Great Northern Public Affairs Department Newsletter, 1983

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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 two weeks ending January 7:

**THE LEGISLATURE**

Talk in the halls of the Legislature crept into print in the January 7 editions of the Portland Press Herald when a wire service reported tax reforms being discussed included "forcing paper companies to bear more of the tax burden through a possible lumber surtax." Higher income taxes for those making over $25,000 and increases in corporate income taxes were among the reform proposals. The story reported these proposals were being discussed also as ways to pay for the $32 million in tax rebates which will be required if retroactivity provisions of indexing of the personal income tax stands.

Tensions over the ramifications of indexing have replaced the usual humdrum atmosphere present in the opening days of a session.

Every tax proposal ever discussed has been floated as a source of revenue for the $73 per person rebate due Maine voters who approved indexing in a November election. In his inaugural address, Governor Brennan plugged for repeal. Most Democrats support the idea. Most Republicans are against repeal -- and their support is critical in the House because a two-thirds majority is required for passage of emergency legislation. One Republican in favor of repeal is Senator McBreairity of Perham.

The index issue must come to a head by January 15, the date the law becomes effective. The Governor has announced plans to cut budgets and lay off employees on that date. Hearings on bills to repeal the retroactivity provision will be held January 11 with floor action to follow before the week's end.
Industry lobbyists, caught in the rumor mill, were following developments. One with close ties to Democrats reported that at a meeting of key legislators and administrative officials, several potential sources of revenues were specifically and seriously addressed. Four were mentioned which would raise substantial revenues and three of the four would impact on the paper industry, Attorney John D. Delahanty wrote:

1) The passage of a severance tax of the nature Bonnie Post has been pushing for years;

2) The removal of the sales tax exemption for machinery and equipment (it is estimated $22 million could be raised);

3) A new tax on the unorganized territory; and

4) A special excise tax on Maine Yankee (for $3.8 million).

One of those at the meeting was quoted as saying "there was a strong feeling of 'let's tax business, industry and those individuals with larger incomes', as opposed to taxing persons with lower incomes and cutting programs, even if it means increased economic development problems in the long run." Another said the strong talk was just posturing on the eve of the negotiations.

Critics of repeal include the editors of the Portland Press Herald. In an editorial, the newspaper said "It is wrong for the governor to suggest that lawmakers revise the law and it would be wrong for the Legislature to follow his suggestion simply to avoid making the choices that must be made...should the votes of 184 legislators be permitted to override the decision of 239,316 voters?"

At a meeting of the government affairs committee of the Paper Industry Information Office, fears were evident that the State may well seek to fund its liability for the rebates and to soften the impact of indexing by increasing taxes on business and industry. The advisability of supporting repeal (and soliciting Republican support for the Democrats) was discussed but dropped for the time being. Great Northern's legislative counsel, Lynwood Hand, said the government relations committee of Associated Industries of Maine reached the same conclusion the next day, January 6.

Some 1,700 bills are on file for the scheduled 100-day session. Only 96 bills are printed.

**WORKERS' COMPENSATION**

Associated Industries of Maine is backing off from leadership in seeking reform of the workers' compensation law, yielding to a multi-association Employers Coalition for Workers' Comp Reform. There is talk of hiring Roger Mallar, an Augusta consultant, to coordinate coalition activities. Despite the fact Democrats control the State House, coalition strategists are preparing to force votes on bills Democrats balked at considering in 1980. The coalition also will oppose anticipated proposals from organized labor to expand coverage of occupational health and rehabilitation portions of the insurance.
Another coalition is preparing to challenge a proposal to increase rates for the insurance by an average of 27.5%.

The Speaker's Select Committee on Workers' Compensation on which Jim Griffith serves will meet January 17 to complete work on its report.

**MPBN -- Two Series**

Great Northern Nekoosa Foundation grants are helping make possible two series on the Maine Public Broadcasting Network.

"Maineline Washington" will be scheduled February 2, March 2, April 6 and May 4 at 8 p.m. on stations in Orono, Calais and Presque Isle. Mainenewsmen will interview members of the Maine congressional delegation. WCBB-TV, which serves southern Maine, will present the program at another time. The GNN Foundation grant of $10,500 will cover the cost. I met with the MPBN staff January 3 to discuss final plans and advertising.

"The Forest: Maine's Legacy and Future" will be scheduled February 5, 12 and 19 at 8 p.m. on MPBN. This is a Maine Audubon Society project in which the GNN grant of $2,500 is one of several underwriting the cost. Bart Harvey has served on the project advisory committee.

**East Millinocket Chamber of Commerce**

Annually Great Northern Paper hosts the Chamber of Commerce in East Millinocket and Millinocket. Terry Pendleton, a general sales manager, discussed the products of the company and how the grades are marketed at a January 4 meeting in East Millinocket's Hamlet dining room. Terry responded to questions for almost a half hour. Carl Reed brought the group up to date on business and modernization projects. Art Dentremont, Dick Violette and Jim Carson joined in hosting the 65 people.

Bill Cozens will be the speaker at the February 10 "Great Northern Paper Night" of the Millinocket Chamber of Commerce.

**Success for MS Chapter**

The effort required 4,700 letters but the Maine Chapter of the National Multiple Sclerosis Society has topped $6,500 in its effort to match a $5,000 challenge grant from the GNN Foundation. John Milliken of Blue Hill, chapter campaign chairman, said the long-term benefit will be even more substantial as the campaign opened the door to 100 businesses which had not previously supported the chapter. The GNN grant was based on the chapter's need for additional funding for education in a state with a very high incident rate of MS. Mrs. Jean Gannett Hawley, the Portland newspaper publisher, is chairman of the Maine chapter and plans to honor Great Northern and two other supporters at an April 30 Portland function.

**Spruce Budworm**

Staff members of the Maine congressional delegation say the language in the Senate-House conference report on the budget for the Interior Department and other agencies is a victory for advocates of federal financial support for spruce budworm control programs. The
increase in funds for forest pest management of $3,950,000 is specified. The report cites "displeasure with the manner" in which agencies handled the gypsy moth outbreak and reaffirms that "Federal cost-sharing for cooperative suppression projects be 25% on non-Federal public lands, 33-1/3% on industry lands and 5% for non-industrial private lands." If state government makes a strong bid for assistance as it has done annually under the Brennan administration, the money is there in the opinion of Carol Woodcock of Senator Cohen's office.

**People**

After turning down a job offer, Maine Audubon's Bill Ginn quit as the environmental organization's executive director. He rejected the job of executive director of the Land Use Regulation Commission. Ginn will raise funds for his alma mater, the College of the Atlantic in Bar Harbor and stay on as chairman of the Board of Pesticides Control...Ken Stratton has finally filled the post of forest insect manager in the Bureau of Forestry, selecting his assistant, Tom Rumpf, as the man to run the spruce budworm control program...Senator Cohen of Maine has quit as chairman of the Select Committee on Indian Affairs but one of his key aides, Tim Woodcock, will stay on for a couple of months as staff director of the committee. Cohen elected to fill a vacancy on the Intelligence Committee which oversees the CIA...Gordon Weil, former director of the State Office of Energy Resources, is now organizing a coalition to promote hydro development...Conservation Commissioner Anderson discussed the multiple benefits of rebuilding the storage dam at Big Bog with a Great Northern Paper group in Millinocket January 4. He's looking for positive applications of dam building to offset current public opinion trends.

**Public Relations**

Following Pendleton's talk at the East Millinocket meeting, Anne Erickson called to ask information on the talk for a story in the Katahdin Times...Gordon Manuel asked about developments in the lumber market, following up on his discussion with P. F. Yacavone. After talking with Yacavone and T. S. Pinkham, I answered his questions. The WABI-TV news director is looking for good economic news...Letters were mailed to legislators inviting them to join a Great Northern Paper group at dinner at the January 19 paper industry conference in Augusta. In addition to leaders, members of the energy and natural resources, taxation, labor and appropriations committees will be invited...At the request of the Maine Audubon Society, a Great Northern team will brief a committee in Portland January 27 on the "Big A" project. Audubon hasn't taken a stand on the issue.

Sincerely,

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

Dear Dick:

The newsletter of the Public Affairs office for the week ending January 14:

**BRENNAN AND THE POLITICS OF INDEXING**

Rarely have politicians in Maine faced such scathing criticism day after day in the press.

"It is unfortunate when political leaders, frightened at the prospect of openly proposing or voting for tax increases, choose to frighten other people as well. And that is precisely what Governor Brennan and Democratic legislative leaders have done in their orchestrated campaign to repeal the retroactive provision of tax indexing. The campaign to repeal retroactivity has followed a sadly low road," said the Portland Press Herald in a January 15 editorial.

Despite the criticism, Governor Brennan and the Democrats pushed ahead with a call for repeal of the provision which would require refunding the average taxpayer $73 for 1981-82, a total of $32 million. The repeal advocates had the support of the state employees, social service program representatives, teachers, municipal officials — all those with a clear stake in the issue. In mid-week, they picked up the support of Associated Industries of Maine and the Paper Industry Information Office. On the eve of the day when Governor Brennan had ordered layoffs and program cutbacks, the impasse was broken. A retroactive surtax on 1981 and 1982 state income tax returns to cancel out the rebates was approved by one vote more than a two-thirds majority.

Why did some business groups join in the repeal campaign?
"While state employees and others expressed concern about layoffs and loss of programs, business interests (including paper companies) were wary of the alternatives to repeal -- tax hikes unfavorable to business...Believed to be waiting in the wings, in the event the repeal effort fails, are Democratic proposals for tax hikes and business tax write-off repeals, stripped of emergency preambles and requiring only an easily acquired majority vote," wrote Milton F. Huntington in a Maine Petroleum Association report to members the day before the compromise.

The coalition of Democrats and "big business" created as much of a stir at the State House as the clash between some paper companies and Central Maine Power in 1982.

Many Republicans did not like the idea. Democratic leaders were pleased, but were impatient with lobbyists when votes were lacking for repeal. Bob Turner of St. Regis, Chairman of the P110 Government Affairs Committee, points out that Republicans sympathetic to the business community provided the margin of victory on the compromise. Turner also said the effort improved communications between the Democratic leadership and paper industry lobbyists. The big question, however, remains to be answered: Will Democrats remember when the Legislature considers a severance tax on timber and other anti-business taxation during the debate over tax reform?

The paper industry may get a hint of what lies ahead January 19 when Democratic leaders speak at an industry legislative workshop in Augusta.

Nearly 150 bills have been printed with over 1,500 more still in the drafting and printing mill. This week will be devoted to committee hearings. The full Legislature reconvenes January 31.

**THE BOUDREAU FLAP**

When Scott Paper hired Paul A. Boudreau to coordinate government relations in Maine, some Democrats complained quietly they didn't like doing business with a former hard-line Republican legislator.

After Scott's political action committee contributed to Senator Judy Kany's opponent, a memorandum written by Boudreau justifying the contribution decision became a campaign issue.

When a Bangor Senator rejected Boudreau's offer of Scott PAC money to pay off campaign debts, Senator Kany branded the offer by a lobbyist "absolutely tasteless" and made headlines. Senator Baldacci of Bangor said he had never met Boudreau before he was offered the money.

Scott confirmed January 11 that Boudreau had resigned.

Democrats and Republicans complained Scott had overreacted if Boudreau was forced out because of Mrs. Kany's speech. Scott said more was involved. The company got calls, letters and petitions on Boudreau's behalf.

Ed Gorham, the Maine AFL-CIO lobbyist in Augusta, told a reporter "it's done all the time" -- helping candidates pay off debts.

All agree Scott's timing on the announcement of the Boudreau departure was poor -- and Mrs. Kany is a formidable foe.
WASHINGTON

Congresswoman Snowe is a popular Washington figure -- a rising star according to journalists. But she has frequently split with fellow Republicans over policies of the Reagan administration. She complains the administration doesn't understand the northeast. This year she expected, according to her staff, to be named to the Appropriations or Energy and Commerce committees, if not the Budget Committee. With such a small delegation, the staffs of all four Maine offices were rooting for her to move up. Mrs. Snowe had to settle for far less -- the joint Senate-House Economic Committee. Her aides blamed conservatives and Reagan supporters for blocking her appointment to the more prestigious committees.

The Committee assignments:

Senator Cohen -- Armed Services, Government Operations, Intelligence, Aging.


Congressman McKernan -- Government Operations, Merchant Marine and Fisheries.

Congresswoman Snowe -- Foreign Affairs, Economic and Aging.

Key staff assignments have also been announced. John Yahner becomes Mrs. Snowe's administrative assistant, replacing Greg Stevens who is joining the staff of the Governor of New Jersey. McKernan has hired a veteran Washington hand, David Nathan, to become his administrative assistant with Willis Lyford as press secretary.

The sketch from Congressional Quarterly at right puts McKernan in focus on the Washington scene.

Fred Benson, Vice President for Government Affairs for the American Paper Institute, is leaving to become a vice president for Weyerhaeuser in Washington.

Maine

John R. McKernan Jr. (R-1st District)


Born: May 20, 1946, Bangor, Maine.

Home: Portland, Maine.


Profession: Lawyer.

Family: Divorced; one child.

Religion: Protestant.


Background: Smooth, affable and politically sophisticated, McKernan kept the 1st District in GOP hands by exploiting Democratic disunity spawned by his opponent's stand on abortion. The contest between McKernan and Democratic state Sen. John M. Kerry was an unusual affair, pitting a pro-choice Republican against a pro-life Democrat.

Over a decade in politics, McKernan has been influenced heavily by the triumvirate of moderate young Republicans who went from Maine to Congress in the 1970s -- Emery, Sen. William S. Cohen and Rep. Olympia J. Snowe. McKernan has worked in campaigns for all three, and he and Snowe are social companions. McKernan is not likely to be a strongly partisan member of the House. In his 1982 campaign, he offered a platform that pulled some Democrats away from their party, satisfied nearly all Republicans, reached out to blue-collar workers and won over a significant number of independent voters, a sizable and often decisive force in Maine elections.

Democrats had suffered through a tempestuous primary in which abortion was the major issue. Of the four Democratic contenders, Kerry was alone in advocating a constitutional amendment to limit abortions. The three primary losers endorsed Kerry, but it was clear that some Democratic proponents of abortion rights could not abide Kerry.

McKernan appealed to those disaffected Democrats by announcing at the outset of his fall campaign the formation of an all-woman, 22-member campaign advisory committee headed by two Democrats, and, to satisfy the fiscal conservatives who dominate his own party, spoke out for a constitutional amendment to require a balanced federal budget. Kerry opposed the amendment and denounced Reaganomics in general, calling for a deferral of the scheduled third-year tax cut.

Much attention focused on the contrasting backgrounds and styles of the two candidates. McKernan, who was an all-Ivy League tennis player at Dartmouth, is affiliated with a prestigious Portland law firm. Kerry, who was once a social worker in Harlem, sells real estate and is part owner of a pub. Kerry tried to portray McKernan as a country club Republican who is an outsider to the 1st because he was born and raised in Bangor, a city in the 2nd District, but he was unable to transform McKernan's background into a political liability.
**APPOINTMENTS**

Not only will the Land Use Regulation Commission get a new director in 1983, the terms of three commission members are expiring during the year. Conservation Commissioner Anderson is expected to recommend the appointment this week of Tom Radsky as acting director until a successor is found for Jeff Pidot. The terms of commission members Susan B. Morris of North Waldoboro, John Walker of East Livermore, and Margo Holden of Ashland expire this year.

Terms of five members of the Board of Environmental Protection also expire this year -- Maynard Marsh of Gorham, Lionel Ferland of Auburn, Neil Hapworth of Winslow, Sterling Dow III of Kennebunk and Samuel M. Zaitlin of Biddeford.

The stock of Rob Gardiner of the Natural Resources Council of Maine as the leading candidate to become director of the Office of Energy Resources is reportedly still on the rise despite his background as an environmentalist.

**PUBLIC RELATIONS**

I visited the offices of Senators Cohen and Mitchell and Representative Snowe January 12 in Presque Isle. Star-Herald Editor Jack Faulkner's concern was the departure from Aroostook of two chains -- Woolco and King's -- which were major advertising accounts for the Presque Isle newspaper...The date of the "Great Northern Night" for the Millinocket Chamber of Commerce will be February 10, not February 13 as reported in this newsletter...Russ Van Arsdale of WLBZ-TV in Bangor called to ask about the effects of wet weather and little snow on logging roads and logging operations...Chris Callahan of the Associated Press in Augusta asked for information on the West Branch hydro project...Steve Hobson and I met January 11 to discuss the itinerary for a March 3-4 visit of Maine newspaper publishers and editors to the Millinocket region...We agreed to place an advertisement in a special section of the Bangor Daily News promoting the use of newspapers in the classroom...The advertisement entitled "The Achievers" was placed in the February 11 review edition of the Lewiston Sun-Journal.

Sincerely,

[Signature]

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

Dear Dick:

The newsletter of the Public Affairs office for the week ending January 21:

Maine and the Paper Industry

Old-timers in the Capital City couldn't remember anything like it staged by the paper industry. The event was the January 19 Legislative Conference and Workshop of the Paper Industry Information Office. Briefings attracted 100 representatives of industry who dined with 60 legislators and heard speeches by Senate President Gerard Conley, House Speaker John Martin and Senate Majority Leader Charles Pray. Since Democrats swept to full control of the State House in November, the industry has been wondering what its fate would be in 1983. The Augusta gathering provided an opportunity to test the political winds.

Conley concluded the conference with a dinner speech in which he said "I know that many of you, and many of the large corporations you represent, did not support either our party or candidates from our party during this past election" but pledged the people of the industry will be "treated fairly and justly by our government." After ticking off a long list of things Maine does for the forest products industry, Conley reminded his audience "that to many Democratic legislators, you have been strangers" and suggested some questions which may result:

- How efficiently is Maine's forest resource being utilized?

- What portion of your corporations' revenues are used for charitable purposes? What portion of those funds find their way to Maine?

- What policies does your company have regarding political activity by employees, both management and labor employees?

- What training programs do you provide for workers?
What retaining and rehabilitation programs do you provide for injured workers?

What programs do your corporations undertake to improve the communities in which your workers live? For example, what programs are undertaken to avoid alienation to the work place that has so damaged the steel and automobile industries in the United States?

What kind of opportunities does your corporation provide for Maine people to have access to the forest resource and to the wilderness experience, such as whitewater rafting trips?

How does your corporation evaluate investments in Maine and in other states? How can Maine become more competitive in this regard?

A story on his speech was printed in all daily newspapers, and distributed with the daily Great Northern clipping service.

Martin also indicated he was well aware that the paper industry had closer ties with Republicans in the past than with Democrats. He outlined steps being taken to improve the efficiency of the Legislature. The Speaker also reported on the reform package developed by his study committee on workers' compensation insurance -- and warned against tampering with it in the weeks ahead. He did say the bills implementing the report were still being drafted and invited suggestions. Senator Pray was also an afternoon speaker. The workshop focused on the subject of taxation, the environment, forestry and workers' compensation.

Representing Great Northern Paper were Bob Bartlett, Paul Firlotte, Bart Harvey, Dick Noyes, Paul McCann, Dale Phenicie and Peter Yacavone. Dan Boxer and Lynwood Hand joined our tables for dinner. Guests were Senators Kany, Perkins and Pray and Representatives Clark, Ingraham, Michaud and MacEachern. Most of the legislators invited were from the Appropriations, Energy & Natural Resources, Taxation and Labor committees.

Maine to 1990

At our invitation, State Planning Director Dick Barringer and Charles Lawton and Lloyd Irland of his staff joined the Great Northern Paper group in Augusta for a breakfast discussion of a recently completed report on the decade ahead in the Maine economy. David Flanagan, counsel to Governor Brennan, and Conservation Commissioner Richard Anderson also were present. The report stresses the "two Maine economies" taking shape with the south booming while northern and eastern areas are in a deep recession.

The Rivers Bill

While the Great Northern group was talking about the next decade, the Sportsman's Alliance of Maine was getting ready to stage a news conference at the State House to announce Senator Larry Brown of Lubec and Representative Neil Rolde of York were cosponsoring a rivers protection bill which would put the State
of Maine on record against the "Big A" project. Although long expected, the story was page one news in the Bangor Daily News. With no one or no group speaking out to balance the hydro power debate, SAM and the environmentalists have the public forum all to themselves. Copies of the SAM press releases have been circulated.

Other events of the week:

Representative Michaud of East Millinocket says three out of four people who responded to a poll he conducted recently were in favor of the "Big A" project.

SAM's leaders came to Millinocket for a Fin & Feather Club meeting and were told by one person in the audience that their opposition to the "Big A" isn't popular in town. President Eddie Cronk and Executive Director Dave Allen were present.

Savings Reduce PIIO Assessments

Meeting in conjunction with the legislative workshop and conference, directors of the Paper Industry Information Office approved a 1983 budget with dues reduced as a result of cost-savings in 1982. Assessments were reduced 16½% from the tentative budget approved in June for planning purposes. The 1983 budget is $218,913 with assessments of $158,389. Directors also approved joining with over 20 other associations to retain Roger Mallar to coordinate support for Speaker Martin's workers' compensation package. Because I feel the costs should be paid from the budget of Associated Industries of Maine (the prime mover in organizing the coalition) and because I am apprehensive a new trade association may result, a six-month limit was put on the PIIO participation in the coalition. Mallar will be paid $2,000 a month, 25% from PIIO. In addition to the directors meeting, the government affairs, environmental and forest resources committees of PIIO met January 19. Dale Phenicie is the new chairman of the environmental affairs group.

Appointment

Susan Acardi of Winthrop, the nurse affiliated with the Maine Labor Group on Health which is studying the Maine paper industry, has been appointed as a consumer member of the State Health Coordinating Council by Governor Brennan.

Workers' Compensation

There was another State House press conference January 20 at which Martin formally announced the recommendations aimed at cutting costs and streamlining the administration of the workers' compensation insurance system. Highlights include (1) a proposal for a direct pay system to reduce the involvement of lawyers in the early stages of a claim and (2) another proposal to improve efficiency of the Workers' Compensation Commission by dedicating the premium tax to support the Commission, establishing three district offices, adding two full-time commissioners and additional staff and giving the Commission chairman full administrative authority. Jim Griffith of Great Northern Paper was a member of the 23-member committee which worked out the compromise. Copies of the committee report are being distributed in the clipping service.
Public Relations

Economics Reporter Clark Erwin of the Portland newspapers was the speaker at a meeting of the Maine Public Relations Council in Augusta January 18...An advertisement was placed in the Katahdin Times highlighting the company's improved safety record in 1982...A free-lance writer for Canadian publications called with questions regarding the effect of acid rain on Maine forest and what Great Northern Paper was doing about the problem.

The Legislature

The Legislature is in recess until January 31. In the week of January 24, hearings on 73 bills were scheduled -- none of much interest to Great Northern Paper.

Sincerely,

Paul

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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 week ending January 28:

The Washington Scene

It was the week of the State of the Union message. Except for Senator Cohen, who was observing a missile test, all members of the Maine congressional delegation were in town. So was Governor Brennan, who came for a meeting of governors, but planned to join Senator Mitchell to hear the President speak. Washington was getting back to normal after the elections and the reorganization of Congress.

A dissenting member of the National Commission on Social Security Reform, Texas Congressman Bill Archer was a speaker at a January 27 meeting of the Joint Committee on Government Affairs of the National Forest Products Association and the American Paper Institute. Archer complained that once again the wrong solution -- massive new taxes without balancing cuts in benefits -- has been proposed. The Texas Congressman said hearings on Social Security legislation in both houses of Congress will start in February with a goal of putting a bill on the President's desk before Easter. Archer said the real question Congress must face is, "What can be done to preserve the system without destroying the economy?" If the drastic steps necessary are not taken, it's likely 33% of wages will be going into Social Security within the next 50 years, he said.

An API analysis concludes: "The solution to short-range problems drew more heavily from taxes than was desirable while many of the longer range problems remain. It is the best that can be achieved and except for some possible relatively small modifications will probably be enacted."
Sal Mosher of Crown-Zellerbach, new chairman of the API subcommittee on priorities, said most issues are still developing but it appears likely there will be early action on amendments to the Clean Water Act and amendments to RCRA (Resource Conservation and Recovery Act).

API's Carol Raulston predicted "another long year" on the issue of amending the Clean Air Act. Congress has been bogged down for two years on the amendments. Now some predict environmentalists will try to put off action until the 1984 election year. Senator Stafford of Vermont, Chairman of the Committee on Environment and Public Works, is planning to re-introduce the same bill which his committee approved in 1982. It was opposed by API. Senator Mitchell has re-introduced his acid rain bill. It also is opposed by API. Later Mosher said a task force has identified acid rain as an issue on which industry's public relations resources will be focused because it is believed the public view can be balanced.

Honored at the meeting was Art Smyth of Weyerhaeuser, outgoing chairman of the priorities subcommittee. Smyth retires in 1984 and will be replaced by Fred Benson of API's Washington staff. Introduced was John R. Forest, a Boise senior vice president, and NFPA co-chairman of the full government affairs committee. The meeting was attended by 50 representatives of companies and trade associations.

Donald Larrabee, Governor Brennan's representative in Washington, looks ahead to two harmonious years in the Maine delegation although there are election scars remaining between Mitchell and the Cohen staffers who went to the rescue of David Emery. Larrabee doesn't believe Brennan will challenge Cohen in 1984. Larrabee was getting ready to introduce State Economist Lloyd Irland to the delegation staff for a report on the "Maine to 1990" project.

"PACs Under Fire"

That was the theme of a January 26-27 workshop of the Public Affairs Council in Washington. Over 100 representatives of corporate political action committees heard briefings on organization, solicitations, strategies for contributions, legal considerations and other subjects. James Kilpatrick, a Washington columnist, warned "I love you, but I am worried about you" in a luncheon talk. He predicted years of rising political spending and more criticism of political action committees. A. P. Sethi, a University of Texas political scientist, said, based on a study of public opinion, "unless you change the public perception of PACs, nothing else you do will matter."

One of several PAC coordinators to report growing support was Dennyse R. Eckert of Westvaco who said participation has increased from 6.7% to 36%. Westvaco employees in 36 states contributed $130,000 in 1982.

A report has been sent to members of the Great Northern Good Government Committee.
The Legislature

The Legislature, which has been recessed for two weeks with only committees meeting, resumes sessions January 31.

Few matters of concern to the paper industry have yet been printed as bills although there is no end to speculation over what lies ahead. Senator Wood of York County this week told a reporter his co-chairman on the Taxation Committee, Representative Higgins of Portland, will ask the Legislature to remove the sales tax exemption on new machinery. Wood also expects a bill to remove the exemptions on pollution-control equipment. "It's about time," said the Portland Press Herald in a January 27 editorial.

Lynwood Hand says only a handful of legislators showed up for a January 28 briefing on the Governor's Rivers Policy. The staff of the Legislature arranged the briefing, one of several planned on major issues.

Maineline Washington

Senator Cohen of Maine will be the guest on the first of a four-part series "Maineline Washington" February 2 at 8 p.m. on the Maine Public Broadcasting Network. Other members of the Maine delegation will appear on March, April and May programs, all made possible by a grant from the Great Northern Nekoosa Foundation. In addition to the advertising planned by MPBN, other advertisements were placed by Great Northern Paper to acquaint employees and persons in northern Maine with the series.

The Forest: Legacy and Future

Great Northern Paper is one of nine companies owning forest lands which have joined state and federal agencies and the Maine Audubon Society in sponsoring another public television series which will have a Blaine House premiere in Augusta February 2. The three-part series starts February 5 at 8 p.m. Governor Brennan is expected to use the executive mansion reception to announce plans for another Blaine House forest policy conference.

Big A -- More of the Same

At the request of the Maine Audubon Society, a Great Northern group briefed a committee and trustees January 27 on the West Branch hydro power study. Paul Firlotte and Galen Lander joined me in Portland for the two-hour meeting. The committee focused attention on the alternatives: Could storage dams be fitted with turbines? Could another biomass boiler be substituted? Audubon hasn't yet adopted a policy.

The next day the National Wildlife Federation staged a news conference in Portland to announce its opposition -- and based its opposition on the same points.
New Hydro Facilities?

When the Governor announced his rivers policy, he said he supported construction of two new facilities and would leave the fate of a third (Big A) up to environmental regulators. Since the announcement, Maine Public Service has abandoned the Castle Hill site on the Aroostook River. Now Washington sources say the Corps of Engineers has recommended abandoning the Lincoln Schools project — the so-called Dickey-Lincoln compromise. That leaves only Big A alive.

Public Relations

Pat Foster of the weekly Moosehead Messenger in Greenville called with questions regarding the hydro project. She wanted to balance a news release from the Sportsman’s Alliance of Maine...With help from Cheryl Hutchins, I answered questions from Allan Lobozzo of the Bangor Daily News regarding GNN earnings...Questions from Gordon Manuel of WLBZ-TV in Bangor regarding start-up of the older of the two Pinkham sawmills were answered with guidance from T. S. Pinkham.

Sincerely,

Pat

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

Dear Dick:  

The newsletter of the Public Affairs Office for the week ending February 4:  

**Taxes: Reform?**  

At a symposium sponsored by the Maine AFL-CIO in Augusta, February 2, the chairman of the legislative taxation committee predicted "indexing was only the tip of the iceberg" of tax reform, according to newspaper articles. Senator Frank Wood of York County said many changes will be made in the "needlessly complicated tax system."  

In the Maine Folkpaper's February edition, the AFL-CIO lobbyist in Augusta ranked tax reform with the workers' compensation issue atop the list of labor's priorities for 1982. Ed Gorham was quoted as saying "we are going to work on getting the companies to pay their fair share."  

It has been almost a decade since so much talk of tax increases has been heard at the State House. When the late Jim Longley took office as Governor, he was committed to no tax increases. So was Governor Brennan in his first term. But that pledge expired with his re-election. And those in business who relied on Republicans in the Senate to kill taxes no longer have that option. Democrats control the State House.  

Jim Good, the tax specialist with the Portland firm of Pierce, Atwood, Scribner, Allen, Smith & Lancaster, said in a recent memorandum which was discussed at a February 1 meeting of the government affairs committee of the Paper Industry Information Office:
"There seemed to be a general understanding that the threat faced by the industry this time around is much greater than in the past and that the methods (kill the bill in the Senate) relied upon in the past may no longer work...it does appear relatively certain that tax increases as well as new taxes (such as wood severance taxes) and the elimination of exemptions (such as the sales tax machinery and equipment exemption), will be considered. It also appears relatively certain that action of some type will have to be taken to raise additional revenues due to the reduction in federal funds to be received by the State, the prospective effects of indexing and the general increased cost of state government, among other causes."

Good suggests an immediate sorting out of paper industry priorities. A meeting of industry financial and tax people will be held February 8 in Augusta and if they give approval to Good's approach, the Government Affairs Committee will proceed with the project -- an examination of alternatives, a state-by-state study of wood taxes and the machinery exemption and an analysis of comparative state tax burdens.

While the rumors swirl and industry ponders strategy, another week of hearings passed. Almost one-third of the bills to be considered have been printed -- but few of real importance. In the week of February 7-11, hearings are scheduled February 8 on a proposal to expand the boundaries of Millinocket and on public roads in the unorganized territory and on February 11 regarding designation of Indian Trust Lands -- all matters of interest to Great Northern Paper.

The Spruce Budworm

Congress had increased the administration budget for control of forest pests. Staffs of the Maine congressional delegation, the director of the State Bureau of Forestry and even U.S. Forest Service officials expected U.S. support of the 1983 spruce budworm congressional program. Carol Woodcock of Senator Cohen's staff called February 1 with news that the U.S. Department of Agriculture had informed Congress of how it planned to spend pest control funds -- and allocated nothing for Maine.

While Maine has been able to overturn such decisions in the past, it may be more difficult in 1983. The available funds have been divided between western timberlands considered the top priority of the U.S. Forest Service and gypsy moth areas of the East. Both regions have strong representation on the Appropriations Committee which must consider the allocation. The U.S.D.A. said $20 million had been spent in recent years on the Maine problems on lands mostly owned by large corporations. Funds were allocated for spruce budworm spraying in Vermont.

State Bureau of Forestry Director Stratton has scheduled a strategy meeting next week.

Adding to the confusion facing the program is a decision by International Paper to spray 60,000 acres with its own program. The IP move will likely trigger new legislative proposals for safeguards to protect public health and the environment.
Hydro Power Politics

John Delahanty, Dan Boxer, Lynwood Hand and I met February 1 to discuss strategy for dealing with anti-Big A legislation.

After hearing a Great Northern Paper presentation, the policy committee of Maine Audubon voted to recommend to society trustees that Audubon oppose the project. While we haven't heard officially, that is the reported outcome of the joint meeting, January 27, at which the Big A project was discussed.

I attended a meeting at which a Maine Renewable Resource Coalition was proposed by the former director of the State Office of Energy Resources, Gordon L. Weil. For several weeks, he has cited the lack of proponents for hydro power development and for protection of operating rights.

Public Television

David Platt of the Bangor Daily News went to the governor's mansion in Augusta for a February 2 premiere of a public television series and came away praising "The Forest: Maine's Legacy and Future" as "impressive, compelling viewing." The three-part series will be seen Saturdays at 8 p.m. on the Maine Public Broadcasting Network. Platt pointed out that eight companies which own and manage timberlands are co-sponsors with Maine Audubon so "it's not surprising these programs were 'balanced'." The Great Northern Nekoosa Foundation contributed $2,500 to the $29,000 budget for the series.

David Williams of the Portland Press Herald called the first of the four-part series, Maineline Washington, which was on MPBN February 2, "a colossal waste of money." He criticized the reporters for soft questions and the network for presenting a program live from Washington which could have been taped, or produced in Portland or Orono. Senator Cohen was the guest. On March 2, Representative Snowe will be the guest. A GNN grant of $10,500 is underwriting costs.

Maine's Business Climate

A national study ranked Maine's manufacturing business climate 40th among the 48 contiguous states in 1982 -- the same as in 1981. In New England, only Rhode Island is behind Maine. Florida is No. 1, West Virginia 48th. Plusses for Maine were (1) low energy costs, (2) lowest state and local debt and (3) the state's trend in expenditures vs. revenues. Minuses were (1) workers' compensation benefits, (2) low vocational educational enrollments, (3) low value added to product, (4) wages in manufacturing -- up 36% in three years and (5) trend in union membership. Associated Industries of Maine participated in the study.

Signs

With Jon Ayotte of Central Engineering, I visited Old Town, Bucksport, Jay and Rumford on February 1-2 and talked with State Department of Transportation officials in Augusta. Our objective is to provide uniform signs at entrances, where needed, for facilities in East Millinocket and Millinocket and signs to guide trucks and visitors to company facilities. Boise's system is the most comprehensive. International Paper is the only one of the four mills using highway routing signs for trucks and visitors. A proposal will be presented to appropriate managers for coordination and approval.
Biggest Fine

While in Rumford, Boise officials advised me that they had agreed to a $161,700 fine for violations of water pollution laws. They expect a consent decree to be approved February 9 by the Board of Environmental Protection. Boise also agreed to spend over $1,200,000 to improve its wastewater treatment facilities. The biggest previous environmental fine was $45,000 paid by International Paper. There are rumors in Augusta of another big fine to be paid by Georgia-Pacific.

Public Relations

Back up the MPBN schedule of advertisements promoting the "Maineline Washington" series, Great Northern Paper placed advertisements in weekly newspapers in Millinocket, Lincoln, Presque Isle, Madawaska, Caribou, Greenville and Dover-Foxcroft and on radio stations in Millinocket and Lincoln...News releases on GNN earnings and on P. F. Yacavone's promotion were distributed. I also called the business writers of the Bangor and Portland newspapers on the Yacavone story...In response to questions from Platt of the Bangor Daily News, I told him Great Northern was interested in at least three portions of the hydro power legislation being drafted by the administration -- river corridor forest management, any new controls over existing facilities and any curbs on the Big A project...Barbara Waters of the Katahdin Times had questions regarding effects of the truck strike and why Great Northern contributed to an anti-drug booklet published in cooperation with the Millinocket police...Bruce Mohl of the business news department of the Boston Globe asked about effects of the downward trend in oil prices. With guidance from P. F. Yacavone and P. I. Firlotte, I responded with a picture of our oil savings in recent years and information on how the price reductions might compare with our price cuts...Jerry Blanchard, Sales Manager of Pinkham Lumber, visited Millinocket to be photographed for a news release announcing his appointment. Sales advertising was also discussed and an advertisement was placed in the Commercial Bulletin.

Sincerely,

[Signature]

pmc/b
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 February 18:

The Emerging Issues

More stringent air quality standards near wilderness preserves, including Baxter Park...

Repeal of a sales tax exemption for new machinery and equipment...

Paying for the cost of fire control in the state's timberlands...

A 20% increase in taxes in the unorganized territory...

A ban on clearcutting on privately-owned land in the Allagash Wilderness Waterway...

Issues important to the paper industry are slowly emerging on the legislative scene in Augusta. About half of the expected 1,800 bills have been printed. Still to come are the most controversial -- those dealing with hydro power policy, another aimed at blocking the Big A project, a severance tax on harvested timber, tax reform, workers' compensation and highway user fees.

While the prime topic of conversation in Augusta in recent days was reapportionment, House Speaker Martin said the pace of work was on target. With one party in control of both houses, Martin is confident of adjournment earlier than in recent years.
Governor Brennan outlines his program to the Legislature February 22. His message will be followed by a flood of bills designed to implement his program. Three of the bills will deal with his "rivers" policy -- one of which turns over to the Department of Environmental Protection the responsibility for state regulation of hydro power facilities. Paul Firlotte, Dale Phenicie, Pat Welch, Lynwood Hand and Dan Boxer joined in a review of a draft of the bill February 15.

It was the first time a person responsible for operating a power system had evaluated the proposal. DEP not only wants the right to license new projects but it wants to grant permits for all repairs -- and to limit water flows. A protest, and a draft eliminating the worst of the problems, was sent to the administration. Whether the suggestions will be heeded is questionable although an aide to Governor Brennan welcomed the suggestions. Once the bill is printed, changes may be difficult to make -- and Great Northern Paper would like to see an acceptable bill for legislators to support, while opposing a bill aimed at blocking the Big A project.

The Natural Resources Council of Maine is pushing L.D. 475 which would order the Board of Environmental Protection to immediately study the designation of Baxter State Park, the Allagash Wilderness Waterway and the Bigelow Preserve as pristine Class I air quality areas and authorize the BEP to designate those and other areas as Class I. Approval of the Legislature of Class I designations is now required. In 1979, a similar proposal by environmentalists was rejected. This time the sponsors include the House chairman of the Energy & Natural Resources Committee and the assistant majority leader of the Senate.

While only complex computer modeling can predict the extent to which the emissions from a source will impact a Class I area, a 1975 study of the potential in Maine said, "the buffer zone associated with Class I designations may be as large as 100 miles in radius, or even larger." Boxer says flatly, "the bill could result in curtailment of operation or shutdowns."

The Natural Resources Council has been aggressively seeking support for L.D. 475. The Baxter Park advisory committee refused to endorse the bill. Attorney General Jim Tierney says the three members of the park authority are now being lobbied. When Rob Gardiner and Ginger Davis of the NRC staff recently visited the Boise mill in Rumford, they sought Boise's support despite the fact the Bigelow Preserve is only 40 miles away. Baxter is 14 miles from Millinocket.

Hand has arranged for a hearing on the bill to be postponed until the week of March 21. After a briefing by Great Northern's Dale Phenicie, the Paper Industry Information Office government affairs committee retained Boxer to coordinate opposition. A fact sheet has been prepared. Public hearing opposition is being solicited.

Associated Industries of Maine's staff is expected to lead opposition to L.D. 324 during a February 23 hearing. The bill proposes allowing DEP to identify hazardous waste (it now must follow federal guidelines) and expands the definition of hazardous waste. A hearing is scheduled March 4 on a proposal to ban clearcuts in the Allagash Wilderness Waterway buffer zone, including 50,000 acres of land in which Great Northern Paper has an interest.
Mission to Washington

Ken Stratton, Director of the Bureau of Forestry, will lead a Maine delegation to Washington March 2 to protest the U.S. Department of Agriculture's elimination of financial support for the spruce budworm control program. Dave Carlisle of Prentiss & Carlisle and Bob Bartlett will join him for an 11 a.m. meeting with the staff of the Maine congressional delegation and a 1:30 p.m. meeting with Assistant Secretary of Agriculture John Crowell. Stratton has other problems. The day before the Maine director will protest a proposed cut of $750,000 in federal funds which will eliminate 37 positions from his agency's staff.

Millinocket CofC

Don Hickey was the guest speaker at the February 10 meeting of the Millinocket Chamber of Commerce. The annual "Great Northern Night" program attracted 65 persons. Hickey discussed the marketing of Great Northern Paper products. Dick Noyes brought the group up-to-date on business conditions.

Measuring the Reaction?

When Boise agreed to a $161,000 fine, the company braced for an onslaught of adverse publicity following the February 9 meeting of the Board of Environmental Protection. The reaction over the largest fine in Maine history for violations of environmental laws never materialized. The fine never even generated headlines. There have been no editorials. Why? Some say there is a simple answer: Dave Platt of the Bangor Daily News and Bob Cummings of the Portland newspapers, the two prolific writers on the environment beat, missed the meeting. Only a Maine Times reporter was there and so far the journal of opinion has given the story routine treatment. The few paragraphs of coverage which were published were contained in wire service reports.

PIIO Meeting

With the Legislature in session, the government affairs committee of PIIO has been meeting weekly. Besides taking a stand on the air quality bill at the February 17 meeting, the committee:

Approved a news release reporting on a survey of workers' compensation costs;

Voted to support House Speaker Martin's workers' compensation reform package; and

Asked a meeting be set up with the Department of Conservation staff to discuss plans for release information on the federal study of Maine's forests.

Speaker Martin Expedites a Bill

L.D. 744, which clarifies legislative intent on setting insurance rates for workers' compensation insurance, was sponsored by Speaker Martin. The bill was hustled through the House and Senate with no public hearing. Reported Bob Chaffee of the Maine Forest Products Council: "It may or may not be signed into law. It is an emergency bill which could
take effect upon being signed and many believe would throw a wrinkle into the current workers' compensation rate case being considered by the Superintendent of Insurance. Lobbyists for insurance carriers claim it is unconstitutional. They tried to stall or kill the bill but House Speaker Martin rammed it through. There is a belief the bill, if it becomes law, could force rate making decisions to be based on information not presently being totally considered, such as interest on investments. If this is indeed true, it could significantly alter the increases insurance carriers claim they require in premiums."

Asthma and the Paper Industry

The accuser and the defender finally met in Augusta February 17. After Dr. William Nersesian unexpectedly told the Board of Environmental Protection that the high rate of asthma cases in some communities could be linked to emissions from paper mills, Dr. Robert Sigler of Portland said the director of the State Bureau of Health didn't have sufficient data to draw conclusions. Dr. Sigler was retained to study the Nersesian findings by PIIO. The two, along with Environmental Protection Commissioner Warren and representatives of PIIO held a long-delayed meeting to discuss the Sigler comments and to look to the future. Nersesian would like to do a more detailed study -- and invited financial support from the paper industry. The state official invited better communications. Sigler isn't sure it's possible over such a wide area. Warren says he found the two reports interesting but plans no further action.

Public Relations

Barbara Reinertsen of WABI-TV called asking about the status of the Big A project. She wants to do a three part series to put the issue in focus before the debate in the Legislature. We agreed to wait until the middle of March to consider the idea...After Dick Noyes discussed the possibility of further production cutbacks, Mary Anne Lagasse of the Bangor Daily News called with questions and wrote a story...Mrs. Lagasse also wants to do a story on the outlook for spring water flows when the picture is clear...Anne Erickson of the Katahdin Times interviewed Paul Firlotte February 21 on the new energy optimization system...Jim Griffith reviewed the draft of a PIIO news release on workers' compensation rates and safety in Maine mills...Great Northern will sponsor portions of the Eastern Maine basketball tournaments. A 30-second commercial produced in 1982 highlighting people and products will be used on WABI-TV...The company was one of the sponsors of a 48 page supplement in the Bangor Daily News promoting Newspapers in Education Week. All of the advertisements were drawn by children. So were the editorial cartoons. The editorials were written by children -- on the subject of moose hunting.

Sincerely,

pmc/b
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 February 25:

**In the Legislature: A Preview?**

The Energy and Natural Resources Committee on February 23 held its first public hearing of the session on legislation of interest to industry -- a proposal to give the Department of Environmental Protection authority to designate hazardous substances. The hearing lasted 3 1/2 hours. After a parade of proponents were heard, industry spokesmen ran into a wave of hostile questions and statements from committee members. Said one lobbyist, a Democrat who regularly monitors the committee, "it was a combative type of situation."

Sponsoring Representative Thomas Andrews of Portland urged approval of the measure declaring that the DEP's hands are now tied to the Federal Environmental Protection Administration so far as the list of hazardous materials is concerned and DEP's ability to regulate handling, storage and transportation of dangerous substances. Representative Andrews launched into a bitter attack on the Reagan administration for emasculating the EPA and declaring that Maine was in a better position to protect its citizens from exposure to harmful substances. Supporters included spokesmen for the State Environmental Health Unit, Maine Audubon, Maine Lung Association, anti-nuclear groups and DEP Commissioner Warren, according to the February 24 newsletter of the Maine Petroleum Association, which also reported:
"Chief spokesman for the opposition was Ronald Colby of Associated Industries of Maine who labeled the bill an overly broad delegation of authority to the DEP, which he claimed has current powers to regulate any substance posing a threat to health or safety. Colby emphasized that designation of hazardous materials should be a legislative and not a departmental function." Others objected to the DEP duplicating the EPA functions.

Regardless of the fate of this legislation, the committee will deal with all environmental and forestry matters. Two of the most frequent critics of the paper industry in the Legislature -- Senator Kany and Representative Hall of Sangerville -- are co-chairmen. Apprehensive even before the hearing, industry lobbyists are now prepared for the worst in the weeks ahead. In retrospect, it appears AIM didn't start recruiting speakers until the morning of the hearing. Colby's statement was well done, according to Lynwood Hand, Great Northern's legislative counsel. But Dale Phenicie of Great Northern, who attended, said more advanced homework by opponents could have resulted in a better presentation.

The same trade association is expected to lead industry's fight before the same committee on another critical issue -- regulating hazardous and toxic substances in the workplace.

Printed this week, the bill repeals the existing chemical substances law and replaces it with a far more comprehensive program that would affect all employers who handle any type of toxic or hazardous substances. The proposal, according to AIM, imposes sweeping employer obligations and greatly expands both employee rights and state enforcement capabilities. Employers would be required to fund administration of the law through payment of a special tax. One of the co-sponsors is Senator Pearson of Old Town and the sponsor is Representative Michael of Auburn, both members of the Energy and Natural Resources Committee.

With the State Environmental Health Unit fully staffed in the Department of Human Resources and with the Maine Labor Group on Health continuing to target the paper industry, this is probably the first of several bills dealing with environmental health which will be pushed by the politically powerful unions.

The highlight of recent days was Governor Brennan's "State of the State" message to the Legislature February 22 over a statewide television network. The TV coverage was a first. Some Washington-based Republicans saw it as the first move by the Governor in a campaign to challenge Senator Cohen in 1984. He cited the $1.5 billion invested in this state since 1970 by the paper industry as a "resounding vote of confidence in Maine's future." And he quickly dashed the hopes of those in the forest products industry that several millions of dollars spent on fire control would come from the general fund as a study commission majority had proposed. "We can save...another $3 million by apportioning to forest landowners the true cost of fire control in the state," said Governor Brennan.
Bob Chaffee of the Maine Forest Products Council said "it is probably safe to say the majority report proposal to fund the entire (fire control) budget from the general fund is a very dead issue politically."

Hank Magnuson of the Paper Industry Information Office says the Governor's proposal is third alternative to repealing the present unconstitutional Maine Forestry District Tax. Under the Forestry District, landowners in the unorganized territory are now paying 40 cents per acre for fire control. Under the Governor's plan which has not yet been drafted as legislation, "the statewide tax would be more like 30 cents per acre" according to Magnuson.

As expected, the Governor called for a 5 cents per gallon increase in the gas tax and adjustments in highway user fees.

**Making Whoopie**

Maine's two Indian tribes are being credited with throwing the biggest bash of the current session -- a February 23 reception at the Holiday Inn in Augusta for legislators and state officials.

**Maineline Washington**

Congresswoman Olympia Snowe will be the guest March 2 on the second in the four-part "Maineline Washington" series at 8 p.m. on the Maine Public Broadcasting Network. The series is sponsored with a grant from the Great Northern Nekoosa Foundation.

Great Northern Paper placed an advertisement in the Katahdin Times and spots on radio stations in Millinocket, Lincoln, Fort Kent and Dover-Foxcroft to promote the programs.

**Public Relations**

Don Carrigan of WLBZ-TV called February 22 to confirm a rumor that Pinkham Lumber had resumed full production. I told him that the company was still on a curtailed schedule although a second mill had started up temporarily to saw pine...Joe Rankin of the Central Maine Morning Sentinel called February 22 to check on business conditions. He was preparing a story for an industrial review edition.

Sincerely,

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

Dear Dick:

The newsletter of the Public Affairs office for the week ending March 4:

**The Fruits of Victory?**

Labor unions got credit for playing a key role when Democrats won control of the Legislature. With the 1983 session in its third month, the AFL-CIO priorities are becoming evident -- new regulations to improve safety in the workplace and an expanded rehabilitation program added to workers' compensation insurance.

If a recent letter written by House Speaker John Martin is an indication, the AFL-CIO bills will have the support of majority Democrats -- virtually assuring approval. Martin wrote Hank Magnuson of the Paper Industry Information Office he hoped "we will be able to work together in addressing workplace safety and rehabilitation." Magnuson had written Martin to tell him of support from PIIO for the recommendations of the speaker's committee to revise the workers' compensation law.

The first of the safety in the workplace bills will be considered March 16 by the Energy and Natural Resources Committee. Legislative Document 770 is "An Act Relating to the Identification and the Hazards of Exposure to Toxic & Hazardous Substances." An attorney who analyzed the proposal said it "is enormously more complex and detailed than the present law." Carl Akeley of Great Northern's research department says L.D. 770 would "make a lot of work and not significantly improve safety."
If approved, L.D. 770 would require detailed data sheets be maintained for fire departments, state officials and employees tracking the use of each toxic or hazardous substance. Fire departments would have the right to inspect facilities. Firemen would be entitled to "trade secrets." Employees would have the right to join in inspections as well as broader access to information. Maximum fines for violators would be increased from $500 to $10,000. A new surcharge of 1 percent per pound or gallon, not to exceed $10,000, will be imposed on employers using hazardous and toxic substances to pay for state administrative costs.

The administration of the law would be transferred from the Department of Labor to the Department of Human Resources. Ed Gorham, the AFL-CIO treasurer and lobbyist, says personnel of the Environmental Health Group in the Human Resources agency helped draft L.D. 770, working with the staff of the federally financed Maine Labor Group on Health, which is studying working conditions in the pulp and paper industry. The Environmental Health Unit, composed of four professionals who are aggressively advocating new regulation, was established two years ago when the legislature approved a proposal by Governor Brennan. The February issue of The Paperworker, newspaper of the United Paperworkers International Union, reported on a critical study of Maine mills by the Labor Group on Health, with the UPIU's safety director saying it confirmed what the union has been saying all along -- "There are several health complications related specifically to working in the paper industries..."

Associated Industries of Maine is rallying opposition. "Given the unions influence in the Legislature, our only hope for defeating the bill seems to be through facts indicating impact, duplicate regulation and cost, especially as the burden will fall on small employers also" wrote a lobbyist. The best most hope for is getting the most burdensome portions removed in the legislative process.

Still to be printed is the rehabilitation legislation. It probably will be similar to the broad program produced a year ago by Workers' Compensation Commission Chairman Charles Devoe. Anticipating the triumph of Maine Democrats, the AFL-CIO held off on pushing for passage in 1982.

With 72 of 100 work days remaining, the pace of the Legislature continues ahead of other years. In the only recent hearing of interest to Great Northern Paper, the proposed ban on clearcutting in the Allagash Wilderness Waterway was considered by the Energy & Natural Resources Committee. Parks & Recreation Director Hartman offered a six-page amendment redefining his agency's control over timber harvesting. Dan Corcoran of Great Northern was joined by representatives of Seven Islands and International Paper in opposing the ban -- which appears dead although revised regulations, including a provision for public hearings on management plans, may emerge in a redraft.

Workers' Compensation

Speaker Martin has hailed a decision of the state insurance superintendent denying a proposal to increase workers' compensation insurance rates an average of 27.5 percent. The decision will save
employers $40 million annually, Martin said. Donald W. Perkins, a
Portland attorney, who again opposed the rate increase on behalf of a
coalition of employer associations, said in a final brief that the
increases "would be very damaging to the competitive position and
survival of many Maine businesses." Perkins quoted Magnuson as
testifying that the average cost per $100 of payroll in ten other
papermaking states was $.59. Magnuson said the figure in Maine was $2.01
for self-insurers and $5.86 under present Maine rates.

Maine Publishers' Visit

Publishers, assistant publishers and general managers of Augusta,
Bangor, Brunswick, Ellsworth, Lewiston, Portland and Presque Isle
newspapers and editors from Bangor, Brunswick, Lewiston, Portland and
Sanford were among 14 guests of Great Northern Paper, March 3-4.

After opening remarks by P. F. Yacavone, the challenges and
opportunities in the spruce-fir forest was discussed by R. F. Bartlett
and R. T. Wright on the opening day followed by visits to the woodlands
graphics computer and the Telos logging operation. R. W. Noyes briefed
the group on modernization projects and G. M. Lander on the Big A study
on the second day. The newspapermen visited the research pulping unit,
the energy optimization system, the bark boiler and the East Millinocket
mill.

Spruce Budworm Program

When Congresswoman Snowe appeared on the March 2 segment of the
"Maineline Washington" program on the Maine Public Broadcasting Network,
she predicted success for the Maine congressional delegation in efforts
for continued financial support for the spruce budworm control program.
But the pre-taped program didn't reflect the discouraging events of the
day. Bureau of Forestry Director Ken Stratton led a group of
Congressional staffers, state officials and industry representatives
(including R. F. Bartlett) into a meeting with Assistant Secretary of
Agriculture Crowell in Washington. They asked Crowell to reconsider
plans to end federal support for the program -- citing the unfairness of
providing money to eastern states to spray the gypsy moth and ignoring
Maine's more serious economic problem. Crowell says the administration
wants to quit spending money on privately-owned lands but can't quit
spraying the gypsy moth and some western lands because of a
Congressional mandate.

With only four members of Congress and no one on the Appropriations
Committee, Maine faces an uphill battle. Last year 12 1/2% of the cost
was paid for by the U.S. Forest Service. The Maine delegation now is
considering going to Secretary of Agriculture Block with another appeal
for fair play.

Haul Roads Program

In the 1983 legislative program of the Maine Department of
Transportation, the frequently removed "haul road" system for pulp
trucks materializes with a call for a study and action by the
Legislature in 1985. The goal would be to force truckers responsible for
damaging roads to pay their share. The study would also include exploring the concept of mills rejecting loads on overloaded trucks. A haul road system of 500 miles was mentioned with Route 6 in northern Washington County, Route 150 in the Piscataquis town of Parkman and Route 201 north of Jackman cited as examples of "extraordinary" highway deterioration which requires a new funding approach.

Public Relations

After St. Regis announced plans to shut down its Bucksport mill for eight days, I had a call from WLBZ-TV's Al Banfield asking if we had any plans for a cutback. I filled him in on our situation...Annual reports are being distributed to opinion-makers and the media...Following his visit, Allan Lobozzo called with questions. His article on the press tour appeared in the March 5 edition of the Bangor Daily News.

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 March 11:

**Mr. Scribner's Visit**

Rodney L. Scribner in the last decade has held all of the top financial jobs in state government. Everyone in Augusta acknowledges the 48-year-old native of Norway is a wizard in forecasting revenues. That's one reason why Scribner is commissioner of finance and administration under Governor Brennan. Scribner has made it a habit to visit in March with the taxation committee of Associated Industries of Maine and discuss the outlook for business. George Monti and I were at the March 9 meeting in Augusta when Scribner came calling.

Scribner told the seven committee members and AIM President Ron Colby that:

1) The Governor sees no need to increase the income or sales tax;

2) Declining federal aid is a serious problem. It has dropped from $320 million to $280 million and will go down $60 to $70 million this year and about the same amount next year;

3) The question of conforming state tax laws with federal laws has been put aside by the administration. AIM has advocated conformity but the administration has said there isn't money available to offset the tax breaks for business;
4) He will consider asking the Governor to signal the Legislature that the administration is against anti-business proposals such as repeal of the sales and use tax exemption on new and used equipment; and

5) Labor unions and other groups are organizing to promote higher taxes on business.

When he discussed the matter of tax conformity, Scribner said there are many legislators -- more than last year -- who are convinced the proposal is a windfall for big business. While he said the Governor has an "open mind, there are a lot of legislators who would never vote for it."

He said some legislators are included among those listening to the views of an "Extremely left wing group" -- The Conference on State and Local Alternatives. Representative Craig Higgins of Portland has been carrying around Augusta the 400-page book published by the Conference. When representatives of the Conference came to Maine, the Taxation Committee of which Higgins is House chairman, had a special reception for them. That's most unusual.

Scribner also recalled he had been a speaker at an AFL-CIO workshop on taxes where there was a lot of talk about the paper industry -- there was a perception that the paper companies are not paying enough in taxes. He said that unions representing pulp and paper mills were well represented at the workshop attended by 35 or 40 people.

It's hard to determine if the anti-business group is laying the groundwork for future legislative sessions or will make a move in 1983, the Commissioner said.

"Big A" Evaluation

With Robert Hellendale and Peter Yacavone, I met in Augusta, Topsham and Portland with several people March 7-8 to evaluate opinions on the West Branch hydro power project, including:

Dick Anderson, Conservation Commissioner; Dick Barringer, State Planning Director; Dave Flanagan, Counsel to the Governor; Wayne and Susie Hockmeyer of a whitewater rafting company; Gordon Well, former State Director of Energy Resources; Charles O'Leary, President of the Maine AFL-CIO; Charles Pray, Senate Majority Leader; John Martin, House Speaker; Lynwood Hand, Great Northern's legislative counsel; Rob Gardiner of the Natural Resources Council; Peter Cox of Maine Times and Dan Boxer, an environmental attorney.

The Legislature

Hearings have been scheduled on four high priority issues for the paper and forest products industries:

March 16 -- The Energy and Natural Resources Committee will consider Legislative Document 770 imposing a broad new regulatory program over chemicals in the workplace. AIM is leading the opposition. Carl Akeley
went to Augusta last week to join AIM's Ron Colby at a meeting with officials of the Bureau of Labor on this proposal. If passed, the Bureau of Labor would be replaced as the program's administrator by the Bureau of Health. The AFL-CIO will push this legislation.

March 18 -- The same legislative committee will consider L.D. 779 which would repeal the exemption for logging roads under the Site Location Law administered by the Department of Environmental Protection. The Paper Industry Information Office's Land Use Subcommittee will lead opposition.

March 21 -- Energy and Natural Resources will hold a hearing on L.D. 475 which would give the Board of Environmental Protection authority to designate Baxter Park, the Allagash Wilderness Waterway and the Bigelow Preserve as Class I Air Quality zones and require industries for miles around to face costly new controls. Little growth would be possible. The PIIO Environmental Affairs Committee meets March 16 to plan strategy for the meeting. A consultant has been employed to study the potential impact and testify at the hearing. A large map is being prepared to show the committee how much of the state will be affected.

March 22 -- The Taxation Committee will hold hearings on several bills dealing with the cost of fire control and taxes in the unorganized territory.

The Maine Forest Products Council is rallying truckers to oppose administration proposals to increase highway user taxes and fees which will be considered by Taxation Committee March 15. AIM will support the five cents per gallon gas tax increase. Council backed proposals to extend weight tolerance for pulp trucks and allow heavier loads with six axles will be heard March 16.

Bob Wright of Great Northern, Chairman of PIIO's budworm subcommittee, testified March 7 in support of the $7.23 million program proposed by the Bureau of Forestry. At week's end, Seven Islands' Ed Meadows was among proponents of L.D. 562 calling for an analysis of the U.S. Forest Service resurvey of Maine's forest resources.

Appointments

Governor Brennan has nominated two men to the Board of Pesticides Control. The legislative Committee on Agriculture and the Senate must approve the nominations of Dr. Frank Lawrence of Yarmouth to a second term and Vaughn Holyoke of Brewer to replace John Diamond of Bangor. Conservation Commissioner Anderson plans to nominate a new director of the Land Use Regulation Commission at the commission's March 16 meeting.

PIIO Meeting

Directors of the Paper Industry Information Office March 11 merged the government relations and public relations committees into a new public affairs committee. This reduces to five the committees of PIIO -- resource managers (with three subcommittees), environmental affairs, safety, industrial relations and public affairs. All but International Paper have paid 1983 dues. No spring conference will be held for a second year because of hard times in the industry. Most of the agenda was devoted to a discussion of legislative matters.
Public Relations

When a decision to shut down the pulp and paper mills to permit an inventory adjustment was reached, a news release was distributed locally by Mary Bailey and I answered questions on WABI-TV and WLBZ-TV in Bangor...Roger Boynton and Bob Cardin, a Bangor advertising man, are working on an exhibit of photographs for the GNN annual meeting...Allan Lobozzo's story on the visit of Maine publishers and editors appeared in the weekend edition of the Bangor Daily News. Russ Wiggins of the Ellsworth American wrote a story which appeared in March 5 editions.

Sincerely,

[Signature]

pmc/b

Enclosure (PIIO newsletter)

Distribution:

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The newsletter of the Public Affairs office for the two weeks ending March 25:

### The Legislature: At-A-Glance

In brief, a summary of the status of key legislation in Augusta:

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<thead>
<tr>
<th>Environmental</th>
<th>Calls for the BEP, instead of Legislature, to designate Class I Air Quality zones; orders study of three areas, including Baxter Park</th>
<th>Public hearing March 21 with Great Northern leading opposition...Energy and Natural Resources Committee leaning in favor of Governor's offer to initiate study without need for legislation</th>
</tr>
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<tr>
<td>Natural Resources</td>
<td>Ban on Allagash clear-cutting</td>
<td>Third draft in works</td>
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<td>Repeal of logging road exemption under site-selection law</td>
<td>Energy and Natural Resources Committee against repeal</td>
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<tr>
<td>Hydro Power</td>
<td>&quot;Rivers&quot; program</td>
<td>Printed March 23</td>
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<td>Unorganized Territory taxes</td>
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<td></td>
<td>Fire control costs</td>
<td>Hearing March 21...House Speaker told Taxation Committee to write own bill</td>
</tr>
</tbody>
</table>
Compromises in Augusta

One after another compromises were taking shape on several of the major issues facing Great Northern Paper in the Legislature. The price of each compromise was new authority for a state agency, or the inevitable studies. Compromises providing one, or both, were being drafted on legislation regulating chemicals in the workplace, clear-cutting in the Allagash Wilderness Waterway, establishing Class I air quality areas and hydro power development. The outlook was brighter on two other matters. There is a feeling among legislators the attempt to further regulate logging roads isn't going anywhere. And taxes on timberlands in the unorganized territory may hold the line, or drop.

House Speaker Martin told a State Chamber of Commerce board meeting this week he expects adjournment during the first week of June. In 1981, the session ended June 19. Martin said approximately 100 bills remain to be printed, raising the total to nearly 1,500.

The Brennan administration's delay in sending proposals to the Legislature is being criticized by even members of his own party. Some say one important part of the Governor's platform may be put off until a special session -- his hospital cost containment plan.

This week four of the five bills in the administration's "Rivers" program were printed -- leaving open the door for the "Big A" project. Also printed was the proposal of the Sportsman's Alliance of Maine which would put the State of Maine on record against the "Big A" as well as outlaw development on the rivers covered by the Brennan plan. Opposition to the Governor's plan is rooted in Washington County where hydro projects would be outlawed on several rivers, including the St. Croix where Georgia-Pacific doesn't have any projects in mind but wants to keep its options open.

There have been these developments:

A compromise redraft is expected to be worked out by representatives of Associated Industries of Maine and the AFL-CIO on the controversial bill imposing new regulations over the use of hazardous materials in mills and other workplaces. Over 100 persons turned out for a three-hour March 16 hearing and most supported the compromise. Administration of the law would remain in the Bureau of Labor, not be transferred to the Bureau of Health. Carl Akeley attended the hearing from Great Northern. AIM's lobbyists are following the issue. A Paper Industry Information Office summary of the hearing has been distributed.

Two days later the same Energy & Natural Resources Committee turned to a proposal to repeal the logging road exemption under the site-selection law. Thousands of new permits would be required if the exemption is repealed. Bart Harvey was among the speakers who opposed repeal. He and Dan Corcoran also briefed Senator Pearson of Old Town and Representative Michaud of East Millinocket, committee members, at a March 17 meeting. Michaud said the majority of the committee favors killing the bill with the sponsor, Representative Mitchell of Freeport, holding out for a compromise. Still in that committee is the proposal to ban clearcutting in the Allagash Wilderness Waterway. A third redraft of a compromise which redefines authority of the Bureau of Parks & Recreation is in the works.
Great Northern's management was joined by a union leader, area legislators, a town official and regional planner in leading opposition at a March 21 hearing to a proposal to allow the Board of Environmental Protection, instead of the Legislature, to designate Class I air quality areas. The proposal of the Natural Resources Council of Maine would also have called for an immediate study of Baxter State Park and two other wilderness areas. After the NRC and other proponents denied they were trying to take away final say from the Legislature, a spokesman for Governor Brennan said the legislation was unnecessary and that the study could be conducted without committee action. The committee reportedly leans in the direction of killing the bill if the Governor will issue an executive order calling for the study. This bill was the No. 1 legislative priority of the NRC. Dan Boxer, representing PIIO, and Lynwood Hand are both following the issue. A PIIO summary of the hearing has been distributed.

The Taxation Committee spent the afternoon of March 22 considering legislation establishing the 1983-1984 municipal cost containment (budget) for the unorganized territory and several proposals on financing fire control programs. Jim Good, a Portland attorney representing PIIO, suggested cuts of approximately $1.5 million in the $8 million package. The 1983-84 budget is up 21%. Until a new method of financing the cost of fire control in timberlands is agreed upon, the picture isn't clear because the cost of fire protection is the largest single item in the municipal components. House Speaker Martin advised the committee to draft its own fire control bill -- throwing out the Governor's idea to impose a new tax on owners of forests and another proposal to get all, or some, of the necessary money from the general fund. Most people agree the present formula is unconstitutional.

The recently printed bills include two co-sponsored by the chairman of the Taxation Committee which would eliminate many exemptions and increase the sales tax and another which would achieve federal-state tax conformity by raising the corporate income tax. A debate over "tax reform" is ahead in the committee.

The issue of the cost of workers' compensation insurance heats up during the week of March 27. The Coalition for Workers' Compensation will support bills to place a "cap" on benefits and limits on fees for attorneys on March 29 but the bills have little chance in the Legislature. Still to be printed are the bills providing reform as endorsed by a special committee appointed by Martin.

The "Big A" Countdown

David Platt of the Bangor Daily News called March 22 to inquire about the status of the "Big A" project. He said he had been told a decision would be made by the Great Northern Nekoosa Board of Directors in early April. I told him a decision was possible in the next several weeks but when it would be announced had not been determined.

Bill Plouffe, the acting executive director of the Maine Audubon Society, told me the same thing in Augusta, March 21.

The anticipated decision is being talked about within the Brennan administration's top ranks as they prepare for the April hearing on the "Rivers" program.
Information on the July 4 shutdown was provided Mrs. Susie Hockmeyer of Northern Whitewater. She is planning schedules for whitewater rafting trips for the summer...Gordon Manuel and Barbara Reinertsen of WABI-TV called with questions regarding the shutdown of the mills...At Bob Stinson's request, we placed an advertisement in the Maine Focus edition of the Portland newspapers. This edition will replace the two special editions which the papers use to publish annually...In response to questions, I provided copies of Dick Noyes' talk before the Committee on Energy and Natural Resources to Bob Cummings of the Portland newspapers and Anne Erickson of the Katahdin Times...Photographs of T. S. Pinkham were provided newspapers in Presque Isle, Madawaska and Millinocket following the death of the general manager of the lumber company...Dale Phenicie talked with Platt following the March 23 hearing at which the BEP formally designated Bangor, Lewiston and Millinocket as "attainment areas" -- the desirable place to be under federal pollution laws. DEF Commissioner Warren was quoted as saying: "It's not as dramatic as salmon returning to the Penobscot, but it's the same level of achievement."

Sincerely,

Paul

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Dear Dick:

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<td>Speaker's Committee proposals to reform Workers' Compensation</td>
<td>April 14 hearing</td>
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<td>Committee workshop April 8 on new draft</td>
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<td>Repeal of logging road exemption under DEP</td>
<td>Workshop April 5 to consider redraft proposing notification of LURC on all road projects</td>
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<td>Must wait for verdict on fire control costs</td>
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<td>Fire control taxes</td>
<td>Redraft in works</td>
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<tr>
<td></td>
<td>Repeal of tax exemptions</td>
<td>No hearings scheduled</td>
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Millinocket, Maine 04462. (207) 723-5131 Ext. 228
Speaker Martin's Advice

In the book "Speakers of the Maine House of Representatives", author Jim Mundy wrote "John Martin knows how to use the power of his office as few other men ever have...He has molded, led and inspired the Democratic resurgence...an often brilliant and sometimes unfathomable leader, one of the most capable to occupy the Speakership in its history."

With the Democrats now in complete control, Martin is living up to Mundy's words.

When the Labor Committee on March 29 held a hearing on four industry-backed proposals, Martin appeared to warn against renewing "old wars" over workers' compensation insurance that might shatter the "delicate compromise" reached by a committee he appointed. The committee started referring bills to the special committee which worked out the compromise, postponing any action which might rock the boat before an April 14 hearing on the Speaker's reform package. "Unusual...never saw anything like it..." were words industry lobbyists used to describe the action. But while some legislators were reportedly miffed, they accepted the Speaker's leadership.

The Speaker comes from Eagle Lake and as an owner of timberlands relates to the forest products industry. His views on issues relating to the industry have been critical in 1983. With both houses dominated by southern Maine Democrats, Martin and Senate Majority Leader Pray have been balancing voices which thus far have prevailed.

Martin stepped into the hearing on taxes to finance fire control and advised the Taxation Committee to write its own bill, striking a balance between what landowners must pay and the share which should come from the general public. He effectively killed a Brennan administration plan to put the entire burden on landowners.

Martin is negotiating a solution to a proposed ban on clearcutting in the Allagash Wilderness Waterway.

Martin also was the champion of pulpwood truckers in protecting their interest in recent changes in user fees. The Maine Forest Products Council hails legislation signed by Governor Brennan as containing "everything" sought by the Council -- including "a permanent weight of 64,000 pounds on the tri-axle and a total gross of 75,900 pounds; and a six-axle combination will be able to haul 100,000 pounds."

If the Speaker is a candidate for Governor in 1986, he will have supporters in the forest products industry.

Workers' Compensation Reform?

Most lobbyists are now betting the only reforms of the Workers' Compensation Act which will be passed in 1983 will be those that come from the so-called Martin committee. The committee favors discouraging the involvement of lawyers in the initial stages of claims, eliminating annual increases in benefits for those laid up less than a year and beefing-up the state commission which administers the law. When the Martin committee met April 4, the group was also expected to consider an expanded rehabilitation program for injured persons.
With Martin warning he will give up the fight for reform if industry or labor take different approaches, the future of the Coalition for Workers' Compensation Reform is bleak. The coalition of 26 trade associations was promoted before the 1982 election by Associated Industries of Maine and International Paper. In January, Roger Mallar was hired as the coalition's coordinator. Democrats suspect the Coalition's real goal in 1983 was to press for roll calls which could be used in the 1984 legislative campaign.

"Rivers Legislation"

The Committee on Marine Resources on March 29 considered the first of five bills in the Brennan administration rivers program. Owners of small dams protested they will have to pay for fishways on dams in coastal waters if the legislation is approved. Another of the five bills will deal with fishways on dams on inland waterways. Hearings on three remaining bills will be April 11 -- when water reclassification and regulation of dam operations will be considered -- and April 13 when a rivers protection program will be outlined. On April 13, the Energy & Natural Resources Committee will also hear the Sportsman's Alliance of Maine version which will block the "Big A" project.

A group of attorneys, engineers and consultants representing Great Northern completed a review of the "rivers" bill March 31 and we will be meeting April 7 with State Planning Director Dick Barringer, Connie Irland, Acting Director of the Office of Energy Resources, and David Flanagan, Counsel to the Governor, to ask for modifications. The "rivers" protection plan is also being reviewed by the woodlands department and by the Environmental Affairs Committee of the Paper Industry Information Office.

The Sportsman's Alliance of Maine has sent members post cards to be sent to legislators urging opposition to "Big A."

In Washington County, Georgia-Pacific is leading opposition to the rivers program. Some say the Brennan administration will have to back off on designation of the St. Croix because of the growing opposition.

Spruce Budworm

The legislation authorizing the 1983 spruce budworm control program started out as Legislative Document No. 796. After being redrafted, the bill became Legislative Document No. 1169. It was carefully followed through the Appropriations Committee and both houses by Lynwood E. Hand and seemed headed for final passage with the two-thirds approval as an emergency measure in both houses. But not so! Parliamentarians discovered Senator Pray was the sponsor and ruled L.D. 1169 was a revenue measure and should have been sponsored by a House member where all such matters originate. Leadership allowed L.D. 1342 to be reported out without hearing and sponsored by Representative Michaud of East Millinocket. The legislation again got two-thirds (but with dissenters) in both houses. Now it is on Governor Brennan's desk awaiting his signature.
On the federal scene, both Tom Rumpf of the Maine Forest Service and Carol Woodcock of Senator Cohen's office see no change in the adamant opposition of the U.S. Department of Agriculture to further financial support for the Maine program.

Public Relations

Roger Boynton completed work this week on an exhibit for the annual meeting of Great Northern Nekoosa Corporation. He will go to Stamford April 5 with the exhibit...Senator Mitchell will be the guest on the April 6 MaineLine Washington broadcast at 8 p.m. over the Maine Public Broadcasting Network and WCBB-TV in Lewiston. Because the series is made possible by a GNN Foundation grant, we have distributed material for bulletin boards and placed promotional advertisements on local radio stations and in newspapers. MPBN places a full page in the regional edition of TV Guide...Anne Erickson of the Katahdin Times called with a question regarding the hearing on Millinocket as an attainment area. I made a mistake in the March 25 newsletter in saying the Board of Environmental Protection had approved Millinocket as an attainment, a desirable, area. The BEP held a hearing but has not yet formally voted...Barbara Waters of The Times had questions regarding the rivers' hearings...Russ Van Arsdale of WLBZ-TV in Bangor called for comment on a rumor that Great Northern was abandoning the "Big A" project because of declining oil prices.

Sincerely,

[Signature]

pmc/b

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

Dear Dick:

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The Legislature: At-A-Glance

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<td></td>
<td>Repeal of tax exemptions</td>
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</tbody>
</table>

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
The Rivers Program

Former Senator Muskie was a champion of the Clean Waters Act and the author of the Clean Air Act. Senator Mitchell, his successor, is winning national prominence as the leading crusader against acid rain. Governor Brennan April 8 was honored by the American Rivers Conservation Council for his efforts to protect Maine's rivers. The Governor accepted an award in Washington. The role of a leader in environmental matters is also great politics in Maine -- the state, pollsters say, has the most pro-environmental electorate in the nation.

The Brennan administration's rivers program is headed for debate in the Legislature with hearings scheduled April 11 and April 13. The "big day" is April 13 with Bob Cummings of the Maine Sunday Telegram predicting the hearing will attract the largest crowd of any hearing in 1983. Two proposals will be considered by the Energy and Natural Resources Committee. The administration plan would ban new hydro facilities on 1,100 miles of 16 rivers, but not the Lincoln School Dam on the St. John and the "Big A" project of Great Northern Paper. The second proposal is that of the Sportsman's Alliance of Maine (SAM) and would, according to Cummings, ban hydro "on twice as many rivers" and put the state on record as against the "Big A".

Opposition to the Brennan plan is centered in the state's easternmost county, Washington. Five of the 16 rivers on the Governor's list are in the county, including the St. Croix which divides Maine and New Brunswick. Georgia-Pacific, which has hydro power facilities on the river, and is the major owner of timberlands is adamantly opposing any action which would rule out future hydro development -- although the company has no such plans. State Planning Director Barringer says there are no sites which are economically feasible to develop on the St. Croix. Barringer ran into a storm of criticism at an April 7 meeting in Machias. As expected, the Maine Small Dam Owners Association is opposed. Representing most of the opponents is Gordon Well, the former director of the State Office of Energy Resources.

Both Barringer and Alex Giffen, his deputy for natural resources, have been promoting passage of the administration program in media interviews. One Atlantic Salmon Club is recruiting a bus load for the hearing.

Besides the bill which would ban hydro on 16 rivers and establish new zoning in river corridors, the administration package includes four others. Two deal with fishways on tidal and inland waters. Another is a revision in water quality laws which the Paper Industry Information Office is prepared to support. This bill and another redefining existing laws pertaining to the application for hydro projects and their operation will be the subjects of the April 11 hearing. Great Northern's Paul Firlotte and others from the company met three times last week with state officials on the second bill. If concepts agreed upon are reflected in amendments, this bill will also be acceptable and likely have the support of Great Northern.

Great Northern spokesmen, as well as other proponents of the "Big A" project, will appear at the April 13 hearing.
"The Big A"

After the decision was made to go forward in the permitting process, we took the initiative April 7 in releasing the information. There had been almost daily calls from reporters. Some had speculated the decision would come after the April 6 meeting of GNN directors. But the reaction in the media was mild. The news release was published on an inside page of the Bangor Daily News. Two television interviews took a back seat to fires in Bangor and politics in Ellsworth.

SAM followed up a letter-writing campaign by publishing a full-page advertisement opposing the "Big A" in at least one weekly newspaper.

The Week That Was

Lobbyists and other representatives of the Forest Products Industry spent over three days trying to satisfy the Energy and Natural Resources Committee that further controls over logging roads were unnecessary. A Land Use Regulation Commission staff member didn't agree. Acting Director Tom Radsky wanted complete control but apparently will have to settle for LURC being notified after construction starts. Dan Corcoran and John Dixon were in Augusta for three days.

Herb Hartman, Director of the Bureau of Parks & Recreation, complained about a redraft of a proposal to ban clearcutting near the Allagash Wilderness Waterway. Hartman wants better assurance the view of canoeists will be protected.

After a bill calling for expanding the membership of the Board of Pesticides Control got little support, the Agriculture Committee approved withdrawal of a proposal requiring notification of every intent to use pesticides. Organic farmers lost the battle.

Coming Up in Augusta

In addition to the rivers issue, other scheduled hearings include:

April 11 -- Great Northern will ask an exemption from a proposal to extend for 10 years the right of the Passamaquoddy Indians to buy certain designated lands. Great Northern lands on the list are no longer for sale.

April 12 -- Legislation will be considered which is intended to clarify the question of what an independent contractor is in the woods. PIIO has retained counsel to seek improvements in the bill.

April 13 -- Two proposals to change the state's wood measurement law will be considered. One is backed by the Maine Woodsmen's Association; the other by the Maine Forest Products Council.

April 14 -- House Speaker John Martin's workers' compensation reform package will be considered by the Labor Committee.
Spruce Budworm

State and industry officials haven't given up the fight for federal financial assistance for the spruce budworm control program. The staff of Senator Cohen got help from Senator McClure of Idaho in putting in the record of an April 6 hearing eight questions regarding the cutting off of assistance. McClure is chairman of the Agriculture subcommittee of the Appropriations Committee. Normally Department of Agriculture officials must respond in a few weeks. Cohen's staff is seeking to lay the groundwork for funds for Maine in a supplemental appropriation. Bob Wright helped Carol Woodcock in drafting some of the questions. I also wrote letters to Cohen and Congressman McKernan asking them to continue efforts to obtain funds.

Annual Meeting

Roger Boynton went to Stamford for the GNN annual meeting to erect and staff an exhibit of Great Northern photographs and products. The exhibit is available for use in Maine...The 12 colored photographs range over the mills, woodlands, power systems, products and research -- all taken by Boynton. The exhibit was put together by Bob Cardin of Veazie.

Yes, Ethel's Been Back

With the housekeeper ill, Mrs. Ethel Steen has been back at the guest house for two different periods. The retired housekeeper has been involved with guiding Mrs. Louise Cote in the housekeeping functions and the training of others. Ethel and Louise have been working with Mary Bailey to establish a standard menu.

Sincerely,

[Signature]

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 April 15:

**The Legislature: At-A-Glance**

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Millinocket, Maine 04462. (207) 723-5131 Ext. 228
The Big A--Round I

Anticipating a crowd too large to be accommodated in any facilities in the capitol complex, the April 13 hearing on Governor Brennan's rivers program was switched to the Augusta Civic Center. Newsmen estimated 250 to 300 attended the eight-hour session. In addition to the key bill in the administration's rivers program, the Energy & Natural Resources Committee considered jointly a bill initiated by the Sportsman's Alliance of Maine. The Brennan version would allow Great Northern to go forward in seeking permits for the Big A project -- the SAM bill would put the State on record against the hydro power facility.

The first 1 1/2 hours was devoted to the Brennan administration spokesmen and questions and answers. After that came a series of speakers supporting the SAM bill. Typical was writer Harry Vanderweide who said "I can't imagine Maine without the Big Eddy." The landlocked salmon pool on the West Branch would be flooded if the Big A is built. Senator Hayes of Orono said the Legislature had no obligation to live up to any agreement made by Governor Brennan with Great Northern Paper.

Then came proponents. P. F. Yacavone was the fourth, reducing his statement to conform with a five minute time limit imposed on all speakers. In a story by Bob Cummings in the Portland, Augusta and Waterville newspapers, the Great Northern president was quoted as saying "The building of another hydro power facility on the West Branch could be the most significant act we could take to assure the long-term future of the mills." In the Bangor Daily News, writer David Platt said "The company needs to keep its energy options open...because it may have to begin making paper from hardwood someday, requiring more electricity." The complete text of the statement was distributed to members of the committee and the press.

The media didn't pick up on endorsements of the Big A project which legislators found significant. "The Maine APL-CIO is wholeheartedly behind the project," said Charles O'Leary, president of an organization representing 59,000 workers. O'Leary said unions have been bargaining with the company since 1907 and had found them a worthy adversary, always bargaining in good faith. Jim Mingo of Millinocket, president of a United Paperworkers International Union local in the Millinocket mill, and Byron Weymouth of Howland, president of the Katahdin Labor Council (in which all locals in the Millinocket and East Millinocket mills are represented) were also supportive.

Spokesmen for Georgia-Pacific opposed inclusion of the St. Croix in the list of rivers on which new hydro projects would be prohibited and additional zoning imposed. A third of the Woodland division's electrical power comes from a hydro power system with three generation stations and six other dams. Division General Manager Gary Gettmann said that the St. Croix is the best protected river in Maine because it is an international boundary with permits for projects required from state and provincial agencies, U.S. and Canadian federal agencies and the International Joint Commission (IJC).

Next will come a workshop April 21 when the committee will commence work on the bill to be sent to both houses of the Legislature. Galen Lander and Paul Pirlotte will attend with Lynwood Hand and Dan Boxer.
The Legislature

After taking Patriot's Day off, legislators return to Augusta on April 19 and will concentrate on committee workshops. Besides the rivers legislation, the Energy & Natural Resources Committee will deal April 21 with the new water classification system and an AFL-CIO inspired proposal tightening control over chemicals in the workplace. Senate Chairman Kany said the two hours allocated to the rivers program and the SAM bill will allow only preliminary discussions. On April 19 the same committee is scheduled to consider a proposal to expand regulation of logging roads. Associated Industries of Maine was preparing to take the lead in opposing repeal of the sales tax exemption on new machinery at an April 19 meeting.

In the past week, there was considerable activity beyond the highly publicized hearing on the rivers legislation:

Hand on April 11 asked a committee to delete Great Northern lands from a list which could be designated as tribal lands if purchased by the Passamaquoddy Indians. The Indians sought an extension. Great Northern's lands are no longer on the market.

Spokesmen for the Maine Forest Products Council and Great Northern April 13 told a committee that elimination of butt scale would be highly disruptive. When only two independent loggers showed up to oppose the Maine Woodsmen's Association proposal, Skip House of Great Northern joined the opponents. House Speaker Martin is sponsoring a revision in the law favored by the forest products industry. But Bob Chaffee of the Council reports "The MWA had a good turnout and was excellently prepared for its side."

April 13 also saw spokesmen for labor, business and the insurance industry join in supporting workers' compensation reform legislation sponsored by House Speaker Martin on behalf of his special committee. When AFL-CIO lobbyist Ed Gorham suggested amendments, Roger Mallar of the Coalition for Workers' Compensation Reform warned opening the bill up to change would scuttle hopes of any reform of the costly system of mandated insurance.

BEP Appointment

The appointment of attorney Kim Matthews of Durham to the Board of Environmental Protection will be considered April 20 by the Energy & Natural Resources Committee. Her appointment to succeed a farmer, Lionel Ferland of Durham, surprised industrialists. If confirmed, Matthews will be the only attorney on the 10-member board. She is the wife of Representative Chip Hayden of Durham, also an attorney and a member of a Topsham firm known statewide for representing workers in workers' compensation cases.
Public Relations

Paul Firlotte April 14 answered questions from Anne Erickson of the Katahdin Times and MaryAnne Lagasse of the Bangor Daily News regarding the outlook for summer water flows on the West Branch (the outlook changed for the better over the weekend when approximately 3 1/2 inches of rain fell and this was also communicated to the press)...With P. F. Yacavone, C. H. Reed, P. D. Hubbe, A. E. Dentremont and O. J. Lombard, I attended the Open House of the University of Maine Pulp and Paper Foundation, April 14-15...A news release on Great Northern Nekoosa earnings was distributed...I answered questions from Anne Erickson regarding the legislative hearing on the Big A April 13. I also confirmed employees had been told of plans to continue in the present configuration in the pulp and paper mills through May with four machines down...I made a presentation to a sales department training session April 17.

Sincerely,

[Signature]

pmc/b

Distribution:
E. E. Allain  W. M. Dillaway  R. R. Johnson  J. F. O'Handley
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P. F. Yacavone
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 April 22:  

**Washington Scene: Toxic Torts**  

The joint committee on Government Affairs of the American Paper Institute and National Forest Products Association was told April 20 a Senate committee will tackle the "toxic tort" issue this summer -- "the most costly piece of environmental legislation ever considered by Congress." Bob Kirshner of the API-NFPA staff made the estimate. He joined Phil Cummings, minority counsel of the Senate Committee on Environment and Public Works, on a panel at the meeting. The political climate is ripe for passage of such legislation, Cummings said.  

The phrase "toxic torts" has come to refer to the losses suffered due to exposure to toxic substances. In the most general sense, a "tort" is a private or civil wrong or injury. This body of law includes principles under which one party compensates another for an injury done, such as personal injury and property damage in a car accident.  

The topic can be divided into three categories, Kirshner said:  

"**Occupational Exposure** - This is frequently discussed as a possible amendment to the Workers' Compensation laws to better compensate workers for problems arising out of occupational exposure to toxics.  

"**Environmental Exposure** - This category includes exposure not only to hazardous waste sites and spills, but also to routine effluents and air emissions, and possibly as well to drift from forest chemical spray projects. The current proposals would impose liability regardless of the fact that the defendant was operating under a valid permit or following all applicable laws and regulations. The major proposals in this category would amend the Superfund law."
"Product Exposure - This category includes exposure to any product which contains a toxic substance. Such toxic substances could include asbestos, formaldehyde or pentachlorophenol. The major proposal being discussed includes toxic tort aspects only as a tangential matter, the major concern of the proposal being to create a national product liability law and do away with the many differences which now exist between the states. However, a number of the bills aimed primarily at environmental exposure would also include compensation for injuries stemming from a product exposure."

Senator Mitchell of Maine, a member of the committee, has introduced two bills, one titled the "Environmental Poisoning Victim Compensation Act." If approved, this legislation would allow recovery of medical expense from Superfund for any person whose health is damaged by exposure to a hazardous substance. Mitchell's second bill would allow the program to be administered by the states. Cummings says the Maine Senator is likely to play a key role because he is well informed and an effective advocate -- "particularly effective in informing his colleagues." Senator Stafford of Vermont, the committee chairman, has also proposed legislation. Over a dozen proposals have been filed in Congress.

Cummings said he would prefer to see the committee go slow in drafting legislation, but it may be difficult. "There is a growing feeling something must be done to help the victims...it is pretty hard for a person to ask serious questions without being linked to the poisoners," he said. Cummings said even the Reagan administration is interested in getting something done. Once amendments to the Clean Water Act are out of the way -- and maybe the reauthorization of the Clean Air Act -- Congress will move into the toxic tort era.

Dr. Edwin A. Gee, chief executive officer of International Paper, took over as chairman of the committee. Fifty-five persons attended.

Waiting Game

The next move in the controversy over federal support for the Maine spruce budworm control program will come from the U.S. Department of Agriculture. Carol Woodcock of Senator Cohen's staff says the Senate Appropriations Committee expects in a few days answers to questions asked on Cohen's behalf by Senator McClure of Idaho. If the U.S.D.A. answers reflect the U.S. Forest Service findings, the answers could be the basis for including funds for Maine in a supplemental budget request -- if there is a request. Hopes are slim, but still alive. Maine's small delegation in Congress isn't represented on the key Appropriations Committee or on the Agriculture Committee.

Washington Visit

On April 20, I visited Senator Cohen's new offices in the Hart Building. On April 21, I talked with Mark Zimmerman of the Snowe staff, visited McKernan's office and with Senator Mitchell. Mitchell will discuss acid rain at a June API environmental forum.
### The Legislature: At-A-Glance

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### Workshops in Augusta

The Energy and Natural Resources Committee of the Legislature held workshops on several pieces of legislation of interest to Great Northern Paper April 19 and April 21.

While a consensus was reached on a logging roads notification procedure, the question of harvesting controls along the Allagash Wilderness Waterway bogged down because of the intransigence of Parks & Recreation Director Hartman. Hartman wants to condition all permits on aesthetic considerations to a degree unacceptable to industry. It's an expansion of current law.

When the committee turned to rivers legislation April 21, the proposal of the Sportsman's Alliance of Maine to put the state on record against the Big A project was quickly killed. (SAM representatives on April 25 were trying to revive the bill and may keep it alive for a while according to State House observers.) The committee turns to specifics April 26 -- questions such as the Big A, the St. Croix and the question of what rivers to include in the Governor's bill.
Workshops (cont.)

The committee, April 21, approved all amendments worked out by Paul Firlotte and others pertaining to inspection, registration and abandonment of dams.

The same committee bogged down over an AFL-CIO inspired bill to impose new controls over chemicals in the workplace. Several members insisted farmers were told they were not to be affected -- and the latest draft contained no exemption for agricultural.

Energy Office Director

After looking out of state and evaluating several familiar faces on the Augusta scene, Governor Brennan filled the post of director of the State Office of Energy Resources last week. The choice was John M. Kerry of Old Orchard Beach, who narrowly missed out in a race for Congress in 1982. He will succeed Gordon Weil. The appointment was a surprise to all. Kerry was in favor of phasing out Maine Yankee and will have to reconcile his views with those of the Governor. He is a hydro power enthusiast.

The Maine Delegation

The latest edition of the 1177-page Congressional Directory is out and lists committee assignments:

Senator Cohen -- Armed Services, Government Affairs, Select Committee on Intelligence, Select Committee on Aging.


Congresswoman Snowe -- Foreign Affairs, Joint Economic Committee, Select Committee on Aging.

Congressman McKernan -- Government Operations, Merchant Marine and Fisheries and Select Committee on Children, Youth and Families.

Sincerely,

[Signature]

pmc/rr
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 May 6:

**Taxes on Timberlands**

Forests cover 90 percent of the State of Maine and 95 percent of this is privately owned. Taxes on timberlands have been the subject of many legislative debates. Another may be coming in the closing weeks of this session, but not triggered by the usual desire to raise taxes. There is general agreement that the present method of financing the $5.5 million state fire control budget is now unconstitutional. The Taxation Committee is considering a half-dozen solutions to the problem.

The problem is the Maine Forestry District Tax. That's where the money is raised for forest fire control programs. The MFD tax amounts to 40 cents per acre in the Unorganized Territory, the area of the state without local government. The MFD tax is also levied against 40 towns in the district. When Maine voters repealed the state uniform property tax in 1977, the Unorganized Territory Services and Education Tax was created. The state taxes landowners in the Unorganized Territory for the services provided by cities and towns -- the Municipal Cost Component. Since 1977, that's been the mechanism used for assessing the MFD tax. As a result, two-thirds of the cost of the MFD is arbitrarily imposed on the Unorganized Territory and all of the people of the state through the general fund have been paying for the other one-third. The Attorney General has warned the Legislature the Municipal Cost Component can only reflect services provided by towns and cities. The whole state benefits from state fire control programs.

Proposals before the Taxation Committee break down in three categories:

-- Finance the entire cost of fire control from the general fund. That approach is being championed by Senator Jim McBreyarity who has been crusading against unfair taxes imposed on the 6,000 residents of the Unorganized Territory.
(Taxes continued)

-- Replace the MFD tax with a statewide tax on acres protected under the fire control program. That is Governor Brennan's preference.

-- Finance fire control with some general fund revenue and some from a statewide tax on forests. House Speaker John Martin sees this as the realistic approach in times when general fund revenues are scarce.

But McBreairty is tenacious. He is convinced the entire Maine economy benefits from the tourists who come to enjoy the vast forests. At an April 27 hearing, McBreairty told the Taxation Committee why he sponsored the politically unpopular bill repealing the retroactivity provisions of indexing the state income tax: "I know we faced problems with general fund revenues...As a result of repeal, we have $80 million more available. I would hope this (fire control) will have one of the highest priorities." The Senator also doesn't like the fact that a lobbyist for Seven Islands Land Company has been drafting a compromise reflecting Martin's viewpoint. McBreairty may propose repeal of the Tree Growth Tax law in retaliation against Seven Islands and others who prefer the Martin approach.

So far, all of the proposals would result in tax decreases for Great Northern Paper, the largest owner of timberlands in the Unorganized Territory.

The Case for the Big A

Approximately 1,500 copies of a reprint of a statement prepared by P. F. Yacavone for an April 13 legislative hearing were mailed to employees, legislators, labor leaders, state officials, the news media and others May 4. The reprint was entitled "The Big A Project -- Why It's Important to Great Northern."

Russ Wiggins, the former Washington Post editor who publishes the Ellsworth American, called May 6 to ask for additional copies and say he was writing an editorial supporting the project and criticizing "the double standard" of the Maine Audubon Society -- opposing the Big A while asking reductions in emissions to reduce acid rain.

Galen Lander, Dick Noyes and I briefed editors of the Bangor News on the project at the request of Assistant Publisher Rick Warren.

In Augusta, the Energy and Natural Resources Committee continued work on three bills in the administration's rivers package after informally voting to kill the proposal of the Sportsman's Alliance of Maine.

Spruce Budworm Funds

When it was learned that states had decided not to ask for several hundred thousands of dollars in money allocated for gypsy moth spraying, state officials and the Congressional delegation moved quickly to ask that the money be made available for Maine for spruce budworm control. Senator Cohen's staff asked the Appropriations Committee to block plans of the U.S. Department of Agriculture to reprogram the money for use in pest control on federal lands in the West. Bob Bartlett wrote a letter to Carol Woodcock of Cohen's staff recalling the Assistant of Agriculture saying Maine's needs would be reconsidered if the funds were not required for gypsy moth control. I sent copies to the other offices of the delegation. Maine Bureau of Forestry Director said Governor Brennan had written a new letter, appealing for funds.
### The Legislature: At-A-Glance

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#### Public Relations

In addition to the Big A project, Russ Wiggins had questions concerning spruce budworm spraying -- why New Brunswick was holding up approval of the chemical Matacill. Bob Wright called Wiggins to explain the routine development which some in Maine had pictured as a dramatic ban...Stephanie Pollitzer of Pulp and Paper Magazine called with questions regarding the rebuilds of No. 7 and No. 8 paper machines in the Millinocket mill...When a few laid-off employees demonstrated at the East Millinocket mill entrance, I answered questions from the employees. Stories appeared on the front page of the Bangor Daily News and Katahdin Times...The record-breaking rains of April resulted in questions from the media. While an 80-year record was broken by the 8.6 inches of rain in April, the most severe flooding was in other parts of the state. In the wake of the floods, Governor Brennan ordered a Land and Water Resources Council study of water management systems on Maine's rivers...The Maine Public Broadcasting Network four-part series, Maineline Washington, concluded May 4 with Congressman John McKernan as guest. The series was made possible by a GNN Foundation grant...I attended a meeting May 6 where plans were discussed to complete a $26,000 fund-raising project of the Maine National High Adventure Area of the Boy Scouts of America.

Sincerely,

pmc/rr
EOS System at GNP May Be a First

“We have optimized the use of our water,” said Paul Firlotte, power systems manager for Great Northern Paper Co., as he explained the company’s new computerized $3 million energy optimization system (EOS) which is approximately 90% on line.

The EOS at Great Northern is believed to be a “first” in the world, and no other paper company or hydro-electric company is believed to have such complete control over their hydro systems via computer.

“In 25 years of work, this is the most exciting program on which I have worked,” said Firlotte, explaining, “it was my dream, sparked by how little information the water dispatcher had to work with. No one previously had a clear picture of hydro-power utilization at any one time,” he said.

GNP’s six hydro-electric plants cover 60 miles of the West Branch of the Penobscot River with a total watershed of more than 2,000 square miles. In contrast to the old way of receiving information at various times, the EOS now supplies computerized information on all units every three-and-one-half seconds.

Received at this interval are the units, station watts, VARS (an electrical term meaning volts, amps and reactive), water flow, pond elevations, frequency of the 40 Hz (cycle) and 60 Hz on a video graph, the voltage at all key points and a circuit breaker map which is 98% automatic.

By contrast, the water dispatcher in Millinocket used to have 40 functions (informational sources) to deal with including eight generators at McKay Power Station, North Twin Dam, the Millinocket generator room, the Millinocket steam plant, and six hydro units operated by hand control by the head grinderman in the Millinocket grinder room.

Also, information came from the East Millinocket steam plant operation on functions at Dolby and Weldon hydro stations and the East Millinocket steam plant control, as well as six hydro units from the East Millinocket old grinder room.

By request, the dispatcher could also receive five lake level devices by telephone, four electrical meter readings, look at one 40 Hz frequency strip chart, a partially automatic circuit breaker map and receive all other information by telephone hourly or on demand.

The water dispatcher is responsible for the flow of water from the river and watershed. He has an operating range supplied by GNP management and his job is to be sure both mills (Millinocket and East Millinocket) get electricity when it is needed. The variables he must work with include water elevation at each of the dams along the river, how many generators are working at any one time,
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 May 13:

**Big A: Yes, But...**

The hearing room of the Energy & Natural Resources Committee is in the basement of the State Office Building, just across from the cafeteria. It was the site of another workshop on the Brennan administration rivers legislation on May 13. The 13 chairs for committee members were arranged in a "U" shape, facing several rows of folding metal chairs for spectators -- lobbyists, a newspaper reporter, legislators, paper company representatives, officials of environmental organizations, bureaucrats and others. As usual, the proceedings were informal but on this day only a staff member, representatives of the State Planning Office and Committee participated in the deliberations.

Senate Chairman Judy Kany opened the workshop by saying she hoped work could be completed. Working from a 17-page list of proposed amendments, the Committee proceeded -- adopting some by vote, rejecting others by vote, or by just passing over the item.

Finally the time came to take up proposed amendments dealing with the West Branch of the Penobscot, tabled from a May 10 session:

Representative Jacques of Waterville: "I move approval -- just as it is now in the bill."

Representative Brown of Livermore Falls: "Let's talk about it (jokingly)..."

Alec Giffen of the State Planning Office: "I have two minor clarifying amendments."
Mrs. Kany called for a vote.

The hands of all present went up.

Mrs. Kany: "It is unanimous. The West Branch section is completed." (The provisions of the Governor's bill were approved which would allow permits to be sought for the Big A project.)

But Mrs. Kany said final action would be put off until May 16 because of negotiations regarding the St. Croix. (They were in progress in an adjacent room.) "I had hoped we could finish today," Mrs. Kany said, adding: "I am losing patience."

In addition to the St. Croix issue, two tabled amendments are at the heart of a tug-of-war over the hydro licensing provisions of the legislation. Balancing language is proposed to allow some environmental damage to occur if benefits outweigh costs. David Platt wrote in the May 14 Bangor Daily News: "This is different from Maine's other environmental laws, except for the low-head hydro laws...This proposal has attracted considerable opposition from environmental groups, which assert it is a radical departure and sets a bad precedent." Several other attempts to make this section more of an obstacle have been rejected.

As proposed by Senator Pearson, three new subsections will be added:

"E. The project will not cause substantial harm to ongoing anadromous fish restoration programs.

"F. The project will not eliminate or result in a significant adverse effect upon rare or unique plant or animal species.

"G. The applicant has taken all practicable steps to mitigate the project's adverse impacts on the environment."

Maine Audubon wants this language added:

"Harm to special resources. After efforts to mitigate adverse environmental impacts, the project will not cause substantial harm to:

"(1) Ongoing anadromous fish restoration, programs; or

"(2) Establish fisheries resources of greater than statewide significance."

Great Northern prefers both amendments be killed -- but Maine's environmental lobby is strong. Representative Michaud of East Millinocket, a committee member who was a leader in winning support for the Big A, is against the Pearson and Audubon amendments and says he again has Jacques' support.

The Martin Factor

One of five parts of the Brennan administration rivers' program isn't going anywhere in 1983. The Energy and Natural Resources Committee ordered the bill held for consideration in 1984 after a personal appeal from House Speaker Martin who told the Committee the bill was too important to be rushed through and more time was needed to solve remain-
ing controversial issues. Martin was convinced of problems with the bill after Barbara Reed Alexander, an attorney and aide to House Majority Leader Elizabeth Mitchell became concerned environmental standards would be lowered. Mrs. Alexander, a one-time aide to Senator Muskie, has been involved in both attempts to have Baxter Park designated as a Class I Air Quality zone.

### The Legislature: At-A-Glance

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<td>Study will be OK'd</td>
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<td>Repeals roads exemption in site location law</td>
<td>Three proposals to come out of committee</td>
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<td>Wood scaling</td>
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<td>Fire control costs, unorganized territory taxes</td>
<td>Workshops week of May 16</td>
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<td>Repeals sales tax exemption for new machinery, equipment</td>
<td>In committee...little support</td>
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<td>Severance tax on timber</td>
<td>Hearing May 19</td>
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<td>Repeal of Tree Growth Tax Law</td>
<td>Hearing May 16</td>
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### Coming Up: Rivers Study

After viewing flooding of the lower Kennebec in April, Governor Brennan ordered a study of the management of the river flows by the Land and Water Resources Council. Craig Ten Broeck, the executive director of the Council who is on the State Planning Office staff, said May 9 that he plans two steps in the state to take place in the next two weeks:

---A meeting of the commissioners of state agency who compromise the Council to approve a plan of action; and

---Letters from the Governor to leaders of interested companies, such as Great Northern, and other organizations, inviting representation on a technical advisory committee for the study.
Ten Broeck, one of the architects of the administration rivers' policy, predicts the study in the next year will cover all aspects of water flows.

Popular Theme: Rivers

Bangor Daily News reporter David Platt remarked May 13 he was considering writing a review of the movies being made on the subject of Maine rivers. "The latest I saw was financed by Trout Unlimited." Portland newspaper columnist Bill Caldwell is telling people he is nearly finished with the text of a book on the same theme. The book on rivers will be Caldwell's fourth on his adopted state.

In Washington: A Last Try

After a long meeting May 11 involving the staffs of Senator Cohen, the Senate and House Appropriations Committee, the Office of Budget & Management and the U.S. Forest Service, Carol Woodcock said it was evident that the Forest Service had successfully reallocated the funds not used for gypsy moth spraying -- and the money wasn't available for Maine. But Mrs. Woodcock said there is approximately $900,000 not yet allocated in other pest control funds. Senator Cohen was planning to make a personal appeal to Senator McClure of Idaho, a subcommittee chairman with jurisdiction over this budget, to find funds for the spruce budworm program in Maine. The state request, she said, has been reduced to $468,000. The Forest Service is trying to terminate support for the Maine program.

All of the members of the Maine delegation are supporting Cohen's efforts to stave off a complete shut-off of federal funds.

Public Relations

A news release prepared by the college was approved for the announcement of a $7,500 matching grant to the T. S. Pinkham Scholarship Fund at the University of Maine at Fort Kent...A full page advertisement was prepared for the Katahdin Times, inviting the public to the open house May 21 climaxing the annual East Millinocket mill spring cleanup campaign...Plans were completed for a May 24 luncheon at which the four Great Northern Paper winners of Great Northern Nekoosa Foundation scholarships in 1983 will be honored. The president of the University of Maine at Fort Kent will be a guest...We declined to discuss newsprint prices when the Associated Press called to ask if prices had been increased.

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 two weeks ending May 27, 1983:

Rivers Legislation  

When environmentalists gained support from House Speaker John Martin and Majority Leader Elizabeth Mitchell in their objections, the Brennan administration backed off from pushing for approval of a redraft of the rivers legislation approved May 17.

Opponents saw the balancing criteria under which regulatory agencies would judge hydro projects as a dangerous precedent, a weakening of the state's environmental laws.

After a day and a half of talks, State Planning Office Director Dick Barringer and others drafted an amendment which got the reluctant support of environmentalists, Great Northern's representatives and, at last count, 11 of the 13 committee members. There were no new obstacles to the Big A project. Dan Boxer, an attorney who specializes in environmental law, says this latest draft is an improvement over present laws governing how permits are issued and the basis for approval.

Jim Mingo, President of Local 24 of the United Paperworkers International Union, and Byron Weymouth, President of the Katahdin Labor Council, came to Augusta May 24 to join other company representatives in opposing any redrafting of the balancing criteria which would make it more difficult to gain approval of the hydro projects. They expressed their concerns to Martin and Mrs. Mitchell at meetings in which Boxer and I also participated. With Lynwood Hand, Great Northern's legislative counsel, we met three times with Barringer and others on the Governor's staff.
The legislation is expected to come before the full Senate for approval Tuesday or Wednesday. A few days will be required for passage. Representative Mike Michaud, a champion of the Big A project, said last week the Sportsman's Alliance of Maine, Natural Resources Council of Maine and Maine Audubon Society were backing off from plans to amend the legislation to block the Big A. The environmentalists felt they had got all they could expect to get in committee negotiations.

The Legislature: At-A-Glance

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<td>Repeals road exemption in site location law</td>
<td>Redraft acceptable to PIIO approved</td>
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<td></td>
<td>Brennan administration rivers legislation</td>
<td>Favored 11-2 by committee; SAM bill officially killed</td>
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<td>Inspection, registration of dams</td>
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<td>Other</td>
<td>GNN proposal to liberalize preferred stock redemptions, dividend rates</td>
<td>Given initial OK with unanimous support from committee</td>
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Legislative leaders are looking hopefully to the second week of June for adjournment but the state is caught in a financial pinch which has led to new talk of tax increases. The paper industry is particularly vulnerable because the Taxation Committee is struggling to come up with a new way to raise the $5.8 million to finance forest fire control programs. And although a bill to repeal the exemption under the sales tax for new and used equipment was killed, there are published reports that repeal of exemptions is still a possibility.

It was learned May 27 the State Bureau of Taxation has re-introduced the Unitary Tax approach rejected two years ago by the Legislature. The Unitary Tax thrust is aimed at getting more money out of companies with operations in other states. The matter will be considered at a May 31 workshop of the Taxation Committee.

Maine officials say revenues will lag $13 million behind projection for 1982-83. Others say it appears the gap will be $20 million. Governor Brennan's budget includes new programs which will cost $40 million in 1983-84 and 1984-85. Anticipating the issue, the Paper Industry Information Office has nearly completed a comparison of Maine taxes with other papermaking states. This data will be the basis for industry strategy in the next few weeks.

**PIIO Meeting**

Reduced to a one-day program because of hard times in the industry, the annual meeting of PIIO was held May 26 in Augusta.

The 45 people in attendance heard Dr. William Nersesian say, "I believe we have a problem with environmental health centering around air pollution in mill towns" causing asthma. Only a detailed study can sort out the facts, the director of the Maine Bureau of Health said. The "new public health" is primarily concerned with environmental health issues such as the effects of chemicals and radioactive compounds, he said, referring to those in the field as a "very zealous minority" which believes in preventive medicine. Also on a panel with Nersesian was Charles Leavitt of the Maine Labor Group on Health who cited the increasing rate of injuries in Maine paper mills and the fact the industry is the nation's fifth largest user of chemicals as justifying a reallocation of the industry's priorities to focus on environmental health. Leavitt says legislation is expected to be passed soon which will require better programs in Maine industries. Dale Phenicle of Great Northern, chairman of the PIIO Environmental Affairs Committee, substituted for Dr. Ken Gould of International Paper as a third panel member, and discussed industry safety programs.

Dr. Christian Potholm of the Bowdoin College faculty, pollster and political scientist, and political advisor to Senator Cohen, said the current Legislature "is the most anti-business Legislature of this century." The dinner speaker said Maine businessmen should be encouraging employees to run for office but instead are keeping their heads down, hoping the problem will go away. "As a group, businessmen do a lousy job of explaining that without business, what in hell would keep this state afloat," Potholm said.

Jim Griffith of Great Northern Paper was one of six industry people cited for public service on committees, commissions or boards. Griffith served on the Speaker's Select Committee on Workers' Compensation.
Scholarship Luncheon

Dr. Richard Spath, President of the University of Maine at Fort Kent, was a special guest at a May 24 luncheon when four recipients of Great Northern Nekoosa Foundation scholarships were honored. The four (Peter Bartlett, Anthony Gaetani, Paula Moore and Rebecca Sturman) were presented plaques by R. W. Noyes. Thirty young people, company officials and educators attended the annual event. A news release and photograph were distributed to the press.

Other Activities

Roger Boynton completed an updating of the Great Northern 35 mm slide presentation...The mail has brought several letters inquiring about bass fishing opportunities and camping on company lands as a result of an article in Outdoor Life, providing my name as a source of information. It was a surprise to find I'm an authority on bass fishing...Dave Platt of the Bangor Daily News called May 27 asking information on the water situation as a result of weeks of wet weather...Colin Nickerson of the Boston Globe's New England Bureau called May 26 to ask questions about the long-range wood supply. I responded based on notes prepared by Bob Wright and Bob Bartlett for a recent meeting of Maine editors and publishers.

Thank You, Mrs. Reed

Rhonda Reed this week is concluding seven and one-half years of service as an office assistant in the Public Affairs office. She has accepted part-time employment in the Central Personnel office, but says she'll be available to help us out in a jam. Thank you, Mrs. Reed, for your effective work over the years.

Sincerely,

pmc/b
Enclosure (PIIO Newsletter)
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 June 3:

**Rivers Legislation (Step II)**

The Brennan administration's rivers legislation was reported out of committee June 2 -- seven weeks after the April 13 public hearing. If approved, the proposal would raise no new obstacles to the Big A project. And Maine Times, the weekly journal of opinion, reported "It appeared unlikely that the West Branch of the Penobscot would also be added to the list for protection against hydro development" by amendment in the legislation process.

When Legislative Document 1721 (the redraft of L.D. 1296) appeared on the Senate calendar June 2, consideration was deferred. Senator McBreairty of Perham wasn't ready to make a case for L.D. 1721, a minority report which relaxed land use control provisions. When the item appeared on the afternoon session calendar, Senator Kany of Waterville explained the differences between the two in response to a question. With Senator McBreairty absent, the Senate recessed. The Aroostook Senator gave up without making a speech. When the Senate reconvened, the proposal was approved without discussion. Next day it was the same story. The bill passed to be engrossed in the Senate.

Next in the legislative process will come two readings in the House leading to engrossment. If engrossed without change, L.D. 1721 will be voted upon a third time in the House at the enactment stage. The process calls next for a Senate vote on enactment. With the approval of the Legislature, the bill would be sent to Governor Brennan to be signed into law.
Environmentalists were claiming a victory in press statements saying House leaders had responded to their appeal to eliminate a balancing formula for judging permits from the redraft. After reviewing one of the accounts, Dan Boxer, the Portland attorney who specializes in environmental law, said the text was "inaccurate" because the final draft (L.D. 1721) "requires the weighing of energy benefits against environmental harm but does not use the word 'balance'." Boxer wrote "I personally don't believe the difference in the Governor's original draft or the draft reported out by the Committee is significant for the Big A project."

The Legislature: At-A-Glance

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<td>Revisions in wood scaling law</td>
<td>Still in committee... debate likely June 7</td>
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<td>Two-year extension gets preliminary OK</td>
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Frustrations

Another week has passed with no progress by the Taxation Committee in finding a new way to finance state forest fire control programs. Until this problem is solved, the Committee can't act on taxes in the Unorganized Territory. Until there is an answer to the fire control question, the Committee is keeping alive the possibility of a severance tax on wood.

The Committee is considering six or seven possible answers -- including one to abolish the fire control division of the Bureau of Forestry and leave the job up to landowners and communities.

As is the case with zoning on rivers, Senator McBreaity is in a minority, but clinging to the belief that the entire cost should come from the general fund. Under a formula attorneys agree is unconstitutional, one-third now comes from the general fund and two-thirds from landowners in the unorganized territory. Governor Brennan wants the entire cost of $5.8 million spread statewide with a 100 percent tax on municipal valuations. House Speaker Martin says a percentage should come from the general fund.

With two million acres of land in the over-taxed Unorganized Territory, Great Northern Paper's stake is substantial.

Industry lobbyists, led by Portland attorney Don Perkins, representing the Paper Industry Information Office, are closely monitoring workshops and looking for ways to help the Committee.

30,000 Jobs -- That's What She Said

Portlanders were excited over the news the executive offices of Great Northern Paper would be moved to the Maine city from Stamford.

Neila Smith, the co-anchor of WCSH-TV news, really got excited when she mistakenly said on the air the move would mean 30,000 jobs -- not 30. The apologetic Ms. Smith confirmed she had actually said 30,000. "We were in a rush to get the news of the Canadian plane fire on the air and I forgot to make a correction."

Frank Sleeper, the business editor of the Portland papers, said "this story is as big as the museum for downtown Portland." He wrote a detailed story. His boss, John DiMatteo, President of the Gannett newspapers, was even more enthused. Jack Daigle, President of Casco Bank, says "this is what we've been hoping for...it's great."

Unfortunately Bangor people were disappointed despite assurance the move did not diminish Great Northern's commitment to northern and eastern Maine.

In addition to the news release which announced that Bob Bartlett would be the new president of Great Northern Paper, we answered questions from Sleeper, Allan Lobozzo and Tony DePaul of the News and others.
Roger Mallar is a former Commissioner of Transportation, John Melrose is a former legislative director for the Maine Municipal Association. Mallar now heads a consulting firm in which Melrose is a vice president. Mallar lobbies for business — the Coalition for Workers' Compensation, the Port of Searsport, the Maine Good Roads Association and others. He is a vice chairman of the State Chamber of Commerce. Melrose lobbies for the Natural Resources Council of Maine and was the chief environmental lobbyist opposing the hydro development provisions of the Brennan administration's rivers program.

Sincerely,

All In The Firm

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 June 10:

**The Legislature**

"The near-crisis fiscal conditions of many states in fiscal 1983 have been well chronicled throughout the year. State after state has been forced to enact major tax increases and cut spending to avoid huge deficits at the end of the current year...24 states have enacted tax increases this year -- over half in their sales or income tax. Most states have dramatically curtailed their spending...eight states propose to spend the same or less in fiscal 1984 than they did in fiscal 1983."

---News release, National Governors' Association

"The revenue shortfall isn't as bad as originally thought...it's worse. Governor Brennan's office has discovered an administrative error that adds nearly $6 million to the $22 million gap already known to exist in the administration proposal for new and expanded services."

"In addition to the $28 million hole in the Part II budget, several million dollars are included in legislators' pet spending bills awaiting action on the Senate appropriations table. It all adds up to the necessity for deeper cuts and pressure for new or increased taxes."

---Legislative Report, Maine Petroleum Association

Maine legislators have found themselves with the same financial problems plaguing other states in this recession era. After revenues failed to meet projections, the Governor had ordered spending cuts and a freeze on hiring personnel.

The paper industry is caught in the turmoil in Augusta and there are growing apprehensions the industry and other segments of the overall forest products industry may end up paying new taxes.
The Taxation Committee hasn't completed action on ten pieces of legislation. Three deal with the Unorganized Territory. Another is a severance tax on wood. Two cover ways to finance forest fire control programs. Repeal of several tax exemptions (including the sales tax exemption on new and used equipment) is the subject of another.

The key to the Legislature's path in the final days of the session may be the method of financing fire control. Almost all of the proposals include some general fund money. Representative Andrews of Portland used that as justification for supporting "in concept" a severance tax on wood in a June 9 straw vote of the committee. Four others joined Andrews while seven opposed the new tax. In a weekend report to members, Bob Chaffee of the Maine Forest Products Council wrote:

"While the argument was made in committee that the new tax would offset monies taken from the general fund for forest fire control, the new tax is not even dedicated to that purpose and is merely a way to raise money for the state. It is estimated a severance tax would raise some $1.4 million annually."

The Taxation and Appropriations committee was expected to meet in the week ahead to develop a tax-and-spend package.

Donald Perkins, the Portland attorney who represents the Paper Industry Information Office, has been monitoring the Taxation committee's activities along with Hank Magnuson, the PIIO executive director. Both see the Brennan proposal to tax landowners at approximately 30 to 32 cents per acre to finance fire control without a general fund revenue as the most desirable for the paper industry. The unorganized territory rate for the same purpose is now approximately 40 cents. But a new property tax imposed on towns and cities to collect creates political problems. Because the issue is critical to Great Northern Paper, Lynwood Hand is also following the committee.

The Legislature is limited by statute to a 100-day session and that means adjournment by the weekend of June 25-26. Members still have to dispose of 100 bills still in committee.

Rivers Legislation (Step II)

The Legislature, with Hand watching every move, June 9 enacted and sent to Governor Brennan the administration's rivers legislation.

Final passage in both houses came with only two legislators speaking briefly.

The Governor is expected to sign the bill in a few days with considerable fanfare.

No new obstacles to the Big A project are contained in the bill. No attempt was made during the legislative process to amend the bill to put the State on record against the project.

The House passed the bill to be engrossed June 7 with a roll call vote on a motion to accept the majority report (the administration version) 101-31, indicating majority Democrats were solidly behind the Governor.
Wood Scaling

One of the most difficult issues of the legislative session has been a Maine Woodsmen's Association inspired bill to revise laws dealing with wood measurement. The bill also had the support of the Maine AFL-CIO based on support from Eldon Hebert of the United Paperworkers International Union (UPIU). Most of the forest product industry sat back and let the MWA (with help from Pine Tree Legal) gather considerable support for the proposal. Skip House of Great Northern and Doug Smith, an attorney representing the Maine Forest Products Industry, led the opposition. Last week the issue reached a climax. Despite AFL-CIO pressure, the Senate favored a version backed by industry. House Speaker Martin told sponsors of the MWA version they had no chance of success. Martin suggested a study. The issue is dead for another year.

The Legislature: At-A-Glance

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The Shutdown

Plans for a six-day extension of the regularly scheduled Fourth of July shutdown were announced June 9. A news release was distributed. The item for the first story on WABI-TV's evening news and fourth on WLBZ-TV and got front page coverage in the Bangor Daily News the next morning. On June 10 we made radio tapes on the shutdown for two Bangor stations and one in Ellsworth.

Sincerely,

Paul

Distribution:
E. E. Allain W. M. Dillaway R. R. Johnson J. F. O'Handley
R. F. Bartlett P. I. Firlotte M. A. Keck P. P. Paul
A. P. Birt T. H. Flanagan T. W. Kelly T. N. Pendleton
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L. L. Chambers L. E. Hand W. E. Lloyd W. A. Saucier
A. L. Clark R. Hellendale O. J. Lombard B. J. Shainman
W. E. Cozens S. M. Hill P. F. Mendola O. K. Tripp
A. B. Danforth S. G. Hobson C. L. Nelson W. D. Vail
J. P. DeMarrais P. D. Hubbe A. M. Nemirow D. W. Westfall
A. E. Dentremont C. A. Hutchins G. L. Nystrom H. Willets
R. K. Caron
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 June 24:  

**Paying the Price**  

Several days before adjournment June 24, leaders of the Democratic party in the Legislature made two decisions: New revenues were needed to replace federal funds no longer available and finance initiatives of the Brennan administration. The new revenues would be raised by increasing taxes on cigarettes and by adjusting corporate income tax rates -- increasing the rate by 28 percent on corporations with taxable income of over $250,000, including Great Northern Paper. And that's what happened. Legislation implementing the decisions were rushed through both houses June 22 and signed into law the next morning by the Governor.  

It wasn't as much what happened June 22 and June 23 in Augusta as how it happened which angered the business community.  

Until a few minutes before the House of Representatives convened in the sweltering summer heat June 22, members said they had no knowledge of the tax proposals. Then Legislative Document 1784 was distributed. The revised corporate income tax rate was on page 99. Here is a comparison of the schedule in effect since 1978 and the new rate:  

<table>
<thead>
<tr>
<th>Taxable Income</th>
<th>Old</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-$25,000</td>
<td>4.95%</td>
<td>3.5%</td>
</tr>
<tr>
<td>$25,000-$75,000</td>
<td>6.93%</td>
<td>7.93%</td>
</tr>
<tr>
<td>$75,000-$250,000</td>
<td>6.93%</td>
<td>8.33%</td>
</tr>
<tr>
<td>More than $250,000</td>
<td>6.93%</td>
<td>8.93%</td>
</tr>
</tbody>
</table>

Democrats also pushed through Legislative Document 1787 containing details of the new taxes. The sponsor was later quoted as saying he had given up hope for the original bill.
In explanatory material distributed by the Democratic leadership, the budget calling for a $26 million increase in taxes was described "as lean as we can in good conscience recommend to the people of this state. Further cuts will decimate existing programs (because of a lack of federal funding), halt economic development initiatives which seek to stimulate our economy and generate needed jobs, and would fail to respond to human needs."

Further, legislators were told the corporate share of Maine's income tax has shrunk from 32.2% in 1977 to 14.9% in 1982. "While some loss can be legitimately attributed to the economic slowdown, the decrease in taxes to the state is far greater than the effects of the recession," said the Democratic leaders who placed the blame on Reagan tax policies. Democrats said that under their proposal "80% of Maine's businesses that pay corporate income taxes will receive a tax reduction." In a questions and answers sheet, it was explained Maine's ability to attract new businesses will not be hurt because 90.45% will have no change or receive a deduction and because several studies have shown tax policy "is a very minor" consideration for business.

In the debate, Republicans offered a budget alternative, calling for $13 million in new taxes, mainly on cigarettes. But Democratic leaders beat off all attempts to slow down their budget package. Final approval came just before midnight.

In an editorial June 24, the Bangor Daily News said:

"The added $26 million burden, much of it falling on the state's businesses, comes at a most inopportune time, as many corporations are poised for recovery and others are contemplating reinvestment and expansion. It is an untimely and discouraging self-indulgent budget...

"The next time he (Governor Brennan) talks about jobs and encouraging business development in Maine, the people can be excused if they don't take him seriously."

In the final week of the session, business leaders unsuccessfully opposed adoption of a complicated unitary tax system for business. The unitary bill was pushed through by Democratic leaders without a public hearing. Donald Hopkins, a Penobscot Paper vice president, said at a State House Press conference, staged by business groups, the unitary approach means "Corporations would be required to pay Maine taxes not only on the basis of their own earnings but also on the basis of earnings of other corporations with which they are affiliated, even though those other corporations do no business in the State of Maine." Hopkins warned the approach "was by no means certain to raise additional revenues."

For Great Northern Paper, the final days of the session also saw legislators approve a 17 percent increase in the projected cost of education and municipal services provided to the unorganized territory. Despite a reduction in direct taxes to finance control of forest fires adopted by the Legislature, overall taxes on timberlands will increase in 1983-84, the Paper Industry Information Office predicts.
### The Legislature: At-A-Glance

<table>
<thead>
<tr>
<th>Environment</th>
<th>Class I Air Quality Zone Designation, Study</th>
<th>Killed...DEP to study</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>New system of water classification</td>
<td>Committee voted to put off until '84</td>
</tr>
<tr>
<td>Labor</td>
<td>New controls over chemicals in workplace</td>
<td>Enacted, sent to Governor for signature</td>
</tr>
<tr>
<td></td>
<td>Worker's compensation reform</td>
<td>Enacted, sent to Governor for signature</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>Ban on clearcutting in Allagash Waterway</td>
<td>Killed</td>
</tr>
<tr>
<td></td>
<td>Repeals road exemption in site location law</td>
<td>Redraft acceptable to PIIO signed into law</td>
</tr>
<tr>
<td></td>
<td>Brennan administration rivers' legislation</td>
<td>Signed into law</td>
</tr>
<tr>
<td></td>
<td>Inspection, registration of dams</td>
<td>Signed into law</td>
</tr>
<tr>
<td></td>
<td>Revisions in wood scaling law</td>
<td>Study ordered</td>
</tr>
<tr>
<td></td>
<td>Extends Indian Land Claims Settlement Act</td>
<td>Two-year exemption OK'd</td>
</tr>
<tr>
<td>Taxation</td>
<td>Fire control costs, taxes in unorganized territory</td>
<td>Redraft approved, sent to Governor</td>
</tr>
<tr>
<td></td>
<td>Severance tax on timber</td>
<td>Killed</td>
</tr>
<tr>
<td></td>
<td>Repeal of Tree Growth Tax</td>
<td>Killed</td>
</tr>
<tr>
<td></td>
<td>Repeal of sales tax exemption for machinery</td>
<td>Killed</td>
</tr>
<tr>
<td></td>
<td>Corporate tax restructuring</td>
<td>Signed into law</td>
</tr>
<tr>
<td>Other</td>
<td>GNN proposal to liberalize preferred stock redemptions, dividend rates</td>
<td>Signed by Governor</td>
</tr>
</tbody>
</table>

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**Still to Come: Studies**

Before adjourning the Legislature ordered a number of studies, including:

**Fire Control** -- An advisory council was created to determine the need for the 9-cent per acre differential in the unorganized territory and other aspects of the new law.
Class I Air Quality -- The State Department of Environmental Protection was ordered to study the designation of Baxter Park and other areas as Class I air quality zones. Great Northern has opposed such designation. The next session will consider the DEP report.

Wood Measurement -- A special committee was created to study proposed legislation to revise the wood measurement law.

Gates -- The Energy and Natural Resources Committee will study gates controlling access in the unorganized territory.

Department of Conservation -- The entire department will be studied by the Audit & Program Review Committee as part of the regular review of all state agencies.

Already in progress is a water flow management study ordered by Governor Brennan after 1983 floods. A Land and Water Resources Council committee headed by Conservation Commissioner Anderson visited Millinocket June 23 and members were briefed by Paul Firlotte and visited North Twin dam, inspected the Energy Optimization System and viewed the West Branch water system from the air. The committee is asked to report by October.

Television Documentary

A Maine Public Broadcasting Network documentary to be shown at 7:30 p.m., Sunday, July 3, will focus on Maine's wood and paper industry, particularly Great Northern Paper. The documentary combines and condenses two programs for children made with Great Northern Paper cooperation in 1982. Chuck Halsted, the producer, narrates. In the forestry segments, the program deals with methods of harvesting. In the manufacturing segments, the Millinocket mill is the center of attention. A print is available for video tape showings.

Public Relations

Roger Boynton put together a full page of photographs of the June 14 retirees banquet for the Katahdin Times… I attended those portions of the controller's conference June 14 when Clark Irwin of the Portland newspapers and Chuck Lawton, an economist with the State Planning Office, were speakers...Photographs and news releases were distributed on the recent round of promotions...Photographs and story material were provided Maine Today, the magazine of the State Chamber of Commerce. Editors of the magazines are preparing an August issue featuring the pulp and paper industry...With Bart Harvey and Steve Curtis, I went to the studio of WAGM-TV in Presque Isle June 21. Bart and Steve were interviewed by John Logan who is preparing a half-hour program on forest management in the Allagash river corridor. The program is the idea of industry critic Jim Briggs...Don Carrigan of WLBZ-TV called for comment and background after a state study was released of spruce-fir availability in the years to come.

Sincerely,

[Signature]

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 three weeks ending July 15:

'Tis The Season for Studies

Following adjournment of the Legislature, public affairs representatives of paper companies and the staffs of trade associations turned their attention to studies planned by legislative committees. Everybody was surprised by the number, including legislative leaders who ordered a second look at all studies in the interest of economy. Regardless of the attempt to reduce costs, the scope of studies to be carried out by legislative committees or subcommittees is unprecedented. In addition, the Legislature created at least three new study committees, commissions and advisory councils. Governor Brennan has also ordered several studies.

The Public Affairs Committee of the Paper Industry Information Office met July 15 to sort out the studies. These issues got top priority:

Taxation -- In anticipation of the start of a study of the impact of Maine's tax structure on economic development, a PIIO task force will be reactivated and counsel retained. The Taxation Committee also plans to study tax exemptions. It was also decided to promote a coalition of trade associations to urge a thorough study of the tax burden of Maine businesses.

Water Pollution -- After environmentalists, industry lobbyists and regulators had agreed on a new system of classifying waterways and controlling pollution, House Speaker Martin asked colleagues to delay approval for a year. Dan Boxer, the Portland attorney who negotiated on behalf of industry, says "it looks like we start all over again." The Committee voted to retain Boxer to work with the Environmental Affairs Committee during the study.
Conservation Department -- All of the bureaus of the agency -- Forestry, Public Lands, Parks & Recreation, Geology and the Land Use Regulation Commission -- are being evaluated in the Sunset Review process. The staff of PIIO is monitoring the study. The Land Use Subcommittee of the Resource Managers Committee is preparing testimony on LURC's activities.

In addition to those given top priority by PIIO, Great Northern and other companies will take the lead on several issues.

Forest Fire Control Funding -- Great Northern has asked that Bart Harvey be named to a new advisory council created by the Legislature.

Wood Measurement -- PIIO left it up to Great Northern. A special legislative committee will be named to evaluate a proposal sent to study.

Class I Air Quality -- Again, the matter was left to Great Northern. Representative Mike Michaud of East Millinocket, a member of the Energy & Natural Resources Committee, will ask the Department of Environmental Protection to keep him informed of the study Governor Brennan has asked the agency to perform. Great Northern has vigorously opposed designation of Baxter State Park as a Class I Air Quality Zone because it could limit operations of the Millinocket mill in low water years.

Water Management -- Paul Firlotte is a member of a technical advisory committee for this study ordered by the Governor following floods in the Spring of 1983. An industry coalition has been organized to participate in the study. The Land & Water Resources Council with staff from the State Planning Office is conducting the study.

With at least four studies scheduled in the area of workers' compensation insurance, the question of which association will monitor development is up in the air. The task had been delegated to a Coalition for Workers' Compensation Reform in the 1983 session of the Legislature. Now the Coalition's lobbyist, Roger L. Mallar, has been hired by an insurance company. Associated Industries of Maine's plans will be explored by PIIO representatives. (Until the trade associations sort out their responsibilities, Great Northern representatives will track this issue.)

A list of studies in which Great Northern Paper is interested is attached.

At the meeting of the PIIO committee, Chairman Bob Turner of St. Regis compared the studies to the activities of a full-time state legislature. Critics say that so many of the legislators now have no other jobs that they need the expense money created for them by studies to remain in the Legislature.

In 1982, the most publicized study led to passage of the Brennan administration rivers program. The man behind the study, State Planning Office Director Dick Barringer, will serve as executive director in 1983-84 special commission to study the state's school system. Barringer also will be a participant in the water management project.
PIIO Directors

At a meeting preceding that of the public affairs committee, directors of PIIO voted to conduct a complete review of the trade association's finances and programs August 22-23. Directors discussed a budget of $244,776 proposed by the PIIO staff -- requiring an increase of $62,815 in membership assessments over 1982 when a budget surplus was used to reduce operating costs. Purchase of a word processor-computer system was proposed. Final approval of the budget will come during the August 22-23 meeting. J. M. Giffune was designated as the new alternate director from Great Northern Paper.

Turnover in Washington

Mark Zimmerman, a staff assistant whose responsibilities have included dealing with the forest products industry, has resigned from the staff of Congresswoman Snowe. Recent changes in the Washington office of Mrs. Snowe also include the departure of John Yahner, administrative assistant and staff chief. The new staff chief is Kirk Walder who has been a legislative assistant. Angela Aloupis of Congresswoman Snowe's Bangor office has received a request for information from a constituent on spring flooding in the East Branch. Paul Firlotte and I discussed the subject with Ms. Aloupis.

International Paper has hired Joe Petrowski, a former aide to Congressman David Emery, as a public relations manager for the Jay mill.

BIW -- A New Direction?

Bill Haggett has taken over as chief executive officer of Bath Iron Works Corporation which has reduced its role in legislative affairs in recent years. BIW, which used to employ an attorney as lobbyist, no longer does so, instead relying on trade associations. In Haggett's first move as president, he upgraded Public Relations Director Jim McGregor's function. McGregor, an advocate of more BIW activity in Augusta, will report to Haggett instead of a vice president.

Visit With Governor

With P. F. Yacavone and R. F. Bartlett, I met with Governor Brennan in Augusta July 12. The meeting provided the out-going and in-coming presidents of Great Northern Paper an opportunity to discuss informally matters of interest with the Governor. Topics included the Big A project, workers' compensation and safety, economic conditions, moving of the company's executive offices to Portland and the 28 percent increase in the corporate income tax rate for major companies in Maine.

Maine Reading

DeLorme Publishing Company of Freeport, originators of the popular series of maps and guides, has come out with a series of 22 envelope-size booklets on State of Maine subjects -- canoeing, hiking, trips for children, wild flowers, birds, historic sites, inns, a book of lists, and others.

The lists provide the information that Woodville is the state's fastest growing community.
In explanatory material distributed by the Democratic leadership, the budget calling for a $26 million increase in taxes was described "as lean as we can in good conscience recommend to the people of this state. Further cuts will decimate existing programs (because of a lack of federal funding), halt economic development initiatives which seek to stimulate our economy and generate needed jobs, and would fail to respond to human needs."

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questions about Great Northern Paper and planning to write a story, or stories, on the Big A project, hardwood pulp research and the move of the executive offices to Portland. In addition to talking with me, she also called Ed Meadows of Seven Islands to discuss the hardwood pulp research...Bud Leavitt of the Bangor Daily News called asking about a speaker to discuss the Big A project. Galen Lander had agreed, subject to finding a convenient date...Anne Erickson of the Katahdin Times and Allan Lobozzo of the Bangor Daily News called with questions regarding the strike of the Nekoosa mills in Wisconsin.

Sincerely,

[paul]

pmc/b
Distribution:

E. E. Allain        P. I. Firlotte        R. R. Johnson        J. F. O'Handley
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W. M. Dillaway     C. A. Hutchins       G. L. Nystrom       P. F. Yacavone
Mr. Richard W. Noyes  
Vice President-Operations  
Great Northern Paper  
Millinocket, Maine 04462  

Dear Dick:  

This newsletter of the Public Affairs department will be devoted mostly to an annual attempt to run down the leading issues facing Maine's business community:  

The Business Climate  

If you read advertisements of the State of Florida in Business Week, you are informed Florida is No. 1 and Maine 40th in a rating of state business climates.  

If you followed the Maine Legislature, you recall businesses with taxable incomes of over $250,000 saw their income tax rate increased 28 percent;  

But the same tax was reduced for 80 percent of the state's businesses;  

The debate over Maine's business climate has taken a new, but far from original, twist: "Big is bad; small is beautiful." The State House wag with this opinion contends there is plenty to support this theory and says big business shouldn't be surprised, pointing out:  

Not only were income taxes cut for small business, but small businessmen were successful in warding off an AFL-CIO proposal to increase the minimum wage. Why wouldn't Democrats make the corporate income tax more progressive? It was their idea to do the same thing several years ago with the personal income tax. They believe it is the fair thing to do.  

In the summer of 1983, the No. 1 issue for the state's paper industry -- and to a varying extent for other segments of the business community -- is the climate in which they do business.
When Democrats swept into complete control of state government, the paper industry braced for difficulties because of longstanding ties to Republicans. But in a January speech, Senate President Jerry Conley told the industry it could expect fair play. When Democrats needed lobbying assistance to repeal the retroactive provisions of a tax indexing law, they got help from paper industry lobbyists -- and House Speaker John Martin thanked them for the assistance. But in June when the financial crunch came, it was the state's big taxpayers (mostly paper companies) who saw tax rates increased 28 percent.

In fairness to Democrats, their support of leaving the fate of the Big A project to environmental agencies was decisive. And support from Democrats delayed critical decisions on matters such as Class I air quality zones, harvesting controls in the Allagash Wilderness Waterway and on revisions in the wood measurement laws. House Speaker John Martin was responsible for reforms in the Workers' Compensation laws.

For years, Maine politics boiled down to Republicans (with business allies) vs. Democrats (with labor support).

That picture has changed.

Labor leaders, angry over treatment they got on issues such as raising the minimum wage, have said they will be taking a closer look at candidates. They will need more than a Democratic label to get support.

Businessmen are taking the same approach as they gingerly continue to get deeper involved in politics.

Business continues to tiptoe in disarray. After failing completely in 1982 with a $20,000 last-minute effort to elect pro-business candidates, the Business Council of Maine is soliciting funds again. With Republicans in adversary roles, the Council's attempt to appear bipartisan is still questionable. The State Chamber of Commerce has turned down a proposal from Associated Industries of Maine to start merger talks. Industry remains divided. So is the forest products industry. The Maine Forest Products Council has never been able to raise enough money to effectively lobby. While that hasn't been the case with PIIO, the member companies have been backing off and leaving the lobbying to less experienced public affairs personnel with responsibility for several states. Only Great Northern Paper now has a representative in Augusta on a daily basis during sessions.

The business climate issue will be aired in the next few months before the Taxation Committee when it conducts a study of two subjects:

1) The Impact of Maine's Tax Structure on economic development; and

2) A review of property tax exemptions.

With two-thirds of the total Great Northern Nekoosa Corporation state taxes incurred on those in Maine on one-third of GNN's investments, the issue is a high priority one for Great Northern Paper which is also anticipating a $300,000 increase in taxes on timberlands as a result of actions of the last Legislature.
A task force of the Paper Industry Information Office, with attorney Jim Good of Portland as counsel, will be preparing for the hearings of the committee. A PIIO study will show Maine doesn't fare well in comparison with other papermaking states of taxes on a model mill and timberlands. Whether legislators will care about the competition Maine's paper mills face is a question. It is apparent that, with a few exceptions, today's legislators and Governor Brennan simply believe the paper industry is the ideal industry for Maine, one in which big profits make possible big salaries. What most do not understand is that Maine isn't an island which can tap those profits without consideration to what's taking place elsewhere.

Issues of 1983

Besides the business climate issues, others facing industry in 1983 include:

Big A -- The news media is calling the Great Northern Paper hydropower proposal controversial. Whitewater rafters, environmentalists and fishermen agree, but they backed off from a confrontation in the Legislature. They will have another chance in the regulatory process.

Forest Management -- Will new state regulations be imposed to improve forest management? Will the state offer incentives to improve management? With both federal and state studies predicting a long-term shortage of spruce and fir, these questions and others will be debated in the months ahead. If industry seizes the opportunity, there is an excellent opportunity for industry to promote new forest management techniques such as the use of herbicides.

Class I Air -- The Department of Environmental Protection has retained several consultants to consider a proposal that Baxter Park be designated as a Class I Air Quality zone. Great Northern has opposed designation, saying production cutbacks might be necessary if full oil-generating capacity could not be utilized in low water years when hydropower was cut back. The Natural Resources Council and Maine Lung Association are promoting the idea.

Environmental Health -- Some labor unions and bureaucrats continue to push this issue, aiming at the paper industry in Maine.

Workers' Compensation -- An expanded rehabilitation program and qualifications for hearing loss claims are under study by legislators and one, or both, could add to the cost of Maine's liberal benefits.

Water Quality -- The Legislature put off for a year a new system for measuring water quality just when everybody agreed on the redraft. But Democratic leaders fear a weakening of present standards. "It looks like we start all over again," says Portland attorney Dan Boxer.

Education -- Dick Barringer is the executive director for a Brennan administration study of public schools. Meanwhile, there is competition among University of Maine campuses for "high technology" graduate study funds with the paper industry concerned over the engineering and forestry colleges chances.
Trustees of the Foundation have offered to equip a new chemical engineering facility if public funds are provided for the bricks and mortar. Despite this offer, Maine voters rejected six years ago a bond issue providing funds for "Jenness II". Chemical engineering is now housed in Jenness Hall. Silverman says the building is still the top priority on the Orono campus, according to Stanley N. Marshall Jr., the Foundation's executive secretary. But McCarthy hasn't advanced the proposal since the referendum setback.

At a July 22 meeting of the Public Information Committee of the Foundation, committee members listened to the concerns of the staff and advisors and then recommended a delegation of Foundation officers go to Silverman and McCarthy to ask them to again recommend the building to the Governor and Legislature. Foundation Chairman is Chuck Schmidt of S. D. Warren and John Luke of Westvaco is president. P. F. Yacavone is one of three vice presidents. The delegation would also urge McCarthy to allocate a share of funds for "high technology" graduate study programs to the School of Engineering and Science.

Dr. Ivar Stockel, chairman of the Chemical Engineering Department, says graduate students are a key to successful research projects. And research opportunities attract outstanding faculty members -- the best teachers. With Foundation support the Chemical Engineering Department is recruiting graduate students from the best engineering schools with offers of up to $20,000 a year in assistance. Stockel visions the Chancellor's proposed programs as benefiting mostly the departments of civil engineering and electrical engineering in which the Foundation also is interested.

All this comes a midst a whirl of activity:

Silverman has been publicly critical of a State Planning Office Study predicting growth for southern Maine but continuing economic difficulties for northern and eastern Maine. He sees the studies as discouraging public investment in northern and eastern Maine.

Critics of Chancellor McCarthy say he has been ignoring the needs of capital-intensive Orono campus by allocating funds made available by the Legislature on a per capita basis. The system has 25,000 students with half on the Orono campus.

Critics of Governor Brennan say he has stacked the Board of Trustees with people with a better appreciation for the University of Southern Maine in Brennan's native city and political base than of the Orono facility.

The new "high tech" industries and expanding Bath Iron Works have been successful in creating a graduate education program in engineering on the Portland campus of the University of Southern Maine. The program will start up this year.

The Maine Development Foundation, which depends on the Legislature for half of its budget, is embarking on a study designed to produce a Technology Strategy for Maine with emphasis on "high tech" opportunities with Portlander Bob Masterton of Maine Savings Bank as task force chairman. Higher education's role will be considered. R. F. Bartlett will participate.
With the Brennan administration dominated by people with ties to the southern Maine region and with the Legislature dominated by southern Maine representatives, the challenge for the pulp and paper industry is to win support in the region for vital projects in northern and eastern Maine. Most of the industry's facilities are in these mainly rural areas.

The Press Digs In

Dave Platt of the Bangor Daily News and Bob Cummings each spent a half day in the office of a state agency in Augusta, scanning the package of "Big A" project studies. Twenty state agencies got copies.

Platt, who praised the content of the studies he scanned, asked for a complete set for the Bangor Daily News library. His story appeared in July 15 editions and was headlined "GNP Files First Application For Controversial Dam." Cummings commented "there is a lot there to write about." His story appeared in the July 24 Maine Sunday Telegram under a headline "Dam Would Calm White Water Adventures."

Galen Lander was interviewed July 20 by Nancy Rubin for a WABI-TV report on the evening news. Taking her lead from the News headline, she focused on the controversial aspect of the project.

Sincerely,

[Signature]

pmc/rr

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 August 5:  

Ah Wilderness!  

When Governor Joseph E. Brennan announced February 6, 1981, agreement of a conservation easement along 78 miles of the East and West Branches of the Penobscot, he said the agreement would allow the state to manage continued public recreational use of the popular area.  

Two years later a frustrated state official compared the situation on the West Branch to a "circus".  

On a midsummer's Saturday or Sunday, Gil and Lynette St. Thomas are logging 1,000 visitors a day at the Great Northern Paper checkpoint at the Abol bridge on the Golden Road 20 miles northwest of Millinocket. The total was 65,500 last year. Another 35,000 were logged at the Sias Hill checkpoint on the Greenville-Ripogenus Dam road. And 15,000 entered the West Branch region through the 20-Mile checkpoint on the west shore of Moosehead Lake.  

On a summer weekend, the buses of two dozen whitewater rafting outfitters mix with the cars, trucks and vans of berrypickers, fishermen, campers and sightseers. Chartered buses drop off tour groups. One out of four vehicles is from out of state. On weekdays, the visitor traffic must yield to the constant flow of trucks hauling tree-length pulpwood.  

What's bringing the increasing numbers of people? Writers find the West Branch a unique place. "The beauty of the river between Big Eddy and Abol Bridge is magnificent, probably unsurpassed anywhere in this state," wrote Zip Kellog in his new three-part Maine Geographic series. "Virtually no Maine river can boast a comparable cornucopia of exploration, history, folklore, lumbering stories, Indian names or tales of extraordinary and bizarre feats," Kellog said earlier.
The river's national attention resulted in Congress in 1968 ordering a study to see if the Penobscot should be included in the National Wild and Scenic Rivers System. That led in 1981 to the agreement on an easement turning recreational management over to the Bureau of Parks & Recreation of the Department of Conservation.

The problems of the state agency in dealing with the West Branch and the drowning of a fisherman on the Kennebec have placed new attention on the conflicts among recreational users of rivers.

Herb Hartman, the Parks & Recreation Bureau chief, thrust himself into the center of deliberations by the Legislature over the need to place limits on whitewater rafting. Hartman favored less rafting on the West Branch. His goal was to preserve a degree of tranquility for fishermen. But most fishermen turned a deaf ear to Hartman's appeal for help. Organizations such as Trout Unlimited preferred the financial help promised by rafters in opposing the Big A project. The rafters waged a bitter lobbying battle, with the established companies agreeing a limit was necessary — but not what Hartman preferred. The financial compromise allows 580 commercial customers per day on the West Branch versus 1,000 weekdays or 800 Saturdays on the Kennebec. Hartman expects the rafters to go back to the Legislature and ask that the Penobscot ceiling be raised.

On July 4 a fisherman was drowned on the Kennebec in what the Lewiston Daily Sun reported as "a rush of water from Central Maine Power Company's Harris hydro station." The newspaper reported one aspect of a Public Utilities Commission investigation "involves commercial whitewater rafters and whether they are able to influence discharges of water. CMP officials and the outfitters (who pay a $6 fee to CMP for every person they carry downriver) deny they do." A wire service story said the drowning came after "the routine opening of a hydroelectric dam to accommodate whitewater rafters..."

No comparable arrangement exists between Great Northern Paper and the commercial outfitters who use the West Branch.

Hartman says the Bureau has assigned two employees to the task of cleaning up picnic areas and the State Department of Fisheries and Wildlife added a temporary warden to enforce rafting regulations. But Hartman now sees a need for an area manager to deal with planning and other matters.

The Bureau is still faced with completing work on a long-range plan for the recreational management of the Penobscot — over two years in the making.

Dave Platt of the Bangor Daily News in June wrote:

"It has always been possible to get to most places in Maine...It wasn't easy, however...A revolution in logging practices has changed all that. The revolution has gone hand in hand with the explosion in camping, canoeing, backpacking, fishing, rafting and other outdoor pursuits...Since the late 1960s when it first began to look uneconomical to float logs to market by water, forest landowners have built thousands of miles of haul roads...the roads literally opened up the woods to the car-traveling public."
Add the Big A project and the probability of additional activity relating to forest management and wood harvesting and the picture on the West Branch gets more complicated. Meanwhile, under the legislation approved this year, the state will be promoting more river corridor recreational plans. Whitewater rafters are busy expanding their scope. One is considering offering a full week of activities, including two-day Kennebec trips, a Penobscot trip and a day of war games.

AIM Change

Ronald E. Colby has told directors he plans to resign as president of Associated Industries of Maine prior to the organization's annual meeting in September. Colby, an attorney, is expected to go into private practice, the AIM Newsletter said. Colby was the first staff member to have the title of president. The organization's annual meeting will be Friday, September 16 at the Samoset in Rockport.

Signs Approved

The Commissioner of Transportation August 3 approved a new system of eleven information signs to guide visitors and suppliers to Great Northern Paper facilities in Millinocket and East Millinocket. In addition, eleven other new signs will be erected on company property -- replacing and consolidating existing signs. Jon Ayotte of Central Engineering designed the signs, following the Great Northern Nekoosa Corporation style book.

Governors' Conference

During the National Governors' Conference in Portland, Governor Brennan joined Illinois Governor James Thompson in a discussion of energy-production and conservation programs. Platt, writing in the Bangor Daily news, said Brennan listed several energy conservation projects in the state -- including Scott's biomass boiler at Westbrook, Great Northern's bark boiler, Auburn's solid-waste-to-steam project and Lewiston's district heating proposal. We've asked for the text of the Governor's remarks.

$80,000 Fine

The Board of Environmental Protection approved an agreement July 15 under which Georgia-Pacific Corporation will pay an $81,070 fine for alleged violations of environmental laws. Like the $161,000 fine paid by Boise-Cascade, the penalty attracted little attention from the news media -- showing up as a story only in the Calais Advertiser in an apparent company news release.

Public Relations

When the Maine Little League championships were held in Millinocket, a tour of the Great Northern Paper mill was one of the off-day events, preceded by a showing of the slide-tape introduction to the company. Great Northern Paper also sponsored printing of the tournament program in the Katahdin Times...Phyllis Austin of Maine Times is again asking
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 15:

Agent Orange Comes to Maine!

Congress is in recess. These are dull days for reporters assigned to cover the Maine delegation. But a report that Agent Orange was used several years ago to control brush on the Maine-Quebec border livened things up last week.

On the August 7 nightly news, NBC reporter James Polk reported the Vietnam war herbicide was used to help clear a 20-foot-wide, 32-mile strip marking the border between Quebec and the states of Maine and New Hampshire.

On August 8 Maine newspapers reported the story. In Washington, the staff of the Maine delegation started getting calls on the subject -- almost all of them from the press.

"When you are asked if your boss is concerned by the possibility Agent Orange was used in the state you represent, you've got to say he is concerned," said one press secretary in the Maine delegation. "And when they follow up with the question, what does he plan to do about it, there can be only one answer. You say the Environmental Protection Agency will be asked to investigate the situation."

On August 9, the headlines on a Bangor Daily News story:

"Cohen asks EPA to Test Border for Herbicide Contamination"

The evening news included interviews with Senator Mitchell and Congresswoman Snowe in which they joined Senator Cohen in calling for an EPA investigation.
In the Portland Press Herald on August 9, officials of New Hampshire and Maine regulatory agencies disputed the NBC report. A New Hampshire official was quoted as saying "I don't believe they used Agent Orange up there. They have to use material that's registered for use in this state or any other state."

On August 11, the Thursday Bangor Daily News published another story headlined:

"EPA Begins Investigation of Border Spraying"

An International Boundary Commission engineer was quoted as denying Agent Orange was used and saying the incident was blown out of proportion by the news media.

The Bangor Daily News carried on the same day an editorial, which said, in part:

"An increasingly sophisticated public, wise to both the confirmed and still debated consequences of indiscriminate injection of poisons into the environment, has turned its attention north, to the border between Maine and Canada, where a particularly ugly concoction of chemicals may have been employed to defoliate a 20-foot-wide no man's land...

"There may be no problem with chemical residue in the border area. Reports may have been exaggerated. The chemicals, if they were ever used, may have launched out into the environment in such diluted concentrations that they no longer constitute a hazard.

"However, there is always the unpleasant possibility that they do exist in sufficient quantity to cause harm, and it is not alarming, but prudent, to study the area and get the facts on contamination."

With the story five days old, most reporters, politicians and bureaucrats were saying 2-4-5-T or 2-4-D were used -- not Agent Orange. But reporters had other items on which to base the text of stories...speculation picloram and dioxin were in the mix...records of the IBC linking chemicals with "cancer, miscarriage and malformed fetuses."

On August 12, the Portland Press Herald carried a story headlined:

"EPA Rejects Herbicide Test Along Border"

Said the Morning Sentinel of Waterville:

"EPA Says It Won't Test for Border Spray"

In both newspapers, a spokesman for the EPA was quoted as saying a sampling would be a waste of time. All the EPA plans is an inspection of records. The agency sees no possibility of a health or environmental hazard resulting from the spraying.

Public Relations

Jack Faulkner of the Presque Isle Star Herald has requested information on the spruce-fir shortage facing the forest products industry...Mary Bailey and Roger Boynton teamed up to distribute 11 photographs and news releases on the recent round of promotions...Maine Today, the monthly magazine of the Maine State Chamber of Commerce, is planning an issue on the paper industry and the Town of Millinocket. We answered questions from writers and provided photographs...A WGAN-TV reporter called from Portland for information on the 400 acre fire on company lands...Ron Blumer of Turner Broadcasting asked for assistance with a documentary on the State of Maine...In Portland, I met with David Body of an advertising firm to hear an outline of the company's capabilities...David Platt of the Bangor Daily News, Joe Giblin, a Rhode Island free-lancer and Ed Crockett of WABI-TV called with questions regarding the Big A project...John Ferland of the Portland Evening Express had further questions regarding the Great Northern move to Portland.

Sincerely,

[Signature]

Enclosure
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                    O. K. Tripp    W. D. Vail      G. E. Veneman
                    D. W. Westfall  H. Willets      P. F. Yacavone
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 26:  

The Wood Supply Question  

"There is increasing concern here in Maine that the paper companies are depleting the softwood resource faster than it can be replaced...Is there a problem, in your mind, 15 years down the road where some paper companies -- maybe not you -- but maybe a St. Regis, Scott or International Paper are going to say 'sorry we made our profit, we don't have the resource, we are getting out.'"

Veteran WABI-TV News Director Gordon Manuel raised this question in an interview with Great Northern Nekoosa's Peter F. Yacavone. Off camera, Manuel sees the wood supply question making news in the months to come.

Paper industry officials, state officials and others who follow trends have anticipated a debate over the future of state's 18 million acres of forests -- 90 percent of Maine. As information from federal, state and industry studies has become available, it has become obvious there will be significant declines in inventories of spruce and fir over the next two decades.

At a March 3-4 Great Northern Paper briefing of Maine newspaper publishers and editors, Bob Wright of the Woodlands department summed up the situation in the eight million acre spruce-fir region:

"We have an imbalanced age-structure that resulted from the 1910-1919 outbreak and a major portion of the forest is now mature and declining.

"The current spruce budworm outbreak exacerbates this condition accelerating the decline."
Wright and R. F. Bartlett outlined plans for creating a new forest with more intensive forest management while protecting the old forest with spraying to control the spruce budworm. The newspaperman saw the pilot plant in which researchers are seeking the best way to utilize hardwoods in the mills.

Perhaps because subject is so complicated and perhaps because of the piece-meal manner in which information has been released, the debate thus far has been on a low key. From his Augusta vantage point, Hank Magnuson of the Paper Industry Information Office finds little interest in the subject outside state officials and those in industry.

Attempts to have legislators study the health of Maine's forests failed for lack of financing in 1983, a year when a record number of studies were initiated.

A speech containing examples of how the short term low-cost wood supply resulting from spruce-fir salvage got headlines in August. In the Bangor Daily News, the story reporting on John Crowell's talk was headlined "Legacy of Budworm May Be Windfall for Industry".

Summing up the same conference at which Crowell was a keynote speaker, Bob Cummings painted a different picture in a Maine Sunday Telegram article headlined "Budworm Salvage? Time is running out." In his story, Cummings said:

"Wood worth hundreds of millions of dollars to landowners, forest workers, truckers and pulp and paper and saw mill owners seems likely to be lost from the ravages of the budworm."

Lloyd C. Irland, the state economist who is also a forest economist, is the first to publicly cite the great opportunity ahead while conceding "some areas, such as northern Maine, will face drastic inventory declines as age and budworm carry off large volumes of fir before they can be cut." In an article in the August issue of Forest Industries, Irland concluded:

"By the year 2000, the North will have undergone a transition -- based on more intensive forest management -- which will see a new and vigorous wood using industry that will help supply the region's material needs, supply needed employment and perhaps even contribute to the national trade balance."

Irland plans a speech at the annual meeting of the Society of American Foresters in which he calls on foresters to take the lead in formulating public policy to encourage the growth of a new forest. In Maine there is a leadership vacuum -- particularly from industry. So far no one is informing the public in an organized educational program of the great opportunity in the new forest. If the public doesn't understand industry's commitment, the climate is ripped for a sweeping new program regulating forest practices.
### Legislative Studies and Studies Authorized by Legislature and Governor

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<td>Identification of areas in Allagash Wilderness Waterway requiring additional protection</td>
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The environmental groups can be expected to explore the health of Maine forests. In fact, the new executive director of the Maine Audubon Society (Charles Hewett) has established forest policy as one of his top priorities. Audubon was without a leader for six months, the Natural Resources Council of Maine for five. Joe Foran, a Washington Environmental Protection Agency staffer is joining the Natural Resources Council in October.

Peter F. Yacavone Interview

The Yacavone interview was broadcast Sunday, August 28, in the time slot preceding Sixty Minutes on WABI-TV. Manuel is the host on the weekly program, Follow Up. The two dealt mainly with the Big A project, the future of Maine's forests and the economy. A video-tape cassette of the program is available from the Public Affairs office.

Rivers of Fortune

Bill Caldwell, the Portland newspaper columnist who spoke in 1980 at meetings of the Great Northern Paper sales and controller's staffs, is the author of his fourth book in eight years: "Rivers of Fortune, where Maine tides and money flowed." Great Northern Paper is mentioned several times in this collection of stories about the rivers of Maine. From logging days to the era of cleaning up pollution to the current Big A project, Caldwell touches lightly on Great Northern Paper's role. The book is enjoyable reading and is available for $15.95 in many book stores. A copy is in the Guest House library.

Big A Project

Bob Lebel of WBZ-TV sports in Boston called August 25 asking information on the Big A project. A staff crew has made the West Branch trip with Eastern Whitewater and heard rafters' reasons for opposing the project. Chris Chinlund of the Boston Globe called in advance of a trip she is taking. In the final weeks of the season, rafters are inviting the News media, legislators and the public to take trips.

Studies

Attached is a revised list of studies authorized by the Legislature.

E. B. Harvey will be the industry representative joining the Energy & Natural Resources Committee on a August 30-31 trip to determine the need for additional harvesting regulation in the waterway.

Tapes of the WAGM-TV special on forest management in the Allagash corridor have been obtained both by the staff of the Energy and Natural Resources Committee and the Natural Resources Council. Bart Harvey and Steve Curtis appeared on the August 19 program with Jim Briggs, a Caribou environmentalist, and Eberhard Thiele of the forestry staff of the University of Maine at Fort Kent. The program explores the clearcutting in the region.
The latest Natural Resources Council newsletter says the Class I Air Quality study is the result of a council initiative and indicates the issue will be a high priority for the Natural Resources Council in the 1984 session of the Legislature.

**Appointments**

Governor Brennan has nominated people to three regulatory boards.

Former Bureau of Forestry Director John Walker has been nominated for a second term on the Land Use Regulation Commission.

Neil Hapworth of Winslow, a union official, was nominated to his third term on the Board of Environmental Protection. Also nominated to the Board of Environmental Protection was Edward B. Laverty of Enfield. The University of Maine faculty member is the son of former State Representative Dorothy B. Laverty of Millinocket.

Orchardist Rufus Prince Jr. of Turner has been nominated to the Board of Pesticides Control.

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**pmc/db**

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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 19:  

Two Tax Issues Still Alive  

The paper industry's attention was focused in the final days of the first session of the 111th Legislature on the question of how to finance the state's forest fire control program and the corporate income tax.  

Both issues are still alive and will be the subject of more debate.  

The Legislature's plan to tax owners of timberlands directly to pay for the forest fire control program may be backfiring. Town and city officials are complaining to state officials about the new tax which this year is expected to be 26 cents per acre on all blocks of over 100 acres.  

The same Democrats who slapped a 28 percent rate increase on big business now plan hearings this fall on the impact of tax policy on the business climate.  

At a meeting of the forest resource managers committee of the Paper Industry Information Office, June 23, it was reported some tax assessors are refusing to provide the state with information necessary to establish the fire control tax. State tax policy on timberlands has been criticized widely by town officials ever since the advent of the Tree Growth Tax Law.  

When it was determined that the old system of financing fire control was unconstitutional, the Brennan administration proposed it be replaced with a new tax. A special commission established by the Legislature  

Paul K. McCann  
Manager Public Affairs  

August 22, 1983
favored general fund financing of the program, citing the many benefits to all Maine people from the forest resource. After months of wrangling, a compromise formula was adopted in June: two-thirds from a per acre tax, one-third from the general fund. Because under the old formula owners of timberlands in the unorganized territory were overtaxed, Great Northern Paper's share stays about the same. (The overall tax bill on timberlands is likely to increase $300,000.)

When the bureaus of Forestry and Taxation were besieged with complaints from town officials, Forestry Director Ken Stratton told Maine Times he wouldn't be surprised to see the Legislature reconsider and go to the general fund for 100 percent of the cost. (Clipping distributed in clipping service.)

Some people in the administration are hoping the naming of an advisory committee to evaluate the new law and the need for a state program will defuse the issue. The committee was created by the Legislature as part of the new law.

PIIO's Hank Magnuson, and Attorney Donald Perkins, who represents the office, are monitoring the issue.

On the subject of general business taxes, Taxation Committee Chairman Frank Wood of Springvale discussed in a television interview his plans for hearings this fall on the influence of tax policy on the business climate. Wood says he is starting under the premise that taxes have little influence on business decisions. After all, the Senator said there hasn't been much of a fuss over increasing the corporate income tax rate 28 percent for those with taxable income of over $250,000. A transcript of his interview was distributed in the clipping service. The series of three hearings will be part of a study authorized by Democratic leadership.

(Senator Wood apparently hasn't been informed of Great Northern Paper's protests to Governor Brennan, House Speaker Martin and Senate Majority Leader Pray over the process in which the corporate tax was increased. Banker Bob Masterton is quoted as saying the tax may be a problem in trying to attract new business to Portland. A clipping quoting Masterton was distributed.)

If the Taxation Committee agrees with Wood, the 1984 target of Democrats will be tax sales exemptions important to the paper industry -- new and used machinery, and pollution control equipment. The study specifically covers the exemptions.

A PIIO task force has been established to deal with the issue and Attorney James Good retained as counsel. A study has been completed comparing taxes Maine mills must pay with those paid in other states where competitors are located. Whether Associated Industries of Maine or the State Chamber of Commerce will do more then make the usual speeches is still not clear. Their resources are limited. Both statewide organizations were ineffective on the corporate income tax issue earlier this year.
When a large delegation of legislators and staff members from Maine attended the annual National Conference of State Legislatures in San Antonio, last month, taxes were a topic and paper industry lobbyists say House Speaker John Martin was predicting the unitary approach to taxing corporations with mills in Maine would be broadened in the next session. The unitary concept was opposed by AIM and PIIO.

The Big A and a "No, No"

The strategy of the West Branch coalition will be to oppose the Big A project on economic grounds, not environmental, according to an article in the August 19 edition of Maine Times. Phyllis Austin wrote the coalition will argue a biomass cogeneration facility is the better alternate, and suggests Lincoln Pulp & Paper as an example of an industry which would benefit from the steam, leaving the electricity for Great Northern Paper. Miss Austin is the last of the state's environmental writers to report on the company's latest moves. There has been no editorial comment in the press and no public reaction.

A radio news account August 20 said Attorney General James Tierney had informally advised legislators and their families against taking discount trips on the West Branch because of the appearance of gift taking from the rafters. Tony Buxton, the rafters' attorney, was quoted as saying he would ask the ethics committee of the Legislature for an opinion.

Welcome to Portland

Maine Times was not only a source of information on Big A and tax matters, the weekly journal of opinion wanted August 15 to photograph R. F. Bartlett in an empty office to illustrate a story Miss Austin is writing on the move of the executive offices to Portland. We declined although Bartlett offered to pose elsewhere and agreed to a telephone interview with Miss Austin. John McLeod provided me with information on other corporate and executive office locations to answer her questions. Miss Austin has talked with others in industry and government, soliciting opinions on the move and its implications.

The Herbicides Saga

The press has shifted its attention from the Agent Orange tempest to the forest management applications now in progress. After David Platt of the Bangor Daily News asked questions August 18 regarding the Great Northern Paper program covering 15,000 acres, he wrote a story covering the facts and Scott spraying in process. The story was picked up and distributed widely by the Associated Press. I answered questions from Jim Morris of WVII-TV in Bangor and made a tape for Felicia Knight of WABI. Miss Knight was under the impression our goal in spraying was to totally eliminate hardwoods. I have a meeting scheduled August 24 with Dr. Maxwell McCormick to consider ways to acquaint the press with our objectives in using herbicides. Despite the smoothly run company programs of the last three years, the suspicions of the news media have been revived by the Agent Orange report.
Orono Conference

P. F. Yacavone was banquet speaker August 18 of a joint U.S.-Canadian conference on spruce-fir utilization at the University of Maine in Orono. The Great Northern Nekoosa president discussed strategy for dealing with the forest management and raw material questions facing eastern Canadian and Maine landowners and paper companies. Approximately 125 government officials, educators and businessmen heard the speech. Tony Binotto and Paul Firlotte also were on the conference program.

John Crowell, Deputy Secretary of Agriculture, who was a keynoter, in interviews with the news media, was quoted as saying the glut of salvaged spruce and fir was a blessing for forest industry. Other speakers only saw big problems. Crowell also reaffirmed it was time, in his opinion, to terminate federal financial assistance to the State of Maine.

Other Matters

At P. F. Yacavone's request, I asked Bob McKernan of the American Paper Institute for information on the outcome of the Alabama legislative debate over rates for buying power from a Scott cogeneration unit...The Maine Public Broadcasting Network is planning a 26-week television series on business in the state and I agreed to serve as chairman of an advisory committee for the project...Governor Brennan has named Tom Saviello of International Paper to the Board of Pesticides Control, replacing Roger Mitchell of Georgia-Pacific...The Governor has a backlog of appointments. In addition to the BFC, there are terms of members of the Board of Environmental Protection and Land Use Regulation Commission expiring. The Legislature also created numerous new committees and commissions. Dan Corcoran this week "found" another which will evaluate the effectiveness of shoreland zoning...House Speaker Martin and Representatives Smith of Island Falls and Masterman of Milo joined Representative Michaud in writing DEP Commissioner Warren and asking him to allow Great Northern Paper to participate in the Class I air quality study of Baxter Park...The latest issue of Maine Today, the Chamber of Commerce magazine, features the forest industry with an article on Millinocket and considerable information on the cover.

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 department for the two weeks ending September 9:

Big A Referendum

Whitewater rafting outfitters have stepped up their opposition to the Big A project in the final weeks of the season on the Penobscot. Reporters from all over the country have been invited to make the West Branch trip. Out of the whirl of news media activity came renewed talk of a referendum to block the project.

Jay Schunman of Unicorn Rafting told a WLBZ-TV (Bangor) reporter:

"I don't think the government will stop the dam. I think the citizens of Maine will have to do it and that's why we are currently in the process of trying to get it on the referendum issue in 1984."

As of September 9, preliminary steps to force a statewide vote on the issue had not been taken by the rafters. Attorney Dan Boxer points out that the rafters are talking about the initiative process, not a referendum. Initiative is the process under which legislation (a proposal to prevent construction of the Big A) can be initiated by a percentage of voters (46,000). Unless approved by the Legislature, an initiated bill must go to a vote in the November election following the session in which the initiated bill is filed. A referendum is, on the other hand, the process for repealing a law signed by the Governor. If the rafters want to force a 1984 vote, petitions with the 46,000 signatures would have to be filed in the first 25 days of the legislative session opening in January. Boxer analyzed the process and related matters in a letter which has been distributed. Boxer notes the issue is complicated by constitutional questions and the question of federal preemption.
Lynwood Hand, the Houlton attorney who is the company's legislative counsel and also represents the dairy industry, has been involved in several statewide votes. Usually proponents of an initiative organize a political committee to raise funds and collect signatures. From Augusta where he went to monitor the special session of the Legislature, Hand reported no committee had filed notice of organization with the Secretary of State. I found no evidence of petitions being circulated in the Kennebec Valley or in the Greenville area. Irving Faunce, outgoing executive director of the Maine Good Roads Association, has been involved in four statewide votes (bond issues and a referendum). He predicts a $250,000 budget would be required for both sides in a Big A vote campaign. Over $1.5 million was spent on the nuclear power referendum in 1982. Referendums and initiatives have been used with increasing frequency to decide issues. As a result the Legislature has made changes in the process.

In November voters will go to the polls in a referendum question -- the future of moose hunting. And the Sportsman's Alliance of Maine (a leading opponent of the Big A) is raising $250,000 to defend the right of hunters to shoot the animal.

The whirl of publicity over the project also included:

A Boston Sunday Globe article;

Two reports on WBZ-TV, Boston (tapes are on file);

Stories are being written by reporters for the Maine Sunday Telegram and the new Lewiston Sunday newspaper.

An attorney general's opinion advised legislators against taking cut-rate rafting trips. An official of the Natural Resources Council of Maine was quoted by Maine Times as saying the request for the opinion was instigated by the pro-dam side but refused to name names.

The issue of hydro development will also be raised on the southern Penobscot. Developers announced plans to seek approval to rebuild the Bangor dam, despite strong opposition.

Beyond the range of the news media, there were these happenings:

In Fort Kent at a workshop on natural areas, Senator Cohen told the audience he better appreciated the need to protect gorges after having made the Kennebec trip. But Cohen added he also understood the importance of the Big A project on the West Branch. His staff says the question has generated little mail.

Wayne Hockmeyer of Northern Whitewater said he was taking the Governor of New Hampshire on the West Branch trip.

People taking the West Branch trip with Northern Whitewater say guides mix low-key opposition to the Big A with credit to Great Northern for use of its roads and timberlands.
From Bingham to Jackman and in Greenville, signs of rafting companies are visible along public highways. In Jackman, posters proclaim the community "Canada's connection to whitewater rafting." Northern Whitewater's facilities include a new motel. Photographs of rafting are on the walls of most bars and restaurants in the valley.

Without a campaign to collect signatures to force petitions, the flurry of publicity on the Big A project may subside --- at least until the Legislature returns to Augusta.

Merger?

After several unsuccessful attempts, a joint committee of Associated Industries of Maine and the State Chamber of Commerce is again considering a merger. This time the trade associations have hired a consultant, former Maine Municipal Association Director John Salisbury, to provide specific recommendations. In the past, merger talks have bogged down when representatives of the Chamber's small businesses balked because of fears the big businesses in AIM would dominate the new association. AIM's president and chief staff officer, Ron Colby, has resigned and the job will be left vacant while the negotiations continue.

A report on the negotiations is expected at the September 16 annual meeting of AIM in Rockport and the October 3 annual meeting of the State Chamber of Commerce in Bangor.

Tom Greenquist of Bangor Hydro, Chairman of the Chamber, predicts the merger will result in a single organization with a budget of approximately $400,000 which can effectively represent the entire business community.

End of a Program

After nine years, the state's most widely distributed radio program will come to an end in October. The monthly five-minute radio report of the Paper Industry Information Office has been heard on stations from Portland to Fort Kent to Calais -- 22 stations in all. But radio stations have complained a five-minute program doesn't fit formats of the 1980s -- in fact, discourage listeners. The proposed 1984 budget proposes a series of television commercials as a new industry approach to the broadcast media.

Appointments

Governor Brennan has appointed six of the nine members of the new Forest Fire Control Advisory Council, including Great Northern Paper's E. Bart Harvey. The Council was established by the Legislature to make recommendations on the future of the state program -- and ways to finance the program. With controversy spreading over the new tax to finance fire control, the Council faces a difficult assignment.

Confirmed by the Legislature were appointments to three regulatory agencies:
Land Use Regulatory Commission -- John S. Walker of Livermore Falls. The former Bureau of Forestry director will start a second term on LURC.

Board of Environmental Protection -- Neil Hapworth of Winslow, an international representative of the Carpenters and Joiners, and University of Maine Professor Edward E. Laverty of Enfield. Hapworth starts a second term. Laverty is the son of former State Representative Dorothy Laverty of Millinocket.

Board of Pesticides Control -- Thomas Saviello of Orrington, an International Paper Company research forester, and Rufus Prince of Turner, an apple grower.

Another appointment to LURC is expected any day.

Special Session

The two-day special session of the Legislature, September 6 and 7, produced only one surprise -- a bill extending the deadline for towns to provide some information to the state under the new fire control law. After analysis, Hand reported the proposal had no impact on Great Northern Paper.

The third revision of the "scorecard" on studies is attached, adding the DEP wetlands inventory which is scheduled to be reported to the Legislature in 1984.

Other Matters

A $3,500 contribution to Katahdin Council, Boy Scouts of America, was made by the Great Northern Nekoosa Foundation...Donna Birmingham, an office assistant in the Public Affairs office, has transferred to the Portland office, effective September 12...A $2,000 GNN Foundation contribution to the Maine Council on Economic Education was approved...At the request of the Katahdin Times, we released information on the number of people who applied for jobs in the Millinocket mill. The crowd of 400 applicants and car overflowing parking lots attracted attention...Candidates for the position of guest house supervisor were interviewed September 9...With others from the Bangor and Eastern Maine area, I took part in the unique Friendship Flight in which a Delta jet was chartered for a delegation of 80 people to fly to Delta's Atlanta headquarters to say thank you to the airline. The objective was to protect the airline's service for Bangor. Over 150 Delta executives and Maine people participated in a lobster dinner.

Sincerely,

pmc/b
Enclosure
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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 week ending September 16:

**Trade Associations**

The future of Maine's trade associations is being discussed and changes may result.

Jim McGregor, Bath Iron Works director of public relations, is one of many who say "companies can no longer rely on trade associations to get things done in Augusta. Now it takes the clout of top management."

Keith Ruff, New England public affairs manager of Georgia-Pacific, is pushing a merger of two broad-based associations to eliminate duplication of effort. Ruff, and others involved in corporate public affairs networks, say this is the trend -- and Maine should follow.

Ben Pike, New England public affairs manager of International Paper, on the other hand, believes another organization is needed. IP favors keeping the Coalition for Workers' Compensation Reform, organized in 1982, alive with a spokesman.

And Bob Turner, New England public affairs manager of St. Regis, is raising funds to make the Business Council of Maine more effective in electing pro-business legislators.

Turner and Ruff were the chief advocates of slashing funds for public relations from the budget of the Paper Industry Information Office.
The discussions of the future of trade associations came during a September 12-13 planning meeting of PIIO directors, a meeting of the Business Council of Maine September 15 and the annual meeting of Associated Industries of Maine September 16. The annual meeting of the State Chamber of Commerce will be October 3 with the annual meeting of the Maine Development Foundation October 5.

At the PIIO session, directors approved a $211,000 budget, up 3% over 1983 spending but far from the staff proposal of $244,500. The cuts came mostly in the field of public relations with only a six-times-a-year newsletter approved. Word processing equipment was authorized for the office. Directors refused to go along with a St. Regis proposal to eliminate a staff member and hire free-lancers to report on meetings of the Board of Pesticides Control, Land Use Regulation Commission and Board of Environmental Protection. While the lobbying budget was left intact, criticism of using attorneys to lobby on behalf of PIIO came from Fraser, St. Regis, Scott and other companies. Good news: James River, new owner of the Old Town mill, will remain a member.

The AIM annual meeting came while negotiations for a merger were in progress with the State Chamber of Commerce. In the past, small businessmen in the Chamber have balked at a merger because of fears of being swallowed up in AIM. But proponents of the merger now being discussed say it can be completed this year. Phil Hussey, President of Hussey Manufacturing of North Berwick, is taking over as chairman of AIM and Kennebunk banker Willard Ware will become chairman of the Chamber of Commerce. While one or the other will likely head a new group, a chief executive will likely be hired. AIM President Ron Colby has resigned. Veteran Chamber President Paul Emerson is reportedly talking of retirement.

What do proponents of a merger see as the benefits?

"A single voice speaking for Maine business on tax and labor matters," says Ruff, who then would see PIIO devoted to forestry and environmental pollution matters.

No one organization can adequately lobby on the issue of workers' compensation says Pike of IP, who was the leader in recruiting two dozen associations, representing a wide variety of employees into the Coalition for Workers' Compensation Reform which paid Roger Mallar $2,000 a month to be its spokesman. Mallar is now an insurance company vice president.

While the discussions continue, there is increasing evidence that BIW's McGregor's point is the key to successful government relations in Maine: the involvement of management, at all levels, and at times a common front with labor unions. Legislators want to be convinced by company executives and specialists in different fields.

Great Northern Paper continues to involve top management and company specialists in the legislative process. During the 1983 session, 12 people put in 999 hours dealing with matters reporting to the Legislature. Union leaders joined in defense of the Big A project. No other company made such a commitment.
But Great Northern Paper also has been active in PIIO and AIM and to a much less degree in the Chamber and the Maine Forest Products Council. The need for revitalizing the trade associations was evident during the 1983 session, according to a poll of Great Northern Paper personnel and attorneys retained by the Company. Only PIIO got high marks, and even there the poll showed criticism of most companies for failing to send specialists and managers to Augusta to deal with legislation. The Chamber was credited with leading the successful fight against an increase in the minimum wage. The Maine Forest Products Council was given credit for new trucking legislation which will benefit the industry.

The Maine Development Foundation is a comparative newcomer to the scene, an idea of the late Governor James B. Longley. Funds contributed by private business are matched by the State. While the Foundation has engaged mainly in business development activity, it also sponsored a study of regulatory agencies in 1982 which led to legislation supported by industry. Nate Bowditch, the organization's president, is resigning.

Flap on West Branch

A group of legislators arrived at Millinocket Lake September 16 to raft the West Branch of the Penobscot -- only to be told the water flow was too low for rafting. When Representative McGowan of Pittsfield called Mary Bailey, he said outfitters were saying the company had deliberately lowered the water to prevent legislators from making the trip -- one of a series promoted by opponents of the Big A project. Minutes later Richard Davies of Governor Brennan's office called to say the story was all over the State House. Next came a call from a radio news reporter at the State House.

In response, I advised one and all that we had advised outfitters September 8 and again this week of the possibility of low water flows because of a turbine rebuild. Water flows had been reduced below 900 cfs at McKay with No. 11 paper machine also down September 16 but were restored to 1,800 cfs at 11 a.m. as demand increased. At this level, rafting was possible. The evening news and September 16 newspapers made no mention of the incident. We will explain the picture in more detail to legislators, including Representative McGowan, a supporter of Great Northern Paper's position on the Big A project in the last session.

Advertising

Two Portland advertising agencies have been asked to undertake projects. The New England Group will produce a television commercial and Body & Company will produce a full-page advertisement. The material would be ready for use in 1984. The agencies were asked to consider themes relating to the company's statewide scope, the Big A project or the new era of intensive forest management. If rafting outfitters push for a referendum on the Big A, the advertising material could be ready in 30 days.

Legislative Leaders Briefed

House Speaker John Martin and Senate Majority Leader Charles Pray were briefed September 16 on the spruce-fir forest picture and the research under way dealing with hardwood pulps. The legislators viewed the forest from a helicopter and toured the pilot plant in Millinocket. Participating in the briefing were E. B. Harvey, A. J. Glinski, J. M. Giffune, V. V. Lapinoja, P. K. McCann and R. T. Wright.
Jobs? Go South

If people are job hunting in Maine, statistics say the answer is to go south. At the end of June, the Maine Department of Manpower reported unemployment running over 10% in the Caribou-Presque Isle, Calais-Eastport, Fort Kent-Allagash, Greenville, Madawaska-Van Buren and Patten-Island Falls areas. The Millinocket-East Millinocket rate was 8.3, above the state average of 8.1. By comparison, Kittery-York was 3.2, Bath-Brunswick 6.5, Portland 6.6 and Augusta 7.6.

Other Matters

In Portland September 15, I had lunch with Maine Sunday Telegram writer John Lovell who wants to visit Millinocket to do a story on the hardwood pulp research project. Lovell also had questions regarding the Big A project — and didn’t know colleague Larry Woodward was doing a story on the subject...State Senator Mike Carpenter and Representative Gennette Ingraham are the latest legislators to ask the State Department of Environmental Protection to allow Great Northern Paper to participate in the Class I air quality study. I went to Portland September 14 to discuss this subject with Dan Boxer, Dale Phenicie and Veli Lapinoja...A message to Millinocket Lake campowners with boats and docks was placed on the Millinocket radio stations alerting them of plans to lower water levels in the lake.

Sincerely,

Paul

Distribution:

E. E. Allain  R. R. Johnson  J. F. O'Handley
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W. M. Dillaway  C. A. Hutchins  P. F. Yacavone
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 September 23:

Washington

Proposals to control acid rain were discussed by Senator David Durenberger of Minnesota and two congressional staff members at a September 21 meeting of the American Paper Institute-National Forest Products Association Joint Committee on Government Affairs in Washington, D.C. "It is now a question of what legislation will pass; a year ago the question was whether legislation would pass," Sueanne Pfifferling, legislative assistant to Senator Daniel Patrick Moynihan of New York, told the 80 representatives of the forest industry at the meeting. She predicted an acid rain control program would pass early in 1984.

Ms. Pfifferling joined Gerald P. Dodson, majority counsel for the House Subcommittee on Health and the Environment, and Art Brownell of International Paper in a panel discussion of acid rain legislation. Briefing the audience before Ms. Pfifferling and Dodson arrived, Brownell said API's strategy is to have industrial boilers declared exempt under any program. API President Louis Laun said the industry is divided over the best way to finance a control program and the institute will remain neutral.

Durenberger proposes a tax on sulfur-dioxide and nitrogen oxide emissions to finance retrofitting of existing boilers -- including industrial boilers. His proposal differs from a House bill which proposes a tax on electricity generation. An administration proposal is due in October. Dodson says there is "a growing tide of support" for the House bill which has 80 co-sponsors. Dodson says there is also "a growing
scientific consensus." API, on the other hand, says there is "no compelling need to reduce acidic deposition levels to protect the timberlands of North America."

Brownell says a political decision is coming on an acid rain program and "an awful lot is at stake for the paper industry."

On other matters:

Amendments to the Clean Water Act are in the process of being negotiated in a Senate committee.

In view of the budget deficit, a revenue bill is expected this year. Barry Cullen of International Paper predicted one target will be industrial revenue bonds -- particularly provisions permitting use of such bonds for pollution control projects. Representative J. J. Pickle of Texas is the leading critic.

NFPA will join a coalition of users of pesticides in opposing amendments to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA) proposed by a coalition of 20 environmental and labor groups. Public interest groups would get new power to delay or force action by the Environmental Protection Agency if the amendments are adopted.

Public interest is growing in toxic tort legislation -- regulating risk of exposure to toxic substances in the environment, the workplace and in products.

Other topics on the agenda were timber contract extensions; timber capital gains; Domestic International Sales Corporations (DISCs); box car deregulation; cargo preference; amendments to the Resource Conservation and Recovery Act (RCRA); and formaldehyde.

Maine in Washington


While in Washington, I visited with the administrative assistants to the four Maine members -- Tom Daffron (Cohen), David Johnson (Mitchell), Kurt Walder (Congresswoman Snowe) and David Nathan (Congressman McKernan).

Bob Rose, former press secretary to Senator Muskie and now a consultant with clients including the National Clean Air Coalition, says the presidential candidates are hearing about the Big A project as they campaign in Maine. Walter Mondale is adopting the position of Governor Brennan -- leaving the project to the regulatory process, Rose said. While environmentalists in Maine put blocking the project on top of their lists of priorities, the national environmental groups are not yet getting visibly involved on the issue, Rose said. Kathy Bingley of Senator Cohen's staff says they have had letters only from people (mostly out-of-state) who have made the trip.
Rural Leadership

The mayor of Calais...the chairman of the town budget committee in Fort Kent...a member of a zoning board in Presque Isle...an advocate of local control of the Narraguagus...

All are enrolled in a two-year program designed to develop more effective rural leadership. The W. K. Kellogg Foundation is underwriting costs of the Cooperative Extension Service program in which 14 Maine men and women are enrolled. On September 24, the participants reported on the first year of the program at a meeting on the Orono campus of the University of Maine. I am one of the seven-member advisory committee.

Staff Changes

With Emma Hatch on leave because of illness, Mrs. Thelma Perrin of Sherman Mills has been hired as supervisor of the guest house. Mrs. Perrin will assume her duties October 1...Mrs. Gaile Pasanen has accepted the position of office assistant in the Public Affairs office. The position was vacated when Donna Birmingham transferred to the Portland office.

Reading

"Politics and Money -- The New Road to Corruption" is a new book in which Elizabeth Drew attacks political action committees. She is a writer for the New Yorker and a participant in the television discussion program "Agronsky & Company." Says Mrs. Drew: "The race for money on Capitol Hill has turned into what one House member has described as 'a fever' that has taken over the institution."

The Big A

The fascination of the news media with the Big A project continues. In the September 25, Maine Sunday Telegram, sports writer Larry Woodward's story occupied a full page with a headline "Dam project rolls in controversy." A front page box calling attention to the article said "struggle to save a river."

Mark Mogensen is preparing a story on the same subject for the first issue of the new Lewiston Sunday newspaper which appears October 2.

Other Matters

A news release and a photograph were released telling of a joint company-state project to improve public boat launching facilities on South Twin lake...With Dale Phenicie, I discussed the Class I air quality issue with two potential consultants in Orono...With representatives of Seven Islands, James River, International Paper, the Paper Industry Information Office, American Forest Institute, Maine Forest Products Council and the University of Maine, I attended a September 22 meeting in Bangor at which forest industry public relations were discussed...Roger Boynton is arranging a company exhibit for the October 3 meeting of the State Chamber of Commerce in Bangor.

Sincerely,

[Signature]

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 two weeks ending October 7:  

The Business Climate (continued)  

The early fall series of annual meetings of trade associations is over. The last was the best. With a record audience of 450 persons on hand, the chief executive officer of Chesebrough-Pond's, Inc. told corporators of the Maine Development Foundation that in Maine "workers' compensation legislation, rulings and procedures appear to have upset the balance of fairness between employee and company."  

Listening to Ralph E. Ward October 5 in Augusta were Governor Brennan and several of his cabinet and House Speaker John Martin and many legislators. Most didn't like what they heard. The administration is sensitive to criticism about the state's business climate -- ranked 40th in a national study by Alexander Grant and Company. Ward said in Alabama his company has twice as many employees and less than half the workers' compensation costs. He said cost of the insurance for the employees in the six Maine plants of Chesebrough-Pond's Bass division is 22 times greater in 1983 than the cost in 1978. In three Health-tex division plants in Maine, the cost was more than five times greater over the same period. The nine Maine plants have 3,500 employees. Ward urged the Development Foundation take the lead in reforming the system. (The full text of Ward's speech will be distributed when a text arrives.)  

After the meeting, Speaker Martin was quoted by Portland Press Herald reporter Frank Sleeper as saying "It's unfortunate people from outside the state don't know what we are doing in Maine...this would have been a fine speech if given a year ago. It now represents the perception of the Maine business community. That community doesn't know what's going on in Augusta." Sleeper said the Speaker refused to applaud the talk in a story headlined "Martin does slow burn on workers' comp talk."

Millinocket, Maine 04462. (207) 723-5131 Ext. 228
When the Foundation considered problems facing Maine's business community in 1981, it backed off from getting involved in the workers' compensation issue because it was viewed as "too political" by a study team headed by John E. Menario, the former Portland city manager turned consultant. The state matches dollar-for-dollar money raised by the Foundation from the private sector. Faced with a Sunset Review by the Legislature's Audit Committee in 1984, the Foundation isn't likely to take up Ward's challenge to do something about workers' compensation insurance.

A panel chaired by University of Maine Professor Arthur Johnson looked at Maine's business scene during the annual meeting of the State Chamber of Commerce in Bangor October 4. The 100 businessmen heard a different picture as Dr. Johnson urged optimism "because we spend too much time being our own worst enemies." Brad Wellman of Seven Islands Land Company, Cliff Eames of N. H. Bragg and Mal Jones of Bangor Savings obliged. Wellman saw a great opportunity in overseas markets. Eames predicted the wholesale industry will grow more rapidly than most others. When no one else balanced the discussion, I spoke up -- pointing out that Maine mills must compete with mills in other states with more favorable business climate, using the Bath Iron Works vs. Litton of Mississippi as an example along with Great Northern Paper vs. other companies of Great Northern Nekoosa Foundation.

Among those taking notes at the Bangor meeting were Ted Potter and Julie Jones of the staff of the Taxation Committee of the Legislature. The committee is studying the influence of tax policy on the business climate with the second in a series of hearings October 11. On November 10, the Committee will consider the future of sales tax exemptions granted business by the Legislature.

Other developments will keep the business climate debate alive.

Menario, who recommended against the Development Foundation, getting involved in the workers' compensation issue now heads a three-member study commission with a $100,000 budget to consider "alternative systems...such as state funds." A report is due by April 30, 1984.

Ronald E. Colby III, who has resigned as staff chief of Associated Industries of Maine, cautioned me to expect a sizable increase in costs to business in 1984 in another area -- Unemployment Compensation. A nine member special committee (all Democrats) started a study of the financial condition of the unemployment compensation program September 29. AIM predicts the committee will focus "on tax increases as the principal means to improve the financial condition of the system."

Beyond that, Colby said he expects the Legislature to expand benefits under workers' compensation for hearing loss victims and also create a new program of rehabilitation for injured persons. Both proposals are being studied by committees. Both have strong AFL-CIO support. Both are seen as very costly.

Alexander Grant & Company defined the term "business climates" as used in its report as "a collection of measurement factors that manufacturers view as important to business success." Expenditures of government, taxes, debt, welfare expenses, jobless benefits, workers' compensation costs, wage, union activity and other factors were included.
Maine Development Foundation

Dick Jalkut, a New England Telephone vice president, is the new chairman of the Maine Development Foundation. Governor Brennan lauded his "good friend" for his approach to public service, saying he feels sorry every time NET loses a rate case -- "For a few minutes. But then I go out and nominate consumer-oriented people to the Public Utilities Commission." New President and staff chief is Henry Bourgeois of Springvale. Dale Phenicie and I attended. The Foundation budget in 1983 was $409,000. Over 200 businesses and private citizens contributed $160,000. Major activities of the Foundation include a study of environmental agencies, promotion of Searsport as a port, promotion of Maine projects, a technology strategy project and administration of a small business loan fund and a potato marketing fund.

Economic Education

In conjunction with the chamber meeting, the Maine Council on Economic Education met in Bangor. Over 50 people endorsed plans to establish two new centers for teacher training on the Portland campus of the University of Southern Maine and at Concord, N.H., in cooperation with the University of New Hampshire. An Orono center headed by Dr. Ann Pooler will continue to offer workshops and assist with community programs. Council fund raising remained stable at $531,000 in 1982. I am on the Council's executive committee.

State Chamber

Willard Ware, a Kennebunk banker, is the new chairman of the chamber. The chamber endorsed a legislative "Platform for Maine Business" -- a broad set of legislative goals. R. F. Bartlett, R. W. Noyes, J. B. Carson and T. W. Kelly joined me for the sessions.

Maine Public Broadcasting

Twenty business people and trade association representatives kicked off a project October 6 in Bangor aimed at creating a weekly business report program on the Maine Public Broadcasting Network in the 1984-85 season. The target audience would be people in business. A $100,000 budget was discussed as well as formats.

Other Matters

When an employee in the East Millinocket mill died of strychnine poisoning in a Bangor hospital, a Bangor News reporter asked if strychnine is used in the East Millinocket mill...After the town officials were briefed on the East Millinocket landfill project, I provided Barbara Waters of the Katahdin Times with a fact sheet. The Times also had questions regarding start-up of a paper machine...Representative Davis of Monmouth called with questions regarding the State of Maine's controversial purchase of an aircraft...P. F. Yacavone talked with Lewiston Sun reporter Mark Mogensen regarding the Big A project...I went
with Galen Lander to a meeting at the Penobscot County Conservation Association when he discussed the Big A project...A $5,000 Great Northern Nekoosa Foundation contribution was made to a fund for a new multi-purpose facility for a school in Ashland...The gift of an old Millinocket mill whistle to the town museum in Millinocket was approved...A stringer for Editor & Publisher magazine called with questions regarding the new Portland office.

Sincerely,

[Signature]

pmc/g

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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 October 14:

Politics

The 1984 elections are a year away. The presidential straw poll conducted by Maine Democrats is over. But talk of politics and activity related to the 1984 campaign continue to pick up.

Paramount in the speculation is this question:

Will Governor Brennan challenge U.S. Senator Cohen?

Brennan isn't saying yet.

Cohen is enthusiastically getting back into the political swing. Aides say he has raised over $150,000. (Cohen spent $650,000 in his 1978 campaign; Senator Mitchell $1,200,000 in 1982.) Although the Senator has a history of scoring lopsided victories, he is considered "always vulnerable" by Democratic strategists such as Leon Billings, the former No. 1 lieutenant of Senator Muskie. Cohen was also included on a list of vulnerable senators compiled by Congressional Quarterly, a respected nonpartisan Washington publication.

Brennan, who won a second term with 61 percent of the 1982 vote, jokes about his future in public. In private, he is being pressured to run by Senator Mitchell and a host of state and national figures. Former Governor Curtis has taken himself out of the running -- some say because Curtis is being considered for the presidency of Central Maine Power.
If Brennan were to be elected, Senate President Gerry Conley, the Governor's old friend from Portland, would become Governor. With Conley as the incumbent, the 1986 Democratic gubernatorial race would involve three, and maybe four party leaders -- Conley, House Majority Leader Elizabeth Mitchell of Vassalboro and Attorney General Jim Tierney. The fourth would be House Speaker John Martin of Eagle Lake, who would be the only Northern Maine candidate and by far the most conservative.

If Brennan doesn't challenge Cohen, the "hottest" rumor of the week says the Governor will be a candidate for Congress in the First District in 1986 when -- the rumor continues -- Congressman McKernan will run for Governor.

In the recently published Congressional Quarterly study "Politics in America," the demographics of the First District are summed up in this manner: "Portland is Maine's largest city with 61,572 people and its Irish and Franco-American community, combined with a large environmentalist white-collar vote, has kept surrounding Cumberland County in the Democratic column in most contests... The First District is made competitive for Republicans by the small coastal towns that stretch northeast from Portland, and by a consensus in the State Legislature that heavily Democratic Lewiston should be kept in the Second District." McKernan bid for the vote of environmentalists in 1982 by recalling he sponsored state legislation banning nonreturnable beverage containers.

Second District Congresswoman Olympia Snowe of Auburn who successfully bucked political trends in 1982 is looking ahead to seeking reelection. She got 67 percent of the vote in 1982. Mrs. Snowe has never shown any interest in running for Governor. Her next move could be a 1986 challenge of Senator Mitchell if she continues her climb in the political picture. "Seldom does a member who votes against her party's majority almost as often as she votes for it find a place in the party leadership, but Snowe has shown an ability to retain her independence while showing loyalty when it counts," says "Politics in America."

Cohen, McKernan and Snowe have been popular with Maine businessmen. Brennan, in his 1982 reelection campaign, got more business support than any previous Democratic candidate for Governor.

The 1983 Voting

Voters on November 8 will be asked to decide on the future of moose hunting in Maine, approve four bond issues (one of which would provide $4.5 million for the Port of Searsport) and rule on three constitutional amendments (two of which deal with mining in Maine). Most politicians see voters opposing moose hunting with a heavy "no" vote expected in Southern Maine.

Mary's Plans: Retirement

Mrs. Mary Bailey, the Public Affairs assistant, is planning to retire February 1, although she will go on vacation December 26. Mrs. Bailey and I started the Public Affairs operation in Millinocket ten years ago.
Senator Packwood's Visit

Oregon Senator Bob Packwood, the man who has accused President Reagan of alienating blacks, Jews, women and blue-collar workers, came to Bangor for an October 11 breakfast. Introduced by former Senate President Joe Sewall, Packwood discussed the Middle East. The 100 people in the audience included a half dozen from the Bangor Daily News, as many from the Bangor & Aroostook, University of Maine President Paul Silverman and several young people with Glenn for President pins. Why the visit? Senator Packwood would like to run for President. (Packwood, a hydro power promoter, and an aide, John Colvin, have been helpful to Great Northern Paper when I have sought information.)

Advertising

David Body and Mel Warren of the Portland advertising firm of Body & Company visited Millinocket and the West Branch area October 12. The firm is developing proposals for a newspaper advertisement for 1984. After a drive to Ripogenus Dam, they talked with Paul Firlotte, Jim Giffune and Bart Harvey.

In Portland October 14, the New England Group made a presentation on a 1984 television advertisement. A November presentation is planned for a management group.

New, A Newspaper

Maine has a new Sunday newspaper. "Sunday" is published by the Sun Journal of Lewiston and is being distributed in Central Maine -- from Portland to Bangor. The new newspaper's several sections feature color illustrations on each cover page. It is Maine's second Sunday newspaper, with the Maine Sunday Telegram in Portland, with 125,000 circulation, the traditional statewide paper. So far, the color illustrations in "Sunday" have generated the most praise with critics wishing for longer "think" articles.

Signs: Progress Report

A new sign was erected this week at the Congress Street entrance to the Millinocket mill, Engineering and Research Building and Controller's offices. It is the first of 10 which will go up in Millinocket and East Millinocket to guide people to company facilities. Signs have also been placed in Millinocket and East Millinocket guiding trucks and visitors to facilities. This week we were asked why the signs in the communities were in blue and white. The answer: That's state policy for all reflectorize signs of this type. The sign system was adopted by the state when billboards were outlawed.

Merger Meetings

Proposals for the merger of the State Chamber of Commerce and Associated Industries of Maine have taken another step. Directors of the two trade associations will consider a merger November 10 at a joint meeting and the membership of each group on December 1.
Workers' Compensation

After an insurance company hired Roger Mallar, the Coalition for Workers' Compensation Reform was left without a spokesman. Now John Salisbury of Hallowell, a former executive director of the Maine Municipal Association, is being considered as a successor. The Coalition includes 26 trade associations.

One further note on the subject, S. Kirk Studstrup of Winthrop, former administrative assistant to Governor Brennan, has been nominated to the Workers' Compensation Commission. The Judiciary Committee of the Legislature will consider his nomination October 21.

Sincerely,

pmc/g

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Mr. R. 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 21:

**The Brennan Administration**

Resignations of a cabinet member and a key assistant to the Governor and a controversy involving another member of the Cabinet have resulted in the news media focusing attention on changes taking place in the Brennan administration.

Beyond the usual questions, there is another:

What do the changes mean to the business community?

The resignation of George Campbell as Commissioner of Transportation to join Guilford Industries which owns the Boston and Maine Central Railroad is clearly a loss for business. Campbell was the man who implemented the program which put Bath Iron Works in Portland. As a town manager in Greenville and Dexter and as city manager in Old Town, Campbell worked with private business in economic development. That's why Brennan originally hired Campbell as director of the State Development Office. His enthusiasm for working with private business continued on the Maine Development Foundation board of directors.

The man involved in controversy is Commissioner of Inland Fisheries and Wildlife Glenn Manuel. The department's leadership, morale and financial problems have been the subject of articles in Portland, Augusta and Waterville newspapers. The Governor has defended Manuel.
Manuel, an Aroostook potato farmer, believes there is a place for pesticides in forest management. Such views, coming from the man also charged with managing Maine's wildlife, have provided important balance in the debate of the last several years. Manuel also joined Attorney General Jim Tierney on the Baxter Park Authority in refusing to endorse the Natural Resources Council proposal to have the Park designated as a Class I air quality zone when legislation was considered.

Manuel at 64 is one of the older members of the 16-member Brennan cabinet. Campbell was one of the youngest at 36. The cabinet's membership was once criticized by a Republican gubernatorial candidate, Dick Pierce of Waterville, as "a group of people who are making more money now than they ever had before..." A commissioner makes up to $45,000 a year. Pierce wasn't correct because two cabinet members quit higher paying federal jobs to return to Maine. But Pierce was correct in saying Brennan hasn't had much luck recruiting from business and industry.

In addition to commissioners who compose the cabinet, they are regularly joined at meetings by the directors of planning, energy, development and community services in the executive department as well as Brennan's counsel and administrative assistants. This week Kirk Studstrup, an administrative assistant, left to become a member of the Workers' Compensation Commission. Several weeks ago David Flannagan, counsel to the Governor, returned to private practice.

Flannagan, as an assistant attorney general involved in natural resources issues and in private practice, had become familiar with the forest industry. With his departure, State Planning Office Director Dick Barringer is seen as the Governor's principal advisor on natural resource matters.

Dick Redmond, a longtime friend and political ally, is now clearly the No. 1 man on the Governor's staff. Flannagan has been replaced by Andre Janelle, a young attorney who has been involved in the fire control issue. Dick Davies, a former Orono legislator, has taken over Flannagan's lobbying responsibilities. Robert Gibbons, also a lawyer, has replaced Studstrup.

The cabinet concept is now in Maine, implemented in 1971 by former Governor Kenneth Curtis with bipartisan legislative support. He wanted to consolidate 226 separate departments into ten super agencies. Curtis didn't get all that he sought despite his strong arguments: "In the past, we really had four branches of government -- the executive, the judicial, the legislative and the state department heads. The Governor wasn't supposed to interfere with them...there wasn't anybody in charge. Responsibility was fudged so that nobody could be blamed for anything."

A chart illustrating the composition of the cabinet is on page 3.
Workers' Compensation

The debate is continuing in the wake of the criticism of the Maine workers' compensation system by Ralph Ward of Chesebrough-Pond's.

Unions in Maine mills owned by Chesebrough-Pond's said the way to reduce costs was by better safety programs. As the Ellsworth American said, the Maine politicians are in a position "to get the best" of Ward in an exchange of words but the newspaper said, "What they may not be able to win so easily is the right decision the next time Chesebrough-Pond's has to decide where to locate a factory -- or the next time any other business has to make that decision."

Georgia-Pacific has asked Governor Brennan's staff to allow the corporation to make a presentation on the problems and costs of the Maine system.

There also was good news of a more tangible variety. A Superior Court Judge reaffirmed the Superintendent of Insurance's rejection of a 27.5% increase in rates for the insurance. The decision saves employees $31 million a year. Don Perkins, the Portland attorney who represents the Paper Industry Information Office, played a key role.
Signs

With Jon Ayotte of Central Engineering, I looked at signs of the Woodlands department and Pinkham Lumber October 17-18. Signs conforming to Great Northern Nekoosa Corporation and State of Maine standards have now been designed for all Millinocket and East Millinocket facilities. Step II of the project is to provide designs for all signs so that when replaced they will conform.

Herbicides

With Jim Giffune, Bart Harvey, Ed Cates and Tony Filauro, I joined in briefing three representatives of the Bangor Daily News on the need for herbicides in intensive forest management programs. Mark Woodward, editor of the editorial page, David Platt, environmental affairs reporter, and Allan Lobozzo, business news reporter, participated. We asked for the visit because of the News' concerns voiced in editorials and in news reports in recent months. After a briefing with 35mm slides in Millinocket, we visited plantations in the Telos area.

Correction

In last week's newsletter, we made a mistake. A "no" vote in the November 8 referendum will be a vote to allow moose hunting. A "yes" vote will be a vote to ban hunting. A can of maple syrup and our thank you for correcting our error goes to Fran Larkin.

Sincerely,

[Signature]

pmc/g
Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending October 28:

**Unemployment Compensation**

The Legislature in 1984 is scheduled to receive a report from a study group on the financial problems of the Unemployment Insurance Trust Fund.

The federally mandated program is a product of the depression of the 1930's, incorporated into the Social Security Act of 1935. The idea of financial assistance to maintain the unemployed until they were absorbed back into the work force came from Central and Western Europe, where most nations had adopted the concept in the early 1900's. In this country, each state has its own unemployment insurance law and operates its own program within the framework of the federal law. States get funds from Washington to cover costs of administration. The federal tax is .8 percent of each dollar of payroll, assessed on the first $7,000 paid per person. The state tax is from 2.4 to 5.0 percent, depending on the experience of the company. Layoffs mean higher taxes.

The Maine fund currently is $4 million in debt as a result of borrowing from the federal government to pay benefits during the 1975 recession -- but that debt will be paid off by the end of the calendar year as a result of a surcharge imposed on employers. The fund in recent years has encountered first quarter cash flow problems (waiting for first quarter taxes) and has borrowed $10 million in short-term funds, paying off the loan by September to avoid interest and penalties.

The fund's project deficit is expected to be $25 million annually by 1986-87 because benefits are tied to the ever upward movement of the state's average weekly wage.
The Unemployment Compensation Committee of AIM will meet November 3 to consider industry's position. Says Clarkin:

"Generally, it is recognized there is need for some tax increases. But many questions remain, such as: 'What type of tax increase should be adopted, e.g., wage base or tax rate increases? How much in additional revenue is needed? Should labor bear part of the financial burden through benefit concessions? What type of benefit concessions?'

And More Studies

With only two months before the start of the 1984 session, activity is picking up on a wide variety of studies:

Taxation - Hearings on both the question of business climate and the continuation of property tax exemptions will be considered at a November 10 hearing.

LURC - Criticism of the Land Use Regulatory Commission by an industry committee created headlines -- and a rush to the regulatory agency's defense by environmentalists. The debate came during the series of hearings being held by the Audit and Program Review Committee during a sunset review of the Department of Conservation.

Workers' Compensation - A commission composed of John Menario of Portland, Alan Timm of Manchester and Floyd Harding of Presque Isle will launch a $100,000 study November 3 of insurance reserving practices, return on investments, insurance profitability and funding alternatives such as state funds.

Forest Fire Advisory Council - This new group has reached preliminary agreement to recommend a revised version of the new fire control tax. The one-third general fund contribution would be maintained but with the direct tax on landowners to be replaced by a levy on municipalities and the unorganized territory.

River Flows - A draft report generally acceptable to industry has been completed.

Allagash - A retired U. S. Forest Service Forester, Gordon Mott, has been retained to propose harvesting curbs on privately owned lands in the corridor.

Class I Air Quality - The coordinator of a State Department of Environmental Protection study says a draft of the Baxter Park zoning study is completed.

The Hewett Viewpoint

In the first issue of a new journal of the Maine Audubon Society, Habitat, Executive Director Charles E. Hewett took aim at Great Northern Paper on the Big A issue and at the forest industry in general on forest management policies:
To T. A. Galas
From P. K. McCann
Subject Newsletter

Date November 1, 1983

Inter-Office Communication

Sorry, Thom, you came in second...Better luck next time!

pmc/b

Another member of some professor got the maple syrup. — Paul
The criticism of the Maine Hesebrough-Pond's.

H-Pond's said the way to get the Ellsworth American's way is to get the best" of Ward, "What they may not be next time Chesebrough— or the next time any

Georges Hesse has asked former Bremner's staff to allow the corporation to make a presentation on the problems and costs of the Maine system.

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The fund's project deficit is expected to be $25 million annually by 1986-87 because benefits are tied to the ever upward movement of the state's average weekly wage.
That's why the Legislature approved the creation of a nine-member Unemployment Fund Study Commission to study "the fiscal integrity of the Unemployment Compensation Fund."

The Commission is composed of all Democrats, appointed by the cochairman of the Committee on Labor:

Ed Gorham, secretary-treasurer of the Maine AFL-CIO;
Chris Hastedt, staff member of Pine Tree Legal Assistance;
Pat McDonough, an assistant attorney general;
Senator Dennis Dutremble of Biddeford, cochairman of the Labor Committee;
Representative Edith Beaulieu of Portland, cochairman of the Labor Committee;
Representative Dana Swazey of Bucksport;
Francis Dorsey of Brewer, owner of an East Holden furniture store;
Shep Lee of Lewiston, an automobile dealer; and
Steve Crockett of Augusta, a banker.

The group organized at an October 7 meeting and met again October 27 when they heard from unions, Associated Industries of Maine and the Department of Labor. The spokesman for the state agency offered examples of solutions. Labor and industry were asked to bring suggestions by November 7.

The Commission faces at least three major proposals:

1. An across-the-board increase in the tax rate of .4 percent or .5 percent, increasing the minimum rate paid by employees to 5.4 or 5.5 percent. Applied to the present taxable wage base of $7,000, this would mean a tax increase -- borne solely by employers -- of $35 per employee per year.

2. A flexible wage base, tied to the state's average weekly wage. Critics say adoption of this approach would probably mean an annual tax increase which would not undergo legislative debate and be voted upon.

3. While probably not a complete solution, there is talk of adopting a pay-in scale for "negative balance" employers -- those who take out in benefits more than is paid in taxes. Biggest impact would be on construction, shoe and textile industries and seasonal businesses.

Irving Faunce, former executive director of the Maine Good Roads Association who has researched this subject, says "it is hard to foresee employers having much impact" on the current study. AIM attorney Steve Clarkin says it is clear the Department of Labor "will push hard for tax increases."
The Unemployment Compensation Committee of AIM will meet November 3 to consider industry's position. Says Clarkin:

"Generally, it is recognized there is need for some tax increases. But many questions remain, such as: 'What type of tax increase should be adopted, e.g., wage base or tax rate increases? How much in additional revenue is needed? Should labor bear part of the financial burden through benefit concessions? What type of benefit concessions?'

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The Hewett Viewpoint

In the first issue of a new journal of the Maine Audubon Society, Habitat, Executive Director Charles E. Hewett took aim at Great Northern Paper on the Big A issue and at the forest industry in general on forest management policies:
"One key to our success will be continued movement toward the use of environmentally sound, sustainable energy resources. Another will be the development of innovative forest management policies that support wildlife habitat and recreational opportunities while stabilizing an industrial kingpin in the state's economy that is at least temporarily threatened by shortages in the spruce/fir resource. Closely related to these issues is the proposed development by Great Northern Paper Company of a hydroelectric dam at Big Ambejackmockamus Falls on the West Branch of the Penobscot River. Though supportive of the need for hydro development in general and appreciative of the forest products industries' development of alternative energy resources in particular, we cannot allow the construction of this dam that would destroy the state's most highly productive landlocked salmon fishery and impound the most significant stretch of wild, free-flowing water in the eastern United States..."

**Washington Visit**

With R. F. Bartlett and P. F. Yacavone, I visited Washington October 27. Meetings with Senator Cohen and Congressman McKernan were followed by lunch with Senator Mitchell. With Washington caught up in the aftermath of the tragic bombing in Lebanon and the invasion of Grenada, a meeting with Congresswoman Snowe had to be cancelled. Former Congressman Emery, now deputy director of the Arms Control and Disarmament Agency, joined our group for breakfast.

**Portland Open House**

Two days of open house luncheons and briefings for legislators, county and municipal officials, customers, suppliers and the news media are planned December 1 and 2 in the new executive offices in Portland.

**Other Matters**

A hunting safety advertisement was placed in the Katahdin Times... Don Carrigan of WLBZ-TV called for information on how to reach a sporting camp operator... R. F. Bartlett has agreed to serve as a director of the new organization which will result from the merger of Associated Industries of Maine and the State Chamber of Commerce... There is speculation in Augusta that the Sportsman's Alliance of Maine (SAM) will move from the moose hunting referendum to initiating statewide vote on the Big A project...

Sincerely,

[Signature]

pmc/g
Mr. R. W. Noyes  
Vice President-Operations  
Great Northern Paper  
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending November 4:

LURC: More Controversy

One thing making the State of Maine unique is the unorganized territory, State Planning Office Director Richard Barringer says. The area is larger than Massachusetts, Connecticut and Rhode Island. Only 7,000 people live in the ten million acres. It's mostly forest. And there is no local government.

The Land Use Regulation Commission (LURC) is the planning board for the region.

LURC was created by the Legislature in 1969 over the objection of a majority of those in a divided forest industry. The Legislature was told the commission was needed to extend the principles of sound planning, zoning and subdivision control to a region pictured as threatened by developers.

In October 1973, a Public Affairs newsletter reported:

"Born in an atmosphere of a bitter debate at the State House, LURC has been bogged down in controversy ever since."

In a November 27, 1976 newsletter, I said it another way:

"LURC has been embroiled in controversy in all the years of its existence."
LURC is the center of another round of controversy. Representatives of eight companies criticized the commission because it "has constantly emphasized and expanded its consideration of recreational, aesthetic and other resource values without attention to the need for continuing management and utilization of the timber resource...We recommend that LURC develop, in both policy and practice, a clear objective which is responsive to the public need for adequate timber resources to support the economic base of the state."

A 47-page document recalled that "during the early debates and discussions about zoning in the unorganized townships, various estimates of the area to be included in Protection Subdistricts ranged from 1% to as high as 10%. How wrong these were!" Because LURC regulations are biased in favor of recreation, wildlife and aesthetics and biased against the timber resource, the analysis found "a realistic estimate would be that between 40% and 50% of the entire 10,300,000 acres of unorganized townships are included in LURC Protection either located on maps or implied by definition."

The analysis was a project of the Land Use Subcommittee of the Paper Industry Information Office and prepared for presentation to the Legislative Audit and Program Review Committee as background for their current "sunset review" of the Maine Department of Conservation.

Alec Giffen, the LURC director, took issue with the analysis. Giffen is new on the job, but was a staff member when LURC was organized. He returned to LURC after serving as Barringer's key aide in lobbying the Brennan administration rivers program. Giffen wrote "...the industry's own growth demonstrates that it has not been unreasonably restricted. Since LURC was established, the Maine pulp and paper industry has invested $1.5 billion in new or renovated mills, built 5,000 miles of new roads, harvested over 30 million cords of pulpwood and 10 billion board feet of lumber."

At a daylong public hearing October 27 on LURC, the legislative committee heard from 50 people -- "most of them expressing criticism of the forest products industry and the paper industry in particular," Hank Magnuson of PITO reported. Clinton Townsend and Ezra James Briggs, two longtime environmental crusaders, were there. So were Charles Hewett of Maine Audubon, Dave Allen of the Sportsman's Alliance of Maine, Joe Foran of Natural Resources Council of Maine, Jim Gilbert of the Wildlife Society and Gerald Madden of Friends of the Earth. LURC Chairman Charles Blood of North New Portland, a wood broker, told the committee "it galled him to hear industry complain...when you look at the volume of wood they take in, the millions of dollars they earn, any time spent with our regulations must be a pretty small percentage of their costs."

On Reporters' Notebook on the Maine Public Broadcasting Network November 4, Dave Platt of the Bangor Daily News was asked about suggestions to strengthen LURC's staff in answer to criticism. At the public hearing, Representative Donald Hall of Sangerville read a letter from House Speaker Martin which said LURC's biggest problem is the small staff it has for such a large job. Commented Platt:

"It's interesting that may be a sign that this whole effort to turn the Commission around may backfire because that was one of the reactions you heard repeatedly through that hearing."
So far, the LURC subcommittee of the Audit and Program Committee has not responded to industry's call for:

1. An expanded education program;
2. Better communications between the agency and all segments of industry;
3. Elimination of long delays in obtaining permits;
4. Requiring people with forestry experience on the staff; and
5. Reconsideration of the mandatory fine policy for all violations.

Studies

A report by a team of consultants on the advantages and disadvantages of designating Baxter Park as a Class I Air Quality Zone was released by the staff of the Department of Environmental Protection and a story on the subject appeared in the Bangor Daily News November 5. While the study also includes the Allagash Wilderness Waterway and the Bigelow Preservation, the newspaper story accurately found the controversy is over designating Baxter: "The case against redesignation is largely economic, particularly in Millinocket...redesignation might limit Great Northern Paper's ability to expand its mills or burn coal, the report's authors believe, and it could make the company less competitive nationally." No date has been set for a hearing by the Board of Environmental Protection.

The Workers' Compensation Study Commission created by the Legislature is meeting twice monthly and looking for a consultant to staff a combined economic and actuarial analysis of Maine's Workers' Compensation rates and system. Offices of the Commission will be opened in Portland (482 Congress Street) and Augusta and meetings will be held the first and third Thursdays of every month at Bangor International Airport, Chairman John Menario said.

The Forest Fire Control Advisory Council November 9 will hear alternative funding proposals from the Maine Association of Assessing Officers.

The following day representatives of the paper industry are planning a presentation on the business climate before the Taxation Committee of the Legislature.

UMO Building

The University of Maine Pulp and Paper Foundation has offered to furnish a building for the chemical engineering department if they build one on the Orono campus for that purpose. After years of waiting, the building may become a reality. Chancellor Patrick McCarthy has announced an $11 million bond issue will be proposed to the Legislature in 1984 --- and Foundation Executive Director Stan Marshall says the chemical engineering facility is included in the package.
Ripogenus Gorge

In another of the DeLorme Maine Geographic series on the subject of natural sites, an aspect of the Big A project is highlighted: Ripogenus Gorge. The gorge is one of 31 sites listed. Author Bernie Monegan writes:

"In a highly scenic area of Piscataquis County, this 200-foot deep gorge on the West Branch of the Penobscot River is a spectacular sight. The gorge is a little more than a mile in length and has nearly vertical walls. It is also known as the 'Gorge of the Perpetual Rainbow.'

"Gorges are deep, narrow passages cut into bedrock by fast coursing streams or rivers. They usually have precipitous, rocky walls. The Grand Canyon is a gorge.

"All gorges are of interest to geologists because all offer displays of exposed rocks for study. Ripogenus Gorge is of particular scientific importance because it displays classic examples of rocks representing all periods between Cambrian and Devonian times."

Support From AFL-CIO

From the AFL-CIO convention in Rockport, Byron Weymouth and Jim Mingo called to say the state labor organization voted to endorse the Big A project -- if all environmental standards are observed and if it is built with union labor.

Public Affairs Assistant

Mrs. Gaile Pasanen has accepted the position of Public Affairs Assistant and, in December, will replace Mrs. Mary Bailey who plans to retire. Mrs. Pasanen transferred from the position of lead typist in the Office Services section of the controller's department to the Public Affairs office in October.

Other Matters

One of a series of 14 engineering exploration workshops for high school students was cosponsored in Millinocket November 3 by the University of Maine Pulp and Paper Foundation and Great Northern Paper. Students from Stearns, Schenck, Penquis, Katahdin and Southern Aroostook high schools participated as did Stan Marshall of the Foundation and Frank Crosby, Mike Mills and Cliff Raymond of Central Engineering... With Ken Hodsdon, I toured the Powell Memorial Center in Eagle Lake November 4 for mentally retarded children. The GNN Foundation has contributed $2,500 to the center for a new vocational workshop, a $30,000 project...The 1984 annual meeting of the Maine Forest Products Council will be held in the Ashland area...

Sincerely,

pmc/g
Mr. R. W. Noyes
Vice President-Operations
Great Northern Paper
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending November 11:

Taxes and the Business Climate

From the record of the House of Representatives, June 22, 1983, when a proposal to increase the corporate income tax rate 28% on those with taxable income of over $250,000:

"If we are going to have to shoulder taxes, to face our responsibility, particularly in light of decreased federal dollars, we must insist on that burden being shouldered fairly and equitably -- to insist that the largest, most profitable corporations in Maine pay their fair share."

--- Representative Tom Andrews, Portland

On November 10, the Taxation Committee invited comments on the relationship of tax policy to economic development. And Andrews took the lead in questioning those who appeared before the committee: "Isn't the income tax the fairest tax? Give me a specific example of a company which has gone out of business because of taxes. Have you ever known of a company which has made an investment decision solely on the basis of taxes? Have taxes forced you to lay people off?"
Before the hearing, Senator Frank Wood, the committee chairman, told reporters Maine has no "burdensome taxes." He's been saying that, even though the study of taxes and the business climate was the York County legislator's idea.

The paper industry took the initiative:

"The economic development climate in Maine is not healthy -- it is rather tragic," said Newland Lesko, manager of the Jay mill of International Paper.

"A once favorable business climate is slipping away," said Bruce Augustad, controller of northern timberlands for St. Regis.

"Business operations in Maine have one of the most burdensome tax systems in the United States...Why not consider the New Brunswick approach to expanding its tax base, that of stimulating growth with incentives," said Dave McAlary, controller, Fraser Paper.

Jack Chinn, president of Madison Paper, asked if the legislators haven't got the same job as those in industry -- "doing more with less is your task and mine."

Jim Good, a Portland attorney representing the Paper Industry Information Office, told the committee "differentials in Maine have become significant...I would think you would be concerned with the tax burden." He distributed the attached table.

Finally Don Hopkins, a vice president of Pejepscot Paper and PIIO president, said "Maine has a lot of pluses as a place for industry to locate and a lot of drawbacks, and the balance sheet is generally negative for most industries."

Newspapers, television and radio reported the criticism of the business climate. The hearing was front page news in the next morning's Portland Press Herald.

What was accomplished?

"Not much...this bunch wants a corpse before they will believe you," said State Economist Lloyd Irland. The statements of the paper industry spokesman and the many questions consumed nearly three hours -- leaving little time for others, although representatives of the Lewiston-Auburn Chamber of Commerce and one or two others did put in a word. Next Wednesday, the committee will hear from others, including Irland.

"It will slow them down before they do again what they did to us in June," Lynwood Hand, Great Northern Paper's legislative counsel, said.

John Delahanty, a Portland attorney who teamed up with Wood, agreed with Hand. Delahanty was surprised by the number of questions from the committee. He believes Wood "got the message" -- that taxes are one of a number of important ingredients which make up the business climate, and this Legislature's approach is creating problems for big business, with potential consequences across-the-board.
More of the Same?

In the June 22 debate which preceded approval of the 28% increase in the tax rate, Representative Higgins of Scarborough warned his colleagues their action would send "a clear message throughout this nation that when Maine wants money, they go to corporations first...you put that together with the staggering cost of workers' compensation in this state and I can't believe you have anything but a joke."

But the administration of Governor Brennan doesn't agree. The Legislature has been called back to Augusta November 18 to approve a proposal to bring state tax laws into conformity with federal laws -- except for the state's larger corporations. Big business would be forced to forego millions of dollars in depreciation write-offs on their 1983 returns.

Good says corporations such as Great Northern Paper will not only lose this provision of the federal code, but also will be saddled with the cost of tax conformity for others -- a total of $9 million in 1983. And, in addition, the proposal will mean corporations can't depreciate some assets already scheduled.

Whether the Legislature can be convinced not to penalize big business for a second time in a year is unlikely with Brennan's party dominating the Legislature. Those were indications of Scott Paper, Bath Iron Works and others preparing to voice complaints at a November 16 hearing in Augusta.

The Vote

Support for total tax conformity traditionally has come from Republicans. In the November 8 voting, the GOP lost another seat and their House minority dropped to 58 versus 93 Democrats. (Democrats hold onto a Fort Fairfield seat.)

Voters decided to allow continued moose hunting, approved more funds to develop the Port of Searsport and amended the Constitution to pave the way for mining in Maine -- if and when a profit can be made.

New Faces

The House seat the Republicans lost was that formerly held by Karen L. Brown of Bethel who resigned to become Boise-Cascade's government affairs representative. Scott has filled its public affairs position in Maine with Sandi Priest who formerly was on the staff of a Rhode Island trade association. Both companies have joined the trend of hiring lobbyists rather than retaining counsel. Boise also has a public relations manager based in Rumford.

Merger

The creation of a new association to represent Maine business and industry won the support of directors of Associated Industries of Maine and the State Chamber of Commerce November 9. The Chamber meeting lasted 3 1/2 hours with representatives of small business repeatedly voicing concerns they would be overshadowed in the new organization. The next step in the merger will be a joint meeting of members December 1.
Following the hearing on tax policy and its role in economic development, the Taxation Committee turned to the subject of property tax exemptions in the afternoon. The session was dominated by town and city officials asking for the right to levy service fees on tax exempt property.

A subcommittee of the Audit and Program Review Committee met with LURC Director Alec Giffen November 9 to continue the Sunset Review. Dan Corcoran attended. Next week House Speaker John Martin meets with the committee and his thoughts could be decisive.

The Board of Environmental Protection has scheduled hearings on the Class I Air Quality study in Fort Kent and Millinocket December 15 and at Kingfield December 21. Baxter Park, the Bigelow Preserve and the Allagash Wilderness Waterway are being considered for designation — if the Legislature approves.

**Big A: No. 1 Target**

Opposition to the Big A project tops the list of priorities of the Natural Resources Council of Maine for 1983, according to the environmental group's latest newsletter.

In a handout being circulated widely at fairs and other events, the NRC says, "Environmentally preferred alternatives do exist. A biomass boiler, cogeneration and increased conservation could eliminate the need for 'Big A.' Jobs need not be at stake."

Galen Lander brought union presidents up-to-date on the project November 11 — and Veli Lapinoja briefed them on implications of the Class I proposal.

**Other Matters**

R. F. Bartlett, J. M. Giffune, R. W. Noyes and I discussed the legislative outlook with Senator Pray November 10...Gordon Manual, news director of WABI-TV, called November 9 with questions regarding the business outlook...Paul DeMarrais joined me for a November 8 look at a television commercial being developed for Great Northern Paper by The New England Group, a Portland advertising agency...After reading a Maine Times article in which the Baxter Park Authority was credited with blocking a Great Northern Paper proposal for a dam on the West Branch which would have flooded 117,000 acres, Robert Hellendale called reporter Phyllis Austin to say he had never heard of any such thing.

Sincerely,

[Signature]

Enclosure
# STATE SALES AND INCOME TAX RATES OF PULP AND PAPER STATES

## SALES TAX

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<th>State</th>
<th>Rate</th>
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<tr>
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<tr>
<td>Miss. (mfg. rate)</td>
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<tr>
<td>Oregon</td>
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## INCOME TAX

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<td>Vermont</td>
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<td>Oregon</td>
<td>7.5%</td>
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<tr>
<td>South Carolina</td>
<td>6.0%</td>
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<td>Georgia</td>
<td>6.0%</td>
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<td>Arkansas</td>
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<td>Alabama</td>
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<td>Texas</td>
<td>none</td>
</tr>
<tr>
<td>Washington</td>
<td>none</td>
</tr>
</tbody>
</table>

(1) Rates are highest state corporate tax rate.
(2) Machinery and equipment used in manufacturing exempt from property tax.
(3) Purchases of energy used in manufacturing in whole or in part exempt from sales tax.
(4) Sales tax on purchases of energy used in manufacturing a credit against state income tax.
(5) New or expanded manufacturing facilities exempt from property tax for ten years.
(6) Present rate 4.5%, but rate is reduced to 3% as of July 1, 1984.
(7) Tax rate is reduced to 3% as of July 1, 1987.
(8) Tax rate is reduced to 4% beginning in 1986.
(9) Texas and Washington have other business taxes the rates for which are not easily comparable to income tax rates.
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 18:

The "Capital Investment Penalty Act"

First came a November 16 hearing of the Taxation Committee at which representatives of corporations ranging from Scott Paper Company to L.L. Bean opposed a Brennan administration proposal, asking instead that state income tax laws be made to fully conform with changes that have been made in the federal law.

Scott Vice President Nick Cusano told the committee his company's investment of $350 million in this state in the last three years was "based on the assumption that we would be able to fully recover our depreciation for tax purposes...It is difficult to understand why the state, at a time when it is trying to encourage economic development, would enact tax legislation which is in essence a 'Capital Investment Penalty Act'..."

Representative Higgins of Portland, House chairman of the committee and a sponsor of the administration bill, told Cusano it was "preposterous" for Scott to base business decisions on assumptions such as that and said he found it "distasteful to be bullied by major corporations." Earlier, Higgins had said it was totally "presumptuous" for the business community in Maine to assume the people in power in Augusta would "blindly follow the lead of an administration in Washington with which we strongly disagree."

The next morning the state's two largest newspapers, the Bangor Daily News and the Portland Press Herald, called for total conformity. Said the News: "...the consequences for Maine are very clear: fairness, jobs and economic vitality." Said the Press Herald: "...why should the Legislature decide whether to enact complete or partial conformity on the basis of how much money may be lost or saved? The basis for the decision ought to be what's best for the taxpayers of Maine."
Associated Industries of Maine distributed a newsletter saying that of the 44 states with a corporate income tax, approximately 30 allow the corporations to use the full ACRS (Accelerated Cost Recovery Provisions of the U.S. Code) deductions -- full conformity.

In the afternoon, the Taxation Committee held a workshop. Republicans called for total conformity. Democrats refused to budge, insisting there wasn't time to consider an amendment to allow corporations to recapture the lost depreciation over a period of time. When the vote came, there was an eight to three party line vote.

But House Speaker John Martin said he favored a recapture amendment. He considered an amendment drafted by Jim Good, a Portland tax attorney representing Great Northern Paper and Scott. The Speaker said he was concerned by the widespread perception that the Legislature was anti-corporation. Representative Kane, the second-ranking Democrat, was sympathetic -- so were other Democrats. "I was the only one not in favor of recapture," Chairman Higgins told me the next day. But Brennan's aides doggedly insisted Maine Democrats should not make the same mistake as President Reagan's Republicans. The Governor sent legislators a letter asking conformity for 95 percent of taxpayers. Sources close to the Governor said he was unimpressed by paper industry complaints over Maine's business climate. His aides insisted there was no other way, no revenues to offset a $9 million projected loss with total conformity. Calls by business leaders to the Governor were not successful in altering this position.

The special session of the Legislature was called for 10 a.m. but it wasn't until 4 p.m. that the House finally considered the tax conformity issue. When they couldn't get the necessary two-thirds majority to make the administration plan effective immediately, the Democrats, according to the Associated Press, "shoved through a delayed version which will be effective in 90 days." The vote was 82-60 in a House controlled by Democrats, 93-56. A compromise failed, 79-61, as Democrats stuck by the Governor.

In the rotunda after the bitter debate, Speaker Martin blamed Republicans: "Too little, too late" was his description of the compromise. But the Eagle Lake representative pledged continuing effort to win approval of recapture provisions.

The Democrats favored establishing a committee of three legislators and four public members to review the conformity issue and report by March 1 and this provision was added to the legislation. The Speaker said he would nominate Jim Good, if the attorney was available.

Along with some 5,000 other corporations with over 28 stockholders, Great Northern Paper had lost another round in the tax policy debate raging in Augusta. This setback could cost the company several hundred thousands of dollars, according to an estimate of the tax department of Great Northern Nekoosa Corporation. In June, the Legislature increased by 28% the tax rate for corporations earning over $250,000. A unitary tax law aimed at corporations operating in more than one state was passed and until this law is implemented, forecasting of corporate taxes is more uncertain. On top of these changes, tax on timberlands increased $300,000.
Acid Rain in Maine

The New England Congressional Caucus November 15 announced a "compromise" plan to control acid rain and 23 of the 24 members of the House of Representatives put their support behind the bill. But Congresswoman Olympia Snowe held out. Maine's other member, Congressman McKernan, joined ranks of supporters only shortly before the announcement.

The plan would call for a 45,000 ton-a-year reduction in sulfur emissions in Maine in the second phase of the program, starting in 1990. Dale Phenicie and I talked with Lisa Lausier of Mrs. Snowe's staff. From what Miss Lausier said, it appeared that Maine's paper mills apparently would be stuck with most of the cost because revenues from a proposed new tax wouldn't begin to help. The $25 million proposed for Maine, we told her, wouldn't solve the problem for one mill. We also raised questions regarding the report's statistical base. Miss Lausier is sending copies of the proposal and Dale will comment further after looking it over.

Studies

Speaker Martin told the legislative Committee on Audit and Program Review November 15 that he thought the paper companies and major landowners were not the enforcement problem for the Land Use Regulation Commission and that they had legitimate complaints about enforcers concentrating their attention on them. The Sunset Review of LURC is over with several industry recommendations accepted but the legislators will recommend three or four more staff members for LURC to deal with enforcement.

Steve Clarkin of AIM has told the Unemployment Compensation Fund Study Commission that industry opposes proposal for automatic tax increases which would not require approval of the Legislature. The Commission is studying the financial conditions of the State Unemployment Compensation Fund. Proposals for increased taxes on employers are anticipated.

Representative Kiesman says an Energy & Natural Resources Committee subcommittee completed November 16 its study of access to public lands and gates and no further action is planned.

Bart Harvey says the Forest Fire Advisory Council is moving ahead with plans to introduce legislation in the 1984 session which would deal with financing of state program. A statewide tax on all acres (eliminating the 100 acre cutoff) is gaining support.

Critical Areas

The Critical Areas Advisory Board of the State Planning Office was advised by letter November 15 that Great Northern Paper opposes addition of Ripogenus Gorge and whitewater rapids on the West Branch of the Penobscot to the state register of critical areas. The Board revived the subject after putting off action in 1981 at Great Northern Paper's request. A scheduled November 17 meeting of the Board was postponed until December 8. State Planning Office Director Dick Barringer said he has asked the Board not to designate any areas within the scope of the Big A project because of the administration's pledge to remain neutral.
Mr. R. W. Noyes  
Vice President-Operations  
Great Northern Paper  
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending November 25:

The Very Popular Paper Industry?

Don't make the mistake of thinking the paper industry isn't popular with Maine people because its critics are so vocal, Don Hopkins of Pejepscot Paper told members of the Taxation Committee of the Legislature at a November 10 hearing.

A public opinion poll conducted by a Massachusetts firm new to the Maine scene confirmed again early this fall the industry's favorable image. Seventy percent of the 500 people polled said they had a favorable attitude toward the industry with 15 percent unfavorable. Another 15 percent didn't have an opinion -- some saying they didn't know enough about the industry to make the judgment. Polls of this scope are considered 95 percent accurate.

Since 1974, several polls have found three out of four Maine people like the paper industry.

A November 1981 analysis of public opinion attributes the favorable ratings of the industry to "the jobs it provides and its utilization of Maine's resources."
The 1981 analysis confirmed again the high visibility of Great Northern Paper. The company was rated as an above average corporate citizen by 67.6 percent and as a "good company" by 66.9 percent. "For the most part, Great Northern Paper is rated well as an employer, as a corporate citizen, and with respect to the environment." People in Somerset, Kennebec, Penobscot, Aroostook and Piscataquis counties were more likely to give the company higher ratings.

The industry has marshalled the force of public opinion on only a few issues:

1. Approval of a constitutional amendment paving the way for the Tree Growth Tax Law.

2. Rebuffing a Carter administration proposal to settle the Indian land claims with the land to be acquired for a few dollars an acre from the industrial forest.

3. Convincing the news media that spraying to control the spruce budworm was an acceptable risk to the public.

Whether the paper industry will or can unite to bring the force of public opinion to bear on opinion makers involved in the debate over the business climate is still a question.

In losing the fight for tax conformity, the media was generally on industry's side. When the 28 percent increase in the tax rate for those with taxable income of over $250,000 was voted, the state's largest newspaper complained of the unfairness of the Legislature.

What may be needed is a very specific issue which is understood by the public to be an attack on the paper industry.

Governor Brennan: Dismay

When Governor Brennan met with Georgia-Pacific officials November 21 to discuss problems associated with the state workers' compensation program, other topics came up. Hank Magnuson of the Paper Industry Information Office quoted a Georgia-Pacific participant as saying the Governor strongly disagreed with criticism of the business climate at a recent hearing of the Taxation Committee and with objections to denial of accelerated tax depreciation. The Governor pointed to past statements by CEO's of St. Regis and Scott as evidence other companies see Maine as a good state in which to do business. On the prime topic of workers' compensation, the Governor was described as sympathetic and invited suggestions.

Acid Rain

Mail from constituents has been evenly divided since Congresswoman Snowe refused to immediately support a New England Congressional Caucus "compromise" on acid rain control. Mrs. Snowe plans to meet with paper industry representatives in January to ask opinions on the subject. One Washington analyst said, "This bill makes the paper industry responsible for paying all of the cost of cleanup in Maine...it is so onerous that it will probably die of its own weight."
The Trend In Taxes

Thirty-six states increased at least one tax in 1983, according to The National Conference of State Legislatures. Maine was one of 16 states which increased major business taxes to increase revenues. Wisconsin, Washington, Ohio and Florida were other papermaking states on the conference listing as were New Hampshire, Connecticut and Rhode Island in New England.

Other increases were summarized as follows: personal income tax, 16 states (one is the extension of a temporary increase); sales tax, 12 states (including three extensions); cigarette tax, 17 states; alcoholic beverages, 14 states; motor fuel tax, 19 states; miscellaneous taxes, 17 states.

Quotes of the Times

"It seems so stupid to harass the forest usage industry with rules when that industry knows that it must set sane guidelines for land usage in order to perpetuate itself."
---Columnist William Clark of Caratunk

"Upon retirement I wanted to hunt the Allagash Lake area of our state...That section of the state is not open to the average citizen but is a private hunting reserve open only to a specially selected group. The local people refer to it as the 'Iron Curtain' and rightfully so. I have never seen so many iron gates with special locks, blocked bridges and steel cabled roads...I fully intend to pursue the matter until this section of the state is open to multiple use by the public...Conditions as they exist at Caucomgomoc Gate and related roads are intolerable..."
---Harold S. Noddin, retired Director, Bureau of Labor

"The (paper) companies themselves are hampering their futures by poor forest management and they are taking our fisheries and deer herds with them."
---Sandra D. Neily (Mrs. John Conley) Eastern Whitewater, Greenville

"There is valid concern that Maine's business tax policies are not being made in a way that enhances confidence in Maine as a place to do business."
---Lloyd Irland, State Economist, State Planning Office

"The real issue for the state -- the biggest issue I believe -- is forest practices. It is something that over the next ten years there is going to be an enormous debate about. I would hope it leads to a forest policy that would enable the state to maintain that industry forever..."
---Joe Foran, Executive Director Natural Resources Council of Maine

"There's no reason to be herbiciding the north woods of Maine when we could be using those hardwoods for biomass."
---Chuck Hewett, Maine Audubon Society in the Bangor Daily News
Studies and Hearings

The pace of government activity slowed during the Thanksgiving holiday week but didn't come to a halt.

Bureau of Labor Standards Director Marv Ewing held a hearing on rules to implement the new chemical substance identification law. Carl Akeley of Great Northern Paper attended. There was little comment on the rules which generally incorporated industry recommendations.

A representative of PIIO was the only person to testify at a hearing by the Board of Environmental Protection on rules for processing applications.

And so it goes...

The Deer Herd

During the campaign preceding the referendum on moose hunting in Maine, biologists were quoted as saying the moose herd was increasing for the same reason the deer herd was decreasing -- clear-cutting.

Fisheries and Wildlife Commissioner Glenn Manuel says clear-cutting is one part of the reason why the deer herd is declining in northern Maine. He blamed hunting pressure, the spruce budworm, coyotes and a series of harsh winters. Clear-cutting temporarily reduces cover and food, he said. In southern Maine, dogs preying on deer and the loss of deer range to urban development are among the major factors.

Other Matters

When the Land Use Regulation Commission mailed questions and comments of state agencies on Great Northern Paper's Big A project studies, LURC also sent copies to the press -- resulting in calls from the Bangor Daily News and Lewiston's new Sunday newspaper...Contributions by the Great Northern Nekoosa Foundation were mailed to the endowment fund of the Maine Council on Economic Education, United Way of Greater Portland and Second Century Fund of the University of Maine.

Sincerely,

Paul

pmc/g
The nerve center of Great Northern's new paper-order scheduling operation.

Great Northern's hub now in Maine

By CLARK T. IRWIN JR.
Staff Writer

Upstairs from an inconspicuous entrance at 529 Congress St., orders for 850,000 tons of paper will be processed and scheduled over the next 12 months.

Spread out on two refurbished floors over Rines Shoe Store, Great Northern Paper Co. has settled into new company headquarters.

Speaking at a press inspection Friday, Great Northern president Robert F. Bartlett said the 35 staffers are pleased with their location.

Ten of the staff moved north from Stamford, Conn., this summer when Great Northern moved of the offices of its parent Great Northern Nekoosa Corp.

Great Northern is Maine's largest landowner. Its 2.1 million acres of northern forest account for 11 percent of the state.

The Maine forest is "in a decline" because of the legacy of spruce budworm epidemics and inattention during the 1930s, Bartlett said. "It certainly can be a viable forest" if properly managed.

The two floors leased by Great Northern are divided into gray-paneled work areas bristling with computers for word-processing, scheduling, accounting, forecasting and planning.

The upper floor features people who process orders for about 2,200 tons of paper daily, scheduling production by snapping colored cards into slots on wall displays.

Sales administrator David A. Blanchard said about 75 percent of the computer keyboard input required to post orders now will be eliminated next month when sales offices start up direct computer links with Portland and eliminate a paperwork phase.

Profit planning manager Gordon H. Cook Jr. described a "very sophisticated computer model" that evaluates orders, capacity, raw material availability, energy costs and machine scheduling to suggest the best way to get profitable production out of the two mills.

Great Northern employs 4,100 people in Maine to supply newsprint, catalog, magazine, business form, to printers and other paper users including the Boston Globe, the Guy Gannett papers, Sears, J.C. Penney and the Bell System Yellow Pages.

"We've been in a very serious downturn in general for the last two years," said sales vice president William E. Cozens, because the paper industry tends to follow the general economy.

In 1982, the combined operations of Great Northern Nekoosa Corp. earned $4.82 per share of common stock, down from $5.85 in 1981. Its profit as a return on stockholders' investment fell from 13.2 to 10.1 percent in that period.

But the economic recovery has increased advertisers' activity, Cozens noted, so demand for newsprint, flyer stock and coated papers for magazines is up.

"All the signs are there" for a new year "much better" than 1982 or 1983, Cozens said.

Senate President Gerard P. Conley, D-Portland, welcomed the company and quipped, "The paper industry has finally come out of the woods and into the Forest City."

Bartlett said the move improved communications with the firm's big mills in Millinocket and East Millinocket and would enable the company to stay in closer touch with legislative issues like taxation and environmental laws.

In response to questions, Bartlett said there were "several negatives" to doing business in Maine, including higher labor, energy and wood costs than in some competitors' areas and effectively higher tax burdens and workers' compensation costs.

Proximity to raw material and the Northeast market, on the other hand, are positives.

Conley responded that Maine industry's safety record was one source of higher workers' compensation expense, but noted the Brennan administration is open to discuss ways to ease business burdens.

Bartlett said later Southern forests can grow more wood fiber per acre because of better climate and soil than Maine. But from Great Northern's marketing viewpoint, the cheap-energy mills of Quebec are the major challenge.
Mr. R. W. Noyes  
Vice President-Operations  
Great Northern Paper  
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending December 2:

Big A Strategy: The Opposition

Opponents of the Big A project are hoping to stir up more public interest in the West Branch hydro power proposal.

"We've got to build an awareness of the Big A if we are going to use public opinion to rally opposition. More stories like those in the Bangor Daily News and Maine Sunday Telegram have got to be generated. Those two were great because state agencies were pictured as disputing Great Northern data," a Maine Audubon Society staff member said.

Attacking the credibility of the data in company studies is obviously part of the opposition strategy. Joe Foran of the Natural Resources Council made that clear in an appearance on the WABI-TV program, Follow Up, November 27. Said the Council's new executive director: "I guess the big concern that I personally have right now is that the company is going ahead with this idea for the dam making a lot of contentions about, you know, cost of alternatives, the inequity and feasibility of alternatives, environmental impacts of the dam itself, and yet on the basis of what seems to be pretty poor data, I think that there's a lot of skepticism and it's not just in the environmental community but at EPA, the official park services, the staff level at Inland Fish and Wildlife and other state agencies. They basically are pointing out that Great Northern's information really isn't good enough to make judgments about alternatives and judgments about environmental impact."

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Chuck Hewett, Foran's counterpart with the Maine Audubon Society, admitted to a Portland weekly newspaper writer, "It's a tough issue."

"Maine Audubon is on record in favor of hydro power. We're also on record in favor of river preservation. What I hope we'll do in this situation is to work responsibly to identify a suitable alternative for Great Northern. I think we view a biomass boiler as being the most likely alternative from the economic perspective. We hope to demonstrate to them that, from a statewide perspective, given the economics of competing alternatives, the environmental impacts, and so forth, it makes sense to go ahead with the biomass and leave the river in its natural state."

The Audubon Society executive director told the writer he expects the controversy to heat up when "license and permit applications are processed by the state government in late winter or early spring."

Opposing the Big A project is the No. 1 priority of both the Audubon and the Council. Hewett says the two groups will participate in a coalition with the Sportsman's Alliance of Maine out front. The Maine chapter of the Sierra Club also ranks opposition to the Big A as its No. 1 goal in 1984.

Will the Big A issue be debated in the Legislature in 1984?

Legislative leaders December 5 will start screening proposals. They will finish the job December 14 although the Governor's proposals usually arrive well after the opening of the session January 4.

One trouble spot may go away. It is reported the Department of Environmental Protection has asked approval of Governor Brennan to ask the Legislature to put off action on amendments to the water quality laws. This legislation was held over from June when the Legislature adjourned. The DEP staff says it wants to wait and incorporate anticipated changes in the federal law into the amendments.

Studies

The Speaker's Select Committee on Workers' Compensation started work November 29 on a proposal to expand the rehabilitation benefits available under the insurance with the intent of having legislation introduced in 1984. The committee put off action on the issues of safety and hearing loss.

On the same day, the Forest Fire Advisory Council continued work on replacing the new landowner tax with a system of levying a Forest Fire Suppression Tax against municipalities which would be collected through the property tax mechanism. The Maine Municipal Association promised a fight against any additions to the property tax.

The next day a subcommittee of the Energy and Natural Resources Committee opted for further restrictions on timber harvesting on privately owned lands in the Allagash Wilderness Waterway. Lynwood Hand will go to Augusta with Bob Wright, December 5, to see if the committee can be convinced no new restrictions are needed.

Hand and Skip House will staff a December 6 organizational meeting of a Wood Measurement Study Committee.
Customers, suppliers, legislators, city officials, Chamber of Commerce leaders and the news media were welcomed to the company's new Portland executive offices December 1 and 2.

Customers in Southern Maine and leading suppliers joined the entire Portland staff of 30 at lunch on Thursday. After a report on the move by Bob Bartlett, they were briefed on the Big A project by Dick Noyes. Tours of the facilities and briefings on forecasting by Gordon Cook, Jr. and scheduling by Dave Blanchard were on the program.

Only 15 of 39 legislators in the Cumberland County Delegation came for cocktails and hors d'oeuvres but Senate President Gerard Conley came back for a press conference (see attached) the next afternoon to welcome the company to his district. In the evening, the mayor, city manager and 20 others came for cocktails and hors d'oeuvres and tours.

The Voice of Maine

New on the shelves of bookstores is "The Voice of Maine" by William L. Pohl and photographs by Abbie Sewall -- 26 profiles of Maine people. One is Nelson Levasseur of Millinocket, a road construction foreman in the West Branch region. His recollections of log drives and photographs cover six pages. A copy is in the Guest House library.

Criticism of Business Council

The Business Council of Maine was established as the political education arm of business and industry in 1982 along with a political action committee to promote the election of pro-business candidates to the Legislature. Both flopped, supporting mostly Republicans in a year that saw a sweep by Democrats. Bob Turner of St. Regis Corporation and others campaigned to revive the Council. But their efforts are backfiring with Democrats furious over the Council hiring of Republican pollster Christopher Potholm and a former aide to Republican Congressman Emery, Peter Barr, as staff members. Great Northern Paper decided several weeks ago not to support the Council because of the potential controversy.

Merger -- It's A Fact

The Maine Chamber of Commerce and Industry is a reality with 850 members from the business world. Tom Greenquist of Bangor Hydro is the first chairman. A president to head the staff and speak for the business community is being recruited by Portland banker David Verrill. Bob Bartlett is a director. The merger and the new officers were approved at a December 2 meeting in Augusta.

Other Matters

In addition to the press activities associated with the Portland open house, there were other activities:

Dale Phenicie went to Presque Isle to brief Star Herald Editor Jack Faulkner on the implications of Class I air quality zoning. With help from Art Birt, we provided economic data.
Dave Platt of the Bangor Daily News asked for comment on the state proposal to build a causeway to Gero Island.

Mary Bailey provided Mike Kinnicutt of Down East magazine with information on a photograph of an employee in the Millinocket mill.

Ken Hodsdon of Pinkham Lumber entertained State Senator Jerome Emerson who wanted to see a sawmill. Lynwood Hand made the arrangements.

Ed Crockett of WABI-TV wanted to schedule an interview on the booming paper industry. We declined. Instead, WABI-TV will do a story on the energy optimization system.

Sincerely,

Paul

pmc/g
Enclosure

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E. E. Allain  P. I. Firlotte  R. R. Johnson  T. N. Pendleton  
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P. DeMarrais  P. D. Hubbe  J. F. O'Handley  
A. E. Dentremont  C. A. Hutchins  P. P. Paul  
W. M. Dillaway
Mr. R. W. Noyes  
Vice President-Operations  
Great Northern Paper  
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending December 9:

The Legislature

When legislative leaders met December 5 to consider the agenda for the session opening in January, they screened 500 proposals -- approving 160. They will return to Augusta December 14 to consider appeals from sponsors of rejected proposals. From a Great Northern Paper point of view, the critical issue was a move by environmentalists to place another obstacle in the path of the Big A project. Rejected December 5, the proposal to place a moratorium on hydro power development on the West Branch will be reconsidered December 14.

When Maine decided on annual sessions of the Legislature a decade ago, leadership was given authority to limit the second "regular" session to emergency matters, leftovers from the previous session and proposals of the Governor. Six votes are needed to have a proposal admitted as an emergency. The Legislative Council is composed of ten members.

When the Maine Audubon Society proposal regarding the Big A project came up for consideration, the Council divided:

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<th>Opposed</th>
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House Speaker Martin and Senate Majority Leader Pray (who presides over the council) said there was no discussion which revealed why Senate President Conley of Portland or Assistant Majority Leader Carpenter from Houlton supported the Audubon proposal. Assistant House Majority Leader Diamond from Bangor and House Majority Leader Mitchell have been negative on the project.

In a letter to the legislative leaders, Bill Plouffe of Audubon said "it is imperative that the council allows this matter to be considered in the upcoming session. If council does not, it is likely that the Legislature will not be legally able to consider it in the future because Great Northern Paper will have obtained a LURC permit which the Legislature cannot revoke without compensation."

Lynwood Hand, Great Northern Paper's legislative counsel, was in Augusta at the time of the screening and reported both Senator Pray and Senator Collins predicted the appeal would be rejected. But the environmentalists promoted stories in the weekend editions of Portland and Bangor newspapers -- in which Plouffe was quoted as being "cautiously optimistic" despite a 5 to 5 vote forecast.

With help from the unions and others, Great Northern Paper representatives went to Carpenter, Conley and Davis appealing for fair play: the West Branch issue as rejected in 1983 and does not qualify as an emergency if considered the year before under legislative policy.

House Speaker Martin's proposal for a Northern and Eastern Maine Emergency Forestry District, an outgrowth of talks by Martin and Pray with Great Northern Paper officials, was admitted. The proposal would put the state on record in support of intensive forest management and provide incentives for owners of small woodlots.

The list of subjects on the agenda for 1984 included:

Financing of the spruce budworm program;
Classifying PCBs as "hazardous waste";
Amendments to hazardous emissions statute;
Workers' Compensation rehabilitation system;
Simplifying appeals of Workers' Compensation claims;
Public access to workplace safety information.

The fate of proposals to require replanting of all clearcut areas, acid rain testing equipment, repeal of the forest fire suppression tax, public notice downstream of release of water from impoundments and other matters will be decided when appeals by sponsors are considered.

**Rotary Hears Cozens**

Bill Cozens discussed why Great Northern Paper's executive offices were moved from Stamford to Portland and briefed 150 Portland Rotary Club members on the company in a December 9 talk.
Class I Hearings

Hearings are scheduled December 15 in Fort Kent and Millinocket on the State Department of Environmental Protection study of designating Baxter Park, the Allagash Wilderness Waterway and Bigelow Preserve as Class I Air Quality zones. We have been assisting Dale Phenicie, who is coordinating Great Northern Paper's opposition.

Letters appealing for support were sent to all Northern Maine legislators, with copies of the study.

Byron Weymouth, president of the Katahdin Labor Council, volunteered to recruit town officials within a 50-mile radius of Millinocket. Jim Mingo of the United Paperworker's International Union asked the support of the State AFL-CIO.

A newspaper interview on the subject was published in the Presque Isle Star-Herald and another was expected in the Katahdin Times in Millinocket.

The report was discussed with the office of Governor Brennan -- which will not support designation.

Other Matters

Paul Firlotte was interviewed by Nancy Rubin of WABI-TV on the subject of the energy optimization system...R. F. Bartlett was interviewed on the telephone by a reporter for the New England Monthly Reporter. Marsha Zaborski said she was writing a story on how the Indian tribes have changed since the land claims settlement.

Sincerely,

[Signature]

pmc/r
Mr. R. W. Noyes  
Vice President-Operations  
Great Northern Paper  
Millinocket, ME 04462

Dear Dick:

The newsletter of the Public Affairs department for the week ending December 16:

**All in a Week**

Will legislative leaders allow debate in 1984 on a proposal to throw another roadblock in the path of the Big A project?

Will the Board of Environmental Protection recommend Baxter Park and the Allagash Wilderness Waterway be designated as Class I Air Quality areas -- the first designated by any state?

At week's end, Great Northern Paper had the answer to one of the two questions.

Meeting in Augusta December 14 to consider appeals from sponsors of legislation earlier turned down, leaders again said "no" to Assistant House Majority Leader Diamond's proposal aimed at the Big A project. If Senate Minority Leader Collins' vote (he was on the telephone) was counted, the vote was 6 to 4. Assistant House Minority
Leader Davis absent December 6, opposed the Maine Audubon Society's proposal. Environmentalists wanted the Legislature to declare a moratorium to allow a Land Use Regulation Commission study of the project with the final decision to come in a vote of the Legislature, instead of LURC.

Breaking with a pattern of party-line voting on admission of bills, House Speaker Martin and Senate Majority Leader Pray sided with Collins, Davis, Assistant Senate Minority Leader Gill and House Minority Leader Higgins. Supporting Diamond were House Majority Leader Mitchell, Senate President Conley and Assistant Senate Majority Leader Carpenter.

Lynwood Hand, Great Northern Paper's legislative counsel, said there was little discussion, only an appeal by Diamond. Environmentalists had besieged Higgins and Mrs. Gill, trying to reverse their votes. Higgins had seven telephone calls one morning -- all urging admission of the bill because it might be too late to debate the issue in 1985 if Great Northern Paper had LURC's approval. With help from union leaders, Great Northern Paper tried to sway Conley but failed. We did pick up Davis' vote.

While the bill is dead, environmentalists will be looking for other legislative steps to slow down or block the project.

The Class I Air Quality study which was the subject of a December 15 hearing in Millinocket was also an idea touted by environmentalists. With opposition to the Big A their No. 1 priority, there are rumors the Natural Resources Council of Maine and Audubon Society will back off from the Class I proposal.

Four members (Commissioner Henry Warren stayed in Augusta to attend a Natural Resources Council workshop) of the BEP were greeted by 150 people in Millinocket -- almost all of them opposed to Class I designation because of the potential impact on Great Northern Paper. But NRC attorney Virginia Davis stuck to her guns that Class I will not have any effect on current operations. Future expansions would be influenced more by air quality in Millinocket than by a Class I zone 14 miles away in Baxter, she said. Led by Dick Noyes and Dale Phenicie, five witnesses and attorney Dan Boxer painted another scenario -- cutbacks of existing operations in low hydro years and limited options for the future.

Union leaders again sided with Great Northern Paper. Ed Gorham, State AFL-CIO Treasurer, came to Millinocket to put that organization on record against Class I zoning. But by the time the "public" got a chance to speak, it was after 10:30 p.m. and most had given up and gone home. The hearing started at 3 p.m. but Pray, Millinocket officials, a Bangor banker who pointed out the scope of Great Northern Paper's economic impact and a few others stuck it out.

Two more hearings are scheduled on the Class I study -- December 21 in Kingfield near the Bigelow Preserve, the third area being considered for designation. A Fort Kent hearing postponed December 15 will be held December 29. After that, the BEP will make up its mind on what to recommend. Aides to Governor Brennan say he will not support the idea. What, if any, action the Legislature will take depends to a large extent on the BEP -- and on the questionable enthusiasm of environmentalists.
A long-time promoter of the Class I designation is an aide to Mrs. Mitchell and can be counted on to try and keep the idea alive. Barbara Reed Alexander was an environmental activist in Washington when the Clean Air Act was amended in 1977. She started out several years ago urging all of northwestern Maine be designated as Class I. Class I was included in the 1977 amendments to the law to cover pristine, remote parks and forests. All of Maine is now Class II except three federal areas -- which are automatically designated as Class I. There is also a Class III category.

Issues of 1984

In addition to dealing with the Big A matter, the Legislative Council (that's the formal name for an organization of ten leaders) voted to admit 93 bills, bringing the total so far accepted to 253. There will be more coming from the Governor and from study committees and commissions. Details on the contents of the bills won't be known until the measures have been drafted and printed.

Representative MacEachern is sponsoring An Act to Provide for the Future of Maine Forest. The Lincoln man, a supporter of the Big A project and an opponent of Class I designation, is worried over what he's seeing in the forests, clear-cutting, replanting hardwood ridges with spruce and lots of other things. MacEachern says he shares some of the concerns of fish and game biologists. He doesn't expect to get far with a bill -- but believes he must try if his grandchildren are going to enjoy a forest. We'll be talking more with him.

Also admitted were two bills dealing with the forest fire suppression tax, a proposal to add another member to the Workers' Compensation Commission and a requirement that notification precedes all pesticide applications.

Community Luncheon

Two dozen community leaders attended a December 12 luncheon at the guest house. Dick Noyes brought the group up-to-date on business trends, Galen Lander on progress of the Big A project and Phenicie on the Class I Air Quality zoning.

Office Staff

With Mary Bailey starting vacation December 23 prior to retirement February 1, the Public Affairs staff will now include Gaile Pasanen replacing Mary, Rosalita Peero replacing Gaile as the office assistant with Parise Raymond continuing as the part-time assistant.

Annual Letter

The annual letter from the President of Great Northern Paper was mailed December 16 to 4,163 employees, 834 retired employees and 592 opinion makers (legislators, businessmen, educators and others). In the letter, R. F. Bartlett discussed 1983 and the years ahead.
Public Relations

In connection with the Class I hearing, a news release covering Noyes' opening statement and a copy of the vice president's statement were distributed to the local press and Maine Times...I also made a tape for WLKN of Lincoln on the subject...Roger Boynton photographed the guest house tree for use in a holiday advertisement in the Katahdin Times (see page 1)...We donated money to the Millinocket Chamber of Commerce to buy a holiday tree and made contributions to the Bangor and Portland newspapers' Christmas funds.

Sincerely,

[Signature]

pmc/r

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