoption for two years. As planning director, Barringer coordinated the Brennan administration's development of mining legislation. Paper companies wanted to get a mining policy more than they wanted to oppose the potential threat to the commercial forest. At the end, only Great Northern Paper questioned the provision. By that time, attorneys who usually lobby for paper companies had struck a deal with the Brennan administration on behalf of Superior Mining. They had mollified the apprehensions of House Speaker Martin who didn't initially like the idea of a "slush fund for Barringer."
The Public Domain (continued)

The public domain has dramatically increased since the Maine Manifest was published and since Barringer became the first director of the Bureau of Public Lands in the Department of Conservation. There was a round of exchanges involving the public lots. A conservation easement (an approach also stressed in the Manifest) was negotiated for much of the Penobscot corridor. One company has contributed land bordering the Appalachian Trail and in the May 6 Portland Sunday Telegram Bob Cummings reported further land swaps involving public lots are expected to involve land along the trail. The Land Use Regulation Commission is pushing for "Penobscot treatment" for the St. John corridor and along other rivers in Northern Maine. More confrontations between state government and owners of timberlands are to be expected. The Barringer philosophy has now stood the test of three administrations. Industry isn't willing to accept the "degree of public-private corporation that is without precedent" which Barringer said a decade ago was necessary to permit the State of Maine to control its destiny.

SCHOLARSHIP LUNCHEON

Husson College President Delmont Merrill was the speaker May 20 at the annual luncheon for recipients of the Great Northern Nekoosa Foundation scholarships. Thirty people (the scholarship winners, their parents, high school principals and company representatives) attended the Guest House function. Tom Pinkham and Dick Noyes presented the scholarship certificates to Marion Bouchard of Fort Kent, Neil Benar and Teresa Curley of East Millinocket and Mark Wilson of Millinocket. Photographs were distributed to the press.

TROUT UNLIMITED

Galen Lander discussed the "Big A" project at a May 11 meeting of the Merrymeeting Chapter of Trout Unlimited in Freeport. The 23 people in the audience (including John Staples) had 18 questions after seeing a set of slides explaining the study. Key slides were updated by Ad-Media and others will be done to permit further presentations.

PAPER INDUSTRY INFORMATION OFFICE

Donald Hopkins, Vice President-Administration, Pejepscot Paper Company, was elected president of the Paper Industry Information Office, May 21, at the annual meeting of the trade association in Augusta. He succeeds Paul McCann of Great Northern Paper. Directors also considered a tentative budget for 1983. Bob Turner of St. Regis Paper is new vice president and Jay Eubanks of James River was reelected treasurer.

This week Hank Magnuson of PIIO wrote Human Services Commissioner Petit protesting undocumented charges of health problems relating to the pulp and paper industry in the 1981 State Health Plan. A news release from PIIO reported paper mill workers' average pay climbed 11.8% to $21,125 in 1980, according to a recently completed state study. The industry has the highest average wage in the state.
PUBLIC RELATIONS

I responded May 11 to questions from Allan Lobozzo of the Bangor Daily News regarding the effectiveness of the company's employees assistance programs...A photograph and a caption on a 200-acre harvesting operation close to Millinocket was prepared for the Katahdin Times...Seedlings were delivered to the Kennebec Journal May 18 for an Arbor Week promotion...Don Carrigan of WLBZ-TV in Bangor called May 19 with questions regarding economic conditions in the forest products industry. An excerpt of his report on the evening news has been circulated...Arrangements were completed for P. F. Yacavone to visit with members of the Maine Congressional Delegation June 17.

Sincerely,

[Signature]

pmc/b

Distribution:

E. E. Allain           T. A. Galas           W. R. Laidig           D. K. Phenicie
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T. H. Flanagan
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 May 27:

**STILL A CORNERSTONE**

When the 1980 edition of the annual Census of Maine Manufactures was published earlier this month, statistics showed the average pay of paperworkers had increased to $21,125, up 11.8 percent. The paper industry continued to pay the highest wages among the state's industries. The paper industry continued to contribute the most to the value of Maine manufactures, accounting for $2,434.5 million or more than a third of the total. The 8.9 percent rate of growth was the paper industry's smallest since 1975.

The changing composition of the Maine economy is reflected in the report:

"In recent years, the rates of growth of Maine's technology-oriented and technology-dependent manufacturers have far outstripped the rates for the industries which have historically dominated Maine's manufacturing."

The "newer, more technology-dependent" industries have grown 182 percent in the value of goods produced since 1975. Included are nonelectrical machinery, electric and electronic equipment, transportation equipment, precision instruments, and chemical industries. Transportation equipment (including Bath Iron Works and Pratt & Whitney) replaced textiles among the state's top five industries in 1980. The employment growth rate was 62 percent in the same period for the group.
Still A Cornerstone (continued)

The old standbys -- paper, leather, food, lumber and textiles -- saw the value of products increase 72 percent and employment 12.3 percent in the five years.

Bill Peabody, the director of the Research & Statistics Division of the Labor Department, wrote "However, despite a disparity of growth rates, the overall size and strength of Maine's traditional industries is such that they remain and are likely to remain significant and that the health of those industries will continue to be a prime determinate of the health of the Maine economy."

Tops in 1980 were:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value of Product</th>
<th>Number of Workers</th>
<th>Average Annual Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paper</td>
<td>$2,434,500,000</td>
<td>18,076</td>
<td>$21,125</td>
</tr>
<tr>
<td>Leather</td>
<td>857,800,000</td>
<td>20,366</td>
<td>10,154</td>
</tr>
<tr>
<td>Food</td>
<td>730,900,000</td>
<td>10,249</td>
<td>11,198</td>
</tr>
<tr>
<td>Lumber &amp; Wood</td>
<td>617,000,000</td>
<td>13,236</td>
<td>13,047</td>
</tr>
<tr>
<td>Transportation Equipment</td>
<td>443,000,000</td>
<td>8,453</td>
<td>17,433</td>
</tr>
</tbody>
</table>

The paper industry contributes the most to the value of manufactures, more than a third of the $7.142 billion. Total manufacturing employment dropped to 0.7 percent to 112,829. Gross wages were $1,554.3 million, up 11.3 percent with an average of $13,775, up 12.1 percent.

In Maine, the paper and lumber and wood (including saw mills and logging) are integrated to a large extent with companies such as Great Northern, Georgia-Pacific, Diamond, Scott, St. Regis and others involved in all three segments of the forest products industry which more realistically covers an industry segment.

Another bureau of the Labor Department publishes a monthly digest of trends. March data shows unemployment at 9.3 percent of the labor force, just below the 9.5 national average. Unemployment was highest in areas where the old standbys in history are located -- Mechanic Falls (16.7), Allagash (16.7), Skowhegan (15.4) and Calais-Eastport (14.3) and lowest in the areas where the newcomers are located -- Kittery-York (4.5), Bath-Brunswick (6.3) and the Portland labor market (6.5).

The expansion of the state's economic base presents a public affairs challenge, blending the emerging group with the old standbys on common issues such as workers' compensation and sharing understanding of the problems of others to prevent divisions on the legislative scene. In recent times, both BIW and Pratt & Whitney have been so engrossed in their own enterprises that they haven't gotten involved, leaving such matters to trade associations in which the companies take a low profile. The geographical split, true of so much in the Maine way of life, is also true in this case. Most of the growth is taking place in southern and central Maine, the "urban" portion of the state.
The Campaign

Paul F. Zendzian, a member of the Bangor City Council and former mayor, was in Millinocket greeting Great Northern Paper workers May 24. Zendzian and James P. Dunleavy, a Presque Isle attorney, are rivals for the Democratic nomination for Congress in the Second District primary June 8. The winner takes on incumbent Republican Olympia J. Snowe in the November 2 general elections. Zendzian says voters are most interested in two subjects -- the economy and the proposed nuclear freeze. Mrs. Snowe won a second term by a margin of better than 3 to 1 in 1980.

The Moth and the Budworm

Three quotes:

"The gypsy moth economic impact is not one that will cause significant losses," Assistant Secretary of Agriculture John Crowell was quoted as saying in an American Pulpwood Association newsletter, justifying a decision not to use emergency federal funds to spray.

"The federal government will double funding for this year's efforts to control gypsy moth infestations...The seriousness of the gypsy moth problem this year and the obvious need for assisting state and county efforts resulted in the decision to double the federal share," Agriculture Secretary John R. Block said in a May 13 department news release.

(That doubled from 12 1/2% to 25% the federal share of state programs in Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont.)

"For FY (fiscal year) 1982, we will share in the entire project (spruce budworm) at the 12.5 percent cost-share rate...Any change in policy should not be interpreted as a lack of recognition for the need for suppression but instead reflects changes in philosophies on the role of the Federal Government in financing that suppression," wrote Duane Green, Area Director of the U.S. Forest Service in writing to Maine Forest Service Director Ken Stratton.

(Mainsettled for 12 1/2% after being threatened with a reduction to 3%.)

The 1982 spraying program got under way with little fanfare May 21 in Down East Maine although Washington County opponents of spraying, as usual, went to court to block the program. Governor Brennan defended spraying as necessary to protect jobs when a small group of pickets from Washington County appeared in Augusta May 26.

Political Action Committee

Employees of the Pinkham Lumber Company and employees of the woodlands department based in Aroostook County and their wives were briefed May 26 on the activities of the Great Northern Good Government Committee at a dinner meeting in Presque Isle. Subcommittees of the PAC have scheduled meetings June 1 with Senator Mitchell and June 7 with Congressman Emery. The committee plans to interview all other candidates for federal offices following the June 8 primary.
CONSERVATION DEPARTMENT

Nancy Ross, Director of Planning and Program Services in the State Department of Conservation, is leaving the state agency. If reports out of Augusta are true, Annee Tara, now a legislative coordinator for Governor Brennan, will move across town to the conservation department. Ms. Tara is one of the three members of a team named by the Governor to represent the state in negotiations over the public lots. She formerly was associated with an Augusta law firm headed by Severin Beliveau, whose clients have ranged from whitewater rafters to International Paper. Ms. Ross is writing a novel, some joke it is based on Ralph Nader's "Paper Plantation". Ms. Ross came to Maine to assist former Senator Harry Richardson promote the "Grand Plantation" bill which would have reclaimed the cutting rights for the state on all public lots.

PITTSTON FARM?

The May 19 Federal Register disclosed an application for Federal Energy Regulatory Commission certification of a 20,000 kilowatt electric power production biomass boiler in the town of Pittston Farm -- owned by Great Northern Paper. Attorneys are seeking a copy of the surprise filing in Washington by Alternative Energy Decisions, Inc. The address of 84 Harlow Street was common in three published applications for different places in Maine. That's the location of the office of Christopher Hutchins, who has been promoting biomass boilers for several years. Sources in the Maine Congressional Delegation say Hutchins plans to file nine such applications, including one for Ashland. A proposal for such a system will be welcomed by opponents of large scale energy facilities, such as Great Northern's "Big A" project.

PUBLIC RELATIONS

Offices of the Kennebec Journal distributed 100 Great Northern Paper seedlings a day following a May 21 advertisement offering seedlings from the company nursery as an Arbor Week promotion. It was General Manager Tim Donnelly's idea and included a visit to Millinocket by the newspaper editor resulting in a story illustrated with photographs of the nursery.....The annual meeting exhibit has been put on display in the East Millinocket mill. The town of East Millinocket this summer marks its 75th anniversary and the exhibit is a collection of historic photographs. Roger Boynton is also coordinating plans for a float for the 75th celebration and an open house is planned in the mill...Boynton also prepared a collection of photographs of the retirees banquet for a full-page advertisement in the Katahdin Times...Millinocket was mentioned on nationally televised reports on the controversial Maine moose hunt planned for fall...The Maine Chapter of the National Multiple Sclerosis Society has launched a campaign to raise $5,000 to match a GNN Foundation grant.

Sincerely,

[Signature]

pmc/b
Enclosure (PIIO Newsletter)
MAINE PAPERMAKING: STEP-BY-STEP

This issue features an overview of Maine papermaking from the woods to shipment from the mill. A fine new brochure recently published by International Paper Co.'s Androscoggin Mill at Jay provided the text, photos and artwork. Later issues will cover operations at other Maine mills.

International Paper Company's Androscoggin Mill is one of the world's leaders—in the state of the papermaker's art, in production capacity, and in the quality of its fine papers for business, communication, and publication.

Papermaking is an enormously complex process. At the Androscoggin Mill, it involves hundreds of dedicated employees, many of whom are second or even third generation members of the International Paper family. It involves capital equipment with a present-day replacement value of over one billion dollars. And it involves technology that continually expands the scope of a centuries-old art.

The story of paper begins with the land. International Paper Company is the largest industrial landowner in North America, with more than seven million acres of timberland. Well over one million of those acres are in the forests of Maine.

Wood from this land, along with wood purchased from scores of local suppliers, is hauled by trucks and rail cars to Androscoggin—over three quarters of a million cords annually.

Once cleaned and debarked, the wood is pulped either mechanically or chemically. The mechanical, or groundwood, pulping method uses abrasive wheels, called stones, to physically tear the wood fibers apart. Groundwood pulp is weaker than chemical pulp and is used for shortlife products such as newsprint and magazines.

Five stones at Androscoggin's Groundwood Mill produce much of the pulp used on Andro 2 and Andro 3 for the production of coated publication papers.

The majority of the plant's output comes from the pulping of wood chips through the chemical, or Kraft process. Wood chips are fed into one of Androscoggin's two continuous digesters where, under high...
temperature and pressure, cooking chemicals dissolve the resins and lignin which bind individual wood fibers together. After a cooking time of several hours, the wood chips are released into a blow tank at atmospheric pressure which causes the chips to burst apart into individual cellulose fibers.

The fibers are washed to remove the spent cooking chemicals and lignin, then screened for impurities and uncooked wood fragments. Some of the pulp is then used directly on No. 5 Paper Machine for the production of unbleached (brown) carbonizing tissue.

Pulp used to manufacture paper on Androscoggin's other four paper machines enters one of two Bleach Plants where additional washing and bleaching processes remove any remaining impurities from the fiber surface, creating a pulp with high brightness.

The actual papermaking process begins with stock preparation, where additives such as clay, dye, and size are blended with the pulp to meet end-use requirements. Strictly fol-

lowed formulas establish desired physical and chemical characteristics of the finished sheet.

Paper begins its journey on the machine as a dilute mixture of 99% water and 1% fiber. This suspension of fibers in water flows from the headbox of each machine onto a moving fine mesh screen called the wire. Water drains through the wire and, as the sheet forms, additional water is removed by vacuum boxes. The still fragile sheet comes off the wire onto a supporting felt, and then moves between press rolls that squeeze and suck out additional water and smooth the sheet. Still comprised of 60% water, the paper passes over a series of steamheated dryer drums.

Depending on the grade of paper, starch or clay coating is applied to give the finished sheet its aesthetic and printing characteristics. Near the end of the machine, the sheet is fed through a calendar stack—a series of steel rollers which smooth and compress the sheet to a uniform finish. Finally, the finished paper is wound into enormous reels for further processing.

Throughout its formation on the paper machine, the web is constantly monitored by computers to ensure specific compliance with predetermined characteristics; minute deviations from the exact formula triggers automatic adjustments to keep the sheet's properties within specifications.

Androscoggin's five machines produce over half a million tons of finished paper each year.

The papermaking process concludes with finishing and shipping. Some of the paper moves as full-width parent logs to Androscoggin's 5,500 ton Deep Well storage facilities for a most efficient answer to produc-

HOPKINS AND TURNER ELECTED BY PAPER INDUSTRY INFORMATION OFFICE

Directors of the Paper Industry Information Office in Augusta have elected Donald W. Hopkins president for the coming year.


Elected vice president was Robert W. Turner, regional public affairs manager of St. Regis Paper Co., Bucksport. J. O. Eu-banks, vice president and general manager of James River-Otis, Inc., in Jay, was re-elected treasurer.

The Paper Industry Information Office was founded in 1968 to represent Maine's pulp and paper manufacturers. Its member companies employ 85 percent of the state's 20,000 paper industry workers.

The group's annual meeting was held in Augusta on May 21.

Neil G. Clarke has facturing of the Pulp tional Corp., Old Tc Inc., an international products, Union, N.J of Marcal Paper Mill.
Boise Cascade Paper Co. best employer of vet American Legion at the June 18.
Georgia-Pacific Corp diversion dike upsstry. The project would have facility on the Cr additional two feet of

PIIO/2
tion scheduling and customer delivery requirements. Most of the rolls, though, move directly from the paper machines to highly automated rewinding, slitting and roll wrapping stations. Customer orders are processed to finished roll dimensions from 5½" to 106" in width, and 24" to 60" in diameter.

Each step at Androscoggin is subject to the strictest standards of quality control, from protective kraft roll wrapping, through computerized weighing and labeling, to packing, strapping and shipping to International Paper customers across America and throughout the world.

From wood unloaded in the woodyard to finished rolls leaving in-plant rail platforms, hundreds of employees serve directly or indirectly in support of the manufacturing process. The Androscoggin Mill is kept at peak operating efficiency 24 hours a day, seven days a week by skilled production workers backed by equally dedicated people in maintenance, administration, conserving energy is of the utmost importance to International Paper Company. The objective of the Androscoggin Mill, like the goal of the nation, is continuing progress toward energy self-sufficiency.

A major element of that effort involves the use of traffic control, safety and customer service.

Because papermaking is a power intensive business, byproducts of the paper-making process. Stripped bark and residual sawdust, unused in the production of paper, provide fuel for the Mill’s Waste Fuel incinerator; and, while pulp is being made into paper on the Androscoggin machines, the chemicals used to make that pulp are being reclaimed for use as fuel in two Recovery Boilers.

Another element in Androscoggins’ goal of energy self-sufficiency is an increasing reliance on one of Maine’s most abundant renewable resources—water. Four hyroelectric stations harness the energy of the Androscoggin River to provide a significant portion of the Mill’s electricity.

IP’s commitment to environmental responsibility at Androscoggin is reflected in every aspect of the Mill’s design and daily management.

Waste materials and effluent are held to a minimum by the basic design of the plant. Most of the manufacturing process is a closed loop system in which every possible product and by product is reclaimed and reused.

The environmental management program at Androscoggin is a massive undertaking—it benefits the Mill, it respects the environment and community in which IP operates, and it gives strong testimony to the compatibility of industrial growth and sound environmental practices.

Reduction Unlimited, a weight control program at Boise Cascade Paper Group, Rumford Mill, has tallied more than 500 pounds lost by participants in eight weeks. The mill is contributing $1 per pound lost for the purchase of exercise equipment for employee use.

The Annual Scott Health Carnival was held at Winslow early in June by Scott Paper Co. Games, prizes and a poster contest were offered employees and the public, as well as free screening for diabetes and blood pressure problems and a chain saw safety demonstration.

The Natural Resources Council of Maine has presented its highest conservation award to the employees and manager of the Somerset Mill of S. D. Warren Co., a division of Scott Paper Co., for their “commitment to reducing pollution and their records of cooperation with state environmental agencies.” It was the first time the 20-year-old NRCM has cited a pulp and paper company for superior environmental performance.
DIAMOND INTERNATIONAL CORPORATION
Old Town
Tuesdays and Thursdays only between 12:00 noon and 1:30 p.m.; advance reservations required; contact Laurence Leavitt or Mark Clowes, 827-7711. Ext. 244/246.

GEORGIA-PACIFIC CORPORATION
Woodland
Monday through Friday at 9:30 a.m. and 1:30 p.m. from June 14 to August 27; contact Ray Kozen, 427-3311.

INTERNATIONAL PAPER COMPANY
Jay
Contact Public Relations Office, 897-3431, for tour availability information.

SCOTT PAPER COMPANY
Winslow
Winslow Plant: twice weekdays, 8:30 a.m. to 11:00 a.m. and 1:00 p.m. to 3:00 p.m.; contact Sue Cusano, 827-2751, Ext. 366.
Greenville
Woodlands Tour: Starting July 8, all day every Wednesday and Thursday on sufficient demand, 8:00 a.m. to 3:30 p.m.; lunch will be provided at a nominal charge; contact Rhonda Arey, 695-2241; suitable walking shoes or sneakers should be worn.

S. D. WARREN COMPANY, A Division of Scott Paper Co.
Westbrook
Weekdays by appointment; contact Janis Theriault, 856-6911, Ext. 2322.

ST. REGIS PAPER COMPANY
Bucksport
Monday, Wednesday and Friday starting June 21 through August 27 between 9:00 a.m. and 3:00 p.m.; contact Nancy Komninos, 469-3131. (No tours July 5)

SAFETY REGULATIONS
Visitors are requested to observe certain precautions on mill tours to comply with safety regulations including: no cameras or tape recorders; no sneakers, high heels or sandals; young people 12-18 to be accompanied by parent, guardian or adult group leader; no children under 12.

NO TOURS
Mills not conducting tours this summer include: Boise Cascade Paper Group, Rumford Mill; Great Northern Paper Company, Millinocket and East Millinocket Mills and Pinkham Lumber Company, Nashville Plantation; S. D. Warren Co. at Somerset; and Pejepscot Paper Division, Topsham.
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 June 3:

THE VOTE

Voters will go to the polls June 8.

Interest in the business community was centered on the race for the Republican nomination for office of Governor. While any one of the three candidates would be considered the underdog against the incumbent, Governor Joseph E. Brennan, they are going to spend between $750,000 and $1 million to attract support. The spending is unprecedented. The race is apparently going down to the wire.

Seeking the nomination:

Representative Huber of Falmouth is the big spender. Before the race is decided, $400,000 will be spent by Mrs. Huber and her supporters. Her husband, a major stockholder in the J. M. Huber Corporation, has contributed or loaned his wife nearly 75 percent of the money she has raised. Most of the money raised by Mrs. Huber is going for television advertising and in the final days her commercials were filling all available slots over Maine stations. Chris Potholm of Brunswick, a Republican analyst, says he's never seen so much media-time buying in a campaign. The candidate makes a point of being a past president of the Maine Audubon Society and an active member of the Energy & Natural Resources Committee of the Legislature. Her views in these positions have frequently been at odds with business. In 1981, she sponsored a so-called "Unitary Tax Bill" which would have changed the way taxes are imposed on multi-state companies. The bill was opposed by the paper industry. Mrs. Huber has been deeply involved in the New England Energy Congress and a promoter of small hydro. She has toured the West Branch timberlands and participated in a Washington hydro meeting which Great Northern promoted.
Candidate Charles Cragin is also from Falmouth. He withdrew from the Portland law firm of Verrill & Dana to seek the nomination. He's never held an elective office but was a widely known lobbyist on the Augusta scene. His clients included Scott Paper. Cragin is promoting indexing of the income tax as the chief plank in his platform. During the campaign he lunched with Great Northern officials.

The third candidate, State Senator Dick Pierce of Waterville, has (like Cragin) raised approximately $150,000 -- mostly in the business community. Pierce has toured company facilities. He is calling for a new cabinet-level state forestry department. Like Cragin, Pierce deplores the anti-business attitudes of the environmental bureaucrats. International Paper's political action committee has contributed $2,000 to Pierce.

One poll taken in May showed the three candidates bunched within five percentage points, with nearly a third of the respondents undecided.

Brennan's opponent, Georgette B. Berube of Lewiston, is a well-respected conservative legislator who has puzzled many with anti-nuclear pronouncements during the campaign.

In the House races, only Second District Congresswoman Olympia Snowe of Auburn is unopposed. Two vocal critics of the Reagan administration, Bangor City Councilor Paul Zendzian and Aroostook Probate Judge Jim Dunleavy, want to challenge Mrs. Snowe.

In southern Maine where Congressman Emery is vacating the First District seat, another Verrill & Dana partner is seeking the Republican nomination. John (Jock) McKernan is the favorite over a political unknown. Four Democrats are running -- one from the other major law firm, Pierce-Atwood. John O'Leary is a former Portland mayor who is in a hot three-way race with State Senator John M. Kerry of Old Orchard Beach and attorney and hydro developer Phil Merrill, a candidate for Governor in 1980. Merrill was the sponsor of the first version in 1978 of the bill designed to slow down corporate takeovers, protecting firms such as Great Northern Nekoosa. Kerry is seen as the front-runner. Plato Truman of Biddeford isn't given a chance.

In legislative primary contests, Democratic Senator Paul Violette is being challenged in the Van Buren area. There is a Republican contest in the New Sweden district and two Democrats are running in the Mars Hill area. Representative Austin of Bingham, a well-respected member of the Energy & Natural Resources Committee, is in a primary battle of Republicans.

After Tuesday, candidates will look ahead to November 2 and the general election. Most will take it easy until September.
SAFETY MEETING

With Paul Baker and Lin Davis, I attended a meeting of the safety committee of the Paper Industry Information Office June 2 in Madawaska. Susan Accardi of the Maine Labor Group on Health explained the objectives of the federally-financed program and invited industry participation. She predicted unions will seek to have provisions for safety committees and operating procedures for unions included in new contracts in Maine. Hank Magnuson of PIIO said Roger Mallar, co-chairman of the study committee on workers' compensation established by House Speaker Martin, is soliciting suggestions and a PIIO representative has been invited to a meeting on the subject next week. Davis was reelected vice chairman.

POLITICAL ACTION COMMITTEE

Skip House, Galen Lander, Dale Phenicie and I met with Senator Mitchell and Clyde MacDonald of the Senator's staff in Bangor June 1. This was the first in a series of interviews with candidates for Congress by members of the Great Northern Good Government Committee. Energy policy (including hydropower development), tax and fiscal matters, social security, spruce budworm, environmental regulations, housing and other subjects were discussed. Next week Senator Mitchell's opponent, U.S. Representative Emery, will be interviewed. Based on these meetings and other information, contributions will be made to candidates.

QUESTIONS AND ANSWERS

In the June edition of the Maine Sportsman, the results of a poll of 2,000 readers were published, including the following:

Q. Do you believe hydroelectric development is threatening fishing and other forms of water recreation in Maine?
A. Yes: 62%  No: 32%

Q. Do you believe herbicide and pesticide spraying presents a threat to wildlife?
A. Yes: 75%  No: 22%

Q. Do you believe clearcutting poses a threat to wildlife?
A. Yes: 75%  No: 22%

APPOINTMENTS

Governor Brennan is reportedly considering at least two men for appointment to the Board of Environmental Protection -- Linwood Palmer, a former Republican candidate for governor, and Calais contractor Edward DelMonico, Sr. Both would have support of business...One vacancy exists on the Public Utilities Commission and a second soon will be created when a member's term ends. Gordon Weil, director of the State Office of Energy Resources, is expected to be named to the Commission as chairman...If Weil departs, a hydro enthusiast will leave the Brennan cabinet and it will be difficult to find as influential a replacement...With Ronald Russell having been named a district court judge, a vacancy exists on the Workers' Compensation Commission and Governor Brennan is asking for suggestions. The new board member will serve this area.
PUBLIC RELATIONS

An advertisement was placed in the Katahdin Times with a photograph of the prize winners in the East Millinocket cleanup campaign...A news release on plans for the shutdown of the pulp and paper mills was distributed to the local press and radio May 28. The release was picked up and distributed to all Maine daily papers by the wire services...A letter was drafted correcting facts in a story distributed by the Associated Press on rafting on the Penobscot saying Great Northern has received a permit to build the "Big A" dam...Down East Magazine said in a story that environmentalists say an option to "Big A" is rebuilding an existing dam. We also wrote a letter clarifying this point...A GNN news release on appointment of a new director was distributed...Mary Bailey completed a revision of the list of staff members of the Maine delegation...A $7,000 contribution to Cary Hospital in Caribou for emergency medical equipment was made by the Great Northern Nekoosa Foundation. Cary is the trauma center for Aroostook County...A $5,000 contribution completed a two-year pledge to St. Joseph's Hospital in Bangor for a building fund.

Sincerely,

[Signature]

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G. E. Veneman
D. W. Westfall
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 June 11:  

**SOME DON'T TAKE ADVICE**  

Jim Dunleavy is a maverick. The Presque Isle attorney is a former legislator who now is Aroostook County judge of probate. Dunleavy and Paul Zendzian, former mayor of Bangor, were the candidates for the Democratic nomination for Congress in the Second District.  

Zendzian's meager budget permitted little television advertising. He staked a lot of his hope on one commercial. In the 30-second commercial, Zendzian was hailed as the choice of party leaders. House Speaker John Martin of Eagle Lake and State Senator Barbara Trafton of Auburn endorsed Zendzian. The strategy was obvious. Martin's support would help Zendzian in Aroostook. Trafton would sway voters in heavily populated Androscoggin County.  

Dunleavy predictably got mad and went on television to say, in effect, he wasn't a tool for the party leadership.  

When voters went to the polls in Aroostook, they ignored Martin's advice to vote for Zendzian. The Bangor Daily News totaled 3,668 votes for Dunleavy in the county, 939 for Zendzian in Aroostook. Only Nashville Plantation (by a 7 to 5 margin), home of Pinkham Lumber, among the 67 communities in Aroostook, favored Zendzian. For Dunleavy, his home territory was the decisive battleground in the biggest House district east of the Mississippi.
Dunleavy was the surprise winner by 634 votes, 51 percent (14,205 to 13,571) in the unofficial returns.

Dunleavy will be the underdog again in the November 2 general election. No one gives him much chance against Republican Olympia Snowe.

I asked a half dozen Aroostook people associated with business to discuss Dunleavy's attitude on business:

"He's got a picture of himself in a brochure with former Governor Curtis to illustrate his service in Augusta. The bill being signed is the Workers' Compensation law now in force -- a headache for everybody. Why he would associate himself with this law, I'll never know," said a Presque Isle man. State House records show the only bill Dunleavy sponsored was legislation establishing income levels for certain cases under the Workers' Compensation law. Whether he is responsible for all liberal benefits or not he'll have to face this question during the campaign ahead.

"A far-out liberal," said a Houlton man.

"Like a tree in a high wind," said another.

What about his legislative service?

"A complete zero... he didn't do a thing I can remember," said a veteran lobbyist.

The results of the other races were less surprising. Governor Brennan was renominated with 77 percent of the vote. His Republican challenger will be Charles Cragin of Falmouth who got 38 percent of the vote compared with 33 for Sherry Huber of Falmouth and 29 for Dick Pierce of Waterville. In the First District, Republican Jock McKernan will oppose Democrat John Kerry of Old Orchard. Kerry edged out former Portland Mayor John O'Leary.

Phyllis Austin and Maine Times

A year ago she wrote a story in Maine Times which many think led to the exhaustive inspection of the Millinocket mill by the Occupational Safety & Health Administration (OSHA). Now she is writing a story on Doc Hodgins' charges that lead in emissions from the mill is having an adverse affect on pupils in a nearby school. Miss Austin has talked with Dale Phenicie and I -- and a Maine Times photographer took a photograph of Phenicie on June 9.

Despite the fact Hodgins has been the only person to publicly raise the possibility and despite the fact three state agencies have said there's nothing to the charges, Miss Austin is obviously going to write a "big story". (She says she's found some teachers concerned.) She told Dale and I, June 8, she wants to clarify the issue -- and added "there's probably nothing there." One state source speculates she'll focus on the industry town theme -- picturing the company as scaring off complaints. But that's not what she told Dale and I.

Maine Times has a circulation of 20,000. The circulation is heavy with "opinion makers". Once a story critical of the company and raising concerns of people appears, it's likely to pick up steam as did the Millinocket mill story on health in the workplace a year ago.
**Workers' Compensation**

House Speaker Martin's committee on workers' compensation is beginning a study of the costly insurance system. Cochairman Roger Mallar, the former commissioner of transportation and now a consultant, called representatives of employer groups to a meeting June 10 -- inviting suggestions. Hank Magnuson of the Paper Industry Information Office polled member companies on priorities. Later in the day, Mallar and Cochairman Gary Cook, a representative of the United Paperworkers International Union, convened the first meeting of the full committee. Jim Griffith is a member. So is Don Perkins who has represented a coalition of employers in challenging rate increases. Martin has asked the committee for legislative proposals to be filed in 1983.

**Bangor Meetings**

I participated in two meetings in Bangor June 7.

First I discussed with Chris Hutchins, President of Alternative Energy Decisions, Inc., his application for certification (eligibility for special rates) by the Federal Energy Regulatory Commission of a biomass boiler at Pittston Farm, a town owned by Great Northern Paper. A report on the meeting has been distributed.

Following that meeting, Galen Lander and I met with Wayne Hockmeyer, a whitewater rafting outfitter. Hockmeyer asked for the meeting to discuss possible cooperation in a river management plan. Galen will distribute a report on the meeting.

**Target: The Regulators**

The Maine Development Foundation has drawn a bead on state regulators as a result of a poll of 60 bureaucrats, labor leaders, educators, businessmen and environmentalists. John Menario, former city manager of Portland and now a consultant, conducted the poll. Among those interviewed was P. F. Yacavone. Menario told two dozen people at a June 10 luncheon in Orono that the regulatory "process" is perceived as the major problem with the business environment. The fact finder said people say the process is slow, abounds with delays, the staffs of the agencies don't understand the needs of business and the attitude of the regulators is unfair.

Menario said the only issue considered more of a problem -- workers' compensation -- was too political for the Foundation to tackle.

A report on the meeting will be distributed.

**Washington Bound**

Fred Hutchinson, Vice President for Public Service at the University of Maine at Orono, is going to Washington. He will take a two-year leave of absence to join an agency within the State Department where he'll coordinate dealings with higher education.
Public Relations

With guidance from P. F. Yacavone, I denied Great Northern was considering purchase of the Old Town mill of Diamond International Corporation. Gordon Manuel of WABI-TV picked up the rumor and called me June 8...Charitable contributions were made to the Millinocket Jaycees for the community Fourth of July celebration, Maine Public Broadcasting for the "Annie" premiere in Maine, the Ashland Lumberjack Roundup and the Pine Tree Camp for Crippled Children.

Sincerely,

pmc/b

Paul

Distribution:


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 June 18:

**FLIP-FLOP?**

House Speaker Martin and Assistant Senate Minority Leader Pray have confidently predicted a Democratic sweep in the November elections.

Senate President Sewall says he is running again only to help desperate Republicans fend off Democrats in their bid for control of the Senate.


For years, Republicans dominated Maine politics. In the backlash of Barry Goldwater's bid for the presidency, Democrats took control of both houses of the Legislature in 1965. Republicans regained domination two years later. Democrats took command in the House in 1975. Since that time, the Legislature has been a house divided.

The stakes in November are substantial for those in Maine complaining about the business climate. Democrats are blamed for the high cost of workers' compensation insurance. Democrats are blamed for enactment of the stringent environmental regulations imposed on companies operating in the state. With the strong support of labor unions, Democrats have balked at workers' compensation changes -- although Speaker Martin has now named a panel to study the costs of the liberal Maine system. Cynics say it is only an attempt to defuse an issue. With equally enthusiastic backing of the press and environmentalists as well as some Republicans, no regulatory reform has been possible.
Flip-Flop (continued)

A survey by Hank Magnuson of the Paper Industry Information Office has identified the critical contests -- the doubtful contests on which rests the outcome of the November 2 vote. There are nine Senate seats in this category, 22 in the House.

North of Bangor, only one Senate contest is categorized as doubtful, District 27 in which Sewall is being challenged by Mike Pearson of Old Town, chairman of the Appropriations Committee. Pearson has won friends in the industry by supporting spruce budworm spraying and regulatory relief for the Lincoln Pulp & Paper Company. The District stretches up the Penobscot corridor from Old Town into Southern Aroostook County. Sewall wasn't opposed in 1980. Both are aggressively raising money. Over $20,000 may be spent in the race.

The questionable House seats include:

District 84 -- William Hamlin of Sebec is challenging Representative Stephanie Locke of Sebec, a Democrat incumbent in a district where Republicans have more votes.

District 85 -- Republican Representative Masterman of Milo is being challenged by former Greenville Town Manager Ross. Republicans have a slight edge in registrations. Masterman has been a supporter of the Tree Growth Tax Law.

District 86 -- Veteran Democratic Legislator Hall of Sangerville, a constant critic of the paper industry, is challenged by David Pratt, also of Sangerville.

There is speculation that a Republican leader, Senator Huber of Falmouth (husband of the unsuccessful gubernatorial candidate), faces an uphill battle against Representative Diamond of Windham, regarded as one of the more capable House members. He has been assistant majority leader. And Representative Post of Owls Head, the Democrat who is chairperson for the Taxation Committee, has opposition from Guy Scarpino, an aide to Congressman Emery. Only time will tell if Scarpino can test the woman who continually seeks to increase taxes on the paper industry.

The campaign is under way. It'll be quiet until fall.

PIIO -- THE PRICE DROPS

While the budget is going up, the dues of companies belonging to the Paper Industry Information Office will go down in 1983. The 1982 budget was $211,000; the 1983 budget will be $219,757. A surplus will permit assessments of $189,862. Great Northern, which paid $30,284 in 1982 will pay $28,669.16 in 1983. The budget staffs an Augusta office and provides a $63,440 fund for legislative and regulatory research and anti-trust monitoring of committees. Directors June 11 also voted to contribute $3,000 to finance activities of the Workers' Compensation Study Committee of House Speaker John Martin. A goal of $12,000 has been established for employers.
WASHINGTON VISIT

With P. F. Yacavone, I visited offices of the Maine Congressional Delegation June 17.

The budget, potential tax increases, spruce budworm control, the business outlook and the "Big A" hydroelectric project were among topics discussed.

During the day we met with...

Congressman Emery and Collin Moller, his administrative assistant;

Senator Cohen;

Congresswoman Snowe and Gregory Stevens, her administrative assistant;

Senator Mitchell and David Johnson, his administrative assistant.

They all were talking politics -- speculating over the outcome of the televised debate between Mitchell and his challenger, Emery.

A separate report will be distributed.

ENVIRONMENTAL FORUM XIII

Environmentalists have worked ruthlessly and effectively to discredit members of Congress who favor reform of the Clean Air Act but he remains optimistic of success this year, Congressman James T. Broyhill of North Carolina told a luncheon, June 16, during Environmental Forum XIII in Washington, D.C. Broyhill, the ranking Republican on the House Energy and Commerce Committee, is cosponsor with Chairman John Dingell of a bill which environmentalists have painted as "dirty air" legislation. The Congressman said environmentalists have activated a "large, articulate group" of people with a grassroots campaign and have "duped" the press into believing them. That explains the delays, Broyhill said.

Lively discussions of regulatory reform and the "New" Federalism were also on the Forum program. During a discussion of acid rain, a North Carolina researcher said in Europe spruce trees are dying and acid disposition may be the cause.

A report is planned.

PRIORITIES FOR REFORM

Representatives of companies belonging to the Paper Industry Information Office and nearly all other paper companies in Maine have established for the first time priorities for reform of the Workers' Compensation insurance system.

At the top of the list:

1) Limit "average weekly wage" to normal after taxes pay.
Priorities for Reform (continued)

2) Remove employer's liability for losing claimant's attorney fees.

3) Eliminate automatic escalation of benefits.

4) Cut off comp for refusers of light duty assignments.

5) Reinforce requirement to report injury to employer within 24 hours.

6) Inaugurate "direct pay" system (no lawyers before appeal, etc.)

The complete list of 20 items has been distributed. One company's top priority: a mandatory state-operated Workers' Compensation fund.

**Public Relations**

A 30-second radio message urging safe driving on woods roads was placed on WMKR and WKTR FM as the summer vacation season arrived... Jeff Clark, a reporter for Maine Times, called June 16 with questions regarding a North Maine Woods Council decision not to distribute maps and guides prepared by DeLorme Publishing Company. After checking with Bob Bartlett, I explained the Council (and the company) do not provide public use of the timberlands -- and the maps do. I explained this to Editor Peter Cox...Brian Thayer of the Maine Sunday Telegram called June 18 to develop facts and opinions for a story on white-water rafting -- wondering why rafters had so little good to say for Great Northern and so much more favorable comments for Central Maine Power. I plan to talk with him in Portland...Phyllis Austin's article on Doc Hodgins' charges lead may be posing a threat to health in Millinocket appeared in the June 18 edition of Maine Times. Editor Peter Cox told me June 16 they didn't put the article on the cover in the interest of fair play. Cox said the matter of how much attention Hodgins' charges should get concerns him.

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 June 25:

**BIG A--HEATING UP**

**Item:** Senate President gives Sportsman’s Alliance of Maine preference over Great Northern Paper in rafting study.

**Item:** Rivers Center to oppose dam on Penobscot River.

**Item:** Sportsman’s Alliance of Maine to endorse candidates who oppose "Big A".

**Item:** Natural Resources Council of Maine says protection of rivers has top priority -- including Ripogenus Gorge.

While Great Northern Paper has not yet filed applications with regulatory agencies for permits to construct a new hydroelectric project on the West Branch in the Big Ambejockmockamus (Big A) Falls area, the opposition is taking shape. This week the opposition made news. There were indications the project may become an issue in the 1982 elections. And it was made clear the issue will spread beyond Maine’s borders.

Here is a digest of the week’s events.
Big A--Heating Up (continued)

The second session of the Legislature approved a study of whitewater rafting on the Penobscot and Kennebec rivers. Senator Pray said the study would be a way of sorting out the conflicting priorities -- rafters vs. fishermen. The Millinocket Senator yielded to others who sponsored the bill. As the legislation finally emerged, it became apparent rafters saw it as an opportunity to document their economic contribution. Others saw the commission as a way to block the "Big A" project, or to complicate the issue. There were four "public" seats; the six others went to legislators and state officials. House Speaker Martin named two persons active in the whitewater rafting business as "public" representatives. Senate President Sewall ignored a Great Northern suggestion and named representatives of the Natural Resources Council of Maine and the Sportsman's Alliance of Maine. When Sewall said the SAM representative's candidacy was promoted by his No. 2 man, Majority Leader Collins, it turned out Collins is concerned over a hydro project on a lake on which he has a cottage. Sewall, of course, was a leader in the effort against redevelopment of a hydro facility in Bangor. He loves Atlantic salmon fishing. Both Sewall and Collins say they do not oppose the "Big A" project. Lynwood Hand, Great Northern's legislative counsel, who asked for appointment of an industry representative, and I are trying to restore balance.

The New England Rivers Center of Boston said in a newsletter it had been "agreed that the Rivers Center would act as the lead organization in proceedings before FERC and other federal agencies and would take legal steps, if necessary, to block the issuance of licenses for this project by federal agencies." The Center is coordinating its activities with Maine organizations planning to retain counsel to fight the project on the state level.

On June 22, the Sportsman's Alliance of Maine launched a campaign to pressure political candidates (federal and state) to oppose hydro projects (including "Big A") on recreational rivers. SAM threatened an intensive advertising campaign, as well as other efforts to convince politicians to oppose hydro development on recreation rivers, such as the West Branch. Even more disconcerting was the public visibility of a top aide of Congressman Emery at the SAM news conference. Senator Mitchell's staff is saying Emery is going to make the "Big A" a campaign issue. Emery says he will keep an "open mind" on the issue.

The Natural Resources Council of Maine says in a newsletter "we're starting to see some signs of progress." The state's largest environmental organization expects during June to see a state plan emerge to protect the state's recreation rivers, including the West Branch. "River protection will be NRCM's top priority for next year," says Rob Gardiner of the Council. If the West Branch isn't on the list, a controversy will erupt, with calls for the Legislature to take action when it convenes in January. Senator Trotzky of Bangor, named to the whitewater study panel, included the West Branch in a list of rivers to be protected in a bill the legislative leaders refused to accept in a session devoted to emergencies.
Politicians are finding rivers a popular subject. Senator Cohen wrote in a June column appearing in Maine newspapers that while rivers will be important in the search for energy alternatives each hydro project "must be weighed carefully, their merits measured against the possible threat they pose to our goal of preserving our free-flowing rivers." Cohen went on to say "I wholeheartedly support existing efforts by the Natural Resources Council and other groups to develop a sound, balanced plan for Maine's rivers."

The sinking popularity of hydro power is reflected in an appeal for funds for survival from the National Alliance for Hydroelectric Energy. If NAHE folds up, President Gordon Marker warns members:

"We should anticipate being required to get pollution discharge permits for hydro projects;

"We should expect that environmental groups and state fish and game departments will have much more influence in how our projects are developed and operated;

"The Department of Interior will be more effective in mandating stream flow requirements."

**Political Action Committee**

Subcommittees of the Great Northern Good Government Committee are continuing to interview candidates for the U.S. Senate and the House of Representatives. Five members of the committee discussed energy, fiscal, environmental, safety regulations and other matters June 21 with Congressman Emery. Senator Mitchell was interviewed earlier by a subcommittee. The next interview will be with Jim Dunleavy of Presque Isle, Democratic candidate for Congress in the Second District. Letters have been written to all candidates in the November election, congratulating them on nomination in the primaries and soliciting interviews at their convenience. Once the interviews are completed, the full executive committee will consider contributions. The number of financial contributors to the political action committee has now reached 50 active employees. A July mailing is planned to all contributors -- providing them with biographical sketches of the six candidates and soliciting their views on contributions.

**Senator Collins on Politics**

The majority leader of the State Senate, Rockland attorney Sam Collins, is famous as a man of few words. In a June 23 discussion, Collins said he wasn't as optimistic as others on the outcome of the 1982 elections. "We've got a good chance of taking seats away from Democrats in the Brunswick and Rumford areas. We've got an attractive candidate in Waterville." Collins is the only Republican unopposed for reelection.

**Economic Education Workshop**

I discussed methods of moulding public opinion on issues at the June 25 session of the annual three-week workshop for 30 teachers sponsored by the Maine Council on Economic Education on the Orono campus of the University of Maine. We used samples of Great Northern's recent advertising in newspapers and on television and radio.
The Maine Labor Group on Health, the controversial federally-funded agency which is studying health conditions in the paper industry, may have another source of financial support. Employees of the St. Regis mill in Bucksport, according to an executive of the United Way in Bangor, are urging the Maine Labor Group be added to the ranks of agencies who can get "earmarked" gifts from contributors.

PUBLIC RELATIONS

I have asked a dozen people throughout Maine to carefully read the Maine Times story of June 18 discussing the question of lead in emissions from the Millinocket mill. The first five (two who live and work in Millinocket) said they had heard no one discuss the subject. We'll distribute an evaluation of their comments. One immediate thread of opinion: the word "nut" was a public relations faux pas on my part...A report for the Journal of Commerce called for information June 23. She was writing a story on the plight of the Bangor & Aroostook. With help from Joe Jamieson, I responded...Mary Anne Lagasse is doing a story on East Millinocket's Diamond Jubilee and asked for photographs to use in the Bangor Daily News...A contribution was approved for the Maine League of Women Voters who are planning a debate among candidates for top offices in Maine on a statewide television network.

Sincerely,

[Signature]

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**ALSO ON THE NOVEMBER ELECTION BALLOT**

### Other Referenda Questions

1. Shall "AN ACT to Adjust Annually Individual Income Tax Laws to Eliminate Inflation-Induced Increases in Individual State Income Taxes," become law?

2. Shall "AN ACT to End the Use of Nuclear Power for Producing Electricity in Five Years," become law?

### Constitutional Amendments

1. “Shall the Constitution of Maine be amended to limit the life of bonds authorized but not issued? Explanation: If no bonds have been issued within 5 years of the date of voter ratification, then no bonds can be issued after that date without specific legislative action.

2. “Shall the Constitution of Maine be amended to authorize the credit of the State to be loaned to secure funds for loans to parents of Maine students attending institutions of higher education?”. Explanation: This measure would not require new bonding. Responding to changes in Federal laws, this amendment would simply make current reserves for guaranteed student loans also available to parents.
IF ENACTED THIS LAW WOULD:

- Abolish the Milk Commission’s power to set the minimum price that consumers pay for milk.
- Abolish the Milk Commission’s power to set the minimum price that stores must pay to the processing dairy for milk.
- Focus the Milk Commission’s information-gathering powers more specifically upon milk producers (dairy farmers).
- As a result of the more limited price-setting role for the Milk Commission, the fees paid to fund the Milk Commission would be reduced.

If this act becomes law, the Maine Milk Commission would still set the minimum price that Maine’s processing dairies must pay to farmers for milk produced within the State. In most of the rest of New England, the price paid to farmers for milk is controlled by the Federal Government. As is the case today, both farmers and processors may buy or sell milk outside of Maine at prices other than those established by the Maine Milk Commission.

Currently, Maine farmers receive about 7¢/gallon more for milk which is sold to a Maine processor, than they receive for milk sold out-of-state. 42% of the milk produced in Maine is being sold out-of-state, and only minimal quantities are imported by Maine’s processing dairies.

The PROPONENTS Say:

1. Twenty years after similar price controls were repealed in New Hampshire, the price for milk in gallon jugs is significantly lower in New Hampshire than it is in Maine. Consumers should be allowed to shop for the best possible price.
2. The government doesn’t set the price for any other food, and it should not set the price for milk either. The dairy industry should be free to offer volume discounts, participate in national sales promotions, and to offer other incentives to encourage the purchase of their products.
3. The presence of minimum milk prices is the equivalent of legal price-fixing. Milk processors and stores should be allowed to compete on a basis of price.
4. Dairy processors should not expect governmental protection from ordinary business risks. The major beneficiaries of the Milk Commission’s power to set minimum milk prices at the wholesale and retail levels have been the milk processors, not the farmers.
5. About half of Maine’s dairy farmers sell their milk to a Maine processor; only these farmers receive the Milk Commission’s minimum price. The other half, who sell their milk out-of-state, are protected by Federal government price regulations. The Milk Commission’s power to regulate the price paid to Maine farmers by Maine’s processing dairies will not change. This decontrol act only eliminates the resale price controls.

The OPPONENTS Say:

1. According to a recent study, the price in Maine for a quart of milk is the lowest in the nation. It also showed that overall the Milk Commission’s minimum prices are comparable with the prevailing milk prices in the rest of the nation.
2. The presence of minimum price controls has provided protection for a native Maine industry which has been stable, while other agricultural industries have failed or are in serious trouble. Minimum prices prevent price wars which would drive Maine’s smaller dairies out of business.
3. Initially, the price for a gallon and a half-gallon will go down in the more populated areas, however, the price for these same containers will rise in the rural areas.
4. Fresh milk tastes better. Milk is perishable and quality does differ. Maine dairies have traditionally competed on the basis of freshness and quality, not price. If Maine’s dairy industry fails, there will be no guarantee that local milk will be available.
5. The Milk Commission won’t be able to protect Maine’s dairy farmers. In order to compete, Maine processors will be forced to buy milk outside of Maine at the lower, federally regulated price. More of Maine’s farmers will then have to sell some or all of their milk outside of Maine at the lower federally regulated price. The resulting reduction in income will cause some dairy farms to fail.

A "YES" vote approves abolition of the Maine Milk Commission’s power to set the minimum wholesale and retail milk prices.
A "NO" vote disapproves these changes in the Milk Commission’s powers.
CONTACT US For More Voter Information About the November Election

- Bangor - Brewer 945-5786
- Brunswick Area 725-2242
- Ellsworth 422-3627
- Kennebec Valley 873-2842
- Lewiston - Auburn 926-4044
- Mt. Desert Island 244-5844
- Orono - Old Town - Veazie 947-0608
- Portland Area 773-8644

ALSO ON THE NOVEMBER ELECTION BALLOT

Other Referenda Questions
1. Shall "AN ACT to Repeal the Control of Milk Prices at the Wholesale and Retail Levels," become law?
2. Shall "AN ACT to End the Use of Nuclear Power for Producing Electricity in Five Years," become law?

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2. "Shall the Constitution of Maine be amended to authorize the credit of the State to be loaned to secure funds for loans to parents of Maine students attending institutions of higher education?" Explanation: This measure would not require new bonding. Responding to changes in Federal laws, this amendment would simply make current reserves for guaranteed student loans also available to parents.
Shall "AN ACT to Adjust Annually Individual Income Tax Laws to Eliminate Inflation-Induced Increases in Individual State Income Taxes," become law?

IF ENACTED THIS LAW WOULD:

- Adjust the State Income Tax in response to inflation.
- The "inflation factor" for indexing would be dependent upon 50% of the increase in the National Consumer Price Index for a 12 month period, and would be limited to 7% even if inflation exceeds 14%.
- Every year when inflation is great enough, indexing will require that the personal exemption and the standard deduction of the State Income Tax be increased; the lower & middle income tax brackets will also be adjusted. All of these adjustments will be rounded to the nearest $100, and this rounding will result in percentage increases that will be greater or less than the inflation factor.
- Indexing will be retroactive to the 1981 tax year. This will result in a $12 Million refund to individual taxpayers for their 1981 State Income Taxes. It would also decrease by $20 Million the income taxes which will be due for the 1982 tax year. The combination of these two retroactive years will produce a $32 Million tax rebate.

<table>
<thead>
<tr>
<th>The PROONENTS Say:</th>
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<tr>
<td>1. The best spending cap on government is an open debate on tax increases. Indexing would stop tax increases which are created by inflation rather than by the Legislature.</td>
</tr>
<tr>
<td>2. Inflation has distorted the fairness of Maine's Income Tax laws. Cost of living raises are automatically taxed at a higher rate, and therefore, leave the taxpayer with less purchasing power.</td>
</tr>
<tr>
<td>3. This indexing plan only indexes 50% of the inflation-caused increase in income tax revenues. The other half of this &quot;windfall&quot; will still be available to the State's General Fund.</td>
</tr>
<tr>
<td>4. If, after exhausting every effort, funds should not be available for the tax rebate, the Legislature could be asked to make the indexing law apply only in the future.</td>
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<tr>
<th>The OPPONENTS Say:</th>
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<tr>
<td>1. Unlike the Federal government, the State's budget must be balanced. The entire $32 Million rebate would have to come from the last six months of the current budget year.</td>
</tr>
<tr>
<td>2. State government, like you, is hurt by inflation. Many of its taxes are fixed rate and do not keep up with inflation. As a result Maine government is already operating on fewer &quot;real or un-inflated dollars&quot; than in 1978.</td>
</tr>
<tr>
<td>3. The property tax has a much greater need for reform and relief than does the income tax.</td>
</tr>
<tr>
<td>4. Indexing is not a guarantee that your taxes will go down. The State would be forced to either reduce services, cut aid to municipalities, raise taxes in one area or another, or shift the responsibility for more programs to local government.</td>
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A "YES" vote approves the annual adjustment of the State income tax for inflation.

A "NO" vote disapproves this annual adjustment.
 Supporters of nuclear power state that according to the Office of Energy Resources Comprehensive Energy Resources Plan, electricity demand is projected to grow at a rate of 2.4% annually, due to such factors as population and employment expansion. "Energy sources must be developed to meet this growth regardless of the outcome of the Maine Yankee issue", O.E.R. says.

Advocates contend that in the foreseeable future, such alternatives as conservation, cogeneration, solar, and wind will not be able to replace a major portion of Maine's electrical energy supply. Hydroelectric generation is not an economically feasible resource in Maine. Proponents say, surplus Canadian hydro energy, which will be priced close to the cost of existing oil generation, will be a small fraction of the output of Me. Yankee and will serve only to reduce the state's dependence on oil.

As for cogeneration, advocates argue that cogenerated electricity in 1982 is about 5 cents versus 2 cents per kWh for Me. Yankee. Therefore most Maine industries, including two paper companies, have rejected additional cogeneration as not economically feasible.

Those wanting to keep Me. Yankee say that no energy source or alternative is free from some public health impact. Woodstoves, which heat a large number of Maine homes, release cancer-causing particulates in the home and in the air, and are the cause of dozens of fires each year.
nuclear and fossil fuel technologies.

Opponents of Me. Yankee argue that even a "non-accident" like Three Mile Island, which is estimated to cost over $1.3 billion to clean up, could greatly damage Maine's economy.

ALTERNATIVES

Those against nuclear power say a careful review of state, federal, and private energy studies reveals that Maine is in a good position to use its in-state energy resources to replace Me. Yankee.

While no one energy source can (or should) be expected to provide all our energy needs, they say a responsible mix of alternatives can support a healthy Maine economy in the future. These would include: 1) reduced energy demand through more appropriate and efficient use of electricity (more efficient appliances and lighting, not using electricity for space and water heating); 2) increased utilization of cogeneration and biomass fuels (S.D. Warren's new 40 megawatt biomass boiler in Westbrook - enough to replace about 1/10 Maine's share of Me. Yankee); 3) redevelopment and expansion of existing hydroelectric sites; and a host of other in-state energy resources such as solar space and water heating, solid waste, and wind.

Opponents say that a study by NUTEK, a private energy consulting firm that has worked with the Maine Office of Energy Resources and the Public Utility Commission, revealed that Maine could realistically develop enough renewable energy and cogeneration resources to satisfy a demand of 2.6 billion kwh of energy in 1987 and 6.3 billion kwh in 1995. This should be compared to the 2.5 billion kwh per year that Me. Yankee supplies to Maine.

Critics of Me. Yankee also say that there is presently a 37.7% reserve of electrical power in the New England Power Pool, so that the shutdown in 5 years would create no immediate shortage.

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THE NUCLEAR FUEL CYCLE

KEY

- Waste Disposal
- Transport

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SAFETY AND RADIATION

No energy technology is absolutely safe, so the important consideration is what an acceptable risk is in the generation of electricity.

Those against nuclear power maintain that Me. Yankee currently suffers from a number of unresolved safety issues that could lead to serious accidents. A recent study for the Nuclear Regulatory Commission (NRC), critics say, pointed out that a major accident at a nuclear plant could kill people as far as 225 miles away and would contaminate hundreds of square miles of land.

Opponents say one of the most serious issues is embrittlement. The metal in Me. Yankee's reactor vessel - the component that houses the nuclear reaction - has become brittle at a much faster rate than anyone had anticipated. Critics point out that Me. Yankee is on an NRC list of the eight reactors most vulnerable to developing cracks due to embrittlement which could release radiation into the atmosphere.

Me. Yankee routinely releases radiation into the environment. Opponents point out that some scientists believe there is no safe level of ionizing radiation - the higher the exposure to radiation, the greater the risk of cancer, genetic damage, or other illnesses.

On the health question, opponents cite a July 1982 study by Dr. Irwin Bross, a biostatistician, that concluded there had been a 50% increase in leukemia, 10-20 miles from the plant, since 1972. Critics point out that leukemia is one of the first radiation-induced cancers to appear and could be an early warning of a serious health problem.

Supporters of nuclear power maintain that in more than two decades of commercial nuclear power generation in the U.S. there has never been an injury to any member of the public as a result of a nuclear accident. Nuclear plants, they say are specifically designed with multiple, independent and redundant safety features to assure safe operation under the most unusual accident or disaster conditions including equipment and operator malfunctions, earthquakes, storms, and air crashes.

By law, Maine Yankee has an emergency evacuation plan. The State of Maine also has an emergency Radiological Incident Plan which includes provisions for public evacuation in the event of an accident. The state has no comparable evacuation plan in the event of floods, chemical releases or other man-made or natural disasters.

Opponents point out that the NRC, critics say, pointed out that a major accident at a nuclear plant could kill people as far as 225 miles away and would contaminate hundreds of square miles of land. Critics point out that Me. Yankee is on an NRC list of the eight reactors most vulnerable to developing cracks due to embrittlement which could release radiation into the atmosphere.

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NUCLEAR WASTE

Proponents of nuclear power believe that the huge amounts of waste produced from coal-fired plants - more than 230,000 tons of it annually - are a matter of serious comparison with nuclear wastes. Within the tons of solid wastes are 19 toxic metals such as arsenic, lead and mercury which never break down into other elements and must be isolated from the public forever.

Supporters maintain that in the last 25 years many scientific and engineering studies in the U.S. and abroad have concluded that the technology for managing nuclear waste is available and can be implemented safely and economically.

ECONOMIC FACTORS

The Office of Energy Resources has calculated that if Me. Yankee were shut down, additional replacement power costs for Maine consumers would increase rates from 15.4% to 27.3% depending on the replacement mix, which would include electricity from oil, hydro and out-of-state nuclear power and Canadian purchases. Individual customer classes could experience an increase of 150% in some cases.

Proponents say that nuclear power is cheaper, citing that Me. Yankee produces electricity for $57 per MWh compared with $72 for natural gas. Critics argue that without the huge costs to utilities in the state, the cost estimated to be around $2 billion in the first five years.

Supporters estimate the cost to Maine of $62 per MWh for Me. Yankee to be $57 per MWh, they say, is roughly less than the cost savings for New England of $2 billion a year.

The Energy Systems Division of the New England Systems Group (NSG) has completed its study of the cost of shutting down Me. Yankee, the cost of decommissioning and the cost to consumers. Studies by the NSG and others support the view that the cost of decommissioning and the cost savings to consumers will be worth the cost of shutting down Me. Yankee.

The NSG study, conducted by consultants in 1987 with an average cost of between $2 and $3 per kilowatt hour, found that the cost of operating Me. Yankee is $57 per MWh, the cost of decommissioning is $62 per MWh and the cost savings to consumers is $72 per MWh.

The NSG study, conducted by consultants in 1987 with an average cost of between $2 and $3 per kilowatt hour, found that the cost of operating Me. Yankee is $57 per MWh, the cost of decommissioning is $62 per MWh and the cost savings to consumers is $72 per MWh.

Replacing Me. Yankee's nuclear power system, opponents say, would have a positive effect on Maine's economy. They point out that the replacement system will create jobs for Maine people, and will maintain and improve the state's economic well-being. Numerous studies by the Office of Energy Resources have concluded that the transition to renewable energy sources such as wind, solar and hydroelectric power will result in job creation and significantly higher energy prices.

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nuclear injury to any member of the public as a result of a nuclear accident. Nuclear plants, they say, are specifically designed with multiple, independent and redundant safety features to assure safe operation under the most unusual accident or disaster conditions including equipment and operator malfunctions, earthquakes, storms and air crashes.

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Proponents quote Nuclear Regulatory Commission scientists, who, currently find that embrittlement poses no significant risk to the public. Studies of Me. Yankee, ongoing since 1972, have shown that embrittlement should not affect the integrity of the plant’s reactor vessel during its remaining useful life.

Advocates say, although scientists have found that very large amounts of radiation can cause cancer or genetic damage, it is the belief of some scientists after decades of research that the amounts of radiation released during the entire nuclear fuel cycle do not represent a significant public health effect. In fact, nuclear supporters say, the American Medical Association and the American Public Health Association, among others, have stated that the health impact of nuclear energy is as low or lower than some other viable energy alternatives.

Supporters say, a 1982 study conducted by the National Center for Disease Control, over a 12 year period, concluded that no association was found between leukemia incidence and residents near Me. Yankee.

NUCLEAR WASTE

Proponents of nuclear power believe that the huge amounts of wastes produced from coal-fired plants - more than 230,000 tons of it annually - are a matter of serious comparison with nuclear wastes. Within the tons of solid wastes are 19 toxic metals such as arsenic, lead and mercury which never break down into other elements and must be isolated from the public forever.

Supporters maintain that in the last 25 years many scientific and engineering studies in the U.S. and abroad have concluded that the technology for managing nuclear waste is available and can be implemented safely and economically.

Legislation is now before Congress providing for the completion of a commercial nuclear waste disposal facility and solidified nuclear waste via multi-barrier deep burial in mined geological repositories.

Me. Yankee generates 99.9% of the low-level radioactive waste produced in Maine and 100% of the high level waste. Those against nuclear power point out there is no proven technology to safely dispose of nuclear wastes. Radioactive wastes are produced throughout the nuclear fuel cycle and must be stored longer than any man-made structure, political institution or nation has ever survived. The record of containing this extremely hazardous material has been less than good, for as critics point out, over 500,000 gallons of high level radioactive waste has leaked from corroding storage tanks in Richland, Washington.

A reactor the size of Me. Yankee produces 30 tons of nuclear waste a year, 370 tons are currently stored as spent fuel rods at the plant in holding pools, originally designed for half that number. Me. Yankee is petitioning for a license amendment to use a controversial technology called pin compaction, for expanded on-site storage. A study by the West German Institute of Reactor Safety found that an accident at a spent fuel pool could produce radioactive doses 75 times the lethal dose over 60 miles from the plant.

Another waste product, anti-nuclear people point out, is the power plant itself. The longer the plant operates the more radioactive it becomes and the more costly it will be to dispose of it.

ECONOMIC FACTORS

The Office of Energy Resources has calculated that if Me. Yankee were shut down, additional replacement power costs for Maine consumers would increase rates from 15.4% to 27.3% depending on the replacement mix, which would include electricity from oil, hydro and out-of-state nuclear power and Canadian purchases. Individual customer classes could see increases both lower and significantly higher than these averages.

Proponents say that electricity produced by nuclear power is cheaper than its alternatives. In 1981 Me. Yankee produced electricity for $.02 per kilowatt y compared with $.06 for oil-fired generation. They argue that without Me. Yankee the state’s electric utilities would have to replace 415,000 kw at a cost estimated to be roughly two cents more per kWh in the first five years.

Supporters estimate the cost of decommissioning Me. Yankee to be $57 million dollars in 1980 which, they say, is roughly less than one quarter of the total fuel savings to New England electric consumers in one year from Me. Yankee. They maintain that the cost of decommissioning will remain the same whether Me. Yankee is decommissioned in 1987 or 2002.

The Energy Systems Research Group (ESRG) of Boston has completed a computer-based assessment of the cost of shutting down Me. Yankee for the Maine Nuclear Referendum Committee. The firm has done numerous studies for both state and federal agencies, including the Maine Public Utilities Commission.

This study states that Me. Yankee can be closed in 1987 with an average cost impact on the ratepayers of two percent per year from 1985 to 2000. Critics of nuclear power point out that for the ratepayer who has a $40 a month electric bill this means that it will cost only $.80 a month to close Me. Yankee.

The ESRG study, critics point out, differs from a prior published by the Maine Office of Energy Resources in that its projections of continued operation of Me. Yankee include assessment of such items as the effects of aging and embrittlement on Me. Yankee’s output, increasing costs of repairs and safety improvements, and the cost of radioactive waste disposal.

Replacing Me. Yankee with in-state renewable energy systems, opponents say, will have a very positive effect on Maine’s economy. Money spent on these systems will be spent in Maine, creating jobs for Maine people — building, installing, maintaining and repairing these systems. Numerous studies by such organizations as the Congressional Office of Technology Assessment have concluded that investments in conservation and renewable energy technologies produce two to four times as many jobs as similar investments in
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 July 9:

**The Issues of 1982**

While politics is the burning subject these summer days for those interested in state government, the list of issues facing the next Legislature is lengthening. Every discussion of the issues also draws on admonition that you can't really predict action on the issues until after the November elections.

First, the consensus on issues as 1982 moves into its second half:

**Taxation**

The era of "New Federalism" has produced a wave of new taxes imposed on the state level. For eight years, two Maine governors have blocked any major tax increases. The 1981-82 state budget apparently was balanced, but only by the narrowest of margins. Governor Brennan is not campaigning for re-election on the same pledge he voiced in 1978 -- no new taxes.

Some specifics:

The court challenge of legislative allocations from the unorganized territory tax could reopen this tax question.

A highway cost allocation study is designed to produce an administration proposal on gas taxes.
A study of forest fire control cost also will lead to further discussion of taxes on timberlands.

The refusal of the Board of Environmental Protection to certify as exempt from the sales tax required pollution control equipment will likely get attention.

**Forest Resources**

The full implications of the politically popular "protect Maine rivers" campaign are only hinted at in the Governor's executive order of July 5. While the door was left open for the "Big A" project, the new policy imposes a form of zoning of 1,500 miles of river corridors--and with the strong possibility of more to come. While hydro power was pictured as the threat, other development and uses also will be swept up in the campaign. The Natural Resources Council has in recent sessions tried to respond to shore front property owners' fears on hydro development by imposing state controls over water flows. When the order becomes legislation, this probability will drag others in industry into a fight in which Great Northern has been the only active player in the business community.

Some form of mandatory logging practices will result from the siltation headlines generated by Land Use Regulation Commission.

LURC (and the entire Department of Conservation) will be subject to a Sunset Review process and will have to justify all programs. Every session the Legislature takes a look at different agencies. The whole department will be happy if Democrats take control of the Senate and Senator Jim McBreairty is ousted as chairman of the committee which performs the review.

The administration is hoping to have a package ready for the Legislature which will be the final chapter in the "Public Lots" controversy.

If the recession isn't over, the issue of Canadians in the woods labor force probably will come up although it is a federal responsibility.

**Labor**

The topic everybody talks about is the cost of workers' compensation. House Speaker Martin's special committee (on which Jim Griffith of Great Northern serves) has been asked for suggestions on ways to reduce the cost. The committee, as they say, is "the only game in town" at the minute.

When the AFL-CIO lobbyists backed off from pushing proposals to broaden coverage under workers' compensation for those with hearing loss and with extended disabilities, it was generally believed organized labor was waiting until 1983 -- and a Legislature controlled by the Democrats.

Whether you classify it as a labor or an environmental matter, the question of health and safety in the work place (continually in paper mill towns) is still alive. The request for funds for studies is likely from the new Environmental Health League of the State Department of Human Services.
Environmental

Everybody is complaining about the Board of Environmental Protection and the environmental agencies. But as was demonstrated in this year's session, there is no consensus. Still some reform legislation can be anticipated.

Both the Paper Industry Information Office's environmental committee and a University of Maine committee are exploring ways of easing the problems encountered in disposing of paper mill sludge.

On the subject of the composition of the Legislature:

Politics--The latest count by lobbyists for business and industry give the Democrats 20 seats in the Senate and Republicans 13 in the November voting. The House, it is predicted, will be composed of 76 Democrats and 75 Republicans.

Attitudes on Business Issues--That forecast could mean, in the Senate as much as a 22-11 pro-business block, or as much as 25-8 anti-business slate. Depending on the issue, the same poll says, the House could go 91-60 pro-business or 160-35 anti-business.

That's what some people are talking about during this hot summer.

Rivers' Policy

Governor Brennan's river policy again favored widespread publicity on the "Big A" project. While the Governor made it clear he was leaving the fate of the "Big A" project to regulatory boards, his policy appeared to have slammed the door on three potential Central Maine Power Company developments -- one on the Kennebec River for which the utility has expressed little enthusiasm, and two on the Saco, one of which the BEP had approved. (A separate report on the publicity and other developments has been circulated with the text of the policy.) Even the Governor's announcement had political overtones. A wag speculated the reason for the executive order now instead of legislation in January was to steal the issue away from Congressman Emery who is looking for a cause to offset Senator Mitchell's acid rain banner.

With the whitewater rafting commission meeting regularly (P. I. Firlotte is invited to be among speakers at an Orono meeting July 14), the subject of rivers, hydromania, rafting and the "Big A" are going to get increasing attention in Maine and nationally. Coming events include an Associated Press story on rafting to be circulated nationally, a report on a management plan for the Aroostook River (which will recommend "voluntary local controls") and a U.S. Senate hearing on hydro legislation July 22.

Meet the Candidates

A subcommittee of the Great Northern Good Government Committee interviewed Aroostook County Probate Judge Jim Dunleavy in Presque Isle, July 9. The self-styled maverick who won the Democratic nomination for Congress despite opposition from party leaders, says Second District voters have three things on their minds: 1) job protection and money to pay bills; 2) pension protection--social security and 3) opportunity for young people to get an education "in an area dominated by blue collar workers, the elderly and students." This was the third of six interviews being conducted by subcommittees prior to the full committee considering contributions.
SPEAKER MARTIN

One of Judge Dunleavy's old nemeses, House Speaker John Martin of Eagle Lake, will speak July 27 at a meeting of the State Government Affairs Committee of the American Paper Institute in Chicago. Martin's topic will be "The New Federalism: A legislator's view on the future role of state governments." The API meeting is being held concurrent with a meeting of the National Council of State Governments.

UNITED FOR MAINE

The name sounds like one which would fit a United Fund agency, or combined charities group. Instead, it is a political action committee established by businessmen and trade association executives. Fund raising is underway and all contributions will go to candidates for the Legislature. It's the first PAC with broad based business support. Officers include Phil Hussey of Hussey Manufacturing, President; Mark Gartley of Cianbro, Vice President and Treasurer; and Hank Magnuson, Clerk. Directors are Harold Callahan, a Mechanic Falls contractor; Steve Crockett and Wayne McGarvey, bankers in Augusta and Portland; Charles Milan, a Brewer bowling alley owner; Dick Morrell, a Brunswick oil dealer; and Keith Ruff of Georgia-Pacific.

PUBLIC RELATIONS

During the week of June 28, Mary Bailey responded to questions from Colin Nickerson of the Boston Globe (I also discussed the economy with him), Glenn Adams of the Associated Press (subject: whitewater rafting), Dan Carrigan of WLBZ-TV (business conditions). This week Marilyn Bennett of the Piscataquis Observer asked about an apparent grave marker at Seboomook, George Putz of American Forestry Magazine had questions on burning wood waste, Barbara Waters of the Katahdin Times asked for comment on the Governor's river policy, Mike D'Antonio of the Gannett Newspapers Washington Bureau asked about our experiences in dealing with Washington bureaucrats and Mary Anne Lagasse of the Bangor Daily News asked if wage negotiations were in progress...In Aroostook County, we visited the offices of Senators Mitchell and Cohen and Congresswoman Snowe and the Presque Isle Star-Herald...Cary Hospital in Caribou is planning a luncheon to honor Great Northern Paper for the recent GNN Foundation contribution...In Caribou, we discussed the forthcoming Aroostook Rivers report with the regional planning commission staff...We also agreed to co-sponsor a WAGM-TV documentary on forestry which will be filmed in part next week in the West Branch region.

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 July 16:

**BUGGING THE POLITICIANS**

Public pressures have played a major role in the actions of politicians in Halifax, Nova Scotia and in Washington in recent days on issues related to forest management. In the Canadian provincial capital the government reneged on approval of the plans of private companies for aerial spraying of herbicides to encourage growth of softwoods. In Washington, a group of northeastern senators told the administration more money was needed for aerial spraying to control pests threatening forests in the area.

The issue of using chemicals to control pests and in intensified forest management has swept across North America. Maine has been caught up in the turmoil. At times, the state became a focal point of the complicated issue. This is the picture at the present time:

An uneventful aerial spraying program, aimed at reducing spruce budworm damage was completed this year on approximately 900,000 acres.

Several companies have incorporated annual aerial applications of herbicides into forest management programs in the state. Great Northern will spray 9,000 acres in 1982.

Finally, Maine Times estimated St. Regis has paid over $280,000 in recent weeks to settle claims resulting from a 1979 incident in Dennysville. The Board of Pesticides Control has charged the paper company and a helicopter company were negligent and allowed spray to drift in high winds and to pollute water bodies. While claims of 28 people have been settled, the weekly journal of opinion says the BPC suit will be pushed despite willingness of the companies to settle with the state agency.
In the daily newspapers, the Nova Scotia controversy made most of the headlines. Another political party was in power in the 70's when the government bowed to political pressure stimulated by a well-organized environmental movement and decided not to spray to control the spruce budworm. The results are everywhere in the hundreds of thousands of acres of fir forests in the highlands of Cape Breton, the northeast tip of the province. Paper mills face fiber shortages. Three of the companies got approval to spray 2,4-D and 2,4,5-T to eliminate competition (brush and hardwoods) which retard the growth of softwoods. The action reactivated the environmentalists. Indian tribes pulled young trees from the forest in protest. The media coverage was extensive. The headlines were big and black, similar to those resulting from the Dalhousie University study of the 70's linking spruce budworm to Reye's Syndrome. The study since has been generally accepted as incomplete -- and the suspect emulsifier has never been used in Maine. The government of Nova Scotia rescinded the licenses for the 1982 projects, allowing only on-the-ground spraying. No further aerial spraying will be allowed until a high level commission study is completed in a year or two.

The Washington events of interest did not make headlines. They were lost in the rush by Congress to go home for the 4th of July recess. Six U.S. Senators, including Maine's Cohen, sent a letter to Secretary of Agriculture Block calling on the administration to reverse its announced desire to abandon support of forest pest control programs on private lands in the Northeast. "We believe that the federal government must continue to play a constructive role in responding to this serious economic threat, and we fully expect the Congress will appropriate funds for this purpose because of the serious harm caused by a variety of forestry pests," said the joint letter. The U.S. Forest Service was asked to advise the senators by mid-July of plans to: 1) increase the level of funding which shrunk to 12 1/2 percent in 1982 and 2) make up its mind on details by December to allow planning for 1983.

Carol Woodcock of Senator Cohen's staff said while most of the group was concerned about the gypsy moth, the spruce budworm control program is also covered. "It's encouraging for the State of Maine," she said. State Forestry Director Stratton, who supports the concept, says it is only fair that a share of the federal funds go to the Northeast. Under the U.S. Forest Service strategy all available money would have been used on federal lands and on "mixed federal and state lands" -- almost all in the West.

Encouraging as the picture is in Maine, there are potential trouble spots:

Industry foresters are asking a voice in managing the budworm program. The landowners are underwriting the cost except for the federal money.

The expanding use of herbicides presents risks. Great Northern's spraying program includes lands near the Allagash River, a National Wild & Scenic River.

Senator Mitchell of Maine, told a Great Northern group recently he took "a lot of flak" when he joined with the Maine delegation in supporting 12 1/2 percent funding.

Editors of the state's two largest daily newspapers and the editor of the state's most influential weekly opposed spraying to control the budworm. Despite this obstacle public opinion polls show an increasing appreciation of the need for aerial spraying.
WATER FOR RAFTING

Water flows on the Penobscot and Kennebec rivers were the chief topic for the second meeting at Orono, July 13, of the Commercial Whitewater Rafting Study Commission. Paul Firlotte of Great Northern Paper and Otis Bacon of the Kennebec Water Power Company were the speakers. The objective of the commission is apparently to establish carry capacities for the two rivers on which the business of rafting is booming. A legislative assistant's statement demonstrated the potential, however, for the commission straying off course. He commented: "There is a whole question of priorities for the river. Should the water be used for power for Great Northern and Central Maine Power, or for something else?" A report on the meeting will be circulated.

WORKERS' COMPENSATION

Reporters and television crews were there when pickets appeared July 14 at the entrance of International Paper Company's woodyard in Dover-Foxcroft. They had been invited to hear Mel Ames, President of the floundering Maine Woodsmen's Association, attack IP for asking for evidence of insurance coverage from all wood suppliers.

In Augusta and in Washington, trade associations staffers who follow such matters speculated IP acted at this time because of a 1) Maine Supreme Court ruling in January which apparently redefined the traditional definition of independent contractor and the relationship of contractors to others and 2) allegations in Mississippi from union organizers that IP was profiting from wood produced by uninsured workers.

The picketing kept the subject of the high cost of workers' compensation alive in the media.

Next week's headlines may come from a workshop being held by House Speaker Martin's special 28 member study committee in Augusta. Harvey DeVane, Commissioner of Business Regulation, is arranging for seven speakers to brief the group on present laws -- and options, such as self-insurance.

There are rumors in Augusta of a rate increase proposal. One has been anticipated for months.

IP, concerned over the cost of insurance, has been promoting changes in the Maine law in Augusta meetings. So far, none of the associations have come up with the framework for 1983 legislative strategy on this issue.

POLITICAL ACTION COMMITTEE

Biographies of the six candidates for the U.S. House of Representatives and U.S. Senate have been sent to all participants in the Great Northern Good Government Committee. Several mailings, with information on the campaign, are planned during 1982. The fourth interview by a subcommittee with a candidate is scheduled July 28th with Republican John McKernan of Portland, a candidate for Congress.
WASHINGTON

Ken Ralston of the American Pulpwood Association is drumming up support for a provision in the tax bill scheduled for Senate action next week which would clarify the Internal Revenue Service provisions regarding wood contractors -- providing a "safe harbor" test of who is independent and who is an employee of others in the economic chain.

The Senate Energy Commission will hold a hearing July 22 on amendments to the Federal Power Act. The American Paper Institute will support an amendment to extend licenses for hydro projects from 50 to 75 years. We have asked Senator Cohen's office for information on this amendment.

PUBLIC RELATIONS

A Great Northern Nekoosa Foundation contribution of $3,500 has been made to Katahdin Council Boy Scouts of America...A reporter and a cameraman from WAGM-TV in Presque Isle interviewed several employees and photographed operations of the woodlands department and portions of the Millinocket paper mill, July 13-14. The two are working on a documentary on the subject of forest management which is scheduled for broadcast during the week of July 26...A radio tape has been made by Bangor announcer Steve Martin for Great Northern which will be used over the local radio station to salute the Town of East Millinocket during its Diamond Jubilee celebration in August. We also arranged for Mary Anne Lagasse of the Bangor Daily News to interview John McLeod. She's gathering material for a special section on the anniversary...In response to a request we agreed to provide photographs for the Aroostook County's annual report...Two notes on Maine Times: In a July 16 editorial Editor Peter Cox raised the question of the amount of space devoted to Doc Hodgins' charges regarding lead in emissions from the Millinocket mill. A coming story will reportedly focus on the question "Why wasn't the 'Big A' project opposed by the Brennan administration's river policy?"

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 office for the two weeks ending July 30:

TAXES: GOING UP!

Eleven states raised income or sales taxes, or both, in 1981 and 1982.

Gasoline taxes went up in 27 states.

Corporate taxes were boosted in six states.

In the July-August issue of the magazine, State Legislatures, an article reporting on tax trends concluded:

"Four years ago, tax cuts were the rule in many states. Today, the recession and federal aid cuts are shrinking state revenues, increasing the demand for income assistance -- and forcing taxes back up again."

The magazine, publication of the Council of State Legislatures, also reported a survey showed "29 of the 41 states reporting indicated that general fund revenues were falling short of official projections." The Legislature this year conditioned full compliance with provisions of the 1981 federal tax law on accumulating a sufficient surplus to offset revenue losses. There usually is a healthy surplus. Hank Magnuson of the Paper Industry Information Office now quotes Commissioner of Finance Rod Scribner as predicting the surplus will fall short of the goal set by the Legislature to absorb the revenue loss. The Commissioner says Maine finished the 1981-82 budget year June 30 in the black with a surplus of $10 million. There is speculation Scribner expects the surplus to shrink below $3.3 million by December 1, deadline for the tax conformity decision.
The tax issue being debated in this election year in this state is "indexing" within the state income tax system. Tax revenues go up when inflation drives wages up and pushes taxpayers into higher brackets. Charles Cragin, Republican candidate for governor, led a campaign which will result in a statewide vote on the question in November. While Democrats, bureaucrats and some Republicans fear the worst, the idea has appeal. In a July 24 editorial, the Portland Press Herald said:

"If the Governor and the Legislature adopt a state budget that calls for higher revenues, let them act on a tax increase, explaining why more money is needed and how it will be spent. That's not a chore most politicians welcome, but it's a chore we elect them -- not inflation -- to perform."

Regardless of the outcome of the referendum, most observers see a gas tax increase of from three to five cents per gallon. The state tax is now nine cents a gallon. Republicans have been arguing an increase is needed to maintain the state highway system. Even in the face of sharply declining revenues, Democrats have balked for four years. Once Governor Brennan starts a second term and his "no tax increase for four years" pledge has been fulfilled, the highway lobby is confident the Democrats will go along with an increase -- the first since 1971. Twenty-nine states have a higher gas tax than Maine. (A study of highway users is also in progress and expected to result in higher fees for trucks.)

Bill Garside, the retiring administrative director of the Legislature, gives Brennan and Scribner "a lot of credit" for their handling of state finances. No one knows more about estimates and finances than Scribner. The Governor has forced departments to stay within budgets which avoided the need for a tax increase. Garside is a Republican.

The final compendium of state fiscal information has not been published for 1982 but 1981 data shows expenditures of $1.2 billion of which the major revenue sources were the federal government (33.7%), the sales and use tax (19.5%), the income tax (17.9%), the unemployment compensation tax (5.2%), the gas tax (4%), motor vehicle fees (2.8%), liquor tax (2.5%) and the cigarette tax (2%). The sales tax was increased to 5% in 1969; the income tax to 5% in 1973 and amended in 1976 and 1978 to increase revenues.

Garside, Legislative Finance Officer Ron Lord and Budget Analyst Dick Sawyer say they haven't heard legislators discuss raising the sales or income tax. The three say they would turn to the sales tax if asked for a recommendation. Garside says a one percent increase would provide $60 million. Surveys show the income tax isn't a dependable source of revenue, he said.

Politics is going to have a significant role in the tax picture.

If Democrats take control of both houses of the Legislatures, the liberals who endorse continued support of welfare programs losing federal funds will be in the majority party. The liberals will argue for tax increases to offset the loss of federal funds. State Human Resources Commissioner Petit is traveling around tiding the needy and the old that another $40 million cut in federal aid can be expected. Sawyer, the budget analyst, says the ability of Petit's department and others in the administration to absorb the federal cutbacks isn't limitless and could trigger a demand for new taxes.
But perhaps the departure of Tax Committee Chairman Bonnie Post will be the most significant development. Mrs. Post says she is withdrawing as a candidate for re-election. As chairman, Mrs. Post has researched the potential of a severance tax on timber and investigated other means of increasing taxes on timberlands and the yield. She has also urged repeal of tax exemptions for pollution control equipment. Despite her unpopularity with business, the Bangor News said in a July 25 editorial the "people of Maine need more, not fewer, able, hardworking lawmakers of Post's caliber." In Augusta, there is speculation she is being pressured to reconsider.

The nation's legislative leaders are meeting this week in Chicago. The topic -- the impact of "New Federalism" on the states. A Maine delegation is there looking for ideas on how to absorb the costs that go with the return of responsibilities from Washington to state capitals. The ideas will appear after the election, if events follow a normal course.

**Candidate McKernan**

Jock McKernan, the Republican candidate for Congress in the First District, believes President Reagan's fiscal policy is "long overdue and necessary." He says the nation faces tough spending cuts before the budget deficits can be substantially reduced. And the candidate favors a constitutional amendment requiring balanced budgets. While conceding there have been "procedural problems" in administering environmental laws, McKernan believes in "strong environmental laws." McKernan met with Skip House, Veli Lapinoja, Paul McCann and Dale Phenicie of the Great Northern Good Government Committee in Waterville, July 28. The interview was the fourth with a candidate by subcommittees of the political action committee.

**Washington**

Carol Woodcock of Senator Cohen's staff says the Agriculture Department has notified six northeastern senators the agency is preparing a response to a request for funds for forest pest controls (spruce budworm and gypsy moth) be included in the 1982-83 budget... At the request of Ken Ralston of the American Pulpwood Association, I talked with Tom Gallagher of Senator Mitchell's staff regarding provisions in the tax bill clarifying the definition of independent contractors in the Internal Revenue Service code...Fred Benson of the American Paper Institute also called regarding the tax bill and I referred him to Phil Cannella on the matter of industrial development bonds...Tom Heyerdahl of the Cohen staff says the staff of Senator Humphrey says hydro legislation is dead for this year. API had reported interest in extending the term of effectiveness of hydro licenses from 50 to 75 years.

**Hydro Study**

Representative Carter of Winslow believes the conflict between hydro power development and fishermen can be eliminated by the axial flow bulb-type turbine. Engineers say the turbine is used on rivers with low water flows and isn't efficient when used at sites with more head. But Carter has won approval of a study by a subcommittee of the Energy and Natural Resources Committee of the Legislature. The subcommittee organized July 22 and Representatives Michaud of East Millinocket and Huber of Falmouth are co-chairmen. Next meeting will be August 5. (A report has been distributed.)
PUBLIC RELATIONS

Paul Firlotte and I responded to questions from Dave Platt of the Bangor Daily News and Tom Bradley of the Portland newspapers on river flows...As negotiations progressed, questions came from Allan Lobozzo of the Bangor Daily News, Gordon Manuel of WABI-TV, Barbara Waters of the Katahdin Times and John Keys of WMKR...Manuel also called for facts and information for a report on the Maine economy...Bob Bartlett and I on July 26 reviewed a "rough" of the hour-long documentary on forestry and recreation scheduled for broadcast July 29 on WAGM-TV, Presque Isle...Colin Nickerson of the Boston Globe's Northern New England staff called for a second time for material for a story on the economy. It appeared July 25 and contained a line saying more layoffs were possible in August, a misquote. Nickerson visited Millinocket (where he found the "acrid reek of papermaking") and talked with employees and businessmen...Paul Firlotte discussed the company's dam safety program with Anne Erickson of the Katahdin Times...A full page advertisement congratulating East Millinocket on its 75th anniversary was placed in the Katahdin Times.

Sincerely,

[Signature]

pmc/b

Distribution:

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 6:

**MAINE’S FUTURE**

Three dozen representatives of government, business and higher education gathered in Augusta, August 4, for a final review conference on two reports -- "The Maine Economy: A Forecast to 1990" and "Maine: 50 Years of Change, 1940-1990". The forecasting project's objective was "to identify those issues which appeared to be most critical to Maine's future over the rest of the decade." The second report was designed to identify trends of a half century.

Summing up the review conference were Arthur Johnson, Bird Professor of History and Director of the Balanced Growth Project at the University of Maine in Orono, and Nate Bowditch, President of the Maine Development Foundation. Some of their observations:

Led by the metals, there will be continuing rapid growth in southern Maine.

The strength of northern Maine will continue to be the stability of the forest-products industry.

The economic and political divisions between northern and southern Maine -- "north of Kennebec, south of Kennebec" -- will become more pronounced.

The future of the state's financial community is up in the air.

Negative comments indicate manpower training programs of the University of Maine, the vocational-technical institutes and many other government agencies need to be reorganized with a new emphasis.
Maine's Future (continued)

From Johnson came this note of caution:

"We must not make the mistake of thinking everything revolves around the State of Maine."

Earlier, State Economist Lloyd Irland described the forecast of 70,000 new jobs in the 1980's as "pretty bullish". He said only 50,000 jobs were created in the 1970's. While he said there was increasing talk of northern New England as "an island of prosperity", Irland identified problems he sees in the near term: 1) Maine is now a follower in the environmental regulations field, not a leader; 2) adjusting to the ending of government's "big daddy" role; and 3) chaos in manpower training.

Bob Masterton, President of Maine Savings Bank, said he expects the in-migration trend to continue and the population growth to exceed the forecast of one percent -- from 1,129,200 to 1,135,100. Another speaker, Bob Goettel, Director of the Center for Research and Advanced Study at the University of Southern Maine in Portland, elaborated on the subject in-migration. Goettel said this group will be largely composed of people with different expectations than natives -- more interested in the quality of life and the amenities and less concerned with economic factors.

It was Goettel who identified an issue reflecting the growing division between the economies of northern and southern Maine. He said there is a strongly emerging demand for engineering education in southern Maine. Engineering education is now housed on the Orono campus but a tug-of-war is developing. The new tech firms in southern Maine want an engineering establishment at the University of Southern Maine. Strongest support of the School of Engineering at Orono has been the pulp and paper industry. It is questionable if the industry would like to see the University system's limited financial resources for engineering divided between the two campuses.

There are problems with both reports:

I joined a Central Maine Power Company economist in objecting to a statement "energy is not a major cost of doing business in Maine on the average." I cited statistics from the American Paper Institute to show a 1972 table in the report on energy as a percentage of all production costs was out of date.

The 220-page report identifying trends of 50 years includes a biased, inaccurate and out-of-date summary on environmental programs of the state. I disputed Irland's passing remarks praising this section. Typical of the objectional language: "The air is dirtier and acid rain looms as a new threat to air (and water) quality; solid waste and particularly hazardous wastes are not being dealt with safely; we want nuclear power, but shun nuclear waste disposal efforts. Our fragile beach and wilderness areas are laid open to development...in short, the environmental movement in Maine, and nationally, if not dead, is seriously ill..." University of Maine Law School Professor Orlando Delogu is the apparent author. We will follow up on our protest with a letter requesting a change in the language.
Maine's Future (continued)

The forecasting project was coordinated by the Maine State Planning Office and the State Employment Training Council with an advisory committee on which I served along with several other representatives of business. The same state agencies in cooperation with the University of Maine prepared the report on trends of a 50 year period.

Historians say Maine -- to its credit -- has periodically looked ahead in planning projects. The Commission on Maine's Future was the last such effort and published a report in 1976. While the value of such reports may be questionable, the ability of participants to motivate legislators and newspaper writers is the justification for business involvement.

Authors Irland and Muskie

State Economist Irland is the author of a new book, "Wildlands and Woodlots--The Story of New England's Forests" published by the University Press of New England, 3 Lebanon Street, Hanover, New Hampshire, 03755. "The book offers a framework for relating information about forests to broader social economic concerns, and thus will be useful for government and industry planners, natural resources managers, educators, students, and elected officials," a brochure says. Copies have been ordered.

For striking Down East photography, the summer of 1982 has produced "Campobello: Roosevelt's Beloved Island" with photographs and text by Stephen O. Muskie, son of the former Secretary of State. The Muskie work was published by Down East Books of Camden.

Augusta Hearing

A newly established subcommittee of the Energy and Natural Resources Committee met August 5 in Augusta to start studying axial flow bulb-type turbines. But it turned out that wasn't what the sponsor of the study order had in mind. With help from a subcommittee member, Representative Donald Carter of Winslow said he thought he had "velocity flow turbines" in mind -- the kind which could be dropped deep in waterways. Carter said he is sure such turbines can eliminate the need for building dams and save rivers for use by whitewater rafters, fishermen and others interested in recreation. Carter says he's been unable to get specifics on turbines to be installed in a big Montreal power project. The Winslow legislator says his goal is a $20,000 to $25,000 study project. The two-hour session was attended by five legislators, an aide, a representative of the Office of Energy Resources, an attorney and an engineer from Central Maine Power, the state's coordinator of Canadian Affairs, the executive director of the Sportsman's Alliance of Maine and this writer. Another meeting is planned in September. (A report memorandum is planned.)
ADMINISTRATION STANDS PAT

Secretary of Agriculture John Block has written Senator Cohen and five other senators from the Northeast "the administration is firmly committed to discontinuing, except where federal land affects state and private land and vice versa, the practice of the federal government sharing the cost of insect and disease control on state and private lands. We believe pest management is simply a part of forest management, the cost of which should be borne by the landowner." The senators from the Northeast had opposed ending federal assistance from control of gypsy moth and spruce budworm. (A copy of the letter has been distributed.)

PUBLIC RELATIONS

A memorandum summing up public relations activities in connection with labor negotiations has been distributed...Phyllis Austin of Maine Times is preparing a story on the effects of the recession on paper companies in Maine and asked for an interview. She's also seeking information from other companies...Annee Tara, the new director of policy planning for the State Department of Conservation, had breakfast with Bob Bartlett, Bart Harvey and Dale Phenicie while on a "get acquainted" visit to Millinocket August 6. I also provided her with a quick look at the Millinocket mill...A float for the East Millinocket 75th anniversary parade is under construction. A fact sheet on the East Millinocket mill's history was provided for an Open House.

Sincerely,

[Signature]

pmc/b

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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 13:

**WORKERS' COMPENSATION**

Workers' Compensation. It's the "in" topic in Augusta.

Rates for the insurance in Maine are among the highest in the country. While the country as a whole saw payments resulting from the insurance increase 241.5% in the period 1970-1979, payments in Maine increased 712.5% -- the highest rate in any state. Employers, who must provide the insurance, have repeatedly sought relief from the Legislature, without success. Now every list of legislative priorities in the business community has the subject as the No. 1 item. Representatives of companies with facilities in other states are being prodded more and more by corporate headquarters to "do something" about the cost of the insurance.

A subcommittee of the Government Affairs Committee of the Paper Industry Information Office met August 10 to assess the activity and determine what, if anything, the paper industry should be doing at this time.

Here's a rundown of the activity:

--A committee appointed by House Speaker Martin is seeking legislative proposals to reduce costs. (Jim Griffith of Great Northern Paper is a member.)

--Roger Mallar, the co-chairman of the committee, has been retained by a coalition of employers to do research for the Speaker's committee -- with the approval of the Speaker. This coalition has financed legal challenges of rate increases for a decade.

--International Paper Company put together a coalition of largely the same people involved in the already existing coalition mostly executives of trade associations.
--The two coalitions "merged". The new group will concentrate on education -- getting out some printed materials on the problem and holding workshops. The older of the two will set policy.

--A cabinet committee on Workers' Compensation has been established by Governor Brennan. The chairman is Harvey DeVane, Commissioner of Business Regulation.

--The National Council on Workers' Compensation is analyzing a sample of claims in Maine as well as in other states, probably a preliminary step which will lead to a filing in 1983 for a rate increase.

--A Council request for an increase averaging 25% was turned down in 1981. The Superintendent of Insurance later approved an increase averaging 25% in 1981 but the ruling was appealed by attorneys. (Attorney Donald W. Perkins told me he will recommend dropping the appeal.)

--A regional organization of insurance companies represented by Augusta Attorney Severin Beliveau is putting together a "model law" for Maine. The Northeast Regional Conference of the American Insurance Association is also seeking to organize a coalition.

--The committee chaired by Mallar will hear a presentation by corporate and woodland division representatives of Georgia-Pacific, which volunteered to be a "typical" company. GP's Keith Ruff said the corporation will provide comparison of costs in other states.

Hank Magnuson of PIIO reported at the meeting the consensus of trade association representatives in the coalition is that it will be impractical in the Legislature -- regardless of the outcome of November elections -- to launch a frontal attack on benefits, the most they feel legislators will approve is a ceiling, or cap. Tentatively the group has targeted repeal of the law requiring employers to pay all fees for attorneys as its chief goal. Also being promoted is a 5% annual cost-of-living escalator on benefits.

The PIIO subcommittee took two steps:

1) Authorized Perkins to draft a statement of paper industry objectives which will be circulated for comment by member companies of PIIO.

2) Authorized Perkins to circulate for comment a draft rehabilitation law which will be held in reserve for the 1983 session. Consultants have said a law could be passed with less effect on companies employing large numbers of employees such as paper companies. The draft will be designed to solicit opinions on what shape a law should take -- if a consensus is possible. Workers' Compensation Commissioner Chairman Devoe puts the need for such a law on top of his priorities.

The subcommittee agreed that every effort should be made to achieve results within the framework of the committee appointed by House Speaker Martin. Cynics in Augusta are saying the committee is doomed to failure because labor representatives will block any meaningful reform. But Perkins said Mallar is determined to find a compromise and Martin has pledged he'll get involved. Until the election, Mallar isn't expected to push for action on key issues. By that time, labor (and others) will have a grasp of political make-up of the Legislature in 1983.
WASHINGTON

Representatives of the National Rivers Conservation Council have solicited the support of Senator Cohen for a moratorium on hydro-electric power development on rivers which have been earmarked for study as National Wild & Scenic Rivers, including the Penobscot. The Cohen staff said the Senator has not gotten involved in the issue because State of Maine policy has been to oppose designation of the Penobscot. In Augusta, Conservation Commissioner Anderson reaffirmed that policy. (A report has been distributed.)

Staff members of House and Senate committees have told a member of the Cohen staff that they expect members to increase the administration request for forest pest control funds and to make them available for all public lands. In Augusta, Maine Forest Director Stratton says he is continuing to push for a reversal of the policy, urging federal support for the spruce budworm control program. (A report has been distributed.)

At week's end, the Senate was tied up with an immigration bill. On August 12, I had five calls relating to proposals limiting bonded Canadians to eight months of labor in the woods.

Charlene Sturbitts of Senator Mitchell's staff said "we were surprised" by Tom Daffron taking over the lagging campaign of Congressman Emery. Daffron is Cohen's No. 1 aide, a widely respected figure in Washington.

EAST MILLINOCKET DIAMOND JUBILEE

Great Northern Paper and company personnel participated in the week-long Diamond Jubilee celebration in East Millinocket. With the cooperation of the woodlands department, a float was built for the August 14 parade. Over 500 toured the mill in an Open House conducted by mill personnel. Public Affairs provided a fact sheet on the history of the mill and provided a slide-tape show for an introduction to guests. A congratulatory letter by P. F. Yacavone was provided the Katahdin Times for a commemorative edition. A full page advertisement was prepared for the edition.

POLITICAL ACTION COMMITTEE

Three members of the Great Northern Good Government Committee interviewed State Senator John Kerry of Old Orchard Beach in Waterville, August 12. Kerry is the Democratic candidate for Congress in the First District. Only Congresswoman Olympia Snowe hasn't been interviewed on campaign issues. We've again asked her staff to set a date. When the interviews are completed, the full committee will vote on contributions to candidates.

MILL-ASTHMA LINK?

The director of the State Bureau of Health has said he does not see emissions from the Millinocket mill as containing lead which poses a health hazard in the community. Dr. William Nersesian, however, told the Board of Environmental Protection, August 11, according to Bob Cummings of the Portland newspapers, "you have a 24 percent greater chance of being hospitalized with severe asthma attacks if you live in a community with a paper mill." A copy of his statement is being distributed along with a proposal to have the Paper Industry Information Office respond.
PUBLIC RELATIONS

A $4,000 Great Northern Nekoosa Foundation contribution -- the third and final contribution in a grant -- was made to St. Joseph's College...I answered questions from Phyllis Austin of Maine Times regarding effects of the recession on the company. She is doing a piece on the subject covering the industry in Maine...A $400 contribution was made on behalf of Pinkham Lumber and Great Northern Paper for the annual Woodsman's Open at the Portage golf course.

Sincerely,

pmc/b

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

Dear Dick:

The newsletter of the Public Affairs Department for the week ending August 20:

THE TWO-DIMENSION CAMPAIGN

Sorting out the rhetoric in the 1982 political campaign is going to be a challenge to the voters.

There are the customary contests for the office of Governor, a U.S. Senate seat, the two Maine seats in the U.S. House of Representatives and the fight for control of the Legislature.

And there is the referendum on the question of phasing out Maine Yankee, the state's only nuclear power station. So far, it has been the Maine Yankee issue which has generated the headlines.

Strategists for the Save Maine Yankee Committee launched a television campaign during the summer. The intent was to get the attention of voters before the tempo of political campaigns dominated the picture. Unpublished polls in April indicated that voters with opinions on the subject were divided -- 43% in favor of the phase-out; 43% opposed.

A poll taken recently "showed we are back where we were two years ago" according to a Save Maine Yankee Committee member with 58.8% against the phase-out and 27% in favor. His reference was to the margin by which voters in 1980 rejected a proposal to close Maine Yankee.
Headlines have resulted from criticism of Maine Yankee's television advertisements. In the series, an economist and several businessmen have said they oppose closing the plant. Some newspapers in editorials have agreed with critics that statements in the advertisements were not consistent with the facts. A furniture manufacturer who talked about the cost of electricity was challenged. A producer of wooden bleachers had to defend a statement his firm would expand elsewhere if Maine Yankee was phased out.

Central Maine Power, the utility which owns the largest share of Maine Yankee, has also been intensifying its advertising, trying to improve its public image. The utility has featured a lobsterman and a florist in television and print advertisements, saying the two Maine businessmen are among those who own the company. It's the biggest Central Maine advertising campaign in history.

Now Central Maine President E. W. "Skip" Thurlow is considering getting personally involved in the 1982 referendum campaign. He'll probably debate former Bath Iron Works President John Newell on public television October 28.

While the nuclear issue is commanding the attention of the press, the politicians are getting ready for the stretch drive -- the period after Labor Day when the campaigning increases. The campaign problems of Congressman Emery have been the biggest news of the summer. Emery once the leader, is now perceived as trailing incumbent U.S. Senator George Mitchell. Tom Daffron, Senator Cohen's administrative assistant and a veteran quarterback of political campaigns, has taken charge of the Emery effort.

The interest of Maine businessmen in this campaign appears to be greater than ever before. A new political action committee established to raise funds for pro-business candidates has accumulated $10,000 of a $20,000 goal. United for Maine is the first statewide political action committee of its type although some trade associations, such as the State Chamber of Commerce, have contributed.

In Maine, companies can legally contribute to candidates for state offices -- governor and members of the Legislature. Two paper companies (St. Regis and Fraser), usually associated with Republicans, are reportedly planning direct contributions of $1,000 to the re-election effort of Governor Brennan. St. Regis and Boise-Cascade are planning similar contributions to legislative candidates. Scott and International Paper management employees contribute to state candidates through political action committees.

Companies outside the paper industry have long been more involved in politics. Employees of Merrill Bank have contributed $6,000 to a committee for legislative candidates.

Management employees of Great Northern Paper have pledged over $6,000 in a political action committee effort for federal candidates. Subcommittees have interviewed five of the six candidates for the U.S. Senate and Congress and the full committee will meet in September to consider contributions. Contributions to candidates for Governor and the Legislature are matched dollar-for-dollar up to $50. In 1980, 16 employees contributed $730 to 15 candidates under the program.
HYDRO POWER AND RIVERS

A book entitled "Whitewater Rafting in Eastern America" by Lloyd D. Armstead is dedicated to "Maine's Penobscot River in hopes that it can withstand the threats to the unspoiled primitive beauty and free flowing whitewater of its Ripogenus Gorge." Copies appeared this week in Bangor stores. The preface is by Pat Munoz of the American Rivers Conservation Council in Washington, D.C.

On August 17, a special commission appointed by the Legislature held hearings in Greenville and Millinocket to evaluate the effects of whitewater rafting on the Kennebec and Penobscot rivers -- and the need for regulation. Over 40 attended the evening session in Millinocket. Spokesmen for the outfitters and groups representing fishermen agreed progress had been made in eliminating conflicts and misunderstandings. The commission now faces a decision on the question of further regulating the rafters -- and if so, what limits should be placed on use of the rivers. A final meeting is likely in September. A report will be distributed on the meetings.

TOUR

Lynwood Hand escorted a half dozen members of the staff of the State Senate, including the Secretary of the Senate, May Ross, on a tour of the West Branch region August 16. They lunched at Telos.

VISITOR

Conservation Commissioner Dick Anderson discussed the administration's policy on rivers and other matters at an August 19 luncheon in Millinocket. Anderson was returning from the zoning hearings on the St. John River in Fort Kent to appear on a public television program on the subject of protection of Maine Rivers. The Commissioner sees a need for a spokesman representing hydro interests to balance the demand in Maine.

ASTHMA

After a state health official said the asthma rate was 24% higher in paper mill towns than in other communities, the Paper Industry Information Office hired Dr. Robert W. Sigler of Portland to review and interpret the study. The announcement was reported in Portland and Bangor newspapers August 17 and broadcast over radio and television stations. A copy of the news release has been distributed.

PUBLIC RELATIONS

John Evans of Pulp & Paper Magazine and his wife were visitors August 16. John talked with Dick Noyes...A photograph of the Millinocket mill was provided Maryanne Murphy of Paper Trade Journal to illustrate a news release from Beloit Corporation on the rebuild of No. 7 & 8 paper machines...Tom Pinkham and Cheryl Hutchins talked with Phyllis Austin regarding the economy. Her story on "hard times"
Public Relations (continued)

in the industry is expected in next week's edition of Maine Times...Gordon Manuel asked for a news report on the graphic computer in woodlands. He'll send a WABI-TV team up August 24 to interview Skip House...Tony Chamberlain, a Boston Globe writer, asked for an interview with a forester. He's doing a story on "Changing Maine Woods".

Sincerely,

Paul

PMC/B

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Mr. Richard W. Noyes  
Vice President—Operations  
Great Northern Paper  
Millinocket, Maine 04462  

Dear Dick:  

The newsletter of the Public Affairs office for the two weeks ending September 3:  

**WHO WILL SPEAK FOR HYDRO?**  

"...it is essential that the development of hydro power projects currently in the FERC permitting and licensing process, which are located on river stretches which you have not hitherto designated for protection, must be allowed to go forward."  
---Gordon L. Weil, Director,  
State Office of Energy Resources  

A significant report calling for development of "all feasible" hydroelectric generating facilities in Maine was announced August 27 in Augusta by Weil. It was the first "pro-hydro" publicity in weeks with the debate over the future of Maine's rivers continuing on television and in the press. Anti-hydro forces continued to lobby political candidates with a mailing opposing a project Great Northern has under study.  

The Office of Energy Resources' study on which Weil reported to the Governor will become part of a comprehensive hydro policy that will be presented by the State to the Federal Energy Regulatory Commission (FERC) on October 1. The report said:  

"The State Energy Policy calls for increased reliance on indigenous and renewable resources, such as hydro, in preference to imported and nonrenewable resources, such as oil. This policy is based on the fact that oil as a fuel will become more expensive. Thus, it is desirable to develop as much hydro power as possible. Of course, not all available hydro resources will be developed, because of the desire to recognize valid environmental concerns."
Who Will Speak For Hydro (continued)

Even with the development of all its feasible new hydroelectric power, the report says Maine will remain dependent on oil at least until the end of the century.

According to the OER, "hydro's share of total Maine electricity consumption is expected to reach its peak in 1990, when it will meet 27% of Maine's needs. The utilities expect that its share will reach 23% in that year. It currently meets 18% of the State's needs."

Weil's statement got routine coverage on the Friday evening news -- a couple of minutes devoted to his call for hydro development -- but was ignored in the newspapers the following day. The Bangor Daily News four days later published an Associated Press story which relegated the hydro policy news to the fact Maine people should have enough oil to heat their homes in the winter ahead. Weil made that comment in answer to a reporter's question.

The week before the "anti-hydro" forces didn't generate much publicity with a press release announcing that the Sportsman's Alliance of Maine will oppose Great Northern Paper's plan to build a dam in the Ambejackamockamus Falls area of the West Branch.

SAM President Edith Cronk of Wiscasset was quoted as saying August 24:

"We choose this cause for several reasons. The Big A Dam would wipe out three miles of inspiring river, a picture book river with rock canyon walls and cascading waterfalls, one of the best stretches of whitewater in the Eastern United States. The section of river that would be destroyed is without question one of the best stretches of landlocked salmon water in the country. Two salmon pools, Little Eddy and Big Eddy, are famous with fly fishermen, and this section of the West Branch of the Penobscot probably attracts more fly fishermen than any other river in the State of Maine."

The Bangor Daily News did promptly report the SAM announcement, publishing four paragraphs August 25. The Portland Press Herald on August 26 carried a well-balanced United Press International Story to which we contributed facts and comment. The story got routine television coverage.

Media interest in the rivers debate is reflected in these developments:

---The Maine Public Broadcasting Network August 19 devoted a half hour program to the subject. (An excerpt on the "Big A" question has been distributed. The tape is on file.)

---The Kennebec Journal in the state capital published a four-part series on the Kennebec River.

---An assistant managing editor of the Maine Sunday Telegram has told Senator Usher of Westbrook he is writing a two-part series on the subject.
Who Will Speak For Hydro (continued)

---In the Augusta and Waterville newspapers, the owner is seeking to abandon two dams which control water levels in the popular Belgrade Lakes chain of lakes -- creating new demands for state regulation of water flows.

---In the September issue of Maine Sportsman, a Trout Unlimited representative writes the West Branch Coalition is going to hire a full-time person to coordinate opposition to the "Big A".

In Augusta, "pro-hydro" people in the Brennan administration are wondering who will fill Weil's position when he leaves later this year. Aides credit Weil with successfully standing up to environmental regulators and fishing interests. Weil has told Governor Brennan he will resign in the next few months.

The 45-year-old Weil took over OER in 1980 when John Joseph resigned because of differences with the Brennan administration. Despite federal cutbacks, the office has been reshaped by Weil as a force within the administration. Weil says he has no specific plans and has set no date for his departure. No talk of a successor has been heard.

Copies of the OER report have been distributed.

Bucking The Trend

Unemployment in Maine increased, as anticipated, from 8.9% in June to 9.7% in July, Labor Commissioner Bill Malloy said. The rate usually jumps when textile, apparel and shoe plants close and workers who do not receive paid vacations file for unemployment benefits. Maine's rate has been consistently below the national average. The East Millinocket-Millinocket area was an exception to the statistics, dropping from 6.7% to 6.3%. In other areas of Northern Maine, this was the picture: Bangor-Brewer, 7%; Caribou-Presque Isle, 11.3%; Fort Kent-Allagash, 15.3%; Houlton, 12.3%; Madawaska-Van Buren, 14%; Patten-Island Falls, 13.6%. Portland had a 6.7% rate and Bath-Brunswick, 6.2%.

Merger Talks

Twice during the last decade attempts have been made to merge Associated Industries of Maine and the State Chamber of Commerce. Another effort is quietly under way and apparently winning support from companies such as Great Northern Paper, which belongs to both trade associations. Proponents say a merger could produce a more effective and efficient voice for industry in Augusta. Past efforts have failed because of the apprehension of the small businesses which dominate the Chamber of being "swallowed up". Similar mergers have taken place in other states.

Political Action Committee

Four members of the Great Northern Good Government Committee interviewed Congresswoman Snowe August 25 in Bangor. It was the final meeting with the six candidates for federal offices in Maine. Mrs. Snowe said she supported the tax bill after working for changes to benefit the Northeast. If the bill had not passed, she feared a tax on imported oil which would be disastrous for Maine. The full committee will meet September 8 to consider contributions to candidates and the election of new members.
POLITICS

The campaign gets rolling after Labor Day.

Charles Cragin, the Republican candidate for Governor, campaigns in the Millinocket area September 8 and lunches with a group of managers.

House Speaker John Martin says all signs point to a Democratic sweep -- the office of Governor and both houses of the Legislature. While many Republicans concede the Senate to the Democrats, they believe the House is up for grabs.

PUBLIC RELATIONS

Phyllis Austin's story on the effects of the recession on the paper industry appeared in the September 3 edition of Maine Times. Copies were distributed. Allan Loboizzo of the Bangor Daily News was provided information on the company's export business. He was preparing an article on Maine ports. Bart Harvey, Gerry Powers and I talked with Tony Chamberlain of the Boston Globe who was developing a story on changes taking place in the North Maine Woods. A Globe photographer also took photographs of logging in the Lobster operation. I attended an Orono meeting of the advisory committee for a new University rural leadership program. Jessie Thuma of MPBN called to ask questions regarding the paper industry asthma study. (A report from the Portland doctor interpreting the state study can be expected in the next few weeks.) Larry Allen of Yankee magazine who is also doing a story on the changes taking place north of Moosehead called with questions regarding the Golden Road. Paul Firlotte and I met with Carroll Lee of Bangor Hydro to develop information on Canadian power. A report has been distributed.

Sincerely,

[Signature]

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

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending September 17:

**WHO PAYS FOR ROADS?**

The State Department of Transportation traces its beginnings to the creation of the position of Commissioner of Highways in 1905. With a dedicated revenue source (the tax on gasoline), the department grew steadily over the years while a statewide highway network was completed. In 1981, the agency's budget was $160 million and 2,400 persons were on the payroll. But the department has fallen on hard times. Gas tax revenues haven't enabled the department to keep up with inflation and for four years Governor Brennan and Democrats in the Legislature balked at increasing the nine-cents-per-gallon tax. Republicans have urged a tax increase. In 1980, the Legislature ordered a $265,000 study of who should pay how much to build and maintain roads and bridges, officially the State Highway Cost Allocation Study. A report is due November 1 from a special committee.

Thus the Legislature in 1983 may face a three-part question of what to do about highway financing, according to a former commissioner, Roger Mallar, now a consultant in Augusta:

1) A proposal by Governor Brennan to increase the per-gallon tax on gasoline, linked with...

2) A proposal to "un-dedicate" the gas tax. (Revenues from the tax on gasoline would go into the general fund from which most departments are allocated operating funds. Such a step has been fiercely opposed by the highway lobby.)
3) And a proposal to increase fees on trucks based on the cost allocation study.

The complicated issue is going to be debated in the weeks ahead in the gubernatorial campaign and the matter of truck fees will be the subject of a series of public hearings -- September 29 in Presque Isle, October 4 in Bangor and October 7 in Portland.

In a memorandum of September 13, Hank Magnuson of the Paper Industry Information Office reported:

"Forest products truckers and construction vehicles would be especially hard hit by the tentative proposals that are the subject of this hearing... In addition to the higher fees and taxes for heavier trucks, another draft chapter, still being revised for the hearings, would practically eliminate weight tolerances and require overload permits at substantial fees. A fuel tax surcharge for heavy trucks on top of a general fuel tax increase and a weight-distance tax to be applied only to heavier trucks also are in the tentative program which the commission will send to the next Legislature."

A Maine Sunday Telegram story based on the study identified vehicles "often used by the paper industry to haul trees" as "up to 13 times more responsible than passenger cars for the cost of Maine's highway program." The trucks, according to the study, cause great wear and tear because of too much weight over too short a length. The Legislature in March extended until November of 1983 a ten percent tolerance for truckers hauling pulp and sawlogs with vehicles of this type, popularly known as tri-axle trucks. This means 64,000 pounds is permitted on the tri-axle unit of a four-axle motor vehicle. A single unit truck with two axles and six tires pays $992 on the average and a five axle combination $2,717. The MDOT is researching the average cost for the tri-axle.

The Maine Forest Products Council, where the bill extending the weight tolerance for tri-axle units originated, is again taking the lead in urging truckers-suppliers to oppose an increase in fees and other adverse impacts of the cost allocation report. The private road system in northern Maine reduces the impact of increases in taxes and fees. In southern Maine, forest product truckers are used to debating the issue. They've been a frequent target. Contractors and truckers are also alarmed and a coalition has been organized.

The final report to the Legislature will have to be approved by a project steering committee composed of Senators Jerome Emerson of Corinna, Roland Sutton of South Paris, Ronald Usher of Westbrook; Representatives Carroll of Limington, Post of Owls Head and Strout of East Corinth; George Campbell, Commissioner of Transportation; Mrs. Jean Childs of Portland; Irving Faunce, Executive Director of the Maine Good Roads Association; Dr. Mary McNally, a Bates College economist; and Kenneth Stetson, First Selectman of the Town of Warren. Campbell, who took over when Mallar retired, is a former town manager and state director of economic development who is considered one of the leaders in the Brennan cabinet. According to others in the administration, Campbell made no secret of the fact he doesn't consider trucks are paying a fair share of road costs, particularly pulp trucks. His views have won the Governor's respect.
When the hearings are over and the battleground becomes the Legislature, the outcome isn't easy to forecast. The effective railroad lobby wants to see truck fees -- particularly out-of-staters increased. Lynwood Hand, Esq., Great Northern's legislative counsel, says the battle may go on for several years. He also represents the Bangor & Aroostook Railroad.

Gas taxes have already been increased this year in 27 states. Mallar expects the Brennan administration to call for an increase -- but Mallar says that proposal could get bogged down if it is accompanied by another proposal to have gas tax revenues go into the general fund. The Transportation Department would have to compete with education and human services for available dollars.

**PULP AND PAPER FOUNDATION**

P. F. Yacavone was the speaker at the annual scholarship dinner of the University of Maine Pulp & Paper Foundation, September 9, at Orono. Recipients of scholarships and faculty members in the audience also heard President Paul Silverman praise Great Northern as a company which has set an example for others in business with its support of the university. Before the dinner, the Great Northern president presented Foundation Executive Director Stan Marshall with a check for $10,000 which will be added to Manuel C. McDonald and Great Northern scholarship funds. The Foundation is seeking to add to the value of scholarships to provide additional annual income for scholarships. This year 109 students will receive scholarships. Yacavone was also interviewed by WABI-TV reporter Alan Audet.

**ASSOCIATED INDUSTRIES OF MAINE**

If the referendum proposal for indexing of the state income tax is approved, the chances of a tax increase in 1983 increases. That's what Gordon Lyford of Keyes Fibre, chairman of the association's tax committee, reported September 14 at the annual meeting of Associated Industries of Maine in Portland. Lyford said indexing, it is estimated, will reduce revenues $30 million. A one percent increase in the sales tax would provide $50 million and would also help ease the impact of federal cuts in human services programs. The Association has created a new health care cost containment committee because of member interest.

**MOOSE HUNTER'S GUIDE FOR BUSINESSMEN**

At the annual meeting of AIM, Speaker Clark Irwin, a Portland newspaperman, suggested businessmen would be well advised to follow the suggestions contained in the 1982 Moose Hunter's Guide published by the State Department of Inland Fisheries and Wildlife. Here's what the guide advises on dealing with the news media:

"You may also encounter news media representatives. What they read in the newspaper, hear on the radio, or hear and see on television is all that most people will ever know about the moose season. That can be good, or it can be bad.

"A good reporter will tell things exactly as they happened. What they see and hear is up to you."
"Again, if you feel comfortable dealing with these situations, use of the news media is a good way to let a lot of people know the truth about moose hunting. Be aware though, that anything and everything you say is liable to be used. Don't say anything that you would not want to read in the morning paper, and don't do anything that would not look good on the evening television news.

"Do not shoot a moose if you have an audience. Your hunt should be a private matter between you, your partner and the moose. If there are strangers around, especially with cameras, move on and find another moose. Groups trying to prevent future moose seasons would like nothing better than a scene of a moose being shot on the television news."

While Irwin, the economics writer, recommends the guide, officials in the state agency say most newsmen don't like the idea of hunters being advised on how to deal with the media.

POLITICS

Matching gifts to Maine political candidates (the company matches up to $50 of any contribution to a candidate for Governor, or the Legislature) have now topped $745. In 1980, the total for the election year was $750...Republican gubernatorial candidate Charles Cragin was a Guest House luncheon guest September 8. An invitation has also been extended to Governor Brennan...The Great Northern Good Government Committee voted September 8 to make three contributions to candidates for federal office and September 16 elected four new executive committee members. Contributors are being notified of the contributions and the names of the new committee members.

PUBLIC RELATIONS

A two-part series on the sports pages of the Boston Sunday Globe, September 5 and 12, was critical of Great Northern Paper. Written by Tony Chamberlain, a fish and game columnist, the first article had a headline "Logging Threatens Maine Woods". We've asked several people to review the contents and offer suggestions. So far, the advice is to resist the temptation to write a letter of rebuttal...Bart Harvey and Steve Curtis were interviewed September 7 by John Logan of WAGM-TV, Presque Isle. Logan had questions regarding the use of herbicides in forest management...Four representatives of the Penobscot Nation were guests for a tour of the woodlands department mapping and computer facilities September 16...A news release was distributed September 10 on the plans to shutdown a paper machine in the Millinocket mill...Questions from Jason Perry of the Lewiston Sun regarding the theft of firewood were answered September 15. He was wondering how much of a problem the increased use of firewood created for landowners...Paper Trade Journal is preparing a special section on the industry in Maine. I talked with reporter Jackie Cox on three occasions...In Augusta, I discussed whitewater rafting with Chief Warden John Marsh of the Fisheries & Wildlife department.

Sincerely,

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

Dear Dick:  

The newsletter of the Public Affairs Department for the period ending September 28:

WASHINGTON: FALL OF '82

"Congress has got one foot out the door and yet all of the budget bills remain to be passed," said Art Smyth of Weyerhauser at the September 23 meeting of the Joint Committee on Government Affairs of the American Paper Institute-National Forest Products Association. Congress will recess October 1 or 2 to permit members to devote all of their time to campaign. What time remains before the recess will be devoted to approving the budgets of a few departments. After the November 2 elections, Congress will return to work on other budgets. Tom Heyerdahl of Senator Cohen's staff said "no one likes the idea of a lame duck session but if the President calls, Congress must return."

With politics the No. 1 topic of conversation, it was naturally a subject for the committee meeting with Audrey Sheppard, assistant executive director of the Democratic Senatorial Campaign Committee, as one of the speakers.

Ms. Sheppard conceded Republicans are probably on target in predicting they will pick up a few seats in the Senate. Republicans control the Senate, 53-47. Democrats will be satisfied to hold their own while defending 21 of the 33 seats at stake. On key races, she commented:

In Maine, Senator Mitchell has come back from 35 points behind to "dead even, or eight points ahead" in the polls.

In Connecticut, there is a dead heat between Weicker and Moffett.
Washington (continued)

In Mississippi, Stennis at 81 has an age problem. She intimated this seat may be lost by the Democrats.

In Wisconsin, Senator Proxmire "is in very good shape."

Democrats have their best chances of scoring upsets in Vermont and Wyoming. Ms. Sheppard is confident Republican Bob Stafford, chairman of Senate committee on the environment and staunch defender of the Clean Air Act, will be ousted.

In the House, she sees Democrats picking up ten seats.

Answering a question, she said, "no amount of AFL-CIO manpower can permit Democrats to compete with Republicans overwhelming (10 to 1) margin in spending." John Glenn, she said, is the speaker most sought by candidates. Primaries have shown a "great deal of ambivalence and apathy" despite the recession.

On the subject of the Clean Air Act, Art Brownell of International Paper said that after a year and a half, Congress still isn't ready to reauthorize the Clean Air Act. "It will not happen this year, maybe next," he predicted. API is urging members to write Senators complaining the amendments approved by the Senate Environment Committee would further complicate the PSD (Prevention of Significant Deterioration) program as well as impose acid rain controls which would place a serious new burden on industry.

Chuck Wilson of Union Camp echoed Brownell in reporting on the Clean Water Act Amendments -- there is little chance of approval this year.

Georgia-Pacific President Marshall Hahn concluded his term as chairman at the meeting attended by 65 industry representatives, including Lloyd Chambers of Nekoosa replacing Bill Tolley who is retiring.

**The Maine Delegation**

Talk of the Maine race for the U.S. Senate is the No. 1 topic in the Maine delegation offices. The appearance of the President at a fundraiser for Congressman Emery was the big news of the week. Senator Cohen and his staff have thrown themselves into the Emery effort. Cohen was planning to spend time over the weekend making TV spots urging Emery's election...Carol Woodcock of the Cohen office and Mark Zimmerman of Congresswoman Snowe's staff told me the Interior Subcommittee of the House Appropriations Committee has not set a date for drafting the Agriculture Department budget for 1983, including pest control funds. A September 22 session was postponed. Funds for pest control (including gypsy moth and spruce budworm) are being advocated by northeasters who do not want to see the Reagan administration terminate support...While in Washington, I also discussed the need for Canadians in the Maine woods labor force with Kim Corthell of the Cohen staff. She deals with immigration legislation.
Madison Paper Industries was accepted as a member of the Paper Industry Information Office at a September 17 meeting of directors in Augusta. Madison joins Boise, Great Northern, Diamond, Fraser, Georgia-Pacific, International, James River-Otis, Pejepscot, Scott and St. Regis.

Subject to voluntary contributions by members (on the basis of sludge volume generated by the mills), the environmental affairs committee was authorized to proceed with a $25,000 study to convince the Department of Environmental Protection to relax proposals to regulate disposal of sludge. Dale Phenicie of Great Northern presented the proposal. The Government Affairs Committee was authorized to spend up to $2,000 to complete a study of a state agency report on asthma in paper mill towns. A special committee was established to respond to a State Planning Office request to review the administration rivers' plan. Directors approved a contribution for educational materials being prepared by a coalition of employer associations for workshops on workers' compensation.

Executive Director Magnuson said the office will complete a new version of a 35 mm slide-tape show on the industry by December at a cost of $5,000. A surplus of $20,000 in the 1982 budget will be used to reduce 1983 dues.

**The Tri-Axle (continued)**

The State Department of Transportation says its cost allocation study shows the average "tri-axle" pulpwood truck pays an average of $993 annually for registration, fees and taxes on fuel consumed on public highways -- 40% less than a fair share. Passenger cars pay a fair share, the study found, and so do small trucks. Hearings on the findings in the study and the need for higher fees or lower weights to spare roads will be held September 29 in Presque Isle, October 4 in Bangor and October 7 in Portland with the Maine Forest Products Council expected to oppose higher fees for truckers.

**Workers' Compensation**

While Transportation Commissioner George Campbell was taking aim at pulpwood trucks as a source of revenue for his department, Governor Brennan was critical of industry's safety record in a speech at the annual Maine Safety Conference. Press accounts quote the Governor as saying improved safety programs are the best way to reduce workers' compensation costs. I have asked for a copy of the Governor's speech. A series of briefings on workers' compensation will start in Bangor September 28. Others are planned in Lewiston, Portland and Presque Isle (October 25). The goal of the meetings is to brief employers on the problem and drum up support for reform. The Coalition for Workers' Compensation Reform has the support of 15 trade associations, including PII0.
CARIBOU HOSPITAL

Mike Collins of Pinkham Lumber and Orville Tripp of Great Northern Paper accepted plaques at a September 20 luncheon at Cary Memorial Hospital in Caribou. Medical staff, administrators, trustees, town officials, and legislators joined in the tribute to Great Northern Paper for a $7,000 contribution by the Great Northern Nekoosa Foundation for emergency room equipment.

POLITICS

Congressman David Emery campaigned September 24 in Millinocket, shaking hands with workers entering and leaving the mill. Emery also accepted a contribution of $3,300 from the Great Northern Good Government Committee, which has voted to endorse him in the race for U.S. Senate. Later, he discussed the economy in a visit with P. F. Yacavone...Great Northern Paper is one of six companies which have contributed to the financing of debates October 20 between the candidates for Governor and October 21 between the candidates for the U.S. Senate over the Maine Public Broadcasting Network.

THE ECONOMY

Maine's unemployment rate dropped to 7.6% in August and the Millinocket area had a 5.1% rate. Penobscot County had an overall 7.2% rate with Aroostook County 13.6%. Southern Maine areas continue to be better off.

PUBLIC RELATIONS

Marilyn Mangus of the Presque Isle Star-Herald asked information for a story on the economy, and advice on sources in the industry...Allan Lobozzo of the Bangor Daily News asked questions regarding labor matters and the railroad strike...Lisa Shaw of the Children's Workshop (Seasame Street) wanted to send a crew to Maine to spend a week doing a film on the life of lumberjacks. I declined the opportunity. We had done two such films in 1982 with public television...John Evans of Paper Trade Journal had words of thanks for the article prepared by Paul Hubbe on energy conservation...I attended a September 18 testimonial for Bill Garside, retiring director of administration for the Legislature...David Platt of the Bangor Daily News had questions regarding the court ruling on zoning of deeryards. With Bob Bartlett's concurrence, I declined to get involved in discussing the Seven Islands Land Company suit which was rejected by the courts...When the PIIO radio program which is broadcast throughout the state included an inaccuracy, new tapes were distributed. The report said a machine in the East Millinocket mill would be shut down October 4. It should have been the Millinocket mill...Sarah White of Time Magazine also asked information regarding the railroad strike...With the concurrence of Tom Pinkham, we agreed to a ABC-TV crew taking pictures in the Pinkham mill. The ABC-TV crew is in Aroostook County doing a study on the economy.

Sincerely,

[Signature]
Public Opinion (continued)

"Although the general public is not familiar with the fine points of debate over the Clean Air Act, there is public support for a 'firm, but flexible' renewal. The public's strong environmental resolve is reflected in majority support for rules which would require that all, not just new, factories install pollution control devices (66%)...A 65% majority also supports tighter pollution controls in pristine areas to avoid future air pollution problems."

The findings of Yankelovich, Skelly and White reflected trends which emerged in a November 1981 poll for Great Northern Paper. Analysts interpreted those findings as indicating considerable concern, but acceptance of the use of herbicides and pesticides in forest management with strict safeguards -- as demonstrated by Great Northern Paper, and the revitalized Board of Pesticides Control. Public appreciation of the necessity for spraying to control the spruce budworm continued to grow. And on the subject of environmental regulation, the Maine Study concluded: "...the majority of Maine residents are in favor of pollution and environmental laws, almost without regard to their impact on industrial survival, economic cost or even actual dollar cost."

Copies of the American Forest Institute summary are being distributed.

Off-Season Activities

Although the Legislature does not convene until December 1, several committees and a commission scheduled to report to the next session met last week in Augusta and Bangor.

Department of Transportation engineers told an October 4 public hearing in Bangor that an estimated 650 "tri-axle" pulpwood trucks are paying 40% less than their fair share of highway taxes and user fees. Truckers and contractors tried to argue the economic impact if the "tri-axle" is taxed out of use, but were told the special committee is concerned only with equity. The trucks were described as the most damaging to highways and bridges because of Maine's very liberal weight tolerances. An increase in the tax on diesel fuel also was justified as equitable by the researchers. The committee will report to the Legislature in November.

A whitewater rafting study commission tentatively set "carrying capacities" for rafting on the Kennebec and Penobscot rivers at an October 7 meeting in Augusta.

A subcommittee of the Energy and Natural Resources Committee decided October 7 to hold a meeting November 5 when it will decide on a recommendation to the full committee on investing money in designing turbines which can produce electricity without damming rivers. Representative Carter of Winslow says nationally-known engineering firms say it is possible to design this type of turbine but they refuse to testify because of a conflict of interest resulting from business with Central Maine Power and Great Northern Paper. The subcommittee refused to recommend funds for a study.

Report memorandums are planned on each of the meetings.
REFERENDUM QUESTIONS

The November 2 election will see voters decide on three questions sent to referendum by petition. The issues:

--Banning nuclear power plants in five years -- November, 1987. Great Northern Paper has contributed $7,500 to the Save Maine Yankee Committee. Observers expect voters to reject the idea.

--Annually adjust the state income tax for inflation. The concept is called tax indexing. Newspaper samplings show support for the idea. Bureaucrats and Democrats say a $32 million revenue loss, requiring new revenues -- and a 1 percent increase in the sales tax is being promoted. Industry has not got involved in the debate.

--Repeal of milk price controls.

Copies of brochures on the referendum questions published by the League of Women Voters of Maine are attached.

CHAMBER OF COMMERCE

Thomas A. Greenquist, President of Bangor Hydro-Electric Company, was elected chairman of the Maine State Chamber of Commerce at the organization's annual meeting October 5 at Portland. Outgoing chairman Charles R. Sanford of the Guy Gannett Broadcasting Services cited the establishment of the magazine, Maine Today, which now has a monthly circulation of 10,000 and the creation of a political action committee, which has raised $9,000, as major accomplishments of his two-year term. The Chamber has an income of $218,000 and expenses of $221,000 -- including $76,000 in salaries. The 21st annual achievement award (the first went to Great Northern Paper) went to Delta Air Lines. At a companion meeting, Perry Hudson of Falmouth, retired Maine general manager of New England Telephone, was elected chairman of the Maine Council on Economic Education.

HELP FROM GOVERNMENT

When Don Hickey needed clarification of questions regarding a federal contract, Sally Lounsbury of Senator Cohen's staff in Washington contacted the U.S. Printing Office and got the necessary answers in a few hours September 27. State Labor Commissioner Bill Malloy had personally provided information on unemployment statistics in northern Maine. Letters of appreciation have been sent to both Mrs. Lounsbury and Malloy.

HYDRO POWER -- THE DEBATE

Trustees of the Maine Audubon Society, October 5, heard staff members outline the draft of a policy on hydroelectric power generation and competing river use in Maine. If adopted, the policy would apparently put the Society on record against development of new facilities on the West Branch...Included among drafts of legislation proposed for 1983 by the Department of Environmental Protection is one to give the DEP control over waterflows and Dan Boxer interprets this to cover all existing facilities...The Sportsman's Alliance of
Hydro Power (continued)

Maine reportedly has established a political action committee. SAM is taking the lead in opposing the idea of another dam on the Penobscot...Central Maine Power, October 1, announced it will drop the Cold Stream hydro power project -- something which had long been expected -- and got lots of publicity over the weekend...Garry Higginbottom, a natural resources planner, who says Sandra Neilly has hired him to develop material on behalf of the West Branch Coalition opposing the project under study by Great Northern Paper, attended an Augusta hearing this week.

PUBLIC RELATIONS

An ABC-TV crew from New York City photographed lumber production at the Pinkham mill September 28. Producer-Director Tom Priestly said they were using U.S. Route 1 from Fort Kent to Kittery as the theme for a documentary on the economy...I declined to allow CBS-TV to use pictures of the Millinocket mill for background in a report on the Senate campaign and Senator Mitchell's involvement in acid rain legislation...Mary Anne Lagasse called for comments on the rumor of a week-long shutdown in November for the mills...Russ Van Arsdale of WLBZ-TV called to confirm the shutdown of a second paper machine in the Millinocket mill...Allan Lobozzo of the Bangor Daily News called to ask if business with Cole's Express was normal despite the strike. I declined to discuss the subject...Barbara Waters of the Katahdin Times had several questions regarding Great Northern.

Sincerely,

[Signature]

pmc/b
Enclosures (4)

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

Dear Dick:

The newsletter of the Public Affairs department for the period ending October 22:

**GRASSROOTS POLITICS**

Grassroots politics involve people removed or somewhat isolated from a major political center. Senator Albert Beverage of Indiana is credited with first using the phrase in 1912, telling delegates to a Bull Moose Convention theirs was the party from the grassroots..."grown from the soil of the people's hard work." Eighty years later in Maine the phrase is used to describe the campaigning in 184 districts for control of the Legislature. Across the nation the composition of legislatures has changed. "Their assemblies are no longer dominated by the farmer-lawyer combines of the past," wrote Haynes Johnson of the Washington Post. "More women, more blacks, more suburbanites fill their ranks, and professionalism and pay have increased notably." Maine is caught up in the trend. The campaigning is also more intense and more sophisticated -- and expensive.

Voters will elect all 151 members of the House and the 33 members of the Senate on November 2. Republicans now control the Senate, 19-14; Democrats the House, 82-69.

For the first time, Democrats sense a chance to sweep the Statehouse by winning the office of Governor as well as control of both branches of the Legislature.

Republicans admit their prospects don't look good.

Frustrated by what many perceive to be a poor business climate in which the cost of workers' compensation is out of control and one in which regulators run rampant, people from the business community are investing more than ever before in the campaign.
A bipartisan, statewide political action committee has been organized, United for Maine. The State Chamber of Commerce has organized another political action committee. On top of the two statewide efforts, others are rallying behind candidates. The cost of local-level campaigns is going up. Some will spend $20,000 on a Senate race and $3,500 in seeking election to the House. There are the leaflets, posters, roadside signs, pins and bumper stickers. Add direct mailings, radio and television and polling to measure trends. The AFL-CIO and affiliated unions, teachers and others have backed endorsement with financial contributions while business has been reluctant to get involved. The success of business on the national scene through political action committees motivated Maine companies and individuals who can also legally contribute directly to candidates. St. Regis, Fraser, Georgia-Pacific, Boise-Cascade and others are doing just that. Scott and International Paper have political action committees which support legislative candidates. Great Northern Paper has a unique program in which the contributions of management employees are matched and the company is among 200 contributors to the bipartisan political action committee.

A group which has been increasingly militant is the Sportsman's Alliance of Maine. Along with leading opposition to the hydroelectric project being studied by Great Northern, SAM is defending the rights of hunters to shoot moose. Recent questionnaires sent legislators by SAM have also pressed for attitudes on spraying to control the spruce budworm and the use of pesticides in forest management.

Personalities always are at the center of campaigns.

While Republicans are fighting to retain control of the Senate, President Joe Sewall is facing the toughest challenge of his legislative career. Democrats brag Representative Mike Pearson is out front in the district which stretches from the industrial community of Old Town north to the potato fields around Island Falls. Pearson, chairman of the House Appropriations Committee, has been speaking out on behalf of Lincoln Pulp & Paper -- and the Lincoln mill's 700 employees are in the heart of the district. Pearson has been going door to door for months. Sewall, who has beaten Pearson in political contests in the past, has plenty of supporters. Senator Cohen and Representative Snowe made appearances with Sewall in Lincoln and Island Falls and the Old Town senator is planning to spend $20,000 in his campaign.

In Aroostook County, House Speaker John Martin of Eagle Lake is opposed by George (Pete) C. Sawyer, an Ashland Republican and one of the veterans of the forest industry. In 1980, Martin had a 4-1 margin in the largest House district, geographically, in the state and one the Speaker has represented since 1964. In one of the SAM questionnaires, Sawyer, as expected, said if elected, he would oppose spraying to control spruce budworm. Sawyer's Ashland neighbors have rallied to his support. Political observers have made Martin a heavy favorite in Eagle Lake, St. Francis and Portage, the other larger towns in the district.

The Pearson-Sewall contest is considered one of ten toss-up races which will determine the political composition of the next Senate. An informal survey of industry public affairs people give the
19 of the 33 seats. The same poll gave Republicans the House, 79-72. "...most observers believe it is possible the parties will control different ends of the Statehouse's third floor..." wrote Tom Atwell in the October 20 Portland Press Herald, pointing out journalists on a recent television show predicted Democrats would control the Senate and said Republicans could win the House. Atwell concluded: "The power that emanates from the rostrums in the Maine Senate could shift hundreds of miles south to the Portland area."

If Democrats control the House, Senator Conley of Portland (one of six Democrats running unopposed) is the likely speaker, Senator Pray of Millinocket would be majority leader.

If Republicans control the House, Martin's successor would be House Minority Leader Linwood M. Higgins of Scarborough.

The two major business political action committees have contributed to the following in races north of Bangor ("U" indicates United for Maine, "C" indicates Chamber of Commerce):

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<th>Senate</th>
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<td>Peterson, Caribou (C)</td>
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<td>Pines, Limestone (C)</td>
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<td>Smith, Mars Hill (C)</td>
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<td>Smith, Hodgdon (U-C)</td>
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<td>Sewall, Old Town (U-C)</td>
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<td>Emerson, Corinna (C)</td>
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United for Maine has concentrated on supporting pro-business candidates in pivotal races. The Chamber supported all candidates considered "friends" of business. While Democrats were supported in other areas, none were in Northern Maine, apparently because of their opposition to business proposals to reform the Workers' Compensation Law.

**MATCHING GIFTS**

Under the matching gifts program of Great Northern Paper, management employees have made contributions to three candidates for governor, six candidates for the Senate and five candidates for the House. The matching gifts total $1,250.

Great Northern Paper does not endorse candidates, or contribute directly to campaigns.
'Maine Bucks Great Northern'

That was the big, black headline in the October 18 edition of the Morning Sentinel of Waterville. "Merchant takes on 'Goliath'" said the Bangor Daily News. The Maine Sunday Telegram headline the day before was "Feed Dealer Fights for a Great Name." Dave Silverbrand of WGAN-TV reported the story October 14 in an interview with Harvey McLaughlin of Great Northern Feed and Supply who said Great Northern Paper is a "nice company" but pledged a fight to retain his firm's name despite the paper company's request he change it to end the duplication. People are laughing about it. John Staples said the story was the No. 1 joke at an October 17 cocktail party for Portland area community leaders. It was joked about at an October 20 meeting of the Maine Public Relations Council. The members remembered Gimbel Bros. Don Perkins, the attorney representing Great Northern Paper, answered two calls from reporters.

The Big A -- An Issue

When the candidates for Governor engaged in an October 20 debate televised statewide, the question of the West Branch hydro project came up. Don Carrigan of WLBZ-TV asked Governor Brennan how he reconciled omitting the Big A site from the administration's river protection plan. The Governor answered in terms of balancing the need for energy with environmental considerations. Newspaper coverage did not refer to Big A although reporting on the discussion of hydro.

New Brunswick's Vote

When voters in New Brunswick gave Premier Hatfield an overwhelming mandate this month, they rejected Joe Young, the opposition leader who pledged to phase out spraying to control the spruce budworm if his Liberals won. Hatfield's three governments have adamantly supported spraying despite frequent criticism.

Public Relations

Three legislative staff members toured the Telos harvesting operation October 18 as our guests...A news release on Great Northern Nekoosa quarterly earnings report was distributed...Hunting safety advertisements (we are using the same as in 1981 to save money) were placed on WMKR and in the Katahdin Times...Peter Anderson of the Boston Globe called with questions regarding the hydro project study...When Al Fryburger of WAGM-TV asked to interview Tom Pinkham on the legal action to force reduction of Canadian Lumber imports, his questions were referred to Keith Judkins of the Northeast Lumber Manufactures Association (NELMA). The association is the lead agency in the litigation.

Sincerely,

Paul

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

Dear Dick:

The newsletter of the Public Affairs department for the week ending October 29:

**TOP OF THE TICKET**

The United Paperworkers International Union (UPIU) puts his re-election high on its list of political priorities.

The president of an international environmental organization, Friends of the Earth, says the Maine contest for the U.S. Senate is one of the two most critical races in the nation.

If re-elected, Senator Mitchell, the man labor and environmentalists support, told a Presque Isle television reporter he will concentrate his efforts on legislation to control acid rain and prevent "weakening" of the Clean Air Act. On both issues, Mitchell is at odds with the paper industry which favors more research before placing controls on emissions blamed for acid rain and wants reform of the Clean Air Act.

Yet in Maine, a bastion of the paper industry, Mitchell is now the front-runner in the minds of many in the top of the ticket race most people are talking about in advance of the November 2 election. Aides say the Mitchell campaign "has been almost too good to be true." Lieutenants of Senator Cohen, trying to reverse the trend even they concede is widely perceived, say Congressman Emery is neck and neck with Mitchell in their polling. Cohen, the leader of Maine's Republican party, is putting considerable prestige on the line.
Mitchell has come from far behind to make the contest a race, according to Congressional Quarterly. Emery, who has trounced Democrats four times in the First Congressional District, was the early favorite. At the wire, Maine's leading newspapers split in editorials -- not an unusual occurrence as the division between conservative Northern Maine and liberal southern areas become more evident.

Said the Bangor Daily News:

"...on the fundamentals of good government — less interference in the private sector, less spending and lower taxes — it is David Emery who has led the way."

Said the Portland Press Herald:

"Mitchell is qualified by judicial temperament, by political moderation and by his broad grasp of the important national issues to be given a full six-year term."

Emery October 25 picked up the endorsement of the Sportsman's Alliance of Maine -- and a check for $1,000. The endorsements have been, for the most part according to the Bangor Daily News, split with labor, liberal and environmental groups supporting Mitchell and conservative and business groups (including the Great Northern Good Government Committee) supporting Emery.

There are other top of the ticket contests.

Almost everyone says Governor Brennan will be re-elected. His opponent, a well-respected Portland attorney, Charles Cragin, would create a separate cabinet-level forestry agency and echoes industry's demand for reform of the workers' compensation system. The Brennan administration has avoided major tax increases while absorbing costs of the "New Federalism". The Governor has also adopted a hydro power policy which would allow Great Northern to seek licenses to build a new facility on the West Branch. Fraser and St. Regis have contributed to the Brennan campaign because of the administration policies.

If Mitchell starts a landslide, John Kerry might be Emery's replacement in Congress. The Great Northern Good Government Committee favored Kerry's opponent, Jock McKernan, who is the favorite of the business community. Congressional Quarterly says the race is too close to call.

In the Second District, Congresswoman Olympia Snowe is favored by most to win re-election over Jim Dunleavy. But one of Dunleavy's harshest critics, House Speaker John Martin, has Democrats to rally behind the Presque Isle judge. Congressional Quarterly says the seat is safe for Mrs. Snowe.

There will be other elections.

In 1983, Maine voters will decide on the merits of moose hunting.

In 1984, former Governor Curtis may challenge Cohen.

In 1986, State Senator Elizabeth Mitchell may be the first woman to get her party's nomination for the office of governor. Her likely opponent: McKernan, if he gets to Washington and back. Along the way, Mrs. Mitchell will likely have to outdistance Human Resources Commissioner Mike Petit -- a man with a staff concerned over health problems in the paper industry. Petit is Kerry's brother-in-law.
Workers' Compensation

Over 100 people participated in the fourth and final workshop sponsored by The Coalition for Workers' Compensation in Presque Isle, October 25. The coalition is composed of 20 trade associations. The workshops provided audiences with basic information on the Maine law, on benefits and on avenues of political action open to those seeking change. House Speaker Martin, who was in the audience, said he planned to file legislation to deregulate the workers' compensation business -- to allow companies to compete instead of having rates fixed with state approval. Martin also urged opposition to the rate increase (a 25 to 27% proposal is rumored) anticipated this fall. David Clough, who represents the National Federation of Independent Business, told the group that those defending the state's costly and liberal laws "are counting on you losing interest by the time May or June rolls around" in the Legislature. When Martin cited the accomplishments of the last Legislature, Clough said in rebuttal critical bills (a benefits 'cap' and repeal the requirement that employers pay all lawyers) that held the line on costs were rejected on party lines. In Augusta, a cabinet committee headed by Business Regulation Commissioner DeVane told trade association representatives they are considering legislation -- including safety requirements for the workplace.

DEP's New Approach

The staff of the Department of Environmental Protection on October 26 briefed a dozen people on a new water classification system in Presque Isle -- and again hydro power came up as an issue. The session was one of several in a series when the DEP is asking comments on a new system needed in part because of dramatic clean-up of Maine's rivers. Steve Groves said the staff isn't trying to regulate stream flows from hydro facilities but does want adequate flows to protect fish in the rivers. Groves said the hydro issue is a "siting problem, rather than a water quality problem." A Maine Public Service representative raised the issue because the draft of the new law has a section widely interpreted as intended to give the DEP control over flows in rivers and streams. Groves also said it is not a goal of the DEP to further regulate timber harvesting, only to prevent siltation which is harmful to fish life. The proposals will go to the next Legislature.

Rivers and Hydro Power

Hank Magnuson of the Paper Industry Information Office has called on Governor Brennan to intervene in the attempt by Jeff Pidot of the Land Use Regulation Commission to "lock up thousands of acres of commercial timberlands." Pidot is pushing for more restrictive zoning of shorelands of rivers covered by the administration's hydro power policy...The Maine Chapter of the Appalachian Mountain Club has joined the coalition opposing further hydro development on the West Branch of the Penobscot. The chapter's newsletter reports members will contribute time and experience but not money because "many other groups are contributing significant amounts of money."...The first draft of legislation prepared by the Sportsman's Alliance of Maine which would ban hydro development on 1,500 miles of Maine rivers left the door open for a dam in the Big Ambejackmockamus Falls area. Augusta sources say a second draft plugs the gap...The Northern Regional Planning Commission has completed a management plan for the
Aroostook and Big Machias rivers. Formal designation of the rivers was opposed as not appropriate. Instead the report recommends "a less formal oversight committee whose responsibilities would be to work with municipalities and the larger forest landowners to develop a protection strategy more similar to the one recently adopted along the upper St. John River."...Representatives of the whitewater rafting outfitters, SAM and other groups held a news conference in Augusta on October 25 to oppose closing Maine Yankee because it would lead to "massive" damming of rivers to generate hydro power to replace the lost nuclear energy.

**PUBLIC RELATIONS**

A letter from Dick Noyes outlining the company's view on the nuclear referendum issue and saying a "no" vote is in the best interest of Maine people was sent to 429 management employees...Roger Boynton took photographs of the new woodlands building in Mattawamkeag which will be used in an advertisement...I arranged with Keith Judkins of the Northeast Lumber Manufacturers Association (NELMA) to answer questions on competition from Canadian lumber producers raised by a Presque Isle television newsman...Greenville and the woods north of Moosehead Lake are the subject of a Yankee magazine article now on newsstands...Jack Faulkner of the Presque Isle Star-Herald says advertising lineage is holding up well in Aroostook County despite the recession...This week's rumor from Barbara Waters of the Katahdin Times: The mills will shut down for a week or two over the holidays.

Sincerely,

pmc/b

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

Dear Dick:

The newsletter of the Public Affairs Department for the week ending November 5:

ELECTION AFTERMATH: WHY?

Why?

Businessmen and their representatives, who normally link their fate in Maine with the fortunes of the Republican party, were asking that question after the November 2 election when Democrats, for the first time in over 100 years, swept the State House -- winning control of the Senate and House, and the office of Governor.

Some explained the landslide in this manner:

Senator Mitchell and Governor Brennan were recognized by voters as the higher quality candidates with their challengers suffering badly by comparison; and

Democrats, with a strong commitment from labor, were better organized and worked harder. One businessman had five calls on election day urging him to vote -- calls from supporters of Democratic candidates at all levels. Unions recruited manpower to get out voters and provided financial support. For the first time, Democrats had money for such techniques as polling to track trends in key legislative districts. Effective organizations turned out voters who gave Democratic candidates big margins in the Millinocket area and in other communities with paper mills -- Madawaska, Winslow, Woodland, Jay, Westbrook, Madison, Rumford and Old Town and victories by closer margins in Bucksport and Lincoln.

Dan Hickey, a Democrat who rolled up a 4 to 1 margin in a Republican district, said the economy and social security were what he found to be on people's minds as he went house-to-house in Augusta. Unemployed textile workers were on every street, he said. On election day, over 20 jobless workers helped Democrats get out the vote -- manning telephones and offering rides.
What does the outcome of the election mean for business?

Many see tax increases as inevitable. Approval by the voters of indexing the income will create a $30 million revenue gap, according to the Brennan administration. A one percent increase in the five percent sales tax is favored by bureaucrats -- and the Maine Municipal Association. State financial specialists say the sales tax is the more stable income tax. The MMA wants the state to replace lost federal funds. Leaders of the Maine Merchants Association came back from lunch with the Governor saying he talked about proposing an income tax increase, if needed. Because indexing is retroactive, there is talk of a surtax on 1982 returns. The shape of tax policy will now reflect the philosophy of Democrats and in the past Democrats in the Legislature have favored eliminating property and income tax exemptions for pollution control facilities and equipment. Democrats in the House four years ago approved a severance tax on timber. Once in complete control, Democrats will want to avoid the stigma of damaging the business climate and that may moderate their views.

Everybody expects a gas tax increase and increased highway user fees are a possibility.

A competitive state fund and a state mandated safety program is what Democrats see as an answer to the problem of workers' compensation insurance costs. Hopes of putting a "cap" on benefits, or a limit on legal fees are fading with labor's allies in control.

The landslide returned to office staunch supporters of Maine's stringent environmental laws.

Some Democrats can be expected to criticize the role of business and industry in the campaign. Frustrated by lack of reform of workers' compensation laws, business got more involved in 1982 than ever before in modern political history.

United for Maine, a new political action committee, raised over $20,000 and contributed to pro-business candidates in what directors saw as close races. Contributions went to five of the Senate and 9 of the House winners. Six additional Senate candidates and 22 House candidates received financial support, and lost their races. The State Chamber of Commerce, Maine Merchants Association, Maine Bankers Association and other business groups also have political action committees. Some companies without PACs made direct political contributions.

In the Waterville area Senate race, the contribution of Scott Paper Company's political action committee to a candidate became an issue in the press. The Scott PAC backed a loser and the winner, Senator-elect Judy Kany is a Democrat.

While statistics are not available, Democrats feel the bulk of the business contributions went to Republicans. That's been the case in the past and House Speaker Martin and Senator Pray of Millinocket have criticized business. Although the role of the PACs in state politics is small by comparison with other states, new controls may well be imposed by the Democrats.
ECONOMIC REPORT EMPHASIZES PAPER AND LUMBER IMPORTANCE

Maine's manufacturing sector relies far more heavily on forest products than it did a century ago and the lumber and paper industries are far more important to Maine's economy than has commonly been recognized.

These are the conclusions of Lloyd C. Irland, State Economist, in a report released recently. Irland said paper and lumber employment figures represent only six percent of all jobs, but these figures drastically underestimate the importance of wood-using industries, he continued, because of their high wage levels and their strong role in the state's export base.

Fully 84 percent of lumber and paper mill jobs are oriented to shipment of goods to out-of-state markets, he said. Value of products shipped in 1980 by Maine's forest products companies was more than $3 billion.

The contribution to Gross State Product was more than $1 billion and Maine's forest products industries have maintained an 11 percent share of Gross State Product over the last decade due to rapid growth in the paper industry, Irland said.

He also pointed out that the importance of the paper and lumber industries to the Maine economy would be seen as even greater if one considers the multiplier effect on other jobs and indirect benefits which were not included in his analysis.

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<th>Measures of Economic Importance of Maine Paper and Lumber Industries, 1980</th>
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<td>Paper as % of all Manufacturing</td>
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<td>Paper and Lumber as % of Total</td>
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Sources: U.S. Department of Commerce, Maine Department of Labor, Federal Reserve Bank of Boston, and Maine State Planning Office.

YOU CAN MAKE A DIFFERENCE

Enclosed with this mailing of the News/Paper is a copy of "Maine's Workers' Compensation System: You Can Make a Difference."

The Paper Industry Information Office has been an active participant, along with 19 other Maine organizations representing all types of employer groups, in the Coalition for Workers' Compensation Reform, which produced this informative booklet.

Member companies of PIIO are researching workers' compensation costs and administration throughout their corporate systems. One presentation already made by a member company to the Coalition for Workers' Compensation Reform focused on their excessively high claims rate and benefit pay-out despite a safety record that is significantly better than other states.

This compilation of workers' compensation experience throughout the nation's paper industry will be a valuable tool in placing Maine's workers' compensation system in proper perspective.
MADISON PAPER INDUSTRIES JOINS PAPER INDUSTRY INFORMATION OFFICE

Madison Paper Industries, located a few miles west of Skowhegan and upstream on the Kennebec River, is the newest member company of the Paper Industry Information Office.

Completion of Madison's $180 million paper machine modernization project about a year ago makes the firm one of the world's principal producers of supercalendered paper. Supercalendered is an uncoated, magazine-grade paper with a printing quality that provides glossy, bright and vibrant color reproduction. It is used extensively by magazines in Europe and has been used since 1976 by the New York Times Sunday Magazine and publishers of catalogs in this country.

The Madison Paper Industries mill is owned by the New York Times Company in partnership with Myllykoski Oy of Finland, the world's largest producer of supercalendered paper.

The mill at Madison was built in 1891 by a group of investors, one of whom was Grover Cleveland, who had recently completed the first of his two non-consecutive terms as President of the United States. In later decades, it passed through several sets of owners and was idle at the time of its purchase by Myllykoski in 1977.

Expansion of the mill has increased its labor force by nearly 31 percent to a total of about 300 people. The new 1,000-foot long bright steel paper machine building houses a completely automated complex more than 353 feet long and, in one section, five stories tall. It can produce 3,500 feet of supercalendered paper 282 inches wide every minute.

President and chief executive officer of Madison Paper Industries is Jack Chinn. Iowa-born, with degrees from Cornell and the Institute for Paper Chemistry, he worked with Consolidated Paper, the Bowater Carolina Corporation, the Oxford Paper Co. and International Paper Co. He served in a number of posts for IP and, in 1972, was transferred to Canadian International Paper, first as vice president of manufacturing and then as vice president responsible for all aspects of CIP's world-wide newsprint business . . . woodlands, engineering, personnel, administration, manufacturing and marketing. He was named top man at Madison in March of 1980, when ground was broken for the buildings that house the new machine.
MAINE NOTES

In recent weeks, Scott Paper Co. at Winslow has announced a $38.5 million expansion of the finishing and warehouse facility there and the start-up of a new recycled fiber mill. Theodore R. Ramstad, general manager at Winslow, said the investment is the largest in the history of the Winslow plant. These projects, and the conversion in 1980 of the plant’s largest boiler to wood burning, total $71.5 million. The newly-completed recycled paper facility will enable the plant to use low-cost recycled fiber from various types of waste paper. It will replace a portion of the virgin fiber now used in the plant’s production of paper towels and tissue products.

A record of 25 years without a lost-time accident was recently achieved by workers of the Electrical and Instrumentation Department at the Winslow mill of Scott Paper Co. Although the department is small, with a present count of 27 employees, its long-term record adds up to 1,729,410 safe hours through this past summer. The crews routinely work with power line levels up to 33,000 volts.

International Paper Company’s Androscoggin Mill at Jay achieved one million safe man-hours on September 29. It was the second time in the mill’s history this landmark has been reached. Newland A. Lesko, mill manager, said, “The safety excellence demonstrated at Androscoggin is, in large part, directly attributable to the leadership and sincerity of mill supervision.”

Scott Paper Company’s Scott Maritimes market pulp mill in Pictou, N.S., will be modernized in a $51.7 million (Canadian) program scheduled for completion in December 1985. The project will improve productivity, reduce energy costs and cut boiler emissions.

John T. Gould, Jr., corporate manager at St. Regis Paper Company’s Washington, D.C. offices, has been named the new chairman of the American Paper Institute’s Government Relations Committee. Gould was the first executive director of the Paper Industry Information Office in Maine and from 1971 to 1979 he was regional public affairs manager at St. Regis’ Bucksport mill.

Fraser Paper Ltd., Madawaska, has purchased an equity position in the Paul Levesque and Sons, Inc., sawmill in Ashland. The transaction provides for equal representation on the board of directors of the Levesque operation and includes an agreement with Seven Islands Land Co. for a long-term wood fiber supply. The agreement is the first long-term wood fiber acquisition by Fraser in Maine. The firm has been purchasing wood chips from suppliers in the state for some time.

Shipments of 60,000 tons of bulk cargo...mostly market pulp from Georgia-Pacific Corp.’s Woodland mill...gave Eastport the distinction of being Maine’s leading bulk cargo port in 1981. Since May 22, 1981, a total of 14 ships carrying kraft pulp or a combination cargo of pulp, waferboard and lumber, have been handled through the port of Eastport for delivery to European and Mediterranean ports.

Many of Maine’s paper mills hosted high school students at Engineering Career Exploration Seminars during October and the first week of November. The program is sponsored each year by the University of Maine Pulp and Paper Foundation. Last year, more than 400 students participated in the seminars with more than 200 of them eventually enrolling at the University of Maine.


A $25 million hydro redevelopment project near Pejepscot Paper Co. mill at Topsham on the Androscoggin River has received federal approval. Androscoggin Water Power Co., a subsidiary of the Hearst Corp., owners of Pejepscot Paper, plans to increase the dam’s capacity from 2,500 kilowatts to 10,025 kilowatts. The redeveloped facility would save an estimated 98,500 barrels of oil or 27,800 tons of coal annually. The existing dam would remain unchanged but the powerhouse will be expanded to accommodate additional turbine generators.
HARVEST OPERATION BEGINS IN BAXTER STATE PARK'S 28,000-ACRE SFMA

The "forever wild" provisions for management of Baxter State Park are well-known... and, frequently, controversial.

The public is less aware of the park's Scientific Forest Management Area, (SFMA), created in 1955. Gov. Percival P. Baxter donated 25,594 acres of woodland to create "... a place where a continuing timber crop can be cultivated, harvested and sold; where reforestation and scientific cutting will be employed; an example and inspiration to others."

A forest harvesting operation is now under way in the SFMA located in the north portion of Baxter Park near Telos and Webster lakes in Piscataquis County. The operation is much the same as a paper company harvesting operation.

The park authority has contracted with lumberman Quentin Smart of Lincoln to construct an access road and begin selective harvesting. Smart is using small skidders to remove the timber with minimal damage to the woodland.

Plans call for the construction of about two miles of access road and harvesting of about 2,000 cords of saw logs and pulpwood this year. According to Baxter State Park Authority Chairman Glenn Manuel, who is also commissioner of the Maine Department of Inland Fisheries and Wildlife, "This is an effort to salvage trees affected by spruce budworm, and to initiate a long-term management program for wildlife habitat, recreational use, timber and other forest resources."

The management plan for the 28,000-acre forest management area suggests that eight miles of roads be constructed and 23,000 cords of saw logs and pulpwood be harvested annually.

Surveys of the SFMA show that it presently contains about 500,000 cords of harvestable timber, including 100,000 cords of fir and 200,000 cords of spruce.

In deeding this portion of Baxter State Park to the State of Maine in 1955, Gov. Baxter said, "It long has been my purpose to create in our forests a large area wherein the state may practice the most modern methods of fire control, reforestation and production."

CHINESE FORESTERS STUDY MAINE METHODS OF TIMBER INVENTORY

Foresters from the People's Republic of China were among the many visitors to Maine's timberlands this past summer. Great Northern Paper Co., Millinocket, hosted part of a two-week visit here by four Chinese foresters studying this country's methods of forest inventory.

Of special interest to the visitors were the techniques of interpreting aerial photographs and designing statistical samples for computer analysis. They spent a day at the Old Town offices of the James W. Sewall Co., where the firm's computer and aerial mapping operations were demonstrated.

The Chinese foresters also had opportunities to meet with representatives of the U.S. Forest Service, state officials and representatives of the University of Maine, including UMO forestry Prof. Harold Young, whose work on biomass inventory techniques they had read in translation.

In the photo below, Daniel B. Corcoran, left, and Skip House, right, of Great Northern's woodlands department, demonstrate aerial photo analysis at Great Northern's map room to the visiting foresters and a U.S.F.S. representative, center.

noteworthy: New markets for paper may be opening up in China, the birthplace of paper. China lags behind most underdeveloped countries in paper consumption today, according to Pulp and Paper Industries magazine. It said there are probably well over 1,000 paper and board mills in China, and numbers as high as 2,000 have been reported, compared with 700 in this country. Paper consumption is around six million tons, a bit more than 15 pounds per person annually, versus 640 pounds per person here. China imported about 400,000 tons of pulp and an estimated 200,000 tons of newsprint in 1980, and U.S. observers see hopeful signs for an expanding China market in the next decade.
Lynwood Hand, Great Northern Paper's legislative counsel, says the makeup of the Legislature for the next 10 years will be determined to some extent in 1983. Democrats will have full control in the reapportionment process.

The 23-10 majority Democrats have in the Senate will mean Senator Conley of Portland will preside with Pray as majority leader. Representative Martin of Ashland (a 2 to 1 winner over George "Pete" Sawyer) will continue as House Speaker. Democrats will have a 93 or 94 to 57 or 58 edge with one race up in the air.

When the 111th Legislature convenes on December 1, 1982, each branch will elect its presiding officers and the respective parties their floor leaders. In joint convention, the constitutional officers -- Secretary of State, Attorney-General and State Treasurer -- will be elected. Each branch also will hire its staff, Clerk of the House, Secretary of the Senate, Sergeant of Arms, doorkeeper, pages, stenographers, etc. The presiding officers also will appoint the chairpersons and membership of all of the legislative committees -- a process to be considerably simpler this session with the Democrats in control of both branches.

**Hydro Power Legislation**

The list of rivers and hydro power legislation anticipated in the next session:

One bureau of the Department of Environmental Protection is seeking authority to control water flows to protect fish life.

Another bureau is drafting legislation modeled after the Land & Water Conservation Council draft which was never submitted to the Legislature by the administration.

And the Sportsman's Alliance of Maine has legislation which would make the administration rivers policy law, expanding it to put the state on record against the "Big A".

**Whitewater Rafting**

Representative Jacques of Waterville said November 4 the Legislature did not appreciate the complexities of the whitewater rafting business when it established the study commission now trying to agree on a report to the next session. During a four-hour Augusta meeting, members debated at length every item on the agenda -- from making certain lifejackets mandatory to the question of how many rafts should be allowed on the rivers daily. Parks & Recreation Director Hartman continued to argue for a lower limit on rafting on the Penobscot to reflect the goals of the state and Great Northern Paper in the agreement on a conservation easement. During a report on safety by wardens of the Department of Fisheries & Wildlife, the "Cribwork" rapids on the West Branch was described as the most dangerous stretch of whitewater on the rivers. Finally, Hartman, Chief Warden John Marsh and whitewater outfitter Wayne Hockmeyer were named to draft a final report. The full commission will meet December 9.
**HYDRO STUDY**

Representative Mitchell of Freeport said "I am not in favor of large scale projects...this is the way to go" at a November 4 meeting of a subcommittee of the Committee on Energy and Natural Resources of the Legislature when he moved the committee endorse a study of a new type of hydroelectric generation at a cost of up to $30,000. The subcommittee was shown photographs of the first Turbudyne watermill on pontoons in the St. Lawrence River at Cromwall, Ontario. (It'll provide power for two homes.) A second is being built by Nova Engineering of Turo, N.S. for the Fraser River in British Columbia. A spokesman for the firm said he sees the units of less than 50 kw capacity ideal for remote villages in Northern Canada and the Third World. Mitchell's motion failed on a 3-3 vote, but the entire Energy & Natural Resources Committee is expected to support a study because of solid support from Democrats for Representative Carter who is looking for ways to generate power without dams and damage to fish populations. A separate report will be distributed.

**PUBLIC RELATIONS**

An advertisement was placed in the Lincoln News calling attention to the new woodlands office in Mattawamkeag...Gordon Manuel of WABI-TV called November 5 to discuss business trends...A photograph was sent to the Katahdin Times of the participants in the University of Maine Pulp & Paper Foundation engineering career exploration seminar November 2. Twenty-five high school students from Penguia, Stearns, Schenck and Katahdin attended and five Central Engineering staff members participated in the day-long Millinocket event -- one of sixteen planned throughout the state.

Sincerely,

[Signature]

Pmc/b

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Vice President-Operations  
Great Northern Paper  
Millinocket, Maine 04462  

Dear Dick:

The newsletter of the Public Affairs department for the period ending November 19:

**THE $32 MILLION QUESTION**

"The responsible way out of this $32 million problem is to repeal the retroactive provision of the bill. Taxpayers would like to see a fat check in the mail from the state treasurer, but the money has already been spent and government will not absorb the remainder by making itself smaller. Maine people know their government and they know it will probably respond by doing something asinine, like adopting a surtax."

---Bangor Daily News, November 12, 1982

"One wonders if Governor Brennan has his head screwed on straight these days. If he did, would he be considering asking Mainers to vote again on tax indexing? Hardly.

"The governor, of all people, ought to appreciate the importance of respecting the initiated referendum process. He, more than any other, ought to respect the voice of the people."

---Maine Sunday Telegram, November 14, 1982

"The politicians don't want to make the difficult decisions that the rebates will require -- no more than they want to be saddled with tax indexing in the first place...Whether or not the governor and certain legislators agree with the voters' decision on tax indexing, the people of Maine have spoken. Maine's elected leaders now are obligated to heed that voice."

---Kennebec Journal (Augusta), November 16, 1982

Voters turned state government over to Democrats November 2 but approved income tax indexing, a concept which originated with the losing Republican gubernatorial candidate.
It means the state will not be able to automatically take in more money as inflation pushes wage earners into higher tax brackets. When government needs more money, legislators will have to increase taxes.

The law passed in November is retroactive to the 1981 tax year.

Bent Schlosser, assistant legislative finance officer, says $12 million will be needed to reimburse taxpayers for revenues spent in 1981 and $21 million for 1982. (He says it is a $33 million problem.) He projects a $31 million revenue shortfall in 1983 and $41 million in 1984.

Governor Brennan and his aides and legislators are looking for a solution to their problem:

1) When the Governor talked about asking voters to repeal the law, the press jumped all over him in editorials.

2) The idea of a temporary surtax was widely criticized.

3) Cutting programs? The Governor has asked agencies to measure the impact of cuts. But Senator Pray of Millinocket, soon to be Senate majority leader, says state programs are lean and can't stand further reductions. If the state doesn't provide services, the burden will fall on cities and towns through the property tax, Pray suggested. Pray was a guest at the company sales meeting.

4) If the Legislature repeals the retroactive provisions, Schlosser says $10 million in additional revenues will be needed in 1983 and $20 million in 1984.

5) A general tax increase is possible. Since 1981, 16 states have done so -- nine increasing the sales tax, eight the personal income tax and six the corporate income tax. Some have increased more than one. Maine's personal income tax is one of the highest, according to the Federation of Tax Administrators. Aides say the Governor doesn't like the idea of a sales tax increase. House Speaker Martin says flat out -- he's against it. But a one percent increase in the five percent tax will net $52 million a year. Senator Pray said the state's transportation department faces a loss of $75 million in federal funds, the Human Services agency over $100 million.

While voters approved indexing, they also preferred Democrats who have been staunch defenders of human services and welfare programs. One of the legislators most sensitive to the needs of the poor, Senator Mary Najarian of Portland, will chair the Appropriations Committee.

PACs and Press Don't Mix

Jim Barnett of the Secretary of State's Office administers Maine laws and regulations regarding political contributions. Barnett says he is averaging two or three hours a day explaining to reporters how political action committees work. "Most reporters assume there is something wrong with business PACs -- and there is no changing their minds," Barnett continued. Democrats are also upset with the business PACs for favoring Republicans. Barnett says he expects legislation
aimed at the business PACs. People haven't stopped to think that labor unions first made political action committees successful and would be curbed along with others by any punitive regulations, Barnett says. A quick survey of filings by candidates showed heavy financial contributions by unionsto Democrats in key races. Final list of contributions must be reported by December 10 by all candidates.

To the Winner: Mrs. Kany

One of the people who has been calling Barnett is Senator-elect Judy Kany of Waterville. The Scott political action committee's support of her opponent was publicly debated. According to Democratic leaders, Mrs. Kany will be appointed chairman of the Energy & Natural Resources Committee. That doesn't make industry lobbyists happy. Their choice had been Senator Usher of Westbrook. Mrs. Kany has won high marks for hard work and advocacy on behalf of causes, one of which has been controlling water levels on waterways.

The Outlook

The outlook for business in the 1983 session of the Legislature was discussed at a November 9 meeting of the Government Affairs Committee of the Paper Industry Information Office and at a November 11 meeting of the Government Affairs Committee of Associated Industries of Maine. Most agreed labor's strong support of the Democrats should strengthen its hand in the debate over workers' compensation. With Mrs. Kany as committee chairman, lobbyists were pessimistic over chances of regulatory reform in the field of environmental regulation. At both meetings, I urged people to be aware of the energy implications of raising the sales tax. PIIO is planning the annual legislative conference in January.

PIIO

At a November 12 meeting of PIIO directors, it was reported renewed interest in membership from Lincoln and Eastern. Madison recently became the organization's 11th member. A revised 35 mm slide-tape show on the industry in Maine was previewed. It was reported the asthma report study by a Portland specialist should be released in the next few weeks.

Public Relations

Don Carrigan of WLBZ-TV in Bangor asked for information on the West Branch hydro power study and added he was expecting the National Wildlife Federation to announce opposition...Sally Jacobs of New England Business asked for comment on the request for countervailing duties against Canadian lumber exporters...Sue Bernard of WAGM-TV in Presque Isle and Jack Faulkner of the Presque Isle Star-Herald called regarding the shooting in company facilities at Portage Lake...Chris Callahan of The Associated Press called seeking information on the availability of firewood...While in Augusta, I had lunch with Hilton Power, acting president of the University of Maine in Augusta. He
wanted help on seeking scholarship contributions...The company co-sponsored the radio broadcasts of the game in which Stearns won a state football title and the post-game festivities...At the annual Maine Perspective in Augusta sponsored by Cianbro Corporation, I talked with Russ Wiggins of the Ellsworth American, Rick Warren of the Bangor Daily News, Frank Sleeper of the Sunday Telegram and Bill Caldwell of the Portland Press Herald. Dick Noyes, Bart Harvey and Tom Pinkham were also among the guests.

Sincerely,

Paul

pmc/b
Enclosure: (PIIO Newsletter)

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P. Cannella         J. W. Griffith        W. E. Lloyd
J. B. Carson        L. E. Hand             O. J. Lombard
S. A. Casey         R. Hellendale         V. F. Mattson
L. L. Chambers      D. O. Hickey           E. V. Maxfield
A. L. Clark         S. M. Hill             P. F. Mendola
G. H. Cook, Jr.     S. G. Hobson           O. H. Merrill
W. E. Cozens        K. Y. Hodsdon         C. L. Nelson
A. B. Danforth      P. D. Hubbe            A. M. Nemirow
J. L. Dardenne      C. A. Hutchins       G. L. Nystrom
J. P. Demarrais     R. R. Johnson          J. F. O'Handley
A. E. Dentremont    M. A. Keck             P. P. Paul
P. I. Firlotte      T. W. Kelly
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper  
Millinocket, Maine 04462  

Dear Dick:

The newsletter of the Public Affairs Office for the two weeks ending December 3:

**THE DECEMBER SESSIONS**

Lawmakers gathered in Augusta and Washington for sessions -- the Legislature for a day; Congress for 15, if it sticks to schedule.

After electing officers December 1, the Legislature recessed until January 5. House Speaker Martin and Senate President Conley, appearing on the public television program "Statewide", agreed matters relating to the state's finances will pose the major challenge of 1983. For most of the 30-minute program, they talked about problems created by income tax indexing.

In a Maine Petroleum Association report, Executive Director Milt Huntington said:

"Increases in the corporate income tax and the personal income tax in the higher brackets appear more likely all the time. Support also appears strong for an increase in the nine-cent motor fuel tax. Other highway revenue measures will include a two-cent differential tax on diesel fuel, a two-cent surcharge on heavy trucks, and a supplier-type diesel fuel tax law." He also quoted the State Budget Office staff as saying the state doesn't have the $4 million to allow state income tax laws to conform with the new federal code.
While in Augusta, members of the Energy and Natural Resources Committee, on a straight party line vote, supported funds for studying sites for turbines which can generate electrical power without dams. Republicans questioned spending money looking for sites for a turbine which is still under study in Canada. Democrats solidly supported Representative Carter of Winslow who says the turbine can replace dams and is compatible with fish. The experimental Canadian turbine provided power enough for two homes while being tested in Ontario.

In Washington, members of the Maine delegation were questioning the President's plans to increase gasoline taxes and create jobs but expected the legislation to be approved. Except for that piece of legislation, they were concentrating on budgets for the major departments.

Carol Woodcock of Senator Cohen's staff said a House subcommittee had recommended increasing the funds for pest control in the U.S. Forest Service budget. Last year $22.2 million was budgeted. The administration sought $16.8 million. The Interior subcommittee of the House Appropriations Committee approved $23.4 million -- earmarking $6.6 million for gypsy moth. A Senate staffer said he expected $24 million to be included in the Senate version. Congress looked ready to kill the U.S. Forest Service policy of not providing funds for spraying to control pests on private lands, except those intermingled with federal timberlands. Mrs. Woodcock said, in her opinion, the action in the House "puts Maine in a good position to receive funds for spruce budworm control...there is very good justification if money is allocated for gypsy moth spraying." Back from meetings in Pennsylvania and Washington, Maine Forest Service Director Stratton agreed: "I fully expect to have federal funds for the spruce budworm control program in 1983." While Stratton continues to seek federal funds, State Economist Lloyd Irland is circulating a paper calling for the termination of all federal funding for forestry programs. Irland is an advisor to the Governor.

**Matching Contributions**

Forty-two contributions to political candidates totaling $1,445 were matched in 1982 under the company's program for monthly salaried employees -- a 60 percent increase over 1982, the first election year in which contributions were matched. The number of contributions increased 380 percent. Broken down by parties, 26 of the matching gifts went to Republicans; 16 to Democrats. Five percent of eligible employees participated. In other company matching programs, 9.7 percent of those eligible contribute to educational institutions and 5.4 percent to cultural institutions. A report with recommendations for 1984 is being prepared.

**PUC Testimony**

Chief Electrical Engineer Dick Hale testified at a November 23 hearing in Augusta on New England Telephone's request to increase rates. Hale told members of the Public Utilities Commission of Great Northern Paper's need for modern telecommunication facilities and service. Several representatives of the business community testified. Report memorandums have been circulated.
RIVERS

Mrs. Fredericka Boynton of Millinocket asked if the Land Use Regulation Commission was going to go along with Governor Brennan in abandoning Ripogenus Gorge to Great Northern Paper's hydro power project.

The Greenville man in front of her wore a T-shirt with the message: Save the West Branch of the Penobscot.

While the Big A project wasn't in any way a part of the proceedings, it was a topic for several speakers at a December 2 hearing of the Land Use Regulation Commission in Bangor. LURC was considering outgoing Director Jeff Pidot's proposal to amend zoning regulations to give recognition to lands bordering rivers in the unorganized territory included in the 1,500 miles on which the Brennan administration will oppose further hydro power development. Environmentalists and fishermen say it is great -- but doesn't go far enough because the way is left open for the Big A project.

Dan Corcoran of Great Northern supported the plan, if it's amended to eliminate further restrictions on timber harvesting and related activities. Other foresters agreed.

Hydro developers and spokesmen for utilities appealed for site-by-site evaluation but were in the minority. They were still smarting from a hearing in East Machias a day before when the state policy was for the first time put on record against a project.

The hearing room was packed and the television lights glared for over an hour. Press coverage was extensive. Rivers rival acid rain as the No. 1 environmental issue in Maine. Conservation Commissioner Anderson says the Brennan administration needs support for its policy of trying to balance the uses -- if not, fishermen and environmentalists could tip the scales against all hydro.

Clippings and excerpts from TV coverage have been distributed.

READING: THE CATALOG + NO. 3

If you are looking for a Three Mile Island Camp Generator, legal briefs or hand-carved false teeth, there is a new catalog on the market in Maine offering such items. It looks like the L.L. Bean catalog. It isn't. The price is $4.95.

U.S. Senator Cohen has his third book out, a guide to doing business with a member of Congress.

Both the catalog and the book are in the guest house library.

PUBLIC RELATIONS

Reporter Barbara Carton and photographer Jim Daniels of the Providence Journal visited Millinocket and the Telos logging operation November 30 and December 1, collecting material on mechanical
harvesting. Mrs. Carton asked Great Northern Paper's cooperation to do a story on what she called "the factory in the woods." She talked with Bob Bartlett, Tom Wildman and Bob Wright in Millinocket and Telos foreman Ted Condron guided the group at Telos...Nekoosa calendars with Great Northern Paper imprints have been mailed to 54 opinion-makers...A snowmobile safety message (a repeat of last year) has been placed on WMKR and WKTR-FM...A luncheon for community leaders in East Millinocket, Millinocket and Medway has been scheduled December 6. A report on business by Dick Noyes and a briefing on the No. 3 rebuild by East Millinocket are on the program...Denise Goodman, the Boston Globe correspondent in Maine, called December 2 for information on Hale's statement before the PUC...The Great Northern Nekoosa Foundation has contributed $1,500 to the High Adventure Program of the Boy Scouts of America. A drive for $30,000 is under way to permit acquisition of the site of a base camp north of Baxter State Park...A snowmobile safety kit was donated to the Ashland Rotary auction...In response to questions from Anne Erickson of the Katahdin Times (following Fraser's announcement of the closing of the Madawaska mill for 10 days), I told her workers in the Great Northern mills had been told operations will continue through the end of the year in the same configuration -- with four paper machines down. I added the outlook for sales isn't getting any better...Mrs. Erickson also asked for a copy of Dan Corcoran's presentation at the LURC hearing in Bangor and I provided a copy.

Sincerely,

[Signature]

pmc/b

Distribution:

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

Dear Dick:

The newsletter of the Public Affairs Department for the week ending December 10:

1984--Not Far Off

Will Governor Brennan challenge Senator Cohen? Isn't former Governor Curtis the more likely challenger in 1984?

Will Democrats, who control the Legislature, switch Congresswoman Snowe's Auburn residence from the second to first district as part of 1983 reapportionment?

If that happens, wouldn't Congressman-elect McKernan run stronger in the second than the first district? A Bangor native, the former school sports star represented the city in the Legislature. Hasn't he got his eye on the office of Governor in 1986?

With the November vote behind them, the staffs of the Maine delegation were looking ahead to 1984 and 1986. Tired after a year with few recesses except the election grind, staff members were frustrated by the long days of the lame-duck session. The administration's highway bill posed serious problems for the delegation. And the concentration on budgets created tensions. Talking politics was a lot more fun.

In Washington for a national meeting of state legislators, Maine lawmakers were also talking politics. After saying he was primarily interested in tracking developments in the Canadian-U.S. trade war over potatoes, Assistant Senate Minority Leader Carpenter of Houlton said he could be a candidate for Congress in 1984. He graduates from law school in a few weeks. Republican Representatives Smith of Mars Hill and McPherson of Eliot, both businessmen, predicted an erosion in the business climate with Democrats in control in Augusta. There were a dozen legislators visiting Washington.
There were other happenings:

While it isn't official, Senator Cohen will resign as chairman of the Select Committee on Indian Affairs in 1983. As chairman, he participates in Senate leadership meetings. But staff members say Cohen finds he is spread too thin. Tim Woodcock, the Cohen aide who is the staff director for the committee, will be returning to Maine and leaving the Cohen staff. His wife, Carol, is the most knowledgeable person in the delegation on the spruce budworm. She may stay on the staff in a Maine office.

Mrs. Snowe is under consideration for the Appropriations Committee, one of the most prestigious in the House. If not that panel, she will move to Energy & Commerce. She will chair a subcommittee of the Small Business Committee.

The whole delegation is occupied with complaints over Canadian potato and lumber imports. Countervailing duties on lumber imports will come in the next few months, according to Bob Umphrey of the staff of Senator Cohen. Getting the facts to justify action on potatoes is the problem. Farmers are complaining, but not cooperating in the factfinding.

The Reagan Caribbean Initiative is viewed with alarm by Maine's textile and leather industries, Charles Jacobs of the staff of Senator Mitchell says. Imports from the region can underprice domestic products if welcomed into U.S. markets as part of this foreign policy thrust.

McKernan was in town lining up his staff and joining Mrs. Snowe in disclaiming any marriage plans. Reports of a romance were published in the Washington Post.

Finally, the U.S. Forest Service budget appeared headed for passage with sufficient funds to make Maine officials optimistic of federal financial support for the 1983 spruce budworm control program. Contacts on this subject were made with the staffs of the Maine delegation, the House and Senate Appropriations Committees and Senator Rudman of New Hampshire. A representative of Seven Islands helped out with a telephone call to Rudman's office. The New Hampshire Senator is the only New Engander on the Appropriations Committee -- and Seven Islands manages timberlands of Dartmouth College.

**Gas Taxes: 5¢ + ? = ?**

George Campbell, Commissioner of Transportation, was in Washington conveying the State of Maine's view of the President's roadbuilding plan to the delegation. Campbell was hoping a lot of strings would not be tied to the revenues generated by the new tax. Maine, he said, would be hard put to find matching funds. And the roads which need money in Maine are primary and secondary -- not the Interstate system. Even if the federal tax is increased and Maine gets $700,000,000 more per year, Campbell feels an increase in the state tax also is needed for the operations of his department. Some people see a four-cent state increase on top of the five-cent federal increase -- jumping the total tax per gallon from 13 to 22 cents! It will be the first increase on the federal level since 1959, first by Maine since 1971.
AND MORE TAX TALK

John Menario, former Portland city manager and two-time winner as chairman of the Save Maine Yankee Committee, is promoting a coalition to promote a one percent increase in the gasoline tax. All of the funds would go to towns and cities. It is the time of year when coalitions take shape. Menario is now on the payroll of the Maine Municipal Association. He is suggesting paper industry support to relieve pressure on the property tax -- and is being told in turn of the burden such a tax would add to the cost of oil used by paper mills. A ceiling on the tax on oil has been suggested to Menario.

A cabinet-level Brennan administration task force says an increase in the sales tax isn't necessary to generate additional revenues for community services. The task force, newspaper reports say, would provide additional money to communities from existing revenues and give the towns and cities authority to impose new taxes, such as:

1) A 25% increase in vehicle excise taxes;

2) A payroll tax of up to 1% on firms located in that community;

3) A program for collection of service fees on tax-exempt property.

The Auburn manager of Pioneer Plastics with a payroll of $11,000,000 and property taxes of $350,000 says a 1% payroll tax would mean additional taxes of $110,000. Great Northern Paper had a payroll of $128 million (including fringes) in 1981 with a large percentage going to workers in a few towns with facilities including Millinocket, East Millinocket, Nashville Plantation, Portage Lake and others.

Campbell was chairman of the task force which included State Planning Office Director Richard Barringer and Finance Commissioner Scribner.

REMEMBER THE CLEAN AIR ACT?

Bob Rose, former aide to Edmund Muskie when he was Secretary of State and U.S. Senator, is now a public relations consultant to the National Clean Air Coalition, an environmentalist group. The former Maine newspaperman says the deep division in the House Energy and Commerce Committee over a rewrite of the Clean Air Act is unparallel in the minds of Washington observers. Rose and Tom Heyerdahl, Cohen's chief legislative assistant, see little hope for passage of a new Act in the immediate future. With polls showing up to 90 percent of Americans opposed to "weakening" of air pollution regulations, Rose says environmentalists are confident of the final outcome. He personally can't understand the paper industry's opposition to the Senate bill -- and lack of enthusiasm for the acid rain bandwagon. Rose says a shake-up in the Environmental Protection Agency could see former American Paper Institute staffer John Daniels vaulted into the chair of Administrator Anne Gorsuch who may move to the Commerce Department. Daniels is now Mrs. Gorsuch's chief of staff.
**Community Luncheon**

Dick Noyes discussed business conditions and answered a question on the progress of the Big A study and Art Dentremont briefed community leaders on the rebuild of the No. 3 paper machine in the East Millinocket mill at a December 6 luncheon for community leaders.

The discussion of No. 3 was seized upon as a ray of good economic news by the media. At the request of local news sources, Dentremont explained the project. Gordon Manuel, News Director of WABI-TV, said "any good news is big news" and sent a reporter-photographer team to interview the East Millinocket manager. Clippings and a transcript of the interview are being circulated in the daily service.

**Environmentalist Heads LURC**

After a week of rumors that a critic of utilities would be the new director of the Land Use Regulation Commission, Hank Magnuson of the Paper Industry Information Office said the Brennan administration would select an environmentalist instead. Bill Ginn of the Maine Audubon Society is expected to take over February 1. Ginn now serves as chairman of the Board of Pesticides Control and John Diamond of the University of Maine faculty may succeed him in this position.

**Help Wanted: Energy Director**

Gordon L. Weil leaves the office of director of the State Office of Energy December 17. In his final weeks in office, critics in the highest level of the administration have branded Weil as intransigent on issues -- particularly on the issue of river protection and hydro power development. Weil will open up a consulting office in January. Sources say the Brennan administration is looking for a strong energy advocate to offset the environmentalists in his administration.

**Public Relations**

When the St. Regis mill at Bucksport exceeded a million work hours without a disabling injury, the company triumphed the achievement with advertisements in the Maine press. The reason: St. Regis and others anticipate legislation imposing mandatory safety standards...Boston Globe columnist Peter Anderson called asking help with a profile of Bill Butler of the Maine Woodsmen's Association...Tom Bertocci of Senator Mitchell's office in Rockland called regarding the Port of Searsport. Longshoremen complained they understand 15,000 tons of paper were going through St. John in 1983 instead of the Maine port. With guidance from Phil Paul, I responded.

Sincerely,

pmc/b

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

Dear Dick:

This final newsletter of 1982 of the Public Affairs office contains an annual review of the past year in Maine, as well as a summary of activities in the ten days ending December 23:

1982

Democrats made history by taking full control of state government for the first time in 70 years...The Wall Street Journal reported Maine was on the rebound while a recession haunted the country -- but in northern and eastern areas there were widespread layoffs and production cutbacks in the paper and lumber industries...Taxes on timberlands in the unorganized territory were cut by the Legislature to reflect the actual cost of services. Nothing was done to reduce the cost of benefits under one of the nation's most liberal workers' compensation insurance programs...A debate accelerated over protecting rivers from hydro power development...Beaten badly, a Republican gubernatorial candidate left Democrats with a $32 million problem when voters approved indexing of the state income tax.

So it went in Maine.

When historians describe 1982, some will remember the politics but otherwise the year isn't likely to gain much attention.

If there was a man or woman of the year to be selected, it is likely U.S. Senator George Mitchell would be the choice. Or would it be Governor Joseph Brennan? Both won re-election in landslides of historic proportions. Mitchell not only won the respect of home folks, but gained national attention as the leading advocate of acid rain controls. Keeping a campaign promise, Brennan continued to refuse to allow tax increases. The Governor did not renew that pledge in campaigning for re-election and it is probably just as well he didn't. When voters approved indexing of the personal income tax, the Brennan administration got stuck with the $32 million cost of making the indexing retroactive to 1981.
Two men earned statewide recognition in the elections. Republican Jock McKernan survived the Democratic landslide to win election to Congress in southern Maine. Jim Longley, Jr., son of the late Independent governor, became a television figure in successfully opposing on behalf of the dairy industry repeal of the law controlling milk prices.

Another Republican who survived the election is chiefly responsible for the reduction in taxes in the unorganized territory. State Senator Jim McBreaity of Perham accused bureaucrats of padding their estimates of funds required to provide services in the unorganized territory, mostly timberlands with scattered small settlements. There is no municipal government and services usually provided by towns and cities are provided by state agencies. The costs of these services become the basis of the taxes owners pay.

McBreaity is one of 10 Republicans left in the 33-member Senate where a new president, Gerry Conley of Portland, will be assisted by two northern Maine senators, Majority Leader Charles Pray of Millinocket and Assistant Majority Leader Mike Carpenter of Houlton. In the House, John Martin of Eagle Lake starts an unprecedented fifth term as House Speaker.

The men from northern Maine represent areas of the state where double-digit unemployment figures have prevailed for months. The district including Millinocket and East Millinocket with 4½% unemployment is an island of prosperity. With Canadians accused of flooding eastern markets with cheaper government subsidized potatoes, farmers are in hard straits. The same is true with the region's lumber industry. And paper mills have had to take downtime during the year. In the 1980's, economists said in a recently released State Planning Office study, they expect to hear of "closing businesses, loss of tax base, out-migration, and cries of 'do something about it'" from northern Maine. The report, "The Maine Economy--A Forecast to 1990", predicts two-thirds of the jobs created in the decade will go to southern areas of the state.

**Two Projects on "Hold"**

The state of the northern Maine economy was reflected in two updates on projects at a December 14 meeting of the Action Committee of Fifty -- a Bangor group promoting economic development.

John Suffron of Louisiana Land Company said the Bald Mountain project is on "hold" with copper prices depressed. While saying there is no hope of proceeding until the economy turns around, Suffron reported "rumors from the bush of another promising discovery in that area" and said others are likely in the volcanic belt north of Millinocket. A new 35 mm slide-tape show was used to illustrate Suffron's talk.

Also on hold is The Evergreen Energy Project, said President Chuck Stevenson. Testing of the methanol system built around the Texaco Gasifier is proceeding, however, and planning for a 3,300,000 gallons-per-day plant is continuing. A Maine product, Stevenson said, would find a market in the ten waferboard mills he predicts will be built in this state as well as an additive in gasoline. The methanol plant will mean 1,500 jobs and the search for a site is continuing.
$1 Million Change

The "preliminary release final report" of the Maine Highway Cost Allocation Study has not been officially released but is being circulated in Augusta. Recommended changes in highway user fees are outlined in 39 pages. One of the recommended changes deals with the method of exempting fuel used in vehicles and machinery from the nine cent motor fuel (gas) tax. Users would have to seek a refund. Now the supplier pays five cents a gallon sales tax at time of the sale. Department of Transportation staff members are quoted by Irving Faunce, a member of the steering committee for the study, as saying the change will net $1 million by eliminating abuse of the present law to save four cents per gallon. Diesel used in the forest products industry would be covered by the proposal. The full report will eventually go to the Legislature. A copy of the preliminary text will be circulated.

Augusta Musings

The Maine Audubon Society's Bill Ginn turned down the job of executive director of the Land Use Regulation Commission. Conservation Commissioner Dick Anderson says he will re-advertise the position...With Gordon Weil having left the office, Connie Irland is acting director of the Office of Energy Resources. The Brennan administration is giving consideration to the appointment of Rob Gardiner, now executive director of the Natural Resources Council, as Weil's successor...Files of the Secretary of State indicate former Senate President Sewall spent $28,000 in campaigning unsuccessfully for re-election. That is the most ever spent by a candidate for the Legislature...Jim Barnett of the elections division staff says two pieces of legislation are being drafted aimed at political action committees. One would require more financial reporting, the other establishing limits on contributions.

Letters and Visits

P. F. Yacavone's annual letter to employees was also distributed to opinion makers throughout the state -- 5,322 copies were mailed December 15. The president of Prentiss & Carlisle asked for copies to distribute to owners of lands managed by the firm. The acting president of the University of Maine in Augusta wrote, "It has given me an inspiration -- or rather I intend to attempt an imitation. What appealed to me was the frank review of prospects which I have usually toned down." Last week Great Northern's president also toured Eastern Maine Medical Center in Bangor and lunched with WABI-TV News Director Gordon Manuel.

Asthma Study

The Paper Industry Information Office released December 20 a Portland doctor's evaluation of a State Bureau of Health report saying paper mill towns have more asthma than other places. Dr. Robert Sigler found the facts did not support the conclusion. The Sigler conclusions got page one treatment in the Bangor Daily News. A Portland television used file photographs of stacks from paper mills as a background for reporting on the Sigler evaluation. We mailed copies of the report to legislators and town officials in Millinocket and East Millinocket. Copies also have been distributed to managers.
PIII0 Workshop

The legislative workshop of the Paper Industry Information Office January 19 will be combined with a dinner for members of the Legislature. Senate President Gerard Conley will be the dinner speaker. The afternoon workshop will include briefings by lobbyists and legislative leaders.

Workers’ Compensation

Members of the Government Affairs Committee of Associated Industries of Maine were told December 22 that 24 statewide associations representing employers are now affiliated with the coalition promoting reform of Maine’s workers’ compensation insurance law. The apple growers are the latest group to join. Representatives of the coalition will speak for the business community in the 1983 legislative session. Four bills are being drafted by the AIM staff for the coalition -- one which would put a “cap” on benefits. The coalition is also retaining Portland attorney Donald Perkins to challenge the latest proposal for a rate increase.

Public Relations

Barbara Carton of the Providence Journal-Bulletin staff talked with Tom Wildman and I December 17, checking facts in her piece on mechanical harvesting. The story appeared in the Sunday Journal. Copies have been distributed...Contributions have been made by the Great Northern Nekoosa Foundation to Husson College, Maine Maritime Academy and the Maine Council on Economic Education...Great Northern also will be a co-sponsor of Governor Brennan's inaugural ball...A Christmas advertisement was placed in the Katahdin Times...Allan Lobozzo of the Bangor Daily News called regarding a coal project rumor...Russ Van Arsdale of WLBZ-TV asked for background on the Board of Environmental Protection’s consideration of declaring Millinocket an attainment area under air pollution laws.

Sincerely,

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

Dear Dick:  

The newsletter of the Public Affairs department for the week ending October 8, 1982:  

PUBLIC OPINION  

"Nearly half of the public thinks that herbicide use should be more strictly regulated in forest management, up from just one-third in 1979."

"A 92% majority of the public says air pollution rules should be as strict as they are now; of these, 4 in 10 say they should be stricter."

---Yankelovich, Skelly and White survey for the American Forest Institute in 1982  

Annually the American Forest Institute asks the firm of Yankelovich, Skelly and White for a report on the mood of America on issues in which the forest industry is involved. Research for the 1982 survey was completed in May and an analysis published in October. Two of the findings dealt with the use of herbicides in forest management and air pollution laws, both matters of interest to Great Northern Paper.  

The analysis elaborated on the two issues:  

"...Increasing majorities -- now more than 6 in 10 -- say that herbicide use is likely to contaminate water supply and may cause cancer or other serious health problems...Although the public firmly rejects outright bans on herbicide use, they increasingly support a long menu of less restrictive regulatory approaches."
E.C. JORDAN CO.

Partner in Maine Papermaking

Maine's paper industry has been a primary force in moving the state's oldest consulting engineering firm near the ranks of the nation's top 100 engineering firms.

Portland's E.C. Jordan Co., established in 1873, has enjoyed a burst of growth in the past decade largely due to increased specialization in paper mill projects. The company now has 300 employees, compared with fewer than 100 in 1971, and maintains offices in Reading, MA; Atlanta, GA; Washington, DC; and Bloomfield, CT.

E.C. Jordan first made the Engineering News-Record's list of the top 500 firms in the 1970s after a period of steady growth as the firm worked on a number of multi-million dollar municipal and industrial wastewater treatment systems. Jordan's design of the Westbrook municipal wastewater treatment facility marked the first time a major project of this kind was awarded to a Maine firm. A commitment to specializing in paper mill modernization and facility construction led to a spurt in projects and employment that catapulted the firm to a 1981 ranking of 111th in the nation. E.C. Jordan's work is now 70% in the private sector.

Led by James G. Vamvakias, who became President in 1977, Jordan management saw the opportunities in paper mill modernization and related projects. A few process engineers were added in the early 1970s, a few small projects were undertaken, and the Jordan personnel learned along with the mill engineers.

Horizons were soon broadened with work on some major paper machine rebuilds in New York and Vermont. This shift in paper industry emphasis came along right at the beginning of a period of major expansion throughout Maine's paper industry.

More than 200 employees were added through the 1970s. At the end of the decade, the firm's commitment to paper industry specialization paid off when it was selected to design Madison Paper Industries' $185-million paper machine expansion.

The massive Madison paper machine project required specialized engineering capability in design engineering, electrical and mechanical engineering, instrumentation and piping design, and approximately 80 new people were added. Madison's No. 3 paper machine was built from detailed design to startup in just 19½ months. It was completed within budget and two full months ahead of schedule.

The project incorporates many innovative features combining the pressurized groundwood process with the latest in papermaking technology. It also includes multiple cost-saving water conservation and treatment concepts.

"Our experience is our people," Vamvakias says. He named several key people with 20 and 30 years of paper industry experience. More than 100 Jordan peo-
people are graduates of Maine colleges.

"It requires know-how about what it takes to make a sheet of paper, and we know our way around a paper mill," adds Donald A. Spence, Vice President, Administration.

Spence says it is hoped the firm might grow to 500 or 1,000 people...still moderate in size compared to the 1,500-2,000 employees of some major engineering firms.

"Madison had the potential for overwhelming everything we were doing, but it didn't happen," he says. "Our strength is going to be in modernization and new facilities, although the firm will still be interested in the industry's 'small' jobs."

Spence says the E.C. Jordan office in Portland will primarily serve the Northeastern, Mid-American and North Central regions, with the newer Southern offices concentrating on the somewhat different design standards required in that part of the country.

E.C. Jordan Co. is one of Maine's businesses working hand-in-hand with the state's paper industry.

---

**Boise Cascade Trains With Videotape**

**Training 200 new employees** and retraining 400 veteran employees for new jobs on highly sophisticated papermaking machinery has been enhanced at Boise Cascade Paper Group Rumford Mill with videotape.

The employees themselves have been producing videotapes with professional assistance from Maine Video Systems in Portland and its Video Workshop.

A videotape is being made for each job to show how it's done properly and safely for greatest efficiency. By having the techniques on videotape, the "teacher" no longer has to be pulled back from his new position each time a new worker has to be trained.

Since starting the videotape training system at Boise Cascade, productions have been made for entry-level jobs, but the system is working so well, plans are to continue on to videotape training for more technical positions, as well.

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**MAINE NOTES**

A new record was set by the Georgia-Pacific Corp. Woodland Division pulp and paper mill on August 3 and 5 when, for 48 hours, the entire division was 100 percent energy self-sufficient. No oil was burned in any boiler at the pulp and paper mill as the C-N-S/Waferboard steam and power plant supplied the supplementary power. The C-N-S/Waferboard complex has always been 100 percent energy self-sufficient.

Scott Paper Co. and Reed Inc. of Toronto have signed an agreement for joint ownership and operation of the former Boulette sawmill in Greenville. The mill will operate as Greenville Forest Products. Scott's new Natural Resources Division will be supplier for a portion of the mill's sawlog needs, and in turn, the mill will be an important source of wood chips for Scott.

Unions representing 2,600 production and maintenance employees in the East Millinocket and Millinocket mills of Great Northern Paper Co. approved new contracts on July 31.

A symposium dealing with long range disposal alternatives for pulp and paper sludges will be held Oct. 13-14 at Bangor under the sponsorship of the University of Maine at Orono. Prior to the sessions, results of a Maine research project conducted by Chet A. Rock, assistant professor, and John A. Alexander, professor, UMO Department of Civil Engineering, are expected to be released. Presentations at Bangor in October will include reports from Washington, Wisconsin, Indiana, Colorado, Delaware, Massachusetts and Maine.

Contract negotiations at Georgia-Pacific Corp.'s Woodland Division were completed recently between the company and four trade unions and the papermakers union. The agreement calls for deferring the contract's first pay raise for six months because of economic conditions facing the company.
The start up of the Georgia-Pacific Kraft Mill in Woodland will be delayed until October 4 because of additional maintenance work and poor national and world pulp markets. About 200 people are affected at the mill. Operations at the Kraft Mill stopped on August 29 for an extended Labor Day and maintenance shutdown. It was scheduled to start up on September 10. There are no plans to curtail papermaking operations at this time.

David M. Carlisle was recently elected president and chief executive officer of Prentiss & Carlisle Co. The Bangor-based timber management firm manages more than one million acres of Maine timberland.

In a recent informal ceremony at Scott Paper Co.'s Northeast Woodlands office, Fairfield, Woodlands Manager Robert LaBonta planted the one-millionth seedling in Scott's reforestation program in Maine. The program started on a small scale in 1974 and has grown to 250,000 trees being planted in 1982. There are plans for planting 375,000 trees in 1983 and continued expansion of the program in the future.

International Paper Co.'s Ashland Chip Plant, which was made operational in November of last year to provide the mill with wood chips, was closed indefinitely on Sept. 3. Reasons given were "continued depressed business conditions and the resulting problems of decreased demand and increased wood inventories." Earlier this year, the Island Falls woodyard was also closed indefinitely. Four remaining IP woodyards in Maine will continue to supply the mill at Jay.

Marcal Paper Mills Inc. has shut down its Mechanic Falls plant "for an indefinite period," according to plant manager E. Horton Girdler. The mill closed in 1981 but resumed operations earlier this year on a limited basis. In recent weeks, employment had been between 50 and 60 people.

As part of its $11 million modernization of Nos. 7 and 8 paper machines, Great Northern Paper Co. has contracted Beloit Corp. for rework on the fourdriniers and press sections of both machines at its Millinocket plant. The two paper machines, which produce coated base stock, are being rebuilt to manufacture lightweight coated grades.

Fall semester scholarships totaling $76,000 were made by the University of Maine Pulp and Paper Foundation to 109 UM students at Orono who are preparing for paper industry technical and forestry careers. Since its organization in 1952, the Foundation has awarded $2.1 million to help more than 1,700 students, according to Robert E. Perry, manager of services at S. D. Warren Co.'s Somerset mill, who is chairman of the Pulp and Paper Foundation Scholarship Committee.

Great Northern Paper Co. has announced the shutdown of a second paper machine at its Millinocket mill for an indefinite period because of business conditions. The company has been operating its Millinocket and East Millinocket mills at reduced productivity for several months.

PIIO PRESENTATION — Donald M. Hopkins, left, vice president-administration at Pejepscot Paper Division, Topsham, and recently-elected president of the Maine Paper Industry Information Office, presents a token of appreciation to out-going PIIO president Paul K. McCann, manager-public affairs, Great Northern Paper Co. Looking on, center, is Robert W. Turner, regional public affairs manager, St. Regis Paper Co., Bucksport, who is PIIO vice president.

Report Shows Impact Of Maine Forest Business

The latest issue of Maine Business Indicators underscores the importance of the state's forest-based industries to the general economic well-being of Maine.

The report says production of forest products was valued at almost $3.1 billion last year, an increase of 227 percent in constant dollars since 1949. During that 30-year period, forest products rose from 32 to 43 percent of the state's total manufactures.

The report shows that paper represents 79 percent of Maine's forest products. Lumber and wood represent 20 percent and the remaining one percent is furniture.

The Maine Business Indicators article also points out that of the $4.9 billion spent by all of Maine's manufacturing firms on plant modernization and equipment between 1945 and 1980, the paper industry alone spent $3 billion. That is more than 60 percent of the total capital investments in the state over the 35-year period.
Tree Farmers Gather for SDW, IP Field Days

Two important gatherings of tree farmers have taken place in Maine recently.

The annual Field Day of the Landowners Assistance Program of International Paper Co. was held at Palermo on August 31 and the S. D. Warren Tree Farm Family met at Arundel on September 9. Several hundred owners of small private woodlots were on hand at each event for demonstrations, tours and barbecues.

The LAP Field Day sponsored by International Paper Co. at the 65-acre woodlot of Mr. and Mrs. Harry Friedman Jr., Palermo, featured tips on chainsaw safety and Swedish felling methods and a demonstration of log bucking and utilization.

Richard Piepenbring, IP’s regional manager, logging and fiber supply, urged woodlot owners to become actively involved in efforts to improve Maine’s laws on workers’ compensation.

At the 700-acre Roundabout Tree Farm at Arundel and Alfred, the 28th annual S. D. Warren Tree Farm Family gathering saw results of intensive management in an urban environment. The property is owned by Charles Bassett, who was named Outstanding Maine Tree Farmer in 1981.

The principal speakers included Lester A. DeCoste, recently named a vice president of the American Forest Institute, and Charles W. Schmidt, president of S. D. Warren Co. division of Scott Paper Co.