Great Northern Public Affairs Department Newsletter, 1985

Great Northern Paper Company

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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 11:

The Legislature

Events of the first two weeks of the legislative session were, for the most part, predictable.

The Natural Resources Council of Maine was advocating passage of the legislation controlling emissions contributing to acid rain, which would set an example for the nation.

A forest practices act appeared.

An effort to slow down state approval of the Big A Project was launched.

But the tantalizing questions were on the subject of workers' compensation insurance. Will Governor Brennan take the lead in cost controlling reforms? Will House Speaker Martin agree or stick to his own package? And what will be the fate of proposals to reduce benefits in a Senate controlled 24-11 by Democrats, many with strong ties to the AFL-CIO?

State Planning Office Director Richard Barringer says the Governor is "90 percent of the way" towards finalizing a workers' compensation package. Barringer, Commissioner of Business Regulation Harvey DeVane and Robert Gibbons, counsel to the Governor, are a task force working on the proposals. When Gibbons leaked the news of the administration package a few weeks ago, the Governor told reporters nothing had been decided. The Governor's aides are now saying that he will not make workers' compensation reform a priority in his State of the State Message at the end of the month.
The Brennan administration package under consideration includes a reduction from 166 percent to 100 percent of the state's average wage as a maximum benefit, a 5 percent cap on annual adjustments in benefits, a limit on duplication of benefits such as Social Security benefits on top of workers' compensation insurance, changes in the formula for permanent impairment and support of a system of open and competitive rate makings deregulating insurance.

The Speaker has told businessmen he also wants changes. His proposals would include a crackdown on fraud in the program, a new rehabilitation program, repeal of a provision preventing employers from testifying on what they were told by employees, discouraging "shopping" for doctors and a competitive state fund to market insurance.

The AFL-CIO is apparently ready to fight to defend benefit levels. Pat McTeague, the attorney who has authorized most of Maine's liberal laws, has been telling people he expects to draft 50 bills for filing by legislators in the weeks ahead.

The business community is marking time. At a January 3 meeting of the Policy Council of Maine's Chamber of Commerce and Industry, the MCCI staff said six bills had been filed on this subject, but no decision was reached on which should be actively promoted. The Employers Coalition for Workers' Compensation Reform met January 7 but put off hiring a replacement for John Salisbury as coordinator, pending clarification of the Governor's plans. At the coalition meeting, representatives of Associated General Contractors, Maine Motor Transport Association, Maine Forest Products Council, Maine Municipal Association and Maine School Management Association said workers' compensation cost reduction is the top priority of their organization. Within the paper industry, Georgia-Pacific, Scott and Boise Cascade are making it the focal point of their legislative efforts in Maine and concentrating on seeking action by the Governor.

On other subjects, the issue of acid rain came up in two ways. Brownie Carson of the Natural Resources Council was quoted as calling a Brennan administration bill "a joke." The NRC wants the ceiling on the sulfur content of industrial fuel oil reduced. Within the paper industry, there has been talk among lobbyists of deviating from the American Paper Institute's position that more research is needed before any controls are imposed. A new API report is expected in the next few weeks. The environmentalists have changed their strategy on acid rain, focusing on state level action because of their inability to convince the Reagan administration of the need for action. Their chances of success are far better in Augusta than in Washington, with the question now, what type of controls will be enacted, not if a bill will pass.

The Forest Practices Act, which was circulated in draft form, is sponsored by freshman Republican Stephen Law of Dover-Foxcroft. The chairman of the committee studying forest practices also is keeping open an option to file such legislation.

The potential of a rift between PIIO and MCCI is evident. They are pushing different bills dealing with the sales tax on energy. The PIIO version doesn't cover electricity used by small businesses.

The annual paper industry legislative workshop and dinner for members will be held January 16.
Big A Project Activity

House Majority Leader John Diamond of Bangor, according to a newspaper report, is the sponsor of legislation drafted by the NRC which would delay the start of consideration by the Land Use Regulation Commission of the Big A Project until the federal environmental impact (EIS) is completed. A draft was obtained two weeks ago but now it appears Diamond has prefiled the legislation, ensuring it will be considered. If not, the question of cloture would arise. There are also other legal questions concerning an attempt to influence a process already in progress. The Great Northern Paper application was accepted January 10 by LURC.

During the past two weeks, company representatives have made six presentations to club meetings and other groups in Portland, South Portland, Waterville, Millinocket and East Millinocket. In the next week, two are scheduled. A meeting with R. F. Bartlett was also requested by Congressman McKernan, the only member of the Maine Congressional delegation who has voiced personal opposition to the project. This meeting will be held January 15. Following that, a presentation will be made to the editors of the Portland newspapers.

Letters are being prepared to the 116 suppliers who responded to our appeal for assistance. They will be asked to contact legislators and oppose the NRC legislation.

Typical of suppliers' support was that of Galen Cole of Bangor, who asked his employees in an annual letter to contact their legislators and urge support of the Big A Project. "Put another way, without the paper companies, all the jobs of all our companies and hundreds of other companies in Maine, would likely be lost. Let's all support the project!"

Responses to the television and newspaper advertising continue to be received and answered. The responses were outlined in a separate memorandum.

Talk of a state-wide referendum on the same cropped up, apparently as the result of a question to Galen Lander by a WCME-TV reporter. Dave Platt discussed the subject in a Bangor Daily News column, saying the company anticipates a state-wide referendum. In talking with Platt, I made it clear that we did not anticipate a referendum but saw it as an option open to opponents.

Washington Visit


Nominations

The Energy and Natural Resources Committee of the Legislature will consider four nominations to the Board of Environmental Protection and to the Land Use Regulation Commission January 21. Confirmation by the Senate is required.
Charles F. Canning, Jr., an Augusta businessman, and former State Representative Nancy Masterton of Cape Elizabeth will be considered for terms on the Board of Environmental Protection. John P. Richards, a Greenville logging contractor, and Brian R. Currier, Pejepscot's Woodlands Manager, are nominees for LURC. Richards and Currier have been actively supported by Great Northern Paper.

What We Did in 1984

At the Guest House, 2,494 meals were served, an increase of 40 percent over 1983. Overnight guests decreased from 535 to 499.

The Public Affairs staff distributed 1,565 clippings from newspapers and magazines and reports from television and radio.

Other Matters

Plans for public relations resulting from the proposed East Millinocket modernization project have been completed at meetings in Portland and Millinocket. We continue to work closely with the Sales department in this effort. The radio safety campaign will be continued for two months on WSYY in Millinocket. Alex Stoddard of Congresswoman Snowe's staff called with questions regarding Canadian lumber imports. We talked with him in Washington. A meeting was held to discuss a contribution to the Medway Medical Clinic now under construction.

Sincerely,

PMC/P

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E. E. Allain   W. M. Dillaway   P. D. Hubbe   M. Porterfield
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A. B. Danforth S. M. Hill      P. P. Paul   P. F. Yacavone
A. E. Dentremont S. G. Hobson   T. N. Pendleton
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 January 18:  

**Unitary Taxation Popularity Waning**  

In the January issue of the National Council of State Legislatures magazine, it was reported "the trend clearly seems to be away from worldwide unitary taxation because of vociferous opposition to it by multinational companies..." Unitary tax laws have been amended, repealed or struck down by the courts in Florida, Massachusetts and Oregon.  

Maine adopted a unitary tax approach in 1983 and last week there was talk in Augusta of repeal.  

Reporters quoted State Tax Assessor Tony Neves as saying January 17 that the tax was never perceived so much as a revenue maker as it was a matter of equity. A Bangor Daily News story quoted Neves as projecting a 15 percent increase in corporate income tax revenues over the long term. But the newsletter of the Maine Petroleum Association said the law "may, in fact, have resulted in revenue losses..." Some talked of $3 million in refunds.  

Newly militant House Republicans have pledged to support repeal. Leaders of the majority Democrats say repeal is possible if some colleagues, disenchanted by revenue losses, join Republicans favoring repeal.  

Along with increasing the tax rate on taxable income over $250,000 by 28.9 percent in 1982, legislators redefined "Maine net income" to include income from a unitary business. The definition of unitary business is "a business activity which is characterized by ownership, functional integration, centralization of management and economics of scale."
When the Legislature considered the unitary approach, most, but not all, paper companies opposed the unitary approach. So did Great Northern Paper, saying it wasn't possible to determine what the ramifications would be in advance of passage. Last week, Great Northern Paper was being mentioned among those companies which had benefited from refunds as a result of amended tax returns under the unitary tax law.

Before responding to appeals from Democrats for support of the unitary approach in the interest of fairness, the advice of the Great Northern Nekoosa tax department is being requested.

Talk of the future of the unitary tax came in a week which saw Governor Brennan propose a $1.9 billion general fund budget for the next two years, which can be financed without new taxes. Some cynical State House observers see a different scenario, according to the MPA newsletter: "They see generous spending programs for education and social services, coupled with federal cutbacks later in the year, leading to a special session in the fall when the Governor will reluctantly yield to pressure for increased taxation, laying the blame on the White House steps."

The Legislature: At A Glance

At the end of the third week of the session, here's where major issues stand:

Big A - Nothing in print. A draft of the opponents' proposal to delay LURC action until federal EIS is completed is being circulated. Rumors of another bill opposing the project are still unconfirmed.

Workers' Compensation - Only one bill in print. Everybody's waiting to see if Governor Brennan will propose reforms reducing costs.

Forestry - Nothing in print. A freshman legislator is circulating copies of a forest practices act. A special committee studying forest practices is asking legislative leaders to extend the life of the committee.

Environmental - Nothing in print. A draft of an administration proposal to (1) cap sulfur emissions in Maine and (2) order a study of acid deposition is being circulated for comments. The Natural Resources Council of Maine is critical of further studies.

Taxes - The Paper Industry Information Office is promoting a plan which would phase out the sales tax on electricity and fuels used in manufacturing and a draft has been circulated. One of the cosponsors doubts the bill will pass because of a projected revenue loss of between $23 and $30 million. The first 100 bills printed included one which would extend the sales tax trade-in credit to chain saws and loaders. Another is the annual bill reimbursing towns for taxes lost due to the Tree Growth Tax Law.

No bills of significance to Great Northern Paper have been printed.
PIIO Legislative Activities

The annual workshop for employees of member companies and reception for legislators sponsored by the Paper Industry Information Office were held January 16 in Augusta. Finance Commissioner Rod Scribner, State Tax Assessor Neves and Jim Good, a Portland tax attorney, discussed taxes and the state's financial picture at the workshop. The reception was attended by 260 persons, including 128 legislators and staff members. Art Birt, Gordon Cook, Joe Farmer, Paul Firlotte, Jim Giffune, Lynwood Hand, Bart Harvey, Gordon Manuel, Dick Noyes, Dale Phenicie and I represented this company.

Big A Project

Proponents and opponents of the Big A Project shared the same speaking platform January 14 at an Eastern Maine Forest Forum. Galen Lander and Dan Corcoran represented Great Northern Paper. Charles Hewett of the Maine Audubon Society and Brownie Carson of the Natural Resources Council represented opponents. A larger than usual crowd turned out for the forum. The events are closed to the press.

Activities of the week also included:

A briefing January 15 of the editors of Portland newspapers by R. F. Bartlett, G. M. Lander and me. A story the next day incorrectly quoted Lander as saying the company "will have to close its newsprint operations" if the dam isn't built. It took two attempts before a correction finally ran which was accurate. The incorrect story followed by a denial was circulated by the Associated Press.

Bartlett, Lander and I also briefed Congressman McKernan in Portland January 15.

Mark Woodward, editor of the editorial page of the Bangor Daily News came to Millinocket January 16 to discuss the subject. Like the Portland editors, those at the Bangor Daily News are considering taking a position on the issue.

Thank you letters to 55 suppliers who had offered to contact legislators were mailed during the week asking them to do so at this time.

Most of the people making public presentations on the subject around the state met in Millinocket to coordinate their thinking.

Pro-Maine: Forestry

In "A Blueprint for Action: Charting the Economic Future of Northeastern Maine," the Pro-Maine report, delivered recently to Governor Brennan, included a recommendation that "the state should move to increase its efforts in the education of forest landowners in order to ensure better management of more forest acres." Such a program should be aimed at assisting the owners of small woodlots, the report said. The Pro-Maine organization was assembled to develop a coordinated approach to promoting the development of northern and eastern Maine.
Other Matters

Mary Anne Lagasse of the Bangor Daily News staff asked for information for a story she is developing for an industrial edition of the newspaper...A Bangor Daily News reporter called for comment after Piscataquis County Commissioners were told the company would help pay the cost of a deputy sheriff in the Millinocket Lake area...Reporters from the Wall Street Journal's Washington Bureau and Pulp & Paper magazine called for information on the spruce budworm program and the general forestry outlook in Maine...Photographs and a story on the company's history were provided an advertising agency which is preparing a booklet on Penobscot County for the county commissioners.

Sincerely,

Paul

Distribution:

E. E. Allain     W. M. Dillaway     P. D. Hubbe     M. Porterfield
A. P. Birt       P. I. Firlotte     D. J. Krohn     C. H. Reed
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pmc/p
LEGISLATIVE REPORT

February 4, 1985

This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; AGC, Associated Industries of Maine; DOC, State Department of Conservation.

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<th>L.D.</th>
<th>Subject</th>
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<tr>
<td></td>
<td>Big A Project</td>
<td>No bill printed</td>
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<td></td>
<td></td>
<td>New draft of West Branch Coalition bill circulated</td>
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<td>(GNP opposes)</td>
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Environmental Affairs

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<th>Subject</th>
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<tr>
<td>317</td>
<td>Acid Rain Control</td>
<td>No hearing scheduled</td>
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<tr>
<td></td>
<td></td>
<td>Administration proposal</td>
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<td>GNP opposes</td>
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Labor

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<td>78</td>
<td>Relieves employers of paying fees of attorneys if employee loses workers' compensation claim</td>
<td>No hearing scheduled</td>
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<td></td>
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<td>(MCCI bill)</td>
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<td>270</td>
<td>Prohibits payment of unemployment compensation benefits to strikers</td>
<td>No hearing scheduled</td>
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<td></td>
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<td>(MCCI bill)</td>
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<td>209</td>
<td>Puts 5% cap on annual inflation adjustment under workers' compensation insurance</td>
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<td></td>
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<td>(MCCI bill)</td>
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<tr>
<td>210</td>
<td>Reduces maximum benefit under workers' compensation to 100% of average weekly wage</td>
<td>No hearing scheduled</td>
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<td>(MCCI bill)</td>
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Natural Resources

125 Grants for rivers recreation management groups  February 13 hearing (DOC bill)

200 Gives LURC sole jurisdiction over roads in unorganized territory  February 13 hearing

Forest Practices Act  No bill printed

286 Creates Northern and Eastern Emergency Forestry District  Draft circulated by Representative Law (GNP opposes)

307 Provides funds for mapping streams in unorganized territory for LURC zoning purposes  No hearing scheduled

337 Amendments to Spruce Budworm Management Act  No hearing scheduled

Taxes

88 Sales tax exemption for power purchased for use in manufacturing process  Keyes Fibre proposal

239 Repeals Unitary Tax Law  No hearing scheduled

354 Phases out the sales and use tax on energy used in manufacturing  GNP opposes repeal

Other Subjects

249 Revises laws governing self-insurers  No hearing scheduled

258 Trucking law change  No hearing scheduled

284 Limits PAC contributions  No hearing scheduled
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 February 1:

Augusta: Brennan vs. Martin?

Editors divided the headlines of the week relating to events in Augusta between Governor Joseph Brennan and House Speaker John Martin. First, Martin announced his proposals for reforming the workers' compensation insurance laws. Next, Brennan delivered his "State of the State" message, putting off until later announcing details of his workers' compensation reforms. Martin left no doubt the two Democrats are going their separate ways.

A quick first look at the Speaker's package prompted a Georgia-Pacific representative to say it does little more for industry than "throw us a few more peanuts." Martin said it differently at a press conference as he announced, "a legislative package that will make further significant strides in the areas of cost containment, more competitive pricing for both large and small employers and, in the long ignored area of rehabilitation, retraining and reemployment." A lobbyist for the AFL-CIO was quoted as saying he was pleased with Martin's proposals.

Delegations from Georgia-Pacific, Scott and Boise Cascade, in separate meetings, have urged Brennan to adopt a tougher approach -- cutting maximum benefits to 100 percent of the average weekly wage from 166 2/3 percent and taking other direct cost saving steps.

While the media focused its attention on the activities of the Governor and the Speaker, there were developments of interest on several issues:
Big A Project - A new draft of the West Branch Coalition's proposal to force the Land Use Regulation Commission to wait for the federal Environmental Impact Statement (EIS) was circulated in Augusta. The legislation still has not been printed. In a story in a February 1 edition, Maine Times reported, "To affect Big A, the bill needs to be passed as an emergency -- two thirds majority of both houses. Usually, that cannot be accomplished without support of party leaders and nearly the entire committee which hears the bill." The journal of opinion counts Martin, Senate President Charles Pray and the co-chairmen of the Energy and Natural Resources Council (Representative Mike Michaud and Senator Ron Usher) among opponents of the West Branch Coalition's delaying tactics.

Environmental Affairs - The Brennan administration's acid rain control legislation was printed before we could get any changes made. While less onerous than another bill not yet printed, the company will oppose the administration's proposal, which calls for imposing a cap on sulfur emissions. Legislators will be asked to modify the cap, delete a finding that acid rain is causing significant damage to the forest and broaden a study to include other departments besides the Department of Environmental Protection. The Natural Resources Council is promoting a bill which would roll back emissions. There were rumors of a third bill on this subject, possibly sponsored by Martin. Most legislators feel a bill of some type will be passed in 1985.

Natural Resources - A bill giving the Land Use Regulation Commission sole authority over regulating roads in the unorganized territory was printed and a hearing scheduled February 13. Earlier apprehensions over the scope of the proposal have faded; it appears to do just what was intended, giving LURC sole authority and getting DEP out of the picture. Also printed was a proposal cosponsored by Martin and Pray to provide additional assistance to owners of woodlots and encourage intensive forest management. The Department of Conservation has submitted a similar plan to the Governor and the two bills may be merged. Funds to allow LURC to map all streams for zoning purposes is sought in another document.

Taxes - A bill repealing the Unitary Tax Law was introduced. It has been endorsed by Republicans. A meeting of the Maine Chamber of Commerce Legislative Affairs Committee was told January 31 that there are rumors the tax has cost the state three to five million dollars but the Democrat leadership opposes repeal. Great Northern Paper will oppose repeal.

Big A: Changes Against GNP

The West Branch Coalition, aware of an impending agreement between the company and some rafting outfitters, went on the attack January 24 at a news conference in Augusta. Spokesmen for the Maine Audubon Society, Natural Resources Council and the Sportsman's Alliance of Maine criticized the company for creating a climate of fear among employees and for threatening to cut off access to the river for those persons in the rafting business. I promptly denied the charges but the debate generated considerable coverage by the news media.
At week's end, Bangor Daily News Reporter Dave Platt called to say he had been told by a staffer of the Federal Energy Regulatory Commission that the Great Northern Paper application had been accepted.

The town of Millinocket voted to intervene in the proceedings in support of Great Northern Paper.

Gordon Manuel continued to talk with suppliers, following up on letters asking them to contact legislators. We are concentrating on building support and contact south of Bangor.

Presentations on the subject of Big A were made in Augusta and Lisbon Falls. Nine are scheduled from February 4 to February 8.

Representative Herbie Clark of Millinocket wrote a letter to LURC, asking that all hearings be held in Millinocket. A delegation was organized to support that position in Augusta February 4.

On the Island: Big A's Ahead

Republican Representative Roland Salsbury represents the Mount Desert Island towns in Augusta. Like many colleagues, he polls constituents on opinions. "What is your opinion of the Big A Project" is a question many are asking this year. So far, supporters of Big A outnumber opponents 34-25, with 15 undecided from Bar Harbor and surrounding towns.

Referendum in 1986?

From a Lewiston Sun story of January 8 reporting on a talk to a bird club by Charles E. Hewett, Executive Director of the Maine Audubon Society:

"...coalition members are debating among themselves whether to seek a referendum on the Big A Dam. My guess -- and it is only a guess -- is that it will go to referendum in 1986," he said.

Other Matters

A full page advertisement with photographs and names of the 227 winners in the Millinocket mill's fourth quarter safety program was prepared for the Katahdin Times...Out of state calls for information on the Big A Project came from the Stamford Advocate and Christian Science Monitor...Great Northern Paper's decision to relocate its executive offices in Portland is among the subjects discussed in an article on the city discussed in the next issue of New England Monthly Magazine.

Sincerely,

[Signature]

pmc/p

Enclosure
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 February 8:  

East Millinocket Modernization  

Governor Joseph E. Brennan, Senate President Charles P. Pray and House Speaker John L. Martin joined Great Northern Paper President Robert F. Bartlett in announcing February 7, at the State House, plans for modernizing the East Millinocket mill.  

The two dozen reporters, television cameramen, and legislators who listened to the four, had an idea of what to expect. After the Governor's press secretary put out a notice of the press conference at 4 p.m. the preceeding day, Bangor's two television stations reported it as news at 6 p.m. and the editors of the Bangor Daily News, not to be outdone, published a brief story speculating if the company had decided on rebuilding two paper machines or installing a new machine. The speculation came as Scott sought permits for a new paper machine at the S. D. Warren mill in Skowhegan.  

The Governor, who was briefed over breakfast by Bartlett, called it "very significant." Pray said he was delighted to see Great Northern Nekoosa Corporation investing big money in Maine after having devoted so much of its activity to the Sun Belt in recent years. Martin said the future of the mill and the 950 people who work there, would have been "short-lived" without the $155 million modernization. Asked how he could support a project which would eliminate jobs in his district, Pray said there might have been a greater loss of jobs without the modernization.  

A copy of the news release announcing the expansion is attached.  

Everett "Brownie" Carson, the executive director of the Natural Resources Council, showed up at the news conference, accompanied by House Majority Leader John Diamond, who is sponsoring a bill to delay
the Big A Project. Carson held an impromptu news conference, hinting this was all part of the company's strategy to win approval for the Big A Project. He raised other questions, all of which were answered by Bartlett.

In Millinocket, community leaders were told of the plan at a Guest House luncheon.

News coverage of the announcement resulted in stories in all Maine daily newspapers, a picture and a story in the Boston Globe and a story in the New York Times. News releases were sent to all trade publications and Arthur E. Dentremont joined in answering questions from David Allen of Pulp & Paper Magazine. The magazine's weekly digest had carried a story predicting the announcement and Allen said customers he had talked with were greeting the company's announcement with enthusiasm. Copies of Bartlett's prepared statement and the news release were also sent to members of the Maine Congressional Delegation.

All employees and retired employees were sent copies of the first of a series of newsletters on the project with a letter from Bartlett. The newsletter was primarily designed for customers, who received it in an attractive box with a print of a landscape, done especially for the occasion, by Maine artist Paul M. Breeden. The kits also were presented to the Governor, legislators and others.

Big A: Events of the Week

Rejecting arguments for the company that if precedent was followed, all hearings should be held in Millinocket, the Land Use Regulation Commission on February 5 decided to divide hearings on the Big A Project between Augusta and Millinocket. The commission rejected the arguments of legislators from the area, a union leader and officials of the towns of Millinocket, East Millinocket and Medway. Hearings will start April 1 in Millinocket.

That evening in Greenville Galen Lander outlined the Big A Project at the first of two sessions of a Moosehead Lake Chamber of Commerce forum on the subject. Next week opponents of the project will speak. Dick Noyes and Stan Carpenter also attended the Greenville forum. During the week, five other public presentations on the subject were made by company representatives.

The Legislature: At-A-Glance

At the end of the sixth week of the session, here's where the major issues stand:

Big A - Still nothing in print.

Workers' Compensation - Proposals of the Maine Chamber of Commerce and Industry to the annual increase in benefits and reduce maximum benefits from 166 2/3 percent of the state's average weekly wage to 100
percent, have been tentatively scheduled for public hearing February 26. Meanwhile, industry is hoping Governor Brennan, in mid-February, will also call for a reduction in maximum benefits in his special message on workers' compensation. Another welcomed proposal was submitted to repeal the prohibition against using an employee's statement against him in workers' compensation proceedings.

Natural Resources - A Republican backed proposal to establish a separate Department of Forestry will be opposed by the Governor and Democrats who control the Legislature.

Environmental Affairs - Nothing in print.

Taxes - Several bills printed dealing with adding used machinery to sales tax exemption, repealing sales tax on all fuels used by business, imposing a sales tax on services to benefit cities and towns and making the unorganized territory eligible for some assistance as cities and towns.

Energy Taxes: Differences

A high priority of the Paper Industry Information Office has been promoting legislation to phase out the five percent sales tax on energy and electricity used in manufacturing. While recognizing the odds are against passage, the PIIO Government Affairs Committee wants to start people thinking about the burden on industry. So does the Maine Chamber of Commerce and Industry, which favors immediate repeal of the tax on energy used by all businesses, not just manufacturers. A third bill being promoted by Keyes Fibre Company of Fairfield, would do away with the sales tax on purchased electricity used in manufacturing. Chances are slim that anything will get done, but a lot of people are trying even in the face of a "tight" budget and the Brennan administration saying it wants to avoid new taxes.

Acid Rain: Mystery Bill?

At a February 7 meeting, all of the public affairs representatives of other companies in PIIO were sure Great Northern Paper was taking an independent initiative on the acid rain issue. The next day they even had a draft and rumors that Speaker Martin was the sponsor. The draft turned out to be a redraft of the Governor's proposal, done by Dale Phenicie, as a working paper when we had hopes of getting changes made before Legislative Document 317 was printed. It wasn't possible to slow down the bill to allow amendments at that stage. Now we are checking to make sure someone hasn't actually filed the draft which we shared with two legislators, although candidly, the company would probably oppose all acid rain control legislation at this time. Meanwhile, the paper industry is hoping to have hearings delayed until a new national industry position is announced in a few weeks.
Augusta Meeting

While in Augusta for the announcement of the East Millinocket Project, R. F. Bartlett met with Republican leaders of the House and Senate. Representative Tom Murphy of Kennebunk and Senator Tom Perkins of Blue Hill. Murphy comes from a district with many who question the Big A Project. The House leader predicts Republicans will take control of his branch of the legislature in the 1986 elections.

Sincerely,

Paul

pmc/p

Enclosure

Distribution:

E. E. Allain  W. M. Dillaway  P. D. Hubbe  M.  Porterfield
A. P. Birt  P. L. Firloette  D. J. Krohn  C. H. Reed
J. A. Blickle  T. H. Flanagan  W. R. Laidig  D. R. Roop
P. Cannella  T. A. Galas  G. M. Lander  W. A. Saucier
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S. A. Casey  C. R. Grantland  O. J. Lombard  W. E. Shelley
L. L. Chambers  L. E. Hand  V. F. Mattson  A. J. Tozier
A. L. Clark  W. R. Heal  O. H. Merrill  O. K. Tripp
W. E. Cozens  J. E. Hess  A. M. Nemirow  D. W. Westfall
S. P. Curtis  D. O. Hickey  J. F. O'Handley  H. Willets
A. B. Danforth  S. M. Hill  P. P. Paul  P. F. Yacavone
A. E. Dentremont  S. G. Hobson  T. N. Pendleton
AUGUSTA, Maine -- Plans for a $155 million modernization of the company's pulp and paper mill at East Millinocket were announced Thursday by Robert F. Bartlett, President of Great Northern Paper.

Governor Joseph E. Brennan, Senate President Charles P. Fray and House Speaker John L. Martin welcomed the announcement at a news conference at the State House.

"This investment represents a long-term commitment to the newspaper publishing market. We're in it to stay," Bartlett said. The mill is the only newsprint mill in New England and competes mainly against Canadian producers in northeast markets.
Two paper machines will be completely modernized. "The goal," said Bartlett, "is to increase the uniformity of printing quality and mechanical performance of grades made in the mill." The speed of two machines will be increased from 2,500 to 3,500 feet a minute. New press sections will be installed. New computerized quality controls will be added. Major pulp mill changes are also included in the project. A completely new shipping department is planned. Two power stations will be modernized.

Work on the project will get underway this summer and will be completed in the fall of 1987. At the peak of the activity, company officials said approximately 550 construction workers will be employed. The first of the construction force should arrive on the scene in early summer.

When the project is completed, officials said mill employment will be reduced -- but they declined to speculate on exact numbers. "For the vast majority of workers, this project provides long-term job protection as well as opportunities for future generations," a spokesman said. Automation of the shipping department was cited as one reason for the reduction in jobs.

The East Millinocket mill currently employs approximately 950 people and has five paper machines with a daily capacity of 920 tons. Built on the West Branch of the Penobscot River 90 miles north of Bangor in 1907, the mill has produced primarily newsprint and was last expanded in the mid-1950's when the two machines, now to be modernized, were installed. The company invested $40 million in a boiler at the mill site which went on line in 1980 and in which waste bark and other biomass is the fuel. The boiler makes it possible to maintain production if oil supplies are disrupted.
Great Northern Paper operates a second pulp and paper mill in Millinocket which produces groundwood printing papers and the Pinkham Lumber Company in Aroostook County. The company also owns and manages over two million acres of timberlands in the state. Executive offices of the company are located in Portland. With 4,000 employees, the company is the second largest industrial employer in the state.

In 1984, Great Northern Paper applied for state and federal permits for a hydroelectric project on the West Branch at Big Ambejackmockamus Falls, saying the electricity is needed to make its energy costs competitive with eastern Canadian mills. Bartlett said the energy for the two machines to be rebuilt in the East Millinocket mill will come from existing hydropower facilities and cogeneration. "Our success in attracting funds for this project illustrates why the Big A Project is so essential if we are going to find additional funds to modernize all of our production in both mills," Bartlett said.

Employees of the company were told of the project in a series of Thursday morning meetings. East Millinocket and Millinocket leaders were briefed on the scope of the modernization at a Thursday luncheon in Millinocket.

Great Northern Paper is a company of Great Northern Nekoosa Corporation with headquarters in Stamford, Connecticut. The corporation has pulp and paper mills in Georgia, Arkansas, Wisconsin and Mississippi. The directors of GNN approved the project Wednesday.

-2/7/85-
LEGISLATIVE REPORT

February 11, 1985

This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; AGC, Associated Industries of Maine; DOC, State Department of Conservation; DEP, Department of Environmental Protection.

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<td></td>
<td></td>
<td>New draft of West Branch Coalition bill circulated</td>
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<td>(GNP opposes)</td>
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<td>&quot;Hearing tentatively scheduled February 26.&quot; (MCCI bill)</td>
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Natural Resources

125 Grants for rivers recreation management groups  February 13 hearing (DOC bill: GNP supports)

200 Gives LURC sole jurisdiction over roads in unorganized territory  February 13 hearing (GNP supports)

Forest Practices Act  No bill printed Draft circulated by Representative Law (GNP opposes)

286 Creates Northern and Eastern Emergency Forestry District  No hearing scheduled (GNP supports)

307 Provides funds for mapping streams in unorganized territory for LURC zoning purposes  No hearing scheduled

337 Assures budworm funding in non-project years  No hearing scheduled

372 Gives state power to license pesticide spray companies  No hearing scheduled

395 Gives DEP jurisdiction over woods dumps, stream alterations  Hearing February 20

441 Creates Department of Forestry  No hearing scheduled

Taxes

88 Sales tax exemption for power purchased for use in manufacturing process  Keyes Fibre proposal No hearing scheduled

239 Repeals Unitary Tax Law  No hearing scheduled (GNP opposes repeal)

354 Phases out the sales and use tax on energy used in manufacturing  No hearing scheduled (PIIO proposal)

407 Adds used machinery to sales tax exemption  No hearing scheduled

430 Gives municipal grants and reimbursements to Unorganized Territory same as towns  No hearing scheduled

440 Repeals sales tax used on fuel in all commercial and industrial establishments  No hearing scheduled (MCCI bill)
450  Imposes a sales tax on services to benefit cities and towns

Other Subjects

249  Revises laws governing self-insurers

258  Trucking law change

284  Limits PAC contributions
February 18, 1985

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 February 15:

Big A: Front Page News

When six white water rafting outfitters deserted the ranks of the opposition, the development put the controversy over the Big A Project on the front pages of Bangor and Portland newspapers.

It was the biggest news of a week, in which the news of every day had mention of the hydropower proposal.

Wayne Hockmeyer, the man who first saw the potential for white water rafting as a business in Maine, announced at a State House press conference February 15 that he and several of his colleagues had reached an agreement with Great Northern Paper. Together the outfitters will represent 57 percent of the Saturday business and 54 percent of the Sunday rafting traffic, when a seventh company signs the agreement today. One of the those who signed operated on the Kennebec River in 1984, not on the Penobscot. Twelve companies operated on the Penobscot in 1984.

A letter from the company, offering the same terms to other rafting outfitters, was the basis for a Bangor Daily News story the morning of the press conference. Sandra Neily, the wife of outfitter John Connelly, was quoted as saying the agreement was "illegal." Nick Albans, a Bangor fisherman who has been a long-term critic of the project, called it "corporate blackmail."

The day before the white water rafters made their announcement, House Majority Leader John Diamond, made official what everyone had been saying -- he was filing a proposal to delay state action on the company's application until the federal environmental impact statement
is completed. Drafts of the proposal, still not printed, have been circulated at the State House for weeks. Diamond calls the 105-day timetable under state law, in which the Land Use Regulation Commission must make a decision, "a totally unreasonable and unrealistic procedural requirement..." Responding to requests from the news media, I reminded them that when the Rivers Act was passed, it clearly passed with Big A in mind. "Changing the rules in the middle of the game is unfair," I said. At least one legislative leader, Senate President Pray, told reporters he didn't see the legislation as necessary. A two-thirds vote of the Legislature would be required to make Diamond's proposal effective immediately.

All week long on WABI-TV, the CBS affiliate in Bangor, the Big A was the subject of a series of reports.

Subject to approval of townspeople at town meetings in East Millinocket and Medway, the towns of Millinocket, East Millinocket and Medway have retained an attorney to represent the communities in the LURC proceedings. Selectmen and town councilors met February 12 following a presentation by Galen Lander and Dale Phenicie.

Medway selectmen have invited representatives of 20 other towns in the area to a February 18 meeting when officials of those communities will be asked to consider intervention.

The project picked up endorsements from two state-wide trade associations on February 13, the Maine Chamber of Commerce and Industry and the Associated General Contractors of Maine. The MCCI Business Policy Council made that decision after Jeff Thaler of the Maine Audubon Society and I spoke at a meeting. The AGC leadership made their decision before Paul Fritlotti spoke at an evening meeting attended by 175 persons in Auburn.

Meanwhile, a group of businessmen led by the president of Chadwick-BaRoss, Robert BaRoss of Cape Elizabeth, has called a February 25 meeting in Augusta to discuss organization of a committee to support the project.

Unions representing employees in the mills and the woodlands department are considering intervention. Some have decided to do so. Taking the company up on its offer to arrange a meeting with attorneys to discuss such involvement, union leaders met February 14 with Dan Boxer.

During the week, eleven presentations were made on the project by company representatives in Augusta, Bangor, Dover-Foxcroft, Falmouth, Houlton, Lewiston, Millinocket and Portage.

At week's end, the Bangor Daily News published an editorial urging the Land Use Regulation Commission to consider all alternatives to the Big A Project during the commission's hearings. The News, usually a champion of efficiency in government and a critic of duplication, didn't once say, in the 400-word editorial, that all alternatives would be considered by the Federal Energy Regulatory Commission. The company's attorneys will contend that the Legislature never intended to burden LURC with this responsibility under a hydropower licensing law. Earlier in the week, the Kennebec Journal in Augusta had made the same point as the News -- that all alternatives should be considered in the LURC hearings.
The Legislature: At-A-Glance

At the end of the session's seventh week, here's where the major issues stand:

**Big A - Diamond's bill expected to be printed next week.**

**Workers' Compensation - Nothing new, but lots of talk.**

**Natural Resources - First major hearings in February saw Great Northern Paper's Dan Corcoran support, with amendments, bills establishing a grants program for river recreation management groups and a bill giving LURC sole jurisdiction over roads in unorganized territory.**

**Environmental Affairs - Still nothing in print.**

**Taxes - MCCI will withdraw its energy tax bill in favor of a Paper Industry Information Office proposal to phase out the sales tax on industrial oil and purchased electricity used in manufacturing. A Keyes Fibre proposal to do that on purchased electricity used in "electrothermal manufacturing" will be heard at a hearing February 19.**

**MCCI and the Unitary Tax**

The unitary method of collecting corporate income tax has acquired an anti-business stigma. Business Week Magazine, in a November 5 story, says the unitary tax, which 12 states have on the books, "has drawn a firestorm of criticism from foreign investors and U.S. executives because it taxes a portion of the worldwide income of companies..." This feeling was evident at the meeting of the MCCI Business Policy Council. There was strong sentiment, articulated entirely by people from companies not affected by the law, to support a Republican proposal to repeal the tax. Action was tabled at my suggestion. Great Northern Paper opposes repeal, as do leaders of the Democrats, who consider the unitary formula the "fairest way" of collecting corporate taxes. There were rumors last week of a company facing a $5 million bill as a result of the law. Earlier there was talk the law had cost the state three to five million dollars.

**Workers' Compensation**

Governor Brennan's long anticipated message to the Legislature on workers' compensation reform has been postponed to February 28. Gordon Manuel says rumors are flying in Augusta that the administration will not chop benefit levels as much as had been anticipated by some in the business community -- from 166 2/3 percent to 100 percent of the state's average weekly wage. But members of the Governor's staff say he will propose a cut and is ready to take on House Speaker John Martin on the issue.

At a $125 a person dinner hosted by businessmen for the Democratic State Committee, the Governor said, "I'm not sure how many Democrats I'll have as friends after they see my workers' compensation proposals."
Advertising

The first of three advertisements scheduled for Maine newspapers in 1985 is attached. This advertisement is scheduled to appear in 17 daily and weekly newspapers between now and March 3. The theme "Keeping Maine Growing" is recommended for 1985 to provide continuity in all advertising by the company in Maine by the New England Group of Portland.

Great Northern Paper is also sponsoring full-page advertisements in newspapers in education week editions of the Bangor Daily news and the Portland Press Herald in March. Students design the advertisements.

The company also will sponsor a full page in the March 3 Sunday Telegram supplement marking the meeting of the New England section of the Society of American Foresters in Portland.

Big News: Little Zectran

Most papers made page one news out of a February 15 announcement by the Maine Forest Service that because of the fact that enough Zectran isn't available, this year's spruce budworm control program will be conducted, mainly with Bt, a biological insecticide. While Maine Forest Service Director Ken Stratton tried to make it clear to the press that the state doesn't intend to use as much or more Bt next year, his statements got lost in thinking illustrated by a Bangor Daily News editorial entitled "Bhopal and Budworm." The News wants "predominantly biological" spraying forever.

Other Matters

Gordon Cook attended a February 13 meeting of the Maine Economics Society in Portland at which Conservation Commissioner Richard Anderson was the speaker. The commissioner discussed the state-wide economic importance of the forest products industry.

Sincerely,

Paul

pmc/p
Enclosures
LEGISLATIVE REPORT

February 18, 1985

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<td>560 Changes in forest fire control laws</td>
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<td>571 Does away with exemptions for borrow pits under five acres</td>
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<td>Keyes Fibre proposal February 19 hearing</td>
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<td>No hearing scheduled (GNP opposes repeal)</td>
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Great Northern is Keeping Maine Growing

With A $155 Million Modernization Program

Between now and late 1987, Great Northern Paper will invest $155 million to modernize our East Millinocket mill.

This mill makes newspaper publishing grades of paper. Our goal: to manufacture state of the art paper for newspaper publishers from Maine to Maryland. Ultra-high-speed presses and full color newspaper printing call for extra strong, extra-white, extra-smooth paper. To produce that kind of paper, we will rebuild two paper machines from the ground up, and make hundreds of major changes throughout the entire paper-making process.

Great Northern has supplied paper for the newspaper publishing business ever since we opened our Millinocket mill in 1900. Today, we are the only newsprint producer in New England. Three years from now, we will be the best in North America.

Beyond the East Millinocket Project

A note from Robert F. Bartlett, president, Great Northern Paper

Our Canadian competitors aren't just sitting back and watching us grow. They're modernizing, too—aided by subsidies from the Canadian government.

Two other factors are important here as well. First, the strong dollar that enhances the buying power of Americans visiting other countries also affects Canadian exports to this country. The difference in the exchange rate enables Canadians to sell their products—including newsprint—at very competitive prices.

In addition, eastern Canada actually has such a surplus of hydroelectric power that industries are being encouraged to convert to electric operation, again with help from the Canadian government.

Other papermaking facilities at our Millinocket mill will require modernization soon. The extent to which this will be economic depends upon the availability of additional hydroelectric power from the proposed Big A dam on the West Branch of the Penobscot River.

At Great Northern we have a longstanding commitment to producing groundwood papers here in Maine. We are determined to remain competitive in our markets. Electricity from the Big A Project will allow us to compete with Canadian mills—and keep Maine growing.

If you have questions about the Big A hydro project, we'd like to answer them. For individual answers, please write Galen Lander, Big A Project Manager, Great Northern Paper, Millinocket, Maine 04462.

Great Northern Paper
a company of
Great Northern Nekoosa Corporation
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 February 22:  

Why There’s A BEP Vacancy

The Maine business community has been criticized for failing to find candidates for environmental regulatory agencies such as the Board of Environmental Protection and the Land Use Regulation Commission.  

An Augusta businessman, who at first accepted nomination to the BEP but later asked the Governor to withdraw his nomination, illustrates why there is a problem.  

Charles Canning is in his early 50's, the president of a wine, beer and cigarette distributing company his father founded. Canning is an active Democrat and a host for party functions in Augusta. Governor Brennan is well acquainted with him.  

When the two persons best qualified to speak up for business on the BEP (Linwood Palmer and Ernie Caliendo) both resigned late in 1984, Canning said the Governor asked him to consider serving on the board. "He told me he was concerned good projects would be lost if the board wasn't better balanced," Canning said. David Redmond, the Governor's administrative assistant, followed up with a telephone call asking Canning to give the matter very serious consideration.  

Canning agreed to accept the nomination. His term on the State Compensation Commission was ending. On that commission, he had spent several days over several months considering compensation of top state officials.  

"When I visited the department, I was amazed to find how much time would be required."
"I was prepared for monthly meetings.

"What I wasn't prepared for was the subcommittee activities, the volume of homework and all the rest that goes on.

"I just couldn't spare the time from my business. I informed the Governor and asked him to withdraw my nomination," Canning concluded.

So when the legislative hearing on the Canning nomination came up, it was cancelled because the Governor's staff said the Augusta man had the flu. It looks like it was the diplomatic virus.

The Governor still hasn't posted another person to the BEP. He did add former State Representative Nancy Masterton of Cape Elizabeth to fill one of the vacancies. The paper industry is promoting the candidacy of Dr. Ben Millard, retired S. D. Warren vice president and research director.

Big A: Negative Editorials

When an attorney for the company took the position that the Land Use Regulation Commission should not consider alternatives in hearings on the company's application for a permit for the Big A Project, the Maine editors reacted. Editorials in the Bangor Daily News, the Kennebec Journal (Augusta) and Sunday Telegram (Portland) said LURC should carefully consider all options open to the company.

Editors ignored the fact that Great Northern Paper is required to do so under federal law -- and is prepared to justify the choice of the Big A Project over other alternatives. The Maine law isn't a state level companion to the status of the Federal Energy Regulatory Commission (FERC). It is clearly a hydropower licensing law. When LURC considered the arguments February 20 on the scope of the hearings, Senator Kany of Waterville testified it was her understanding that alternatives should be considered. Mrs. Kany, an opponent of the Big A Project, was sponsor of the Governor's rivers' legislation which created the new law. Alternatives have not been considered in other projects considered under this law.

On February 19 the West Branch Coalition proposal to delay state consideration of the project was introduced. No hearing has been scheduled and on the Senate floor, Senator Pearson of Old Town praised Mrs. Kany's statement of the previous day. He was a member of the committee which redrafted the Governor's bill.

When the Women's Caucus invited Charles Hewett of the Maine Audubon Society to speak on the project and opened the meeting to all legislators, only ten attended. The West Branch Coalition is inviting all legislators to cocktails and dinner March 5.

Eight company presentations on the subject were made during the week at public meetings. In Medway, we met with representatives of seven towns and asked them to join Millinocket, Medway and East Millinocket in intervening. Next week, we will ask several Aroostook communities to do so.
As the Legislature moves into its ninth week, here is the picture on matters of interest:

**Big A** - A document has been introduced but no bill has been printed and no date set for public hearing. Representative Diamond's bill would delay LURC consideration of the project for a year or two until the federal environmental impact statement (EIS) is completed.

**Environmental Affairs** - Nothing new of consequence.

**Labor** - As expected, representatives of the AFL-CIO and the Maine Chamber of Commerce and Industry debated February 19 a proposal to deny unemployment compensation to strikers who lose jobs in labor disputes. Hearings on two workers' compensation bills were postponed.

**Natural Resources** - Great Northern Paper supported an amendment proposed by LURC to clear up jurisdiction over small dumps in the woods.

**Taxes** - Another in Senator McBreaity's package dealing with the Unorganized Territory was printed. The second of three bills in the package, the bill would reimburse the unorganized territory for overcharges.

**Other Subjects** - Representative Joseph Brannigan of Portland will sponsor "An Act to Protect Shareholders in Maine Corporations." Drafted by Portland Attorney Robert Moore at the request of Great Northern Nekoosa, it is another in a series to provide corporations added protection from unsolicited takeover attempts. The bill hasn't been printed.

**Workers' Compensation Reform**

Governor Brennan's long awaited proposals on workers' compensation reform will be the subject of a speech he will make to the Legislature, now planned February 28.

Rumors about the contents of the message continue to center on the subject of cost reductions: Will the Governor propose a reduction in benefits? Industry, which started out seeking a cap on benefits, now hopes for some reductions.

But can the Governor marshal the legislative support needed to make such proposals become laws? There is clearly no enthusiasm among Senate President Pray, House Speaker Martin or other Democrats in leadership for benefit cuts. They have other ideas on how to save money. Martin has announced several. Pray's proposals are being drafted.
Other Matters

Approximately 50 members of the Millinocket Chamber of Commerce were guests of the company at a February 21 meeting. A report on the business outlook by Dick Noyes was followed by a presentation on the Big A Project by Mike Cuddy and an outline of the agreement between the company and some white water rafters by Jim Carson...Lin Davis, Tom Glidden and Glenn Saucier worked with Gordon Manuel in putting together a new set of safety messages for the Millinocket radio station...The company is among sponsors of broadcasts on radio and television stations of high school basketball tournaments...Information on the East Millinocket Modernization Project was provided Carol Brusslan of the Paper Trade Journal.

Sincerely,

Paul

Distribution:

E. E. Allain W. M. Dillaway P. D. Hubbe M. porterfield
A. P. Birt P. I. Firlotte D. J. Krohn C. H. Reed
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S. P. Curtis D. O. Hickey J. F. O'Handley H. willets
A. B. Danforth S. M. Hill P. P. Paul P. F. Yacavone
A. E. Dentremont S. G. Hobson T. N. Pendleton
# LEGISLATIVE REPORT

February 25, 1985

This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; AGC, Associated Industries of Maine; DOC, State Department of Conservation; DEP, Department of Environmental Protection.

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<td>Repeals sales tax used on fuel in all commercial and industrial establishments</td>
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**Other Subjects**

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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 March 1:

"Political Courage"

"Governor Brennan has displayed an uncommon degree of political courage in proposing a sweeping overhaul of Maine's workers' compensation system," said the Maine Sunday Telegram on March 3.

In another editorial, which appeared in the Sunday edition of the Lewiston Sun-Journal, the battle lines were drawn:

"In agreeing to make benefit reductions a major part of his reform plan, Brennan has clearly aligned himself with the business community, which has been clamoring for cuts in benefits as a way to cut costs and by bringing Maine's benefit levels more closely in line with those in other states, to let it know that the state is concerned about the cost of doing business here.

"In refusing to reduce benefits, House Speaker John Martin, on the other hand, has cast his lot with labor. Brennan's aggressive stance on benefits has left organized labor little choice except to support Martin's plan or to oppose any reform."

In his February 28 speech, Brennan said "...we cannot afford to ignore the plain fact that Maine's workers' compensation is simply out of balance. Indeed, it is out of control!"

Although they will be at loggerheads soon on the issue, Brennan, in his speech, paid tribute to the House Speaker's efforts, saying "No one has done more on this issue over a long period of time."
Brennan's proposals will include:

- Reducing the maximum benefit allowable from 166 2/3 percent ($447.92) to 110 percent ($295.63) of Maine's average weekly wage;
- Capping annual cost of living adjustments at 5 percent;
- Deregulating insurance rates;
- Elimination of the requirement that employers pay all fees of attorneys. Employers would pay only when employees prevail;
- Repealing law which prohibits use of employers' statement as evidence, unless made under very strict conditions.

Now the business community is marshalling support for the Governor's program. The Employers' Coalition for Workers' Compensation Reform, which represents 26 employer groups, ranging from apple growers to papermakers, is asking that letters be sent to legislators urging them to support the Governor's proposal. A special Maine Chamber of Commerce and Industry task force will coordinate lobbying for business and industry with the coalition "out front" on the issue.

The AFL-CIO is ready for the battle. President Charles O'Leary knows Martin doesn't feel benefit reductions are a realistic goal at this point in history and he knows Senate President Charles Pray isn't likely to support benefit reductions. The Maine AFL-CIO has solid ties to the Democrats who control the legislative process.

Legislature: At-A-Glance

As the Legislature moves into its tenth week, here is the picture on matters of interest:

**Big A** - Legislative Document 652 finally was printed and then reprinted to correct errors. A hearing has been tentatively scheduled for March 20 on the proposal to require the state to delay hearings until the Federal Environmental Impact Statement (EIS) is completed.

**Environmental Affairs** - Only five bills have been printed, one, the Governor's acid rain legislation.

**Labor** - Governor Brennan dominated the news.

**Natural Resources** - Amendments proposed by subcommittees of the Paper Industry Information Office have been adopted and PIIO will support legislation dealing with forest management roads and spruce budworm funding.

**Taxes** - Nothing new. Some talk that a sales tax on service might provide revenues to offset loss of federal funds. A special session in the fall is expected to deal with the anticipated problem.
Other Subjects - H. Donald DeMatteis, Superintendent of Banking, expressed reservations about a portion of the anti-corporate takeover legislation drafted by Portland attorney Bob Moore, on behalf of Great Northern Nekoosa. But the state official reacted favorably to the bulk of the bill.

Big A: "Strong Position"

While attorneys representing the company were losing another skirmish in the pre-hearing arguments before the Land Use Regulation Commission, a veteran reporter wrote in the Maine Times that, "Although the state's decision on the proposed Big A Dam is months away, Great Northern Paper Company holds a strong position as the result of an astute, well trimmed strategy." Phyllis Austin's article appeared in the March 1 issue of the journal of opinion, which usually tilts to the view of the environmentalists.

The setback came when LURC ruled that commissioners would consider options open to the company, as well as the merits of the Big A Project itself. The verdict wasn't surprising. I told several reporters we were prepared to do just that, because it is a federal requirement.

Bob Bartlett, Steve Hill, Galen Lander and Dale Phenice discussed the project at a February 25 meeting of the Natural Resources Council. The next night, Dan Corcoran, Harry Everhardt and Ed Spear discussed the fisheries mitigation with directors of the Natural Resources Council of Maine. In addition, eleven other slide-tape presentations were made in Ashland, Clinton, East Millinocket, Farmington, Fort Kent, Lincoln, Millinocket, South Portland and The Forks. Dick Hale, Mike Mills, Ellen Thurlow and Brian Wiley are joining the people presenting the programs throughout the state, freeing up those involved in the forthcoming hearings.

Roger Boynton guided reporters from the Associated Press and the Kennebec Journal in Augusta to the site of the proposed project. Both reporters had rafters accompanying them.

Committee of Businessmen

A committee of Maine businessmen to support the Big A Project was organized February 25 at an Augusta meeting.

Robert P. BaRoss, President of Chadwick-BaRoss, is president of the group which will hire an attorney, Robert Moore of Portland, and intervene in the Big A proceedings. At the organizational meeting attended by 44 businessmen from Aroostook to York Counties, Bob Bartlett and Galen Lander were speakers.

Bangor Chamber of Commerce

The biggest turnout of the season, 90 people, attended a February 27 meeting of the Bangor Chamber of Commerce. Art Dentremont outlined the $155 million East Millinocket Project and I outlined overall business conditions and brought the group up-to-date on the Big A Project.
Other Matters

Representative Mary Webster came to Millinocket March 2 to hear plans for the Big A Project outlined by Dale Phenicie, tour the Millinocket mill and go to the Big A Project area. Lynwood Hand accompanied them on the tour. Three representatives of The New England Group, a Portland advertising agency, came to Millinocket March 1 to gather material for the second newsletter promoting the East Millinocket modernization. They also are redoing the slide-tape show to feature the project.

Sincerely,

Paul

Enclosure

Distribution:

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M. Porterfield

D. K. Phenicie
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W. E. Shelley
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**LEGISLATIVE REPORT**

March 4, 1985

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645 Limits duplication of benefits under workers' compensation insurance

Natural Resources

125 Grants for rivers recreation management groups

200 Gives LURC sole jurisdiction over roads in unorganized territory

Forest Practices Act

286 Creates Northern and Eastern Emergency Forestry District

307 Provides funds for mapping streams in unorganized territory for LURC zoning purposes

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February 28 hearing
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No hearing scheduled
No hearing scheduled
March 6 hearing (PIIO supports)
February 26 hearing
February 26 hearing
Not yet printed (GNN legislation)
Reflects outcome of town referendum

3/4/85
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 8:

Workers' Compensation Reform: All-Out Effort

Taking the lead for the business community, the Business Policy Council of the Maine Chamber of Commerce and Industry decided March 8 to aggressively pursue reform of the state's workers' compensation insurance system.

MCCI will support the entire package proposed by Governor Joseph E. Brennan February 28 and also several items earlier suggested by House Speaker John L. Martin.

A marathon hearing is planned March 25 in Augusta, when the Labor Committee of the Legislature will consider all reform proposals, including those of Senate President Pray, none of which won the endorsement of MCCI.

For MCCI, it's a big step. When industry lost an effort at reform of the costly system six years ago, one of MCCI's predecessors was so bruised in the lobbying battle, that it had to defer to a coalition to carry industry's banner on the issue. Associated Industries of Maine was the big loser. And the state Chamber of Commerce, never a potent lobbying force, wouldn't even participate in the coalition. Two years ago, MCCI, the result of a merger of the two, was criticized for dragging its feet on the issue.
MCCI was a force this year in convincing the Governor of the need for reforms, including cost reduction. Representatives of a dozen different companies, large and small, have taken their complaints to Governor Brennan, urged on by MCCI. In the background, a task force of the Paper Industry Information Office has been offering ideas.

Robert Gibbons, Governor Brennan's legal counsel, said, March 5, that, "We are encouraged by the response to the Governor's speech." Others say at least 40 Democrats in the House are ready to support the Governor on this issue. The House is split 85-66, with Democrats in control. The AFL-CIO is mounting a campaign against the Governor's package and the March 25 hearings may see hundreds of workers invade Augusta to protest reductions in benefits.

MCCI will support all of the Governor's proposals. In addition, the Speaker's proposals for safety groupings for small businesses with good records, restructuring of assigned risks, a rehabilitation program with incentives, a physician's fee schedule, peer review of treatment and creation of an anti-fraud unit in state government, won the support of MCCI.

A position on a Republican proposal to repeal the unitary tax was put off for a second time. Members not covered by the method of assessing the state's corporate tax spoke in favor of repeal. They were joined by Scott Paper Company's representative. We argued against another change in the system. All of those who spoke see little chance of repeal but we hope the Republicans will not get the idea it is a high priority for business.

The Legislature: At-A-Glance

As the Legislature moves into an eleventh week, here is the picture:

Big A - A hearing has been officially scheduled for March 20 in Room 113 of the State Office Building on L.D. 652. It will be the third of three bills to be considered by the Energy and Natural Resources Committee, starting at 1 p.m.

Environmental Affairs - Once the paper industry nationally makes a multi-million dollar commitment to research in the field of forest health, a workshop is planned for legislators by PIIO. So far, no hearing has been scheduled for the administration's acid rain control proposal.

Labor - The March 25 hearings will be the next big news.

Natural Resources - As expected, a proposal was introduced to establish a system for mediating disputes over water levels on lakes. It is being studied.

Taxes - Nothing new.
Big A: Support!

At a March 8 news conference in Augusta, the Committee for Big A, composed of businessmen from all over Maine, announced plans to support Great Northern Paper in seeking approval of the hydropower project.

Robert P. BaRoss, President of Chadwick-BaRoss, said, "Our goal is simply stated: We want to insure that Great Northern remains competitive and that the economy of Maine does not suffer another serious blow." Vice Presidents are David M. Carlisle of Prentiss & Carlisle, Bangor, and James G. Vanvakias of E. C. Jordan, Portland, and Treasurer is Scott Searway of Wade & Searway Construction, Inc., Augusta. The 40 members of the committee are scattered from Caribou to Kittery to Calais. They include the president of Maine's largest industry, Bath Iron Works, with 7,000 employees and a Biddeford firm with two persons on the payroll.

The committee announcement got considerable attention on the evening television news and in newspapers the following morning, except the Bangor Daily News, which briefly mentioned the committee in a story highlighting a challenge to the Big A Project by the Penobscot Indians. The tribe will intervene as an opponent, continuing to claim title to islands in the area to be flooded.

Before holding the press conference, leaders of the committee met with the Governor.

Two Maine business leaders have spoken up independently in support of the project in recent days. Merrill Bank President Bill Bullock did so at a gathering of legislators from areas in which the bank has facilities. Bangor and Aroostook Railroad President Walter Travis did so in a thoughtful personal letter to all employees.

This week also saw Charles O'Leary, Maine AFL-CIO president, come to Millinocket to meet with presidents of union locals. Jim Mingo, President of UPIU Local 24, said following the meeting that the AFL-CIO would intervene in support of the project and oppose the legislation aimed at delaying state consideration of the project. But Mingo said the degree of support would hinge on company answers to questions concerning manpower cutbacks, sale of electricity and use of nonunion labor on construction projects. Most union locals have decided to intervene in support of the company, although one will take a neutral stance.

Five slide-tape presentations on the subject were presented in Hampden, Millinocket, Milo, Orono and Westbrook.

An initial head count of all legislators' views of L.D. 652 was completed by Andrea Cianchette, Lynwood Hand and Gordon Manuel. Bob Bernier, President of the Carpenters and Joiners union local, went to Augusta to lobby on behalf of Great Northern Paper. Plans for the hearing were completed at an Augusta meeting.

Smiles

When John Connolly of Eastern River Expeditions, a critic of the Big A Project, spoke at a Dover-Foxcroft meeting, he said county commissioners would be asked to intervene as a neutral party. The next
day, March 5, according to the Bangor Daily News, the commissioners voted to support Great Northern Paper. The commissioners had evaluated the company's overall impact on Piscataquis County by comparison with rafting outfitters' input.

And then there was an Augusta misunderstanding. Asked where he stood, a commissioner in the Brennan cabinet said he opposed L.D. 652. When relayed to a Brennan aide by a lobbyist, the commissioner's opposition to L.D. 652 became opposition to the Big A Project. That resulted in a flurry of telephone calls. Some people have suspected the commissioner with opposing the project. The commissioner soon was back at the State House, asking the lobbyist's help in clearing up the confusion.

Other Matters

Two corrections in the March 4 newsletter: 1) Maine Times credited Great Northern with a "well-timed" strategy, not a "well-trimmed" strategy; and 2) Dan Corcoran, Harry Everhardt and Ed Spear met with the directors of the Sportsman's Alliance of Maine, not the Natural Resources Council of Maine...A full page advertisement appeared in a Maine Sunday Telegram section highlighting a Portland meeting of the New England section of the Society of American Foresters...A Business Week magazine reporter called asking if our hydro licenses had been challenged by municipalities...Advertisements were sponsored in Newspapers in the Classroom sections of the Bangor and Portland newspapers.

Sincerely,  

[Signature]

pmc/p  
Enclosure  

Distribution:


LEGISLATIVE REPORT

March 11, 1985

This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; AIM, Associated Industries of Maine; DOC, State Department of Conservation; DEP, Department of Environmental Protection.

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<td>Disallows unemployment compensation to aliens engaged in seasonal work unless mandatory under federal law</td>
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March 12 hearing

Planned by Rep. Dexter

3/11/85
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 15:

The Legislature: At-A-Glance

As the Legislature moves into its twelfth week, here is the picture:

Big A - Hearing Wednesday, March 20, at 1:30 p.m. in the State Office Building, Augusta.

Environmental Affairs - All quiet.

Labor - March 25 hearing on reform of workers' compensation expected to attract hundreds.

Natural Resources - March 28 hearing on Northern and Eastern Maine Emergency Forestry District proposal, a proposal for assistance to owners of small woodlots.

Taxes - An increase in taxes looms for the unorganized territory.
Hearings Scheduled on Key Bills

With nearly 1,000 proposals in print for their consideration, legislators are stepping up the pace of activity in Augusta. Hearings are scheduled in the next two weeks on at least three proposals of interest to Great Northern Paper:

Big A - Representative John Diamond's proposal (Legislative Document 652) will be the third bill considered Wednesday, March 20, at a hearing starting at 1:30 p.m. Paul Firlotte and Dale Phenicie will be among those who will testify against delaying state consideration of the hydropower project until the federal environmental impact statement is completed in a year or two. The West Branch Coalition is expected to pack the Energy and Natural Resources Committee's small hearing room in the State Office Building. There was a lull before the storm last week in the Legislature. Most observers give the legislation little chance of getting the required two-thirds vote of both houses.

Workers' Compensation - A public hearing has been scheduled March 25 by the Labor Committee of the Legislature. It will be held at the Augusta Civic Center with hundreds expected to be present. The AFL-CIO is planning to muster 1,000 people to oppose the reforms proposed by Governor Brennan which would reduce benefits. Industry has reactivated the Employers Coalition for Workers' Compensation Reform with a goal of bringing 300 employers to town.

While the paper industry's visible role will be minor, two speakers are scheduled to join others from large and small businesses, public and private groups. John B. Fery, chairman of Boise Cascade, will compare costs of the insurance in Maine to costs in other states. Gary E. Gettman, General Manager of Georgia-Pacific's woodland division, will discuss the work place safety issue. The hearings will start at 9 a.m. and will continue into the night, until everyone's ready to quit.

While Brennan has proposed to reduce benefits, House Speaker John Martin and Senate President Charles Pray prefer other approaches to the problem. Both Martin and Pray were speakers at a weekend meeting of the Maine Council of the United Papermakers International Union in South Portland where widespread opposition to the Governor's proposals was evident.

Forestry - In an effort to focus attention on the need for intensive forest management of small woodlots, Martin and Pray are sponsoring a proposal to create the Northern and Eastern Maine Emergency Forestry Compact. It has strong Great Northern Paper support although industry in general is lukewarm to the idea which, as drafted, helps only the "little guys" with professional assistance and up to $10,000 a year in incentives. With dollars scarce, chances of passage are slight. Before the March 28 hearing, a special committee on March 22 will invite comments on five areas involving Maine's forest policy, or lack of one. Jim Giffune plans to testify March 28, Bart Harvey, March 22.
Big A: Barringer's Role

Governor Brennan on March 5 gave State Planning Office Director Richard Barringer authority to screen all statements of state agencies on the Big A Project. This was confirmed by Barringer in a March 15 article in Maine Times in which the Planning Office chief said Brennan has "cautioned agencies to give the facts and leave the judgment on the merits to LURC (the Land Use Regulation Commission)." Brennan has dealt frequently with Great Northern Paper officials on matters such as the public land exchange, the Penobscot conservation easement and the rivers' legislation.

It has been another week in which the project has been in the news daily: The Lincoln town council endorsed the project...Sandra Neily of Eastern River Expeditions told the Piscataquis Observer she was "amazed" that county commissioners had voted to support the project...Brownville selectmen voted to intervene in support of the project...Lee voters will decide March 18 at a town meeting on intervening...In Greenville, a local businessman offered his customers "Big A All the Way" bumper stickers and pins and was the subject of a story in the Moosehead Messenger...The week started with opponents charging the company was missing deadlines and this led to newspaper stories and radio news reports. (We made two radio tapes and answered a call from the Associated Press)...At week's end, town officials from Millinocket, East Millinocket and Medway called a Bangor news conference to say 17 towns had joined them in supporting the Big A Project.

I discussed the project at a weekend meeting of the Maine Council of the UPIU in South Portland. Other slide presentations were made in Augusta, Belfast, Brownville, Dover-Foxcroft, East Millinocket, Garfield, Kingfield and Millinocket.

The Portland Press Herald, which needed a week and several attempts to correct a report that Great Northern Paper was going out of the newsprint business, did it again. When the Committee for Big A was organized, the Press Herald headline read "Big A Opponents File Petition." The Express, the Press Herald's sister evening publication, finally got it right and called the committee "Proponents."

While Senator Ronald Usher and Representative Mike Michaud, co-chairmen of the Energy and Natural Resources Committee, were in Washington, D.C., Tom Mark of LeBoeuf-Lamb briefed them on the federal hydro licensing process. Usher and Michaud were in the Capitol primarily for a briefing on acid rain.

The Keyes Fibre Link

The Waterville plant of Keyes Fibre is the company's oldest. Legislators say company officials have told them the plant may close if costs can't be reduced. Union leaders say Senator Judy Kany is trying to develop legislation which would allow Keyes to buy Canadian hydropower. Mrs. Kany is also sponsoring legislation to eliminate the sales tax from purchased electricity used in process by Keyes.

Mrs. Kany, with Representative Diamond, are the chief opponents of the Big A Project. Will they try to use Canadian power as the alternative in this controversy?
MPBN: No. 1 in GNN

For the second consecutive year, the Maine Public Broadcasting Network was the No. 1 recipient in 1984 of matching contributions under the Great Northern Nekoosa Corporation cultural matching gifts program. Active and retired employees of Great Northern Paper made 55 contributions totaling $2,765 to MPBN. There were 16 contributions to the Second Century Fund of the University of Maine, the No. 3 recipient.

Sincerely,

[signature]

pmc/p
Enclosure

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LEGISLATIVE REPORT

March 18, 1985

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Forest Practices Act

Creates Northern and Eastern Emergency Forestry District

Provides funds for mapping streams in unorganized territory for LURC zoning purposes

Assures budworm funding in non-project years

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Gives DEP jurisdiction over woods dumps, stream alterations

Creates Department of Forestry

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3/18/85
Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager-Public Affairs

March 25, 1985

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 22:

**Big A: Legislative Test**

In an analysis of legislative activity dealing with the Big A Project in the March 24 Maine Sunday Telegram, reporter Kim Clark concluded, "The test votes so far indicate that the Legislature will not interfere with Great Northern's plans."

A week before the opening of hearings by the Land Use Regulation Commission April 1 in Millinocket, Clark noted that a proposal to delay state consideration of a permit application "has provoked several officials, including Governor Joseph E. Brennan, to take stands on Big A and related matters despite their pledges to remain neutral on the Big A."

Brennan sent his chief lobbyist, Richard Davies, to the March 21 hearing to oppose putting off a LURC decision until after a federal Environmental Impact Statement (EIS) is issued in a year, or 18 months. Davies told the Energy & Natural Resources Committee, "you don't decide on extra innings before the first batter goes to plate." Appearing at an Orono conference, the Governor told reporters he would veto the bill if it passed.

House Speaker John L. Martin said the united opposition of the Governor, the Senate President and the Speaker at the hearing "makes it one of the few times this session we've been all together." Martin said LURC should act first because the "decision belongs here, not in Washington." Senate President Charles P. Pray of Millinocket said the suggestion that the Legislature hadn't appreciated what it was doing in establishing a 105-day deadline for action on applications "casts a cloud over the process...this committee spent countless hours on this matter."
Legislative Document 652 was the third bill of the day considered by the committee at a hearing which started at 1 p.m. It was a little over an hour later that House Majority Leader John Diamond, the sponsor, led off the debate on delaying state action on the Big A application. Waiting for the EIS will provide valuable information for LURC and not delay Great Northern Paper, the Bangor representative said. The hearing went on for four hours.

Two days later, the committee voted 9-4 to oppose L.D. 652. And the Portland Press Herald headline for the story reporting the vote concluded, "Proposal to delay Big A given up for dead." But Diamond and his allies on the committee will support an amendment which would allow an extension if two-thirds of the membership of LURC votes in favor of such action.

Today LURC can extend the 105-day deadline only if the applicant agrees. That provision in the law was adopted in 1983 as a compromise. LURC Director Alec Giffen would have preferred the same provision in the law governing his agency as those for the Board of Environmental Protection, the automatic extension if two-thirds of the board so votes. Legislators preferred a fixed deadline. At the March 22 workshop, when the committee voted 9-4 against an extension, Giffen again indicated his preference but said he emphasized he had not requested the legislation filed by Diamond.

In testimony March 21, which was reaffirmed by Lynwood Hand and Paul I. Firlotte two days later, Dale K. Phenicie said, "If the LURC staff and commissioners should decide that an extension is needed, and if a reasonable request is made and recommended to Great Northern Paper by our attorneys and other members of the Big A team, the company will agree to such a request."

Legislative action on the committee report is expected to begin March 28.

The Portland newspapers, which surprisingly didn't report that the House Speaker and Senate President opposed L.D. 652 March 20 as did other Maine newspapers, the next day ran an editorial saying Representative Mike Michaud of East Millinocket should abstain from voting because he is a company employee. That rumor was spread the day before by opponents of the dam at the public hearing and apparently rushed into print by editors of the Press Herald.

The past week saw continued sparring between attorneys for the participants in the public hearing. Filings continued but so far opponents of the project have failed to document their contention there are other ways for the company to get the electricity which would be generated by the project. There are now 44 intervenors, including 12 towns and almost as many union locals supporting the company, along with the Piscataquis County Commissioners and the state-wide business Committee for Big A.

There were eight presentations by company representatives at meetings in different parts of the state in the past week, including one March 18 to the directors of the Greater Portland Chamber of Commerce by R. F. Bartlett and T. W. Kelly and another by Ellen V. Thurlow to the
Women's Legislative Caucus in Augusta March 20. Eight are scheduled in the week ahead. I also joined Everett "Brownie" Carson of the Natural Resources Council March 21 to answer questions telephoned in by viewers of the program "On The Line" on WLBZ-TV in Bangor. Paul Firlotte and I taped a half hour "Follow Up" program which was broadcast March 24 on the same subject.

The Legislature: At-A-Glance

As the Legislature moves into its 13th week, here is the picture:

Big A - House expected to vote March 28 on a proposal to delay action on the Big A Project.

Environmental Affairs - All quiet. A bill was filed to finance administration of the chemical substance identification program with fees based on an employer's average number of employees.

Labor - March 25 hearings expected to turn into a marathon with hundreds attending.

Natural Resources - March 28 hearing on Northern and Eastern Maine Emergency Forestry District proposal. A bill requiring the state to use All-Bt in budworm control and banning insecticides is believed to be the result of lobbying by retired U.S. Forest Service Forester Gordon Mott.

Taxes - Unitary tax law hearing April 2.

Taxes: Tit for Tat

Looking for an issue to support, the Paper Industry Information Office decided to propose phasing out the 5 percent sales tax on fuels and electricity used in manufacturing. But the staff of Governor Brennan says the administration can't support the proposal unless a companion measure replaces the lost revenue anticipated. And Speaker of the House, John Martin, proposed raising the corporate income tax one-fourth of a percent to balance the loss of state revenues. The sponsor, Representative John A. Cashman, is pushing ahead with the legislation and the PIIO Government Affairs Committee is backing him. The idea isn't likely to be adopted but the seeds may be planted for action in years to come. With the Keyes Fibre crisis in Waterville pointing up the impact on one old Maine manufacturer of purchased power costs, the repeal of the tax on energy applications is getting more than a casual glance this time around.

Focus on the Unorganized Territory

Senator James A. McBreairty of Perham, the crusader for equality for citizens of the unorganized territory, is asking for support for residents of the territory March 28 when two of his proposals will be considered by the Taxation Committee. One would create an administrator to deal with the funds of the territory and the second would be to reimburse the region for overcharges of the past. Great Northern Paper is the largest landowner in the unorganized territory, the area of the state without local government.
A bill calling for repeal of the Maine unitary tax law is scheduled for hearing April 2. Democrats, who control the committee, and the Legislature are expected to stand united in opposition to the repeal effort, a Republican sponsored proposal. In a March 22 newsletter, the Maine Petroleum Association recalled that Democrats "enacted the law in the closing days of the 1983 session without holding a public hearing. The repeal effort is weakened by a division in the business community, with some companies benefiting from the law while others see themselves as losers."

Other Matters

First a Boston Globe reporter wanted to immediately go on a tour of budworm "devastated" forests, then he didn't. Next, at 4 p.m. on March 21, the reporter (Mike Karnish) wanted to know what percent of sawlogs harvested by the company were being sent to Canada -- and if we were selling them because the price was so attractive. A story appeared in the March 24 Globe and none of the information Jim Giffune provided was included...A three year $24,000 pledge to the Medway Medical Center has been approved by the Great Northern Nekoosa Foundation.

Sincerely,

[paul signature]

pmc/p
Enclosure

Distribution:

R. F. Bartlett P. I. Firiotte D. J. Krohn    C. H. Reed
A. P. Birt    T. H. Flanagan W. R. Laidig    D. R. Roop
J. A. Blickle T. A. Galas    G. M. Lander    W. A. Saucier
P. Cannella    J. M. Giffune V. V. Lapinoja    B. J. Shainman
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A. E. Dentremont S. G. Hobson T. N. Pendleton
W. M. Dillaway P. D. Hubbe    M. Porterfield
LEGISLATIVE REPORT

March 25, 1985

This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; AIM, Associated Industries of Maine; DOC, State Department of Conservation; DEP, Department of Environmental Protection. In the status column, when a bill is approved on first or second readings or passed to be engrossed, it is described as having been given "preliminary approval." If enacted and sent to the governor for signing, the legislation is termed "approved."

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<td>Delays state action on the Big A Project</td>
<td>Committee opposes, 9-4 (GNP opposes)</td>
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645 Limits duplication of benefits under workers' compensation insurance March 25 hearing (MCCI bill)

1062 Reforms workers' compensation system. (Brennan proposals) March 25 hearing (GNP, MCCI, PIIO support)

1063 Improvements in workers' compensation system March 25 hearing (GNP, MCCI, PIIO support)

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Forest Practices Act No bill printed Draft circulated by Representative Law (GNP opposes)

286 Creates Northern and Eastern Emergency Forestry District March 28 hearing (GNP supports)

307 Provides funds for mapping streams in unorganized territory for LURC zoning purposes No hearing scheduled (PIIO supports)

337 Assures budworm funding in non-project years Preliminary approval (PIIO supports)

372 Gives state power to license pesticide spray companies March 6 hearing (PIIO supports)

395 Gives DEP jurisdiction over woods dumps, stream alterations February 20 hearing (GNP supports LURC amendment)
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<td>March 12 hearing</td>
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<td>No hearing scheduled (PIIO opposes)</td>
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<td>1058</td>
<td>Gives LURC sole jurisdiction over roads in unorganized territory</td>
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**Taxes**

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<td>Repeals sales tax used on fuel in all commercial and industrial establishments</td>
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<td>450</td>
<td>Imposes a sales tax on services to benefit cities and towns</td>
<td>No hearing scheduled (PIIO opposes)</td>
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<td>584</td>
<td>Reimburses unorganized territory for overcharges</td>
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<td>955</td>
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3/25/85
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 29.

**Big A: Victory at the Capitol**

The issue had been lobbied intensively by both sides. A vote was anticipated on the night of March 27 in the House of Representatives on legislation granting the Land Use Regulation Commission the authority to extend hearings on the Big A Project. Optimists said the tide was running 3 to 1 in favor of Great Northern Paper which opposed the legislation.

But March 27 saw two developments:

An editorial in the Bangor Daily News urging legislators to approve the legislation; and

A press conference by John Kerry, Director of the Office of Energy Resources, in which he released a report questioning company conclusions.

The House went into session at 5 p.m. and after an hour of debate, voted 85 to 40 to reject the proposal. The size of the vote was influenced by absenteeism at the night session and by pairing of proponents and opponents not present. The House has 151 members. Still it was a clear-cut victory, a "lopsided" vote, according to a Portland Press Herald story in which Nancy Perry reported that "although supporters stressed it was not a vote on the project, the 85-40 vote against the delay was read as exactly that."

Representative John Diamond of Bangor, the sponsor, gave up on his original version of the bill which would have delayed the project under the Federal Environmental Impact Statement (EIS) was completed. He substituted a proposal to let LURC. by a two-thirds vote of members,
extend the hearings. Diamond argued that it was poor judgment for legislators to exclude hydro projects from standards applied to other projects. But the chairman of the Energy & Natural Resources Committee, Representative Mike Michaud of East Millinocket, and three other committee members charged Diamond and opponents of the Big A were stalling, trying to change the rules in the middle of the game.

The next day the Senate killed the bill without a recorded vote. Senator Judy Kany of Waterville, the only Senator on the Energy & Natural Resources Committee, who favored the bill, told reporters the legislation had no chance of passage. The fact that Senate President Charles P. Pray gaveled the bill to defeat didn't upset her. She and others rose after the bill was dead to explain their views.

But in the week preceding the hearings of LURC, which start April 1 in Millinocket, opponents of the project had lost a test in the Legislature. And opponents said they hadn't expected Great Northern Paper to refuse to compromise. Diamond told reporters the bill had served to get the company publicly to say it would agree to an extension. Actually, the company never budged from the position outlined by Dale K. Phenicie at the March 21 public hearing which does not bind Great Northern Paper to any course of action.

In Augusta, the intervention of Governor Joseph E. Brennan, Speaker John L. Martin and Senate President Charles P. Pray confirmed publicly to many the support the project has among Maine's political leaders.

The lobbying team for the company was headed by Lynwood E. Hand, our legislative counsel, and included Gordon Manuel and Andrea Cianchette, a Pierce-Atwood attorney. John Delahanty of Pierce-Atwood also helped at times.

THE LEGISLATURE: AT-A-GLANCE

As the Legislature goes into its 13th week, here is the picture:

**Big A** - Victory for Great Northern Paper.

**Environmental Affairs** - Nothing new. Still to be debated: acid rain legislation.

**Labor** - Tensions building on the issue of workers' compensation.

**Natural Resources** - Considerable interest in providing financial incentives for more intensive forest management of small woodlots. April 10 hearing on the bill banning chemical insecticides in budworm spraying. On the same day, a proposal to mediate water level disputes is to be heard.

**Taxes** - Hearing April 2 on repeal of unitary tax. Hearing April 10 on unorganized territory taxes.

**Anti-takeover** - Hearing April 2 on a bill to protect shareholders in Maine corporations, a GNN proposal.
Forestry Incentives

House Speaker Martin said the proposal to create a Northern and Eastern Maine Emergency Forestry District is an attempt to do something for the northern part of the state that corresponds with the fish piers, the dry dock for Bath Iron Works and other economic aid for southern Maine. With Senate President Pray, he is sponsoring the legislation on which a hearing was held March 28 by the Taxation Committee. Two redrafts were offered and they will be merged into a single bill -- if one comes out of committee this session. The Bureau of Forestry version would extend subsidies and tax credits for improved forest management to all timberland, not just small woodlots. But Pro-Maine, a business organization, suggested only owners of under 500 acres be eligible in another draft.

While endorsing assistance for owners of small woodlots as essential, Great Northern Paper's James M. Giffune disagreed with the Bureau of Forestry saying, "It's politically impractical to provide assistance across the spectrum of land ownership."

Coming Up: Important Hearings

With the session at the halfway mark, the important hearings are coming up.

The Business and Commerce Committee on Tuesday, April 2, will consider an act to protect shareholders of Maine corporations. The legislation was drafted by Attorney Robert A. Moore of Verrill-Dana, a Portland law firm, on behalf of Great Northern Nekoosa. David Boyer, a colleague of Moore, will outline the details of the legislation to the committee.

On the same day, the Taxation Committee will consider a proposal to repeal the unitary tax. Great Northern Paper opposes repeal.

On April 10, the annual tax bill for the unorganized territory will be considered. It's up 27 percent. Thirty residents of the unorganized territory on March 29 supported Senator James A. McBreairty's request for a $2.2 million refund to the unorganized territory account because state agencies have illegally used money from the account.

A bill which would ban chemical insecticides in spruce budworm spraying is going to be heard April 10 by the Energy & Natural Resources Committee, the same day another will be considered to mediate disputes over water levels regulated by dams.

Contributions

In the first quarter, five contributions recommended by this company were approved by the Great Northern Nekoosa Foundation. A three-year pledge of $24,000 was made to the Medway Medical Center. Others approved were University of Maine Pulp & Paper Foundation, $6,500; Abnaki Girl Scout Council, $1,300; Bangor TB & Health
Association, $1,700; and Northern Maine Regional Planning Commission, $8,600. A $1,000 contribution to the Fort Kent Ski Tow campaign has been recommended.

Fifteen contributions of under $500 were approved including Houlton Regional Hospital, $100; Green Valley (Island Falls) Association for the Retarded, $300; Earl Bruce Industries (East Millinocket) Open House, $250; Multiple Sclerosis, $250; Jackson Lab, $250; Boys State - Schenck, $125; Boys State - Stearns, $125; Girls State - Stearns, $100; Cancer Society, $250; Bangor Symphony, $500; and Pine Tree Society for Crippled Children, $275.

In community relations activity, the company has made a number of grants. They include: Stearns Boosters Club for football jackets, $500; Stearns and Schenck committees planning chemical free graduation parties, $500 each; Fourth of July parade, Millinocket, $250; Anah Temple Shrine Circus, $150; Maine State Society of Washington, D.C., $50; Miss Ashland Pageant, $175; Miss Lincoln Pageant advertisement, $125; Children's Theatre of Maine, Portland, $100; Portage Fireman's Auxiliary, $100; East Millinocket Community Calendar, $30; Ducks Unlimited, $50; Millinocket Lodge of Elks, $225; Stamford (Conn.) North Little League, $325; and Northern Timber Cruisers Second Annual Road Race, $150.

Workers' Compensation: Big Show

It was the biggest show of the session with 1,500 at a hearing March 25 of the Labor Committee of the legislature which is considering proposals proposed by Governor Brennan and others to reform the workers' compensation insurance program. Buses brought AFL-CIO members to the hearing. Over 300 business men and women also attended, the biggest turnout in memory of folks from this side of the fence.

Terry Lock, Vice President of the white paper division of Boise Cascade, said seven percent of his company's 26,000 employees are in Maine but the workers' compensation cost in this state exceed 40 percent of the company total. He was one of two paper industry speakers during the marathon hearings in which labor blamed the high insurance costs on poor safety records. Ken Legins and Gordon Manuel attended.

At the State House, there is no doubt that Martin and Pray differ with the Governor on reducing benefits available to injured workers. The legislative leaders prefer to focus on the safety issue.

Sincerely,

[Signature]

pmc/p
Enclosure
LEGISLATIVE REPORT

April 1, 1985

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**Natural Resources**

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<td>125</td>
<td>Grants for rivers recreation management groups</td>
<td>Preliminary approval</td>
<td></td>
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<tr>
<td></td>
<td>Forest Practices Act</td>
<td>No bill printed</td>
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<td></td>
<td></td>
<td>Draft circulated by Representative Law (GNP opposes)</td>
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<tr>
<td>286</td>
<td>Creates Northern and Eastern Emergency Forestry District</td>
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<td>372</td>
<td>Gives state power to license pesticide spray companies</td>
<td>March 6 hearing (PIIO supports)</td>
<td></td>
</tr>
<tr>
<td>395</td>
<td>Gives DEP jurisdiction over woods dumps, stream alterations</td>
<td>February 20 hearing (GNP supports LURC amendment)</td>
<td></td>
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<tr>
<td>Bill</td>
<td>Description</td>
<td>Action</td>
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<tr>
<td>441</td>
<td>Creates Department of Forestry</td>
<td>March 12 hearing</td>
<td></td>
</tr>
<tr>
<td>469</td>
<td>Sets 1985 budworm spray project cost and tax</td>
<td>Approved</td>
<td></td>
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<tr>
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<td>Changes in forest fire control laws</td>
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<td>571</td>
<td>Does away with exemptions for borrow pits under five acres</td>
<td>Withdrawn</td>
<td></td>
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<td>836</td>
<td>Provides for mediation of water level disputes</td>
<td>April 10 hearing (PIIO opposes)</td>
<td></td>
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<tr>
<td>838</td>
<td>Fresh water wet lands protection act</td>
<td>No hearing scheduled</td>
<td></td>
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<tr>
<td>978</td>
<td>Bans insecticides in state budworm program</td>
<td>April 10 hearing (PIIO opposes)</td>
<td></td>
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<tr>
<td>1014</td>
<td>Procedures for return of pesticide containers</td>
<td>Committee favors (PIIO opposes)</td>
<td></td>
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<tr>
<td>1058</td>
<td>Gives LURC sole jurisdiction over roads in unorganized territory</td>
<td>Preliminary approval (GNP, PIIO support amended version)</td>
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</table>

**Taxes**

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<th>Bill</th>
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<tr>
<td>88</td>
<td>Sales tax exemption for power purchased for use in manufacturing process</td>
<td>Signed by Governor</td>
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<tr>
<td>239</td>
<td>Repeals Unitary Tax Law</td>
<td>April 2 hearing (GNP opposes repeal)</td>
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<tr>
<td>354</td>
<td>Phases out the sales and use tax on energy used in manufacturing</td>
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<td></td>
<td>Subject</td>
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<td>Truck fines</td>
<td>DOT bill dramatically increases fines for overloading trucks (MFPC opposes)</td>
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4/1/85
Dear Dick:

The newsletter of the Public Affairs department for the week ending April 5:

**Big A: It's Millinocket's Turn!**

Hearings of the Land Use Regulation Commission opened April 1 in Millinocket on Great Northern Paper's request for a permit for the Big A Project.

Attorney Daniel E. Boxer of the Portland firm of Pierce, Atwood, Scribner, Allen, Smith and Lancaster was the first to go to bat, speaking for the company at the Monday session when lawyers made opening statements. During mornings and afternoons of the next three days, company officials and consultants testified and faced questioning from members of LURC, the Commission staff and consultants and were cross-examined by lawyers representing opponents of the project. Evenings were devoted to public comment. After a Friday tour of the mills, further sessions were called off because of the illness of the Audubon Society's executive director who is coordinating opposition.

For the company, R. F. Bartlett, P. I. Firlotte, T. W. Kelly and G. M. Lander discussed the economics of the project. They were backed up by consultants David Berry of Abt Associates, Inc., Cambridge, Massachusetts; Thomas H. Tietenberg, a Colby College professor; and Stephen D. Reiling, an associate professor at the University of Maine at Orono.

Witnesses and attorneys were arrayed behind tables facing the Commission members, several of the LURC staff and consultants retained by LURC. Across the room were opponents. Maps and screens flanked the commissioners. At times, as many as 11 attorneys gathered for conferences before the LURC chairman. The setting was a high school gymnasium, divided in half for use as a hearing room. There were chairs for 250 spectators behind the tables.
During the daytime hearings, there were never more than 100 people in the audience but more turned out at night. At first people were reluctant to talk but before the week was over, the Commission heard what a Portland newspaper reporter called "the most fascinating testimony" of the week. Person after person supported the project. Even opponents were impressed, according to Bob Cummings of the Maine Sunday Telegram, who quoted Brownie Carson, the executive director of the Natural Resources Council, as saying, "This is amazing...I don't know of another company that would get this kind of support."

Cummings, David Platt of the Bangor Daily News and Phyllis Austin of the Maine Times were at the press table. They are the customary figures at environmental hearings. But despite the media buildup, the hearings didn't attract wire service reporters. A part-time correspondent of the Boston Globe showed up Thursday for a few hours. All three Bangor stations covered Monday's parade of lawyers but it wasn't until Thursday and Friday's mill tour that they returned to Millinocket.

Some of the spectators created a stir. State Planning Office Director Richard Barringer came to town Thursday, confessing he was glad to escape the tensions in Augusta created by the Governor's proposal to reform the state system of workers' compensation insurance. Barringer is coordinating the activity of state agencies regarding the project. Bureau of Forestry Director Ken Stratton visited. So did Fish and Wildlife Commissioner Glen Manuel.

Next week the hearings resume with testimony planned by Great Northern Paper on the subject of dam safety, environmental matters and the fishery as likely subjects. The company is scheduled to have 40 witnesses testify in Millinocket before the proceedings switch to a 50-year-old armory on the outskirts of Gardiner, 10 miles down river from Augusta. That's when opponents will make their case for alternatives. In a mass mailing last week, the Coalition to Save the West Branch said, "The Big A Dam is the most expensive option available to Great Northern Paper Company (GNP), biomass is less expensive and purchased power is the least expensive choice." They promised details in Gardiner.

Another Round in Augusta?

While the hearings were getting underway in Millinocket, there were rumors in the halls of the Legislature that opponents of the Big A Project might make another try at delaying or blocking the dam. Lynwood E. Hand, Great Northern Paper's legislative counsel, had two reports to deal with:

1) Still unprinted is a bill filed under the title "An Act to Prohibit Hydro Development on the West Branch of the Penobscot" by Representative Mitchell of Freeport, who was a cosponsor of a bill aimed at stalling the project which was defeated 85-40 two weeks ago. He could let the second bill die unpublished.
2) Talk that the still unprinted Department of Environmental Protection legislation revising water quality standards for Maine may be used as a vehicle to block the project. That possibility earlier was mentioned in documents filed with LURC by the DEP.

Support Down South!

Directors of the Greater Portland Chamber of Commerce voted April 1 to support the Big A Project. A news release was issued. Bartlett and Kelly made a presentation to the Portland group March 18.

Requests continue to come in for speakers. Last week speeches were made in Rockland and in Brunswick. Next week talks are scheduled in Augusta, Lincoln, Millinocket and Portland.

The Legislature: At-A-Glance

As the Legislature goes into its 15th week, this is the picture:

Big A - Rumors of new attempts to delay or block the project.

Environmental Affairs - Industry representatives talking compromise on acid rain legislation because they feel legislation is inevitable.

Labor - Supporters of Governor Brennan's workers' compensation reform package won a key vote in the Labor Committee workshop.

Natural Resources - Bureau of Forestry and industry united against a ban on use of chemical insecticides for spraying to control spruce budworm.

Tax - Proposal to repeal unitary tax killed.

Anti-takeover - No opposition at an April 2 hearing to what GNN wants in a new law to protect shareholders of Maine corporations in the event of takeover attempts.

Unitary Tax Repeal Effort Dead

The proposal to repeal Maine's domestic unitary tax reporting law died April 4 by unanimous vote of the Legislature's Committee on Taxation. Blocking repeal was a high priority of Great Northern Paper. Hand says there were only a handful of spectators when Representative Donald Sproul of Augusta introduced the Republican proposal. The only opponent was Commissioner of Finance and Administration Rodney Scribner. But it was soon clear Republicans on the committee were divided and with Democrats solidly against it, Sproul quickly gave up on repeal. The Maine Chamber of Commerce and Industry did not take a stand.

The Legislative Reporting Service of the Maine Petroleum Association quotes Scribner as saying the unitary tax is expected to produce a $5 million revenue loss in the 1985-86-87 tax years.
All Bt? No Way, Says Stratton

Legislation which would ban the use of chemical insecticides in state budworm spraying projects is scheduled for hearing April 10. Stratton said in Millinocket that the Maine Bureau of Forestry will vigorously oppose the proposal, which is thought to be promoted by a retired U.S. Forest Service Forester, Gordon Mott, who is now active in the Natural Resources Council of Maine. The Paper Industry Information Office is opposed. Because of Great Northern Paper's interest in keeping open options to use both chemical insecticides and biological insecticides, such as Bt, Hand has been polling members of the Committee on Agriculture on their attitudes regarding this bill. Hand is finding considerable opposition to the legislation.

Anti-takeover Legislation

David Boyer of the Portland firm of Verrill & Dana outlined the intent of "An Act to Protect Shareholders in Maine Corporations" to members of the Business and Commerce Committee of the Legislature April 2. The corporate anti-takeover proposal was drafted by Verrill & Dana for Great Northern Nekoosa Corporation. Barry Shainman, Assistant Secretary of GNN, attended. There were four speakers in favor of the bill and no opposition although a state official questioned a portion of the legislation included at the suggestion of American Cyanamid. Hand is optimistic of final approval of portions of the bill desired by GNN.

Sincerely,

pmc/p

Enclosure

Distribution:

R. F. Bartlett  P. I. Firtlotte  D. J. Krohn  C. H. Reed
A. P. Birt  T. H. Flanagan  W. R. Laidig  D. R. Roop
J. A. Blickle  T. A. Galas  G. M. Lander  W. A. Saucier
P. Cannella  J. M. Giffune  V. V. Lapinoja  B. J. Shainman
J. B. Carson  C. R. Grantland  O. J. Lombard  W. E. Shelley
S. A. Casey  L. E. Hand  V. F. Mattson  A. J. Tozier
L. L. Chambers  W. R. Heal  O. H. Merrill  O. K. Tripp
S. P. Curtis  D. O. Hickey  J. F. O'Handley  H. Willets
A. B. Danforth  S. M. Hill  P. P. Paul  P. P. Yacavone
A. E. Dentremont  S. G. Hobson  T. N. Pendleton
W. M. Dillaway  P. D. Hubbe  M. Porterfield

pmc/p
LEGISLATIVE REPORT

April 8, 1985

This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; AIM, Associated Industries of Maine; DOC, State Department of Conservation; DOT, Department of Transportation; DEP, Department of Environmental Protection. In the status column, when a bill is approved on first or second readings or passed to be engrossed, it is described as having been given "preliminary approval." If enacted and sent to the Governor for signing, the legislation is termed "approved."

<table>
<thead>
<tr>
<th>L.D.</th>
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<tbody>
<tr>
<td>652</td>
<td>Delays state action on the Big A Project</td>
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<td></td>
<td></td>
<td>(QNP opposed)</td>
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<td></td>
<td>Environmental Affairs</td>
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<tr>
<td>317</td>
<td>Acid Rain Control</td>
<td>No hearing scheduled</td>
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<td></td>
<td>Administration proposal</td>
<td>Administration proposal (QNP, PIIO oppose)</td>
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<tr>
<td>1064</td>
<td>Proposes fees to finance administration of Chemical Substance Identification Law</td>
<td>April 17 hearing (PIIO opposes)</td>
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<tr>
<td>1144</td>
<td>Amends DEP laws</td>
<td>April 17 hearing</td>
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<tr>
<td>1170</td>
<td>Study of environmental laws</td>
<td>No hearing scheduled</td>
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<tr>
<td></td>
<td>Labor</td>
<td></td>
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<tr>
<td>78</td>
<td>Relieves employers of paying fees of attorneys if employee loses workers' compensation claim</td>
<td>March 25 hearing (L.D. 281 is MCCI bill)</td>
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<tr>
<td>281</td>
<td></td>
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<tr>
<td>1057</td>
<td>Restricts payment of unemployment compensation benefits to strikers</td>
<td>Approved</td>
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<tr>
<td>212</td>
<td>Puts 5% cap on annual inflation adjustment under workers' compensation insurance</td>
<td>March 25 hearing (MCCI bill)</td>
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<tr>
<td>213</td>
<td>Reduces maximum benefit under workers' compensation to 100% of average weekly wage</td>
<td>March 25 hearing (MCCI bill)</td>
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<td>434</td>
<td>Repeals prohibition against using employee's statement against him in workers' compensation proceedings</td>
<td>March 25 hearing</td>
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<tr>
<td>599</td>
<td>Reduces hours required for certification as master and journeyman electricians</td>
<td>March 13 hearing</td>
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<tr>
<td>624</td>
<td>Disallows unemployment compensation to aliens engaged in seasonal work unless mandatory under federal law</td>
<td>Killed</td>
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<tr>
<td>645</td>
<td>Limits duplication of benefits under workers' compensation insurance</td>
<td>March 25 hearing (MCCI bill)</td>
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<tr>
<td>1062</td>
<td>Reforms workers' compensation system (Brennan proposals)</td>
<td>March 25 hearing (GNP, MCCI, PIIO support)</td>
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<tr>
<td>1063</td>
<td>Improvements in workers' compensation system</td>
<td>March 25 hearing (GNP, MCCI, PIIO support)</td>
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<tr>
<td>1122</td>
<td>Competitive state workers' compensation insurance</td>
<td>No hearing scheduled</td>
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<tr>
<td>1201</td>
<td>Penalizes employers who lose workers' compensation cases</td>
<td>No hearing scheduled</td>
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**Natural Resources**

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441 Creates Department of Forestry  
March 12 hearing

469 Sets 1985 budworm spray project cost and tax  
Signed

560 Changes in forest fire control laws  
Preliminary approval (DOC bill)

571 Does away with exemptions for borrow pits under five acres  
Withdrawn

836 Provides for mediation of water level disputes  
April 10 hearing (PIIO opposes)

838 Fresh water wetlands protection act  
No hearing scheduled

978 Bans insecticides in state budworm program  
April 10 hearing (PIIO opposes)

1014 Procedures for return of pesticide containers  
Signed (PIIO opposed)

1058 Gives LURC sole jurisdiction over roads in unorganized territory  
Approved (GNP, PIIO support amended version)

1182 $5 million bond issue for river access sites and parks  
No hearing scheduled

1206 Regulates harvesting for biomass boiler fuel  
No hearing scheduled

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Taxes

239 Repeals Unitary Tax Law  
Killed (GNP opposed repeal)

354 Phases out the sales and use tax on energy used in manufacturing  
April 10 hearing (PIIO proposal)

407 Adds used machinery to sales tax exemption  
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February 28 hearing (PIIO supports)

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Great Northern Paper

Paul K. McCann
Manager-Public Affairs
April 16, 1985

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 11:

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

As the Legislature went into its 16th week, this was the picture:

**Big A** - Despite rumors of new attempts to delay or block the project, nothing has appeared.

**Environmental Affairs** - Industry is gearing up to fight Governor Brennan's proposed acid rain legislation. The "tougher" proposal promised by environmentalists hasn't appeared.

**Labor** - The Labor Committee expects to spend two more weeks redrafting the Governor's proposed reforms.

**Natural Resources** - Little sympathy among legislators for banning chemical insecticides in spraying to control spruce budworm.

**Tax** - Broad based support voiced at a hearing on phasing out the sales tax on energy.

**Anti-Takeover** - With the sponsor on vacation, the GNN proposal is on "hold" for a week.

"What Will We Spray With? Chocolate?"

That's what Representative Paul Jacques of Waterville was saying before the Energy & Natural Resources Committee's April 10 hearing on proposed legislation which would prohibit the use of chemical
insecticides in spruce budworm spraying projects. Representatives of the Natural Resources Council argued that biological insecticides such as Bt are effective and that it is time to kick the chemical habit. Marcia McKeague of Great Northern Paper, speaking for the Paper Industry Information Office's budworm committee, and Maine Forest Service officials disagreed, saying chemicals such as Zectran are more effective than Bt and cautioned that if the legislation were passed and a shortage of Bt developed, forests could be left unprotected. An April 12 workshop was postponed.

Energy Tax Relief

Jack Chinn, President of Madison Paper, and Newland Lesko, Manager of International Paper's mill in Jay, both said April 11 that the Maine sales tax on energy is a competitive disadvantage for paper mills in this state. They were among 19 speakers favoring a proposal to phase out the sales tax on fuels and electricity used in the manufacture of taxable products. Chinn said utilities are predicting a doubling of energy rates in the next five years and that would mean Madison's "sales tax on energy will approach $2 million dollars...We, in our five years of operation, have not yet earned $1 million." Of the 16 states in which IP has facilities, only two states besides Maine fully tax energy used in manufacturing, Lesko said, adding both Arkansas and Georgia have lower sales tax rates.

Great Northern Paper's legislative counsel, Lynwood Hand, predicts that the Taxation Committee will favor the legislation. The proposal has no price tag in fiscal year 1985 but a revenue loss of $750,000 in 1986 would increase to $2,250,000 in 1987. The Brennan administration objects to the revenue losses without replacement dollars being found. Still, the Legislature seems to want to "do something for business." This is one way to do that.

Workers' Compensation Reform

It looks like the Labor Committee of the Legislature will need two more weeks of workshops to draft a revised version of Governor Joseph E. Brennan's reform proposal, incorporating a revision of Speaker John L. Martin's rehabilitation proposal and other bills on the same subject. Martin's rehabilitation plan won approval of the committee April 11. Senate President Charles P. Pray on April 12 outlined his proposal for a $2 million bond issue to allow the state to offer low-cost loans to businesses buying safety enhancing equipment.

At a meeting of directors of PIIO April 12 during the annual Open House of the Pulp and Paper Foundation at the University of Maine at Orono, the key question was debated: If reforms do not include a reduction in the average weekly wage (it's now 166 2/3 percent of the average weekly wage or currently $447), will industry balk? The majority favored holding out for benefit cuts, top priority of the high paying industries, including paper, although reforms such as requiring employees to pay legal fees when they lose suits and elimination of the "Mini-Miranda" requirement would be across-the-board and welcomed by many business people.
Water Levels: Mediation?

The State Department of Environmental Protection told the Legislature's Committee on Energy & Natural Resources April 10 that a proposal for non-binding mediation of water levels behind dams doesn't go far enough. "We do believe that a binding mechanism should exist, either under the federal hydro licensing law or under the state dams' law, for the establishment of water level regimes at all dams..." said a statement by Commissioner Henry E. Warren. There are 41 dams with no water level regulation -- nine owned by Great Northern Paper. The DEP's views complicated a complicated situation. Opponents said the proposed non-binding legislation would create an inefficient, time-consuming process. Proponents were joined by Senator Judy Kany of Waterville who has long sought to establish state controls. The debate will continue in a workshop on the bill.

Acid Rain

When representatives of 15 states and 7 provinces of Canada gathered in Quebec City April 10-11 to discuss acid rain, Senator Ronald Usher of Westbrook and Representative Vinton T. Ridley of Shapleigh were there. Both said New Hampshire Governor John Sununu irritated Canadians by challenging them to clean up instead of criticizing its U.S. neighbors. No date has been set for a hearing on acid rain control legislation.

Big A: Week II

Hearings on the company's application for a permit for the Big A Project-ended a second week April 12 with the Land Use Regulation Commission having heard testimony regarding hydropower benefits, environmental and water quality issues, the fishery and recreation.

The hearings were covered regularly only by the Katahdin Times, although reporters from the Maine Times and the Bangor Daily News showed up at times. The News published on its front page the news that "Big A dam wouldn't hurt bald eagles, experts say," and gave prominence that "Big A would improve the fishery, Great Northern says."

A Great Northern Bulletin, a direct mailer, was sent to 2,728 salaried employees and opinion-makers with a new fact sheet on the project and the 1985 FACTS folder. "Big A-OK" postage meter plates were installed on eleven company machines. Company representatives discussed the project in speeches in Augusta, Lincoln, and Portland. I joined Mark Ishkanian, coordinator of the West Branch Coalition, for talks before the executive committee of the Maine League of Women Voters and the Environmental Law Institute of the University of Southern Maine. Bob BaRoss, Chairman of the Committee for Big A, appeared on a state-wide news program April 14 to discuss the project.

An exhibit featuring quotes from proponents was installed in the L. L. Bean store at Freeport at the invitation of the company. It balances an exhibit prepared by opponents.
Washington Opposition

Several environmental groups announced April 13 that they would intervene in the Big A proceedings as opponents before the Federal Energy Regulatory Commission. Included were the American Rivers Conservation Council, the National Audubon Society, the National Wildlife Federation, Friends of the Earth, Trout Unlimited, the Wilderness Society and National Parks and Conservation Society. Opponents of the dam in Maine told reporters it "is a tremendous boost," but my comment was "it is no surprise."

Other Matters

Arthur Dentremont represented the company at a Medway salute to contributors to the medical center in that community. The GNN Foundation pledged $24,000 over three years. With backing from the company, Representative Michaud of East Millinocket suggested to Medway, East Millinocket and Millinocket officials that they form a joint economic development committee. He cited the loss of jobs because of the modernization of the East Millinocket mill as one reason for the proposal.

Sincerely,

Paul

Enclosure

Distribution:

E. E. Allain      J. E. Farmer      D. J. Krohn      D. R. Roop
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434  Repeals prohibition against using employee's statement against him in workers' compensation proceedings  March 25 hearing

599  Reduces hours required for certification as master and journeyman electricians  March 13 hearing

624  Disallows unemployment compensation to aliens engaged in seasonal work unless mandatory under federal law  Killed

645  Limits duplication of benefits under workers' compensation insurance  March 25 hearing (MCCI bill)

1057  Restricts payment of unemployment compensation benefits to strikers  Signed

1062  Reforms workers' compensation system (Brennan proposals)  March 25 hearing (GNP, MCCI, PIIO support)

1063  Improvements in workers' compensation system  March 25 hearing (GNP, MCCI, PIIO support)

1122  Competitive state workers' compensation insurance  No hearing scheduled

1201  Penalizes employers who lose workers' compensation cases  No hearing scheduled

**Natural Resources**

125  Grants for rivers recreation management groups  Approved

286  Creates Northern and Eastern Emergency Forestry District  March 28 hearing (GNP supports)

307  Provides funds for mapping streams in unorganized territory for LURC zoning purposes  April 2 hearing (PIIO supports)

337  Assures budworm funding in non-project years  Signed

372  Gives state power to license pesticide spray companies  Preliminary Approval (PIIO supports)
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<td>441</td>
<td>Creates Department of Forestry</td>
<td>March 12 hearing</td>
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<td>469</td>
<td>Sets 1985 budworm spray project cost and tax</td>
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<td>560</td>
<td>Changes in forest fire control laws</td>
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<td>571</td>
<td>Does away with exemptions for borrow pits under five acres</td>
<td>Withdrawn</td>
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<td>836</td>
<td>Provides for mediation of water level disputes</td>
<td>April 10 hearing (GNP, PIIO oppose)</td>
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<td>838</td>
<td>Fresh water wetlands protection act</td>
<td>No hearing scheduled</td>
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<td>978</td>
<td>Bans insecticides in state budworm program</td>
<td>April 10 hearing (PIIO opposes)</td>
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<td>1014</td>
<td>Procedures for return of pesticide containers</td>
<td>Signed (PIIO opposed)</td>
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<td>1058</td>
<td>Gives LURC sole jurisdiction over roads in unorganized territory</td>
<td>Signed (GNP, PIIO support amended version)</td>
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<td>1182</td>
<td>$5 million bond issue for river access sites and parks</td>
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<td>Regulates harvesting for biomass boiler fuel</td>
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<td><strong>Taxes</strong></td>
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<td>239</td>
<td>Repeals Unitary Tax Law</td>
<td>Killed (GNP opposed repeal)</td>
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<td>354</td>
<td>Phases out the sales and use tax on energy used in manufacturing</td>
<td>April 10 hearing (PIIO proposal)</td>
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<td>407</td>
<td>Adds used machinery to sales tax exemption</td>
<td>March 27 hearing (PIIO supports)</td>
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<tr>
<td>430</td>
<td>Gives municipal grants and reimbursements to Unorganized Territory same as towns</td>
<td>February 28 hearing (PIIO supports)</td>
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<td>440</td>
<td>Repeals sales tax used on fuel in all commercial and industrial establishments</td>
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Imposes a sales tax on services to benefit cities and towns April 18 hearing (PIIO opposes)

Reimburses unorganized territory for overcharges March 28 hearing (PIIO supports)

Unorganized territory taxes No hearing scheduled (PIIO supports)

Sales tax exemption for power purchased for use in manufacturing process (relief for Keyes Fibre) Committee favors

Other Subjects

Revises laws governing self-insurers March 6 hearing (PIIO supports)

Trucking law change Signed

Limits PAC contributions Withdrawn

Freeze on mandated health benefits March 9 hearing (PIIO supports)

Creates fiscal administrator for unorganized territory March 28 hearing

Act to protect shareholders in Maine corporations April 2 hearing (GNN legislation)

Wood measurement amendments No hearing scheduled (PIIO supports)

Truck fines DOT bill dramatically increases fines for overloading trucks (MFPC opposes)

4/16/85
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 19:

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

This was the picture as of April 19:

**Big A** - Nothing new.

Environmental Affairs - Water quality reclassification legislation has been sent to printers, according to a sponsor. There have been rumors opponents of the Big A Project will attempt to use this proposal to block or delay approval.

Labor - Labor Committee turns to insurance aspects of the workers' compensation system April 23.

Natural Resources - April 25 workshop on a proposal for a system of mediating disputes over water levels.

Tax - Committee turns to the subject of unorganized territory April 22.

Anti-takeover - Nothing new on GNN bill.
Workers' Compensation

Senator Dennis Dutremble gained fame in 1984 as the Democrat serving as chairman of the Labor Committee of the Legislature who balked at increasing Maine's minimum wage. The Biddeford teacher was the first labor committee chairman from his party in memory to split with the AFL-CIO which promoted the minimum wage increase. Now he's again the center of attention because his committee is developing a package of reforms dealing with the workers' compensation system.

Governor Joseph E. Brennan said, "The system is out of control," when he asked for sweeping changes. At the heart of the Brennan program is his request that the maximum benefit allowed for future claims be reduced to 110 percent of Maine's average weekly wage. Maine, Alaska and Iowa are the only three states to provide benefit payments as high as 166 2/3 percent of the average weekly wages. Labor unions are vigorously against cuts, blaming the high costs of the Maine insurance program on ineffective safety programs in the workplace.

"Duke" Dutremble agrees with the Governor. But he suggested a reduction from 166 2/3 percent to 150 percent. The Governor's staff vigorously objected. Senator Dutremble and others are rethinking the degree of cuts.

With that issue on the back burner for a few days, the Labor Committee will turn to the portions of the Governor's program dealing with insurance as well as proposals to establish a competitive state workers' compensation fund and another to establish competitive insurance ratings under the system. Governor Brennan opposes a state fund but supports deregulating rates.

Forest Practices Act? Not Likely

There have been several proposals discussed in Augusta during the current session to regulate timber harvesting in one way or another. The latest is the idea of Representative Vinton T. Ridley of Shapleigh. He would require permits be obtained from the Department of Conservation for all biomass harvesting. The popular York County legislator shares the concern of many over the impact of the booming fuel market on harvesting practices. In addition to the separate bills, a special committee continues to study forest management in the state. The best guess now of observers in Augusta is that a special commission will be established to come up with a "forest policy" and no new regulations will be imposed in 1985.

Where Are The Dollars?

Several proposals supported by this company and by industry will require funding. Dollars for new programs are scarce. Here's what's on the list:

Phasing out the sales tax on oil,

Reimbursement of funds improperly allocated from the unorganized territory fund;

Assistance for owners of woodlots to encourage intensive forest management;

Funds to allow mapping of small streams by the Land Use Regulation Commission.
LURC: Week III

After a three-day break because of Patriot's Day, LURC members returned to Millinocket April 23 to start the third week of hearings on the company's request for a permit for the Big A Project.

Testimony on alternatives to the project completed Great Northern Paper's presentation. Following hours of cross-examination, there was testimony from others who favor the project. University of Maine energy expert Professor Richard Hill was a witness on behalf of the towns. Others will follow next week. Three spokesmen for union locals spoke, using a slide show to trace their roots in this area. The first of the state officials to testify was Herbert Hartman, Director of the Bureau of Parks and Recreation, who questioned if the Big A mitigation plan doesn't conflict with the goal of the conservation easement donated to the state by the company. Hartman sees the Big A plan as generating more users of the corridor which his bureau manages.

The fourth week of hearings is expected to end April 23 after more testimony from state agencies, including the Office of Energy Resources and Department of Fisheries & Wildlife.

Efforts were started to encourage supporters to attend hearings starting April 29 at the Gardiner armory. The Committee for Big A is writing 1,000 businesses, urging support at the hearings. A delegation of union presidents from East Millinocket and Millinocket will tour southern Maine mills and malls to promote support.

A "thank you" advertisement was prepared for the Katahdin Times to express the company's appreciation for support during the hearings in Millinocket. A mailing of reprints of the presentation by R. F. Bartlett is scheduled to go out April 24 with a reminder of the dates of the Gardiner hearings.

Media coverage of the third week was limited to the Katahdin Times and Maine Times. A reporter from WVII-TV in Bangor came to Millinocket April 19 to interview P. I. Firlotte on the company's rebuttal of the OHR report on the project. Copies were mailed to all Maine media by Gordon Manuel. Copies also were sent to key legislators and others. A critical editorial cartoon appeared in the April 21 Maine Sunday Telegram. A rebuttal was drafted for Fort Kent businessmen to answer critical editorials in the St. John Valley Times.

Next: Augusta in June

The Federal Energy Regulatory Commission (FERC) has scheduled a scoping session on the Big A application June 5 at 1 p.m. at the federal building in Augusta. Comments are invited by FERC on the application before the agency staff commences writing an environmental impact statement.

Maine Reading

People in Augusta are reading, "A Citizen's Guide to the Maine Legislature" with a special section on lobbyists. The book is a joint production of the Maine People's Resource Center and Maine Common Cause. Ratings of special interest groups for each legislator and contributions over $100 in the 1984 campaign are listed. Two lobbying firms are profiled -- Preti, Flaherty & Beliveau (the firm's roster reads like a Who's Who of Maine's Democratic Party) and Verrill & Dana (Republican defeats have "reduced this firm's clout" but still "a force to be reckoned with"). It sells for $4.95.
For $16.95, you can buy "The Double Man" by Senators William S. Cohen of Maine and Gary Hart of Colorado, a superpower intelligence thriller, which is getting good reviews.

Sincerely,

[Signature]

pmc/p
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 department for week ending April 26:  

LURC: Week V Coming Up  

The Land Use Regulation Commission completed hearings April 23 in Millinocket and starting April 29 will resume consideration of the company's Big A Project application in Gardiner. The fourth week of the hearings is expected to see opponents outlining their alternatives. Many observers are now anticipating the hearings will end during the sixth week of the proceedings.  

In the final two days of hearings in Millinocket, witnesses for the towns supporting the project completed their testimony. Representatives of state agencies commented on the application, including the departments of Fisheries and Wildlife and Environmental Protection, the Public Utilities Commission, the State Planning Office and the Office of Energy Resources. OER economist Steve Bauchsaum continued to raise questions regarding alternatives to the project.  

In Gardiner, spokesmen for the Committee for Big A and representatives of the Fin and Feather Club of Millinocket are scheduled to lead off the week. After that, the opponents were expected to finally disclose details of the alternatives which will fill the company's electrical needs without Big A.  

The Penobscot Coalition asked support for a "Maine Solution" in advertisements in daily and weekly publications, urging opponents to attend the hearings and to contribute financially to the Coalition. On the advice of counsel, this company did not use newspaper advertising to promote attendance at the hearings. Instead, these approaches were taken by supporters:
-- Three union leaders toured industrial plants and malls in southern Maine, passing out literature and urging people to attend the hearings. The tour got considerable publicity in newspapers and on television and radio. Bob Bernier, Leroy Michaud and Jim Mingo were the union presidents involved.

-- The Committee for Big A, in a letter to over 1,000 persons, asked for support of the project and reported on their activities. The committee has intervened in both federal and state proceedings.

-- A reprint of the speech by R. F. Bartlett at the opening of the hearings in Millinocket was mailed to 1,598 opinion-makers and employees with a note providing the times for the public comment sessions in Gardiner. Gordon Manuel and I also contacted agencies and individuals urging them to appear during the periods when LURC invites public comment. Representative Herbert Clark of Millinocket is urging legislators to drive down from Augusta and speak up in support of the project.

Manuel also responded to questions from Kim Clark of the Portland Press Herald and Janice Valverde of the Bureau of National Affairs and arranged an interview for Charles Horne of the Maine Public Broadcasting Network with Galen Lander. I debated Mark Ishkanian of the Natural Resources Council on WRDO, an Augusta radio station. Speeches on the Big A were made in Orono, Presque Isle, Brunswick and Ogunquit. Television stations WGME in Portland and WMTW in Poland Springs have asked for participation by company representatives in special programs.

From Representative Stephen Law of Dover-Foxcroft comes the result of a poll of constituents, showing 184 of these who responded in favor the the dam, 126 opposed while 22 had no opinion.

Washington and Big A

In Washington April 25, I visited the offices of the Maine members of Congress to monitor activity, particularly any developments on the Big A issue. Except for calls inviting them to a news conference when several environmental groups announced formally they were intervening in the federal process to oppose the project, no staff members have heard from the opposition. There is little mail on the subject, what there is is from opponents, I was told. It appears no one in the delegation at this time is changing their neutral position.

If LURC approves the project and Governor Brennan adopts that as state policy, Alex Stoddard of Congresswoman Snowe's staff speculated that the Maine delegation would follow suit.

The one member from Maine who in the past has said he "personally" wished an alternative could be found told an Ellsworth group April 19 that "Great Northern is making a really good case." Congressman John McKernan said, according to the Ellsworth American, "I think there probably are no alternatives in lieu of the Big A dam..."
A $1,000 Check

Alfred N. Davis, a retired contractor from Lincoln Center, is an enthusiastic support of the Big A Project because "Great Northern Paper Company is tops in every way." He is paying for radio time and newspaper advertisements to promote the project and last week sent the company a check for $1,000. The check will be returned with a letter of appreciation and a suggestion that he might want to consider a contribution to the Committee for Big A.

The Legislature: At-A-Glance

Big A - Nothing new.

Environmental Affairs - Hearings May 1 on acid rain control legislation.

Labor - Committee may vote April 29 on reduction in maximum benefits.

Natural Resources - Proposed for system of mediating water levels killed in committee.

Tax - Senator James McBreaity says he's getting encouraging support for bill to reimburse unorganized territory taxpayers for improper use of funds by state agencies.

Anti-Takeover - Committee workshop May 1.

Acid Rain "Day"

The advance of the May 1 hearing of the Energy and Natural Resources Committee on acid rain control legislation, E. B. Harvey, Director of Forest Management, briefed Representative Mike Michaud on the recently approved position of the forest industries which calls for an industry study into the declining health of U.S. forests. Michaud is co-chairman of the committee and sponsor of the Governor's bill to place a cap on sulfur emissions while studying the situation in Maine.

The long-awaited bill promoted by the Natural Resources Council of Maine was printed this week. The 2.5 percent limit on the sulfur content of industrial oil would be reduced to 2 percent. Although the sponsor, Senator Thomas H. Andrews of Portland, is frequently at odds with industry, the cosponsor of the legislation are three members usually sympathetic to the problems of business people -- Representative Mary Webster of Cape Elizabeth, Representative Patrick McGowan of Canaan and Representative Paul Jacques of Waterville. All three supported Great Northern Paper on the Big A issue while McGowan is a sponsor of the Governor's proposals for workers' compensation reforms.

While in Augusta, Harvey also discussed other legislation with Representatives Law and Vinton T. Ridley of Shapleigh. Ridley's proposal to regulate biomass harvesting is scheduled for hearing April 29.
Other Matters

Manuel updated the safety announcements running on radio station WSYY in Millinocket...Roger Boynton worked with Bob Cardin in Bangor on an exhibit for the annual meeting of Great Northern Nekoosa Corporation...Ken Hodsdon of Pinkham Lumber will attend our April 29 meeting when the National Forest Products Association is asking for views on dealing with Canadian lumber imports...In Portland, I worked with the New England Group on several projects.

Sincerely,

Paul

pmc/d
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**Other Subjects**

4/29/85
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 3:

**LURC: End in Sight?**

Opponents had their say as the hearings of the Land Use Regulation Commission on the company's application for a permit for the Big A Project shifted from Millinocket to Gardiner.

But first spokesmen for the Committee for Big A, the Fin & Feather Club, composed of Millinocket area fishermen who favor the project and white water rafting outfitters who have given up fighting the project, appeared on April 29.

The next day, a Canadian evaluated the proposed run from below Ripogenus Dam to McKay power station and went on to Gardiner to say it was more exciting than the present trip, which will be flooded by the Big A Project. He made the test run on a raft with Maine outfitters who are split on the idea.

On May 1 alert union leaders from Millinocket and East Millinocket put a "Big A OK" hat on Lane Kirkland, the national president of the AFL-CIO, when he appeared at an Augusta news conference. Kirkland's photograph with the hat appeared on front pages of all Maine newspapers and on all television stations. The AFL-CIO head was quoted as telling newsmen that the AFL-CIO would support the project on the national level.

One embarrassing moment for Great Northern Paper came May 1 when a former state senator and part-time rafting guide, Howard Trotzky, gave LURC a copy of a 1970 Great Northern Paper advertisement entitled "We're building a road to save this river." The Golden Road was built to replace the West Branch as a means of bringing pulpwood to the mills. The scene, Trotzky said, was Big Ambejackmockamus Falls, where the dam is proposed.
Meanwhile opponents, under the blanket of the West Branch Coalition, were raising questions about Great Northern Paper's case. The West Branch was pictured as unique and irreplaceable. A fault line at the dam site was called a problem requiring more study. Economic data favoring alternatives to Big A was presented. LURC was told of new boiler technology.

Supporters of the project surprisingly outnumbered opponents during the first two public comment sessions. But on the evening of April 30 and on May 1, opponents had the upper hand by a two-to-one margin. Joining opponents "on their own time" were three staff members of the Department of Environmental Protection. An official of the Air Bureau was also subpoenaed by the West Branch Coalition.

Angered by state employees taking sides on the issues and other matters, union leaders complained to the Governor at a May 3 meeting.

On May 7, the opposition is scheduled to uncover a so-called "Black Box" package of energy conservation measures and alternatives which will make Big A unnecessary.

It is expected the hearings will wind up during the week of May 6 or early in the week of May 12.

The Legislature: At-A-Glance

A summary of activity on key issues as of May 3 follows:

**Big A** - Nothing new.

**Environmental Affairs** - May 1 hearings on acid rain bills put off until May 8.

**Labor** - Pressures mount on the key question of the workers' compensation reform debate: How much will maximum annual benefits be reduced?

**Natural Resources** - Watered down version of proposed ban on use of chemical insecticides in spruce budworm spraying killed.

**Tax** - Proposals for incentives for intensified forest management referred by the Taxation Committee to the Energy & Natural Resources Committee.

**Anti-Takeover** - Unanimous support in committee for the GNN proposal for revision in Maine law. Final committee action likely late this week.

**Forest Practices: Now BEP?**

While chances of the Legislature adopting a forest practices act in 1985 have faded, the Board of Environmental Protection is now thrashing around on the subject as an aftermath of conditions added to an Ultra Power permit for a Jonesport biomass unit. Essentially BEP made the applicant responsible for practices of contractors who would deliver fuel to the plant.
After first saying the BEP needed guidance from the Legislature, Hollis McGlauflin of the staff of the Department of Environmental Protection, offered standards to the BEP but withdrew them at the request of Commissioner Henry Warren. The Commissioner scheduled a board workshop on the subject May 8.

There have been reports that the DEP may be considering proposing legislation regulating harvesting within 50 miles of biomass facilities. Representative Vinton Ridley of Shapleigh has withdrawn his proposal to prohibit biomass harvesting of timber suitable for saw timber or pulpwood.

Workers' Compensation Reform

The Labor Committee of the Legislature is expected to reach a decision early in the week of May 6 on a workers' compensation insurance reform package.

Committee members have tentatively voted to include in the package (1) offsets for social security, retirement and disability benefits, (2) flat rate permanent impairment benefits for all workers, (3) elimination of the requirement that employers pay an employee's legal expenses in losing cases, (4) relaxation of the "mini-Miranda" requirements, (5) a 5 percent cap on the annual escalation of benefits and (6) a rehabilitation program.

But the question of reducing maximum benefits from 166 2/3 percent to 110 percent of the state's average weekly wage is still undecided. There was talk late last week that a maximum may be fixed at $400 weekly, or less. The present maximum is now $447.

In response to a question, R. F. Bartlett has told Governor Brennan that "Maine workers make up 32 percent of the Great Northern Nekoosa Corporation's work force nationally, but generate approximately 84 percent of all the corporation's total cost of insurance."

Senate Rejects Pesticides Ban

Although the Energy & Natural Resources Committee had voted 10-3 against the idea, Washington County Senator Larry Brown tried unsuccessfully in the Senate May 3 to keep alive his proposal to ban the use of chemical insecticides in spruce budworm spraying. Brown lost, 15-10, as the Senate refused to accept a watered down version. Only one Senator from northern Maine (Pearson of Old Town) sided with Brown. The House was expected to vote on the issue early in the week of May 6.

Washington: The Maine Lineup

Two members of the Maine Congressional Delegation have new priorities in the session of the Congress which opened in January. One is evident. As chairman of the Democratic Senatorial Campaign Committee, Senator George J. Mitchell is leading his party's fight to regain control of the Senate. Representative Olympia J. Snowe is building a reputation as a House leader. She's one of two deputy whips.
According to the Congressional Quarterly, here are the committee assignments of Maine members:

Senator William S. Cohen: Armed Forces (on which he serves as chairman of the Sea Power and Force Protection subcommittee), Governmental Affairs; Intelligence; Aging.

Senator George J. Mitchell: Environment and Public Works; Finance; Veteran Affairs.

Representative John R. McKernan: Education and Labor, Merchant Marine and Fisheries; Children, Youth and Families.

Representative Olympia J. Snowe: Foreign Affairs; Aging; Joint Economic.

Washington: API Lineup

With Red Cavaney in line to succeed Louis Laun as president of the American Paper Institute, his position as vice president of governmental relations will be filled by Carol Raulston. Bob McKernan, a Bangor native and formerly of Representative Snowe's staff, will succeed Carol as director of federal relations. A search for a replacement for McKernan as director of state government relations is in progress.

Other Matters

Roger Boynton erected an exhibit and took photographs at the May 1 annual meeting of Great Northern Nekoosa Corporation in Stamford. The subject of the exhibit was the East Millinocket mill modernization... A news release was issued May 3 on plans of the woodlands department to furlough some workers and extend the "mud season" layoff of others to adjust wood inventories... Eight presentations were made on the Big A Project in the communities of Burlington, Dexter, Fort Kent, Orono, Portland and Waterville.

Sincerely,

pmc/p
Enclosure
LEGISLATIVE REPORT

May 6, 1985

This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; DOC, State Department of Conservation; DOT, Department of Transportation; DEP, Department of Environmental Protection. In the status column, when a bill is approved on first or second readings or passed to be engrossed, it is described as having been given "preliminary approval." If enacted and sent to the Governor for signing, the legislation is termed "approved."

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<tbody>
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<td>652</td>
<td>Delays state action on the Big A Project</td>
<td>Killed...Rumors of another bill not yet printed (GNP opposed)</td>
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<tr>
<td>317</td>
<td>Acid Rain Control</td>
<td>May 8 hearing Administration proposal (GNP, PIIO oppose)</td>
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<td>1144</td>
<td>Amends DEP laws</td>
<td>Enacted (PIIO opposes)</td>
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<tr>
<td>1170</td>
<td>Study of environmental laws</td>
<td>April 22 hearing</td>
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<td>1389</td>
<td>Reduces acid rain deposition</td>
<td>May 1 hearing (Environmentalists' bill) (GNP, PIIO oppose)</td>
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<tr>
<td>1405</td>
<td>Proposes fees to finance administration of Chemical Substance Identification Law</td>
<td>Committee favors (PIIO opposes)</td>
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<td>1421</td>
<td>Water quality reclassification</td>
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<td>Relieves employers of paying fees of attorneys if employee loses workers' compensation claim</td>
<td>March 25 hearing (L.D. 281 is MCCI bill)</td>
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<td>281</td>
<td>Puts 5% cap on annual inflation adjustment under workers' compensation insurance</td>
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<td>213</td>
<td>Reduces maximum benefit under workers' compensation to 100% of average weekly wage</td>
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<td>Repeals prohibition against using employee's statement against him in workers' compensation proceedings</td>
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<td>Establishes program of long-term planning for Maine's forests</td>
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<td>Rejected in Senate (PIIO opposes)</td>
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5/6/85
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 10:

**Acid Rain: Study in Maine?**

Stonewalled by the Reagan administration, environmentalists changed tactics two years ago. They went to state capitals seeking controls over sulfur dioxide emissions in their fight to reduce acid rain. With a history of popular support for environmental causes, it was logical Maine was one of the states in which they hoped to see their state level campaign embarrass the Reagan administration and gain momentum in 1985.

Those hopes are fading.

After a legislative committee hearing May 8, the executive director of the Natural Resources Council of Maine said it now appeared the best his members could hope for was a study. At the hearing, Everett B. "Brownie" Carson called for approval of a proposal which calls for reduction of the maximum sulfur content in fuel oil from 2.5 to 2.0 percent. In another proposal, the Brennan administration is calling for a cap on sulfur dioxide emissions while a study is undertaken.

Henry E. Warren, Commissioner of the Department of Environmental Protection, supported the administration's bill, saying there is very little documented damage from acid rain deposition in Maine. "Most emissions in Maine are from industrial sources, not utilities...90 percent or more come from outside Maine, 10 percent or less from sources..."
in Maine." He pointed out that Maine's ambient sulfur dioxide standard is strict compared to other states. The commissioners said ozone and other pollutants are far more pressing problems than acid rain.

Carson was joined by representatives of the Maine Audubon Society, League of Women Voters and Maine Lung Association in urging lower sulfur oil be mandated because it will not add significant costs and "some marginally acidic lakes and streams may be rescued." Environmentalists estimated the price tag for industry dropping from 2.5 to 2.0 sulfur content oil at 25 cents per barrel.

But when Dale K. Phenicie of Great Northern Paper, chairman of the Paper Industry Information Office Environmental Affairs Committee, spoke, he estimated the cost at 65 cents per barrel. He said the industry is engaged in research regarding the health of U.S. forests. Other businesses and utilities also opposed the legislation.

The key testimony may have come from a sponsor of the Governor's legislation and Representative Michael H. Michaud of East Millinocket told the committee the acid rain problem "should be dealt with nationally" and there should first be a study in Maine. Michaud is co-chairman of the Energy & Natural Resources Committee.

In neighboring New Hampshire, legislation requiring significant reductions of sulfur dioxide emissions from in-state sources has been overwhelmingly approved by the House of Representatives and Senate consideration of the issue is expected soon. The American Paper Institute reports "New England is the hotbed of activity" with legislation in various forms pending in all of the states.

The Legislature: At-A-Glance

A summary on activity on key issues as of May 10 follows:

Big A - Nothing new.

Environmental Affairs - Workshop May 14 on acid rain legislation. Water quality reclassification bill reprinted.

Labor - Focus now is on the Business and Commerce Committee which is considering a competitive rating insurance system and a state fund.

Natural Resources - Watered-down version of proposed ban on use of chemical insecticides in spruce budworm spraying killed. Overflow crowd for hearing on wood measurement legislation.

Tax - Proposals for incentives for intensified forest management referred by the Taxation Committee to the Energy & Natural Resources Committee.
Anti-Takeover - Unanimous support in committee for the GNN proposal for revision in Maine law. Final committee action likely after workers' compensation issue is dealt with by the Business and Commerce Committee.

Workers' Compensation Compromise

Nobody's happy with the compromise reached by the Labor Committee of the Legislature on Governor Joseph E. Brennan's proposal for reform of the Maine system of unemployment compensation insurance. Instead of a reduction in the maximum benefit (166 2/3 percent of the average weekly wage or $447), the committee voted to freeze the maximum for three years. But the remainder of the Governor's program survived the Labor Committee's scrutiny.

The AFL-CIO has promised to fight the freeze but doesn't really have much of a chance. Labor leaders concede. If the Governor and legislative leaders are united on a package, it's difficult to beat.

Mr. Lovins Charms the Media

When energy conservation advocate Amory Lovins came to Gardiner to suggest alternatives to the Big A Project, he found eager listeners among reporters. Even A. Mark Woodward, Editor of the Bangor Daily News editorial page, made his first appearance at the hearings and waited patiently for several hours before Lovins spoke. Lovins' appearance was the high point of the sixth week of Land Use Regulation Commission hearings on the company's request for a permit for the hydro project.

Lovins, who was a guest May 12 on Sixty Minutes on CBS-TV, was the center of weekend "analysis" stories in major newspapers.

"Last Tuesday, the Big A hearing again became what it should have been from the start: a nuts-and-bolts discussion of Great Northern Paper's energy problem and the best way to solve it.

"The alternatives, at this point, are starkly different. Do we build this dam, or do we insulate the attic?" - Dave Platt, Bangor Daily News

"Lovins said no new construction was needed. That plenty of savings was available in the motors that consume 98 percent of the electricity used in the Great Northern Paper mills at Millinocket and East Millinocket." - Bob Cummings, Maine Sunday Telegram

In an editorial entitled "The Big A dam not the only option," the Kennebec Journal in Augusta said, "Conservation can be an alternative - that is what the intervenors are saying. So far, Great Northern Paper has not shown they are wrong."

During the week's public testimony, Senate President Charles P. Pray made a speech supporting the project, telling of growing up in the
area. "To be sure, some areas might be modified to some, but the public benefits Maine people will receive as a result will be worth modifications," the Senate president concluded.

The hearings are scheduled to end May 17 with opposition rebuttal, preceded May 14 by Great Northern Paper's rebuttal. In between, LURC members will take a raft trip on the West Branch.

Sincerely,

Paul

pmc/p
Enclosure

Distribution:

E. E. Allain  J. E. Farmer  D. J. Krohn  D. R. Roop
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W. M. Dillaway  M. A. Keck  C. H. Reed
This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council, DOC, Department of Conservation; DOT, Department of Transportation; DEP, Department of Environmental Protection. In the status column, when a bill is approved on first or second readings or passed to be engrossed, it is described as having been given "preliminary approval." If enacted and sent to the Governor for signing, the legislation is termed "approved."

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Labor

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Repeals prohibition against using employee's statement against him in workers' compensation proceedings

Reduces hours required for certification as master and journeyman electricians

Disallows unemployment compensation to aliens engaged in seasonal work unless mandatory under federal law

Limits duplication of benefits under workers' compensation insurance

Restricts payment of unemployment compensation benefits to strikers

Reforms workers' compensation system (Brennan proposals)

Improvements in workers' compensation system

Competitive state workers' compensation insurance

Penalizes employers who lose workers' compensation cases

Establishes competitive insurance ratings under Maine's workers' compensation system

Grants for rivers recreation management groups

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Provides funds for mapping streams in unorganized territory for LURC zoning purposes

Natural Resources

Signed

March 28 hearing (GNP supports)

Appropriations table (PIIO supports)
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**Taxes**

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Signed
Signed
Committee favors
Signed
Signed
Withdrawn
Killed (GNP, PIIO opposed)
April 17 hearing
Signed (PIIO opposed)
Signed (GNP, PIIO support amended version)
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Gives municipal grants and reimbursements to Unorganized Territory same as towns  
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Imposes a sales tax on services to benefit cities and towns  
Allows up to four years to certify pollution control tax exemption  
Reimburses unorganized territory for overcharges  
Unorganized territory taxes  
Sales tax exemption for power purchased for use in manufacturing process (relief for Keyes Fibre)  
Revises laws governing self-insurers  
Trucking law change  
Limits PAC contributions  
Freeze on mandated health benefits  
Creates fiscal administrator for unorganized territory  
Act to protect shareholders in Maine corporations  
Wood measurement amendments  
Truck fines  
Amends wood measurement laws  

Other Subjects

March 27 hearing (PIIO supports)  
April 22 workshop (PIIO supports)  
Withdrawn  
April 18 hearing (PIIO opposes)  
March 26 hearing  
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April 22 workshop (PIIO supports)  
Preliminary approval  
March 6 hearing (PIIO supports)  
Signed  
Withdrawn  
March 9 hearing (PIIO supports)  
April 22 workshop  
April 2 hearing (GNN legislation)  
May 1 hearing  
Withdrawn  
May 1 hearing (MFPC bill)
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 17:

**The Big A "Marathon"**

With the eighth week of Land Use Regulation Commission (LURC) hearings on the application of Great Northern Paper for a permit for the Big A hydropower project scheduled to start again May 20, reporters are using the word "marathon" to describe the sessions.

Hopes of the hearings ending during the week of May 13 faded quickly. When the hearings resumed May 14, attorneys for the company said 28 witnesses would be called during the rebuttal process. The first was company President Robert F. Bartlett who told LURC:

"In the event that you conclude not to grant this permit on the basis that there is some other alternative or alternatives that could provide the same economic benefits, I want you to realize that you will do so knowing that, based on today's facts, Great Northern is not in a position to go forward with any alternative to Big A that has been presented at this hearing."

The role and effectiveness of the company's energy conservation program was at the center of the week's proceedings. First Energy Conservation Administrator Orrin H. Merrill told LURC that the theoretical physicist Amory Lovins' assumptions regarding the conservation of electricity didn't make sense, reflecting a lack of knowledge about the mills -- and any savings resulting from Lovins' idea
would be far less than he suggested. Lovins came back to defend his claims May 17. Bureaucrats and reporters again turned out in force to hear a man they refer to as "a recognized authority on energy matters." In a May 18 editorial, the Bangor Daily News staff's fascination with Lovins was reflected in an editorial quoting at length from his original testimony and concluding "It has placed a burden on the Great Northern and its parent corporation to answer some tough questions concerning mill energy efficiency." State House sources say State Planning Office Director Richard Barringer found Lovins so impressive he obtained a copy of the transcript of his remarks for Governor Brennan to read.

As the hearings wind down, the seating patterns of the audience and participants say more than words. On May 17 this was the picture: On the left facing the Commission were Great Northern employees, their attorneys and consultants. On the right were opponents, state agency personnel and the news media.

During the week, I taped a half hour discussion of the subject with Brownie Carson of the Natural Resources Council for airing May 19 on WGME-TV in Portland. Paul Firlotte briefed a Northeast Paper Industry Management Association audience on the subject May 16 in Millinocket. Other slide-tape presentations were made in Castine and Dexter.

Finally, the Natural Resources Council annual meeting program includes "Big A Trivial Pursuits" as the theme for an evening program June 8.

The Legislature: At-A-Glance

A summary of activity on key issues as of May 17:

Big A - All quiet.


Labor - Eleven pieces of legislation dealing with reform of the workers' compensation insurance program were killed to set the stage in the week of May 20 for a new bill combining the features of all and agreed upon portions of proposals by Governor Joseph E. Brennan and House Speaker John L. Martin.

Natural Resources - Next workshop on wood scaling legislation May 23. Hearing May 22 on a proposal to establish goals and priorities for actions by the state with respect to forest management.

Tax - Sponsor of bill repealing sales tax on energy is quoted by Maine Times as saying he's considering substitution of an excise tax or financing the revenue loss which would result from repeal with a sales tax increase.

Anti-Takeover - Great Northern Nekoosa Corporation proposal favored 12-1 by committee. Floor action in House likely during the week of May 20.
BEP Reaches for New Role

The forest industry is anxiously watching for the outcome of the Board of Environmental Protection's reach for a new role -- protector of timberlands in the state's cities and towns. The BEP will continue its discussion of the subject June 12. In the absence of advice from counsel that the Board is going beyond its legal authority or any cautionary signs from the Legislature, the BEP is proceeding down a path that will mean new rules and regulations for contractors providing wood to new biomass boilers and other licensed consumers.

It's a different twist. Most looked for forest practices to be regulated as a result of legislation. That's what happened when LURC got such authority in the unorganized territory. But a majority of BEP members say they possess such authority under the site location law.

In licensing boilers in Jonesboro in March and in Chester and Sherman in May, the Board imposed this condition:

"The applicant shall include clauses in its in-forest wood fuel contracts requiring the contractor to comply with all LURC standards in unorganized territories and shoreland zoning ordinances in organized towns. For areas not covered by these standards and ordinances, the applicant shall negotiate harvesting guidelines intended to provide comparable environmental protection objectives."

Advocates of state-wide regulation of timber harvesting (including Assistant Attorney General Jeff Peteau, a former LURC director) will probably get what they want. At some point, the Legislature will be forced to act, probably in 1986.

With a Changing Board

The terms of four members of the BEP have expired, or will expire, this year. The members who will leave the Board or be reappointed (it's up to the Governor) are William B. Blodgett of Waldoboro, Evelyn Jephson of Kennebunk, Nancy N. Masterton of Cape Elizabeth and James H. Tweedie. Sr. of Mars Hill. Masterton is serving an unexpired term which ends August 2 and will likely be reappointed, having served only five months. The newest member of the Board is R. Steven Kleinschmidt of Pittsfield.

Support for Scaling Amendment

There is considerable support on the Energy and Natural Resources Committee to ignore the Governor's veto threat and to go for enactment of an amendment to the wood measurement law. Several members believe the Department of Agriculture has ignored legislative intent in establishing rules under which the law will be administered. This group feels a statutory amendment is needed to clarify the intent that "agreements between parties" should prevail in all transactions and that rules should be imposed only in the absence of agreements. Bureau of Forestry Director Kenneth Stratton has split with the Brennan administration on the issue. A workshop on the issue is scheduled May 23.
Other Matters

A 4 1/2 inch by 7 3/4 inch advertisement thanking people from 41 communities who testified in support of the Big A Project during the LURC hearings was placed in 16 daily and weekly newspapers...Roger Boynton spent two days assisting a photographer sent to East Millinocket by an advertising agency preparing the next East Millinocket modernization project newsletter...A revision in the company slide-tape show to include the East Millinocket modernization has been completed. An outline for the new presentation will be circulated...The exhibit used at the Great Northern Nekoosa annual meeting was erected in the East Millinocket mill for the annual open house May 18...In last week's newsletter, we had the title correct when a "workers' compensation compromise" was reported but in the text we talked incorrectly about unemployment compensation insurance.

Sincerely

pmc/p
Enclosure

Distribution

LEGISLATIVE REPORT

May 20, 1985

This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; DOC, State Department of Conservation; DOT, Department of Transportation; DEP, Department of Environmental Protection. In the status column, when a bill is approved on first or second readings or passed to be engrossed, it is described as having been given "preliminary approval." If enacted and sent to the Governor for signing, the legislation is termed "approved."

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<td>&quot;Right to Know&quot; on hazardous chemicals</td>
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<td>March 25 hearing (GNP, MCCI, PIIO support)</td>
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<td>Improvements in workers' compensation system</td>
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<td>Establishes competitive insurance ratings under Maine's workers' compensation system</td>
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<td>1501</td>
<td>Fees to fund Bureau of Insurance</td>
<td>May 16 hearing (PIIO opposes)</td>
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**Natural Resources**

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441 Creates Department of Forestry Committee favors

469 Sets 1985 budworm spray project cost and tax Signed

560 Changes in forest fire control laws Signed

571 Does away with exemptions for borrow pits under five acres Withdrawn

836 Provides for mediation of water level disputes Killed (GNP, PIIO opposed)

838 Fresh water wetlands protection act Committee divided

1014 Procedures for return of pesticide containers Signed (PIIO opposed)

1058 Gives LURC sole jurisdiction over roads in unorganized territory Signed (GNP, PIIO support amended version)

1095 Provides for a forest campsite program Withdrawn

1182 $5 million bond issue for river access sites and parks No hearing scheduled

1206 Regulates harvesting for biomass boiler fuel Withdrawn (PIIO opposed)

1414 Establishes program of long-term planning for Maine's forests No hearing scheduled

1458 Bans insecticides in state budworm program Killed (PIIO opposes)

1481 Unorganized territory study No hearing scheduled

1527 Allows LURC, BEP to extend hydro licensing process No hearing scheduled

Taxes

239 Repeals Unitary Tax Law Killed (GNP opposed repeal)
Phases out the sales and use tax on energy used in manufacturing  
April 10 hearing (PIIO proposal)

Adds used machinery to sales tax exemption  
March 27 hearing (PIIO supports)

Gives municipal grants and reimbursements to Unorganized Territory same as towns  
April 22 workshop (PIIO supports)

Repeals sales tax used on fuel in all commercial and industrial establishments  
Withdrawn

Imposes a sales tax on services to benefit cities and towns  
April 18 hearing (PIIO opposes)

Allows up to four years to certify pollution control tax exemption  
March 26 hearing

Reimburses unorganized territory for overcharges  
April 22 workshop (PIIO supports)

Unorganized territory taxes  
April 22 workshop (PIIO supports)

Sales tax exemption for power purchased for use in manufacturing process (relief for Keyes Fibre)  
Preliminary approval

Revises laws governing self-insurers  
March 6 hearing (PIIO supports)

Trucking law change  
Signed

Limits PAC contributions  
Withdrawn

Freeze on mandated health benefits  
March 9 hearing (PIIO supports)

Creates fiscal administrator for unorganized territory  
April 22 workshop

Act to protect shareholders in Maine corporations  
Committee favors (GNN legislation)

Wood measurement amendments  
May 23 workshop

Truck fines  
Withdrawn

Amends wood measurement laws  
May 23 workshop (MFPC bill)

5/20/85
Great Northern Paper
a company of
Great Northern Nekoosa Corporation

Paul K. McCann
Manager-Public Affairs

June 3, 1985

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 31:

The Legislature: In the Homestretch

Committees were ordered to report out all bills as leaders pressed an adjournment drive following the Memorial Day weekend recess for the Legislature.

Business lobbyists were rallying support for the Brennan administration's workers' compensation insurance reform package.

Final adjournment by June 19 was the target.

As a company, Great Northern Paper had three objectives:

1) Winning approval of changes in the Maine Business Corporation Act which will provide additional protection for stockholders in the event of hostile takeovers of corporations such as Great Northern Nekoosa. A debate on the floor of the House during the week of June 3 is expected. An 11-2 majority of the Business and Commerce Committee favors a version sought by GNN, Hannaford Brothers, Merrill Bankshares and others. Representative Patricia Stevens of Bangor is the author of the minority report which simply redefines the duties of directors and officers. In a week of lobbying while the legislation was held up in committee, Representative Stevens took the view of those who would prefer no new barriers on "raiders" buying up stock and taking control of companies without negotiating with the target company's management.
2) Opposing acid rain legislation. The Energy & Natural Resources Committee killed the Natural Resources Council of Maine's version in favor of an amended version of the Governor's bill which provides for a three-year study of the subject and interim emission limits to be developed by the DEP for consideration by the Legislature next year. Committee members said it was their intent that licensed emitters will not be adversely affected by the interim rules to be drawn up. Great Northern Paper will, if passage of provisions for a cap appear likely, seek to modify the time frame for compliance to provide sufficient flexibility to generate electricity in a low water year.

3) Winning approval of a state policy to endorse intensive forest management. Legislation was being considered in conjunction with another bill establishing a continuing forestry planning unit in state government.

Lynwood Hand, the company's legislative counsel, was coordinating lobbying with assistance from John Delahanthy of Pierce-Atwood and Dale K. Phencie on acid rain matters, Robert T. Wright on forestry incentives, David Boyer of Verrill & Dana on the anti-takover proposal and Gordon Manuel on all three. I also went to Augusta.

The big debate on the horizon is that expected on workers' compensation insurance reform. Industry expects to win. AFL-CIO leaders concede they face an uphill battle but they were not giving up. Thacher Turner, President of the Maine Chamber of Commerce and Industry, says business got "80 percent of what was sought" but some companies remain disappointed over the Labor Committee's rejection of any reduction in maximum benefits and the scope of a new rehabilitation program. One of the last issues unresolved was the matter of administration of the actual insurance.

The Legislature: At-A-Glance

**Big A - All quiet.**

**Environmental Affairs -** House action expected June 3 on proposals for acid rain legislation. Action put off for a year on a plan to revise the water quality classification system.

**Labor -** Debate expected during the week of June 3 on the Brennan administration's workers' compensation reform package.

**Natural Resources -** Energy & Natural Resources Committee urged by House Speaker John L. Martin to make public lands a showplace for forest management. General support at same hearing for continuing program to establish goals for the state's timberlands. Committee dillydallys on forest management incentives but decides to make changes in the wood measurement law.
Tax - Ten percent reduction in unorganized territory tax rate possible if Taxation Committee decision to recommend general fund financing for the Land Use Regulation Commission (LURC) stands.

Anti-Takeover - Floor action in the House likely June 3 on anti-takeover legislation favored 11-2 by committee.

Big A: Next FERC

Hearings of the Land Use Regulation Commission on the company's application for a permit for the Big A Project ended at 2 a.m., Thursday, May 23 and the focus of the project team turned to plans for hearings of the Federal Energy Regulatory Commission (FERC) June 3 in Millinocket and June 5 in Augusta.

In a letter of appreciation sent to 40 persons who testified in support of Big A during the LURC hearings, I asked them to consider participating in the FERC hearings. Manuel followed up, scheduling those who volunteered to attend and providing them with information on the project.

Manuel, who staffed the hearings on a day-to-day basis, also wrote a memorandum covering the eight weeks of the LURC hearings.

Public relations activities continue.

A letter I wrote rebutting a Bangor Daily News editorial raising questions about the company's commitment to energy conservation appeared in the edition of May 27.

I also taped a half-hour television program, appearing with opponents on the subject of Big A for WGME-TV in Portland and WMTW-TV in Poland Springs. Dale Phenicie appeared with Bill Reed of the Fin & Feather Club and Charles Sanders of the Millinocket town council as proponents on the Statewide television program on the Maine Public Broadcasting Network.

After a decision was made to grant LURC an extension from June 11 to September 30, 1985, Gordon and I responded to inquiries from the media.

Recreation

Jim Giffune and Dan Corcoran outlined the company's plans for dealing with public use of the company's timberlands at a May 21 meeting of community leaders and two days later at a meeting with union leaders. The most significant change in 1985 will be the closing weekdays of ten miles of the Golden Road near Millinocket on which wood is unloaded and maintenance facilities of the company and contractors are located.

Stories on the company's plans appeared in the Katahdin Times and Bangor Daily News. A news release was issued. An advertising campaign will be launched in June to promote road safety, a goal of the 1985
program. Tentative plans called for repeating the print advertisement used last year with radio announcements to be produced internally by Gordon Manuel. The "Working Forest" brochure developed in 1984 is being reprinted, modified to reflect changes in policy.

PIIO Annual Meeting

House Speaker John L. Martin, Chairman of the Natural Council of State Governments Committee which deals with Congress, says the cutbacks in state revenues which would result if President Reagan's tax reform bill is passed would probably force a tax increase in Maine. While praising some aspects of the President's plan he said cutbacks in services to the sick and needy would create political pressures forcing the states to pick up the slack.

Congressman John McKernan said one of the administration's goals was to return services to the local level. He predicted fierce lobbying at the committee level would be decisive in shaping the bill.

Martin and McKernan were participants in the annual meeting of the Paper Industry Information Office May 31 to June 1 at Ogunquit. Dan Corcoran chaired a panel on public use of private lands. Dale Phenicie, Gordon Manuel and I also attended.

Sincerely,

Paul

pmc/p

Enclosure

Distribution:

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LEGISLATIVE REPORT

June 3, 1985

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<td>Study of environmental laws</td>
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<td>Water quality reclassification</td>
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<td>Relieves employers of paying fees of attorneys if employee loses workers' compensation claim</td>
<td>Killed (L.D. 281 was MCCI bill)</td>
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<td>212</td>
<td>Puts 5% cap on annual inflation adjustment under workers' compensation insurance</td>
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Reduces maximum benefit under workers' compensation to 100% of average weekly wage

Repeals prohibition against using employee's statement against him in workers' compensation proceedings

Disallows unemployment compensation to aliens engaged in seasonal work unless mandatory under federal law

Limits duplication of benefits under workers' compensation insurance

Restricts payment of unemployment compensation benefits to strikers

Reforms workers' compensation system (Brennan proposals)

Competitive state workers' compensation insurance

Penalizes employers who lose workers' compensation cases

Establishes competitive insurance ratings under Maine's workers' compensation system

Fees to fund Bureau of Insurance

Reduces hours for electricians' license if VTI graduate

Natural Resources

Creates Northern and Eastern Emergency Forestry District

Provides funds for mapping streams in unorganized territory for LURC zoning purposes

Assures budworm funding in non-project years

Gives state power to license pesticide spray companies

Signed

Signed

March 25 hearing (GNP, MCCI, PIIO support)

April 22 hearing

Withdrawn (PIIO opposes)

April 23 hearing

May 16 hearing (PIIO opposes)

Committee favors

Signed

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441 Creates Department of Forestry Killed
469 Sets 1985 budworm spray project cost and tax Signed
560 Changes in forest fire control laws Signed
571 Does away with exemptions for borrow pits under five acres Withdrawn
836 Provides for mediation of water level disputes Killed (GNP, PIIO opposed)
838 Fresh water wetlands protection act Approved
1014 Procedures for return of pesticide containers Signed (PIIO opposed)
1058 Gives LURC sole jurisdiction over roads in unorganized territory Signed (GNP, PIIO support amended version)
1095 Provides for a forest campsite program Withdrawn
1206 Regulates harvesting for biomass boiler fuel Withdrawn (PIIO opposed)
1414 Establishes program of long-term planning for Maine’s forests No hearing scheduled
1458 Bans insecticides in state budworm program Killed (PIIO opposes)
1481 Unorganized territory study No hearing scheduled
1527 Allows LURC, BEP to extend hydro licensing process May 29 hearing

**Taxes**

239 Repeals Unitary Tax Law Killed (GNP opposed repeal)
354 Phases out the sales and use tax on energy used in manufacturing April 10 hearing (PIIO proposal)
407 Adds used machinery to sales tax exemption March 27 hearing (PIIO supports)
430 Gives municipal grants and reimbursements to Unorganized Territory same as towns April 22 workshop (PIIO supports)
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<td>Repeals sales tax used on fuel in all commercial and industrial establishments</td>
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<td>Imposes a sales tax on services to benefit cities and towns</td>
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<td>506</td>
<td>Allows up to four years to certify pollution control tax exemption</td>
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<td>584</td>
<td>Reimburses unorganized territory for overcharges</td>
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<td>Unorganized territory taxes</td>
<td>April 22 workshop (PIIO supports)</td>
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<td>Sales tax exemption for power purchased for use in manufacturing process (relief for Keyes Fibre)</td>
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<td>Timely sales tax exemption for pollution abatement sales</td>
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**Other Subjects**

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<td>249</td>
<td>Revises laws governing self-insurers</td>
<td>March 6 hearing (PIIO supports)</td>
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<td>Trucking law change</td>
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<td>284</td>
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<td>Freeze on mandated health benefits</td>
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<td>Creates fiscal administrator for unorganized territory</td>
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6/3/85
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 7, 1985:

One Down, One Put Off, One To Go

One of Great Northern Paper's three objectives as a company was probably realized June 7 during the adjournment drive of the Legislature when a proposed cap on sulfur emissions to curb acid rain was scrapped in favor of a study. But for a second time another goal, that of gaining a state mandate for intensive forest management, had to be put off. The fate of the third, a proposal providing another protection against unfriendly takeover attempts, depends on a June 10 vote.

Leaders have set June 19 as the date for adjournment but most doubt it can be achieved.

The long anticipated debate over reforms in the state's controversial workers' compensation insurance program will take place during the week of June 10, held up as the Business and Commerce Committee haggled over deregulating the insurance. Members agreed June 7 on a plan to phase in deregulation over three years.
Representatives of this company have been concentrating on three issues:

**Acid Rain** - In what some legislative veterans described as a strange twist of events, legislators linked to the environmental movement led the fight to kill a proposal calling for an interim cap on sulfur emissions in Maine. Complaining it was a farce, environmentalists settled for a study of acid rain and an inventory of nitrogen oxide emissions. Aides to Governor Joseph E. Brennan say he's disappointed but will probably sign the study into law, if it survives the appropriations table in the Senate.

During the week of June 3, representatives of Great Northern Paper sought to ensure any average of emissions for compliance excluded the year 1982 when, because of lack of orders and a surplus of hydroelectricity, company oil use declined. Both the New England Governors Conference and Canadian officials have urged using the years 1979, 1980, 1981 and 1982. Although the cap eventually died, the company had been successful in winning approval of an amendment excluding a year such as 1982 for companies so affected.

The Department of Environmental Protection is asked to report to the Legislature in 1987 on the results of its study.

**Intensive Forest Management** - Preoccupied with the adjournment drive, sponsors of legislation to encourage intensive forest management agreed to request that action be put off until next year. The sponsors, Senate President Charles P. Pray and House Speaker John L. Martin, didn't have the time to promote passage and the concept of assistance to owners of small woodlots in the spruce-fir belt just wasn't appreciated by the members of the Energy and Natural Resources Committee. If Great Northern Paper wants this mandate, it now has several months to promote the concept.

**Protection for Corporations** - Approval of changes in the Maine Business Corporation Act to provide additional protection for stockholders in the event of hostile takeovers of corporations such as Great Northern Nekoosa was approved in the House. In the Senate, final action was postponed until June 10 at the request of Senator Thomas H. Andrews of Portland.

In a House test June 3, the legislation was approved 109-34 despite opposition led by Representative Patricia M. Stevens of Bangor. Committee Chairman Joseph C. Brannigan of Portland and Representative Alan L. Baker of Orrington led advocates of the bill drafted at the request of Great Northern Nekoosa.

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

**Big A** - Looks like no new threats to project.

**Anti-Takeover** - Senate vote June 10.

**Environmental Affairs** - Environmentalists settle for a study of acid rain.
Labor - Business and Commerce Committee agrees on phase-in deregulated insurance to soften possible impact. Debate on reforms expected week of June 10. AFL-CIO calling in workers from all over the state for last ditch battle. Senate will be key battleground with two-thirds vote needed for immediate enactment.

Natural Resources - A bill authorizing the Bureau of Forestry to establish forest policy and goals for Maine has won preliminary approval. An amended version of a proposal to change the wood measurement law also won preliminary approval with logging contractors lobbying effectively for the change. Both still faced stiff opposition.

Taxes - A study of the proposal to phase out the sales tax on purchased electricity and biomass fuel and oil will go to a study. Still no decision on proposals to deal with taxes in unorganized territory.

Big A: Good News!

The Maine Sunday Telegram, the Sunday newspaper with the state's largest circulation, said in an editorial June 9 that "Great Northern Paper Co. should be allowed to build the dam...from evidence accumulated so far, the dam seems economically sound and environmentally safe."

The support of the influential newspaper came at the end of a week of hearings in Millinocket and Augusta by the Federal Energy Regulatory Commission (FERC). While supporters outnumber opponents two to one in both public comment sessions, an economist for FERC raised the hackles of union leaders, representatives of the towns supporting the project and company attorneys when he said at a scoping session that FERC isn't in a position to approve a project "just to maintain local employment." Scoping sessions are designed to identify issues, not to argue the merits of a project. The FERC task force toured the area, visited the mills and took a raft trip on a three-day visit. Next they will write an Environmental Impact Statement (EIS) by November.

The Maine Times, a weekly journal of opinion, came out in opposition to Big A in an editorial written by reporter Phyllis Austin. She compared Big A with the Seabrook nuclear project.

R. F. Bartlett Talk

R. F. Bartlett briefed members of the Portland Community Chamber of Commerce on the company and the status of the Big A Project at one of a series of breakfast meetings June 6. Said the company president:

"On the positive side, I observed that something important is happening to the environmental movement in Maine. There was quite a change in the attitude of the opposition from what it would have been in the 1970's. No longer confident that emotional appeals would be sufficient to get the project rejected out of hand, the anti-Big A-coalition decided they had to base their opposition on economic grounds if they were to succeed. That allowed us to put our best foot forward, on our turf, and on the basis of facts and arguments we know only too well."
Scholarship Luncheon

Dr. Norman Smith, the new dean of the College of Engineering and Science of the University of Maine at Orono, was a guest at the annual luncheon June 7 for winners of Great Northern Nekoosa Foundation four-year scholarships.

Presented plaques by R. W. Noyes were Jennifer Bosco and Joseph Howard of Millinocket, Roger Cropley of Lincoln and Susan Duffy of Sherman Station.

Sincerely,

[Signature]

pmc/d
Enclosure

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LEGISLATIVE REPORT

June 10, 1985

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<td>Penalizes employers who lose workers' compensation cases</td>
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<td>Establishes competitive insurance ratings under Maine's workers' compensation system</td>
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</tr>
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<td>Fees to fund Bureau of Insurance</td>
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<td>1612</td>
<td>Reduces hours for electricians' license if VTI graduate</td>
<td>Committee favors</td>
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<td>1634</td>
<td>Reforms workers' compensation system (Brennan proposals)</td>
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| 258 | Trucking law change | Signed |
| 284 | Limits PAC contributions | Withdrawn |
| 601 | Freeze on mandated health benefits | Withdrawn |
| 805 | Creates fiscal administrator for unorganized territory | April 22 workshop |
| 965 | Act to protect shareholders in Maine corporations | Preliminary approval (GNN legislation) |
| 1068 | Wood measurement amendments | Withdrawn |
| 1089 | Truck fines | Withdrawn |
| 1381 | Amends wood measurement laws | Preliminary approval (MFPC bill) |

6/10/85
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 14:  

At Last, Workers' Compensation Reform  

The long awaited "big battle" of the legislative session took only a couple of days to settle.  

The outcome left angry labor leaders threatening to retaliate at the polls in 1986.  

Democrats, the traditional political allies of the AFL-CIO, were hoping the wounds would heal quickly.  

While lobbyists representing the business community were elated, they quickly reminded reporters they hadn't got what they wanted most -- a cut in the maximum benefit allowable under workers' compensation insurance.  

The reform package reached the House floor June 12 and easily won approval. The unions were concentrating on the Senate where opponents had ten amendments ready but each was rejected, with Labor Committee Chairman Senator Dennis L. Dutremble of Biddeford prevailing. Finally on June 13, the legislation was enacted, 129-16 in the House and 27-3 in the Senate and sent to Governor Joseph E. Brennan for his signature.  

Businessmen have been trying for a decade to check the cost of Maine's mandatory workers' compensation insurance. Some of the reforms which will become law immediately when the legislation is signed by Governor Brennan include:  

The maximum allowable benefit was frozen for three years at $447 weekly;  

A five percent cap on the cost of living increase;  

Millinocket, Maine 04462, (207) 723-5131 Ext. 1228
Employees who lose claims will have to pay their legal fees;
A fixed rate for permanent impairment awards;
Deregulation of insurance rates to be phased in over three years;
A requirement that insurance companies pass on 8 percent of their savings to employees;
An anti-fraud unit;
A new rehabilitation program; and
An occupational safety loan fund.

The final package had the support of Governor Brennan, who proposed a package of reforms early in the session; House Speaker John L. Martin, who proposed others as well as urging some in the Brennan plan; and Senate President Charles P. Pray, who earlier outlined several proposals in the fields of safety.

Keith W. Ruff of Georgia-Pacific, the Paper Industry Information Office coordinator of legislation in this field, told a recent PIIO meeting that he expects the issue will be back before the Legislature because labor will simply not accept the outcome. "We have got to find a way to get a better handle on what workers' compensation costs are and good figures on what individual parts of it cost," Ruff said. With strong data, industry must be prepared to seek additional reforms, including proposals for reducing the cost of the system to employers.

Approval for Anti-Takeover Bill

Legislation providing additional protection for Maine corporations faced with hostile takeover attempts won final Senate approval May 10. The bill (Legislative Document 965) "went under the hammer" of Senate President Pray's gavel without a word of dissent from his colleagues. The legislation had been tabled by Senator Thomas H. Andrews of Portland.

Governor Brennan now must sign the legislation into law. An opponent has sent the Governor's staff information on why she says the changes are unnecessary. Attorney Robert A. Moore of Verrill & Dana, Portland, who drafted L.D. 965 on behalf of GNN, has sent Andre Janelle, legislative counsel to the Governor, background material. R. F. Bartlett wrote to Governor Brennan urging him to sign the measure.

Unorganized Territories

The Taxation Committee of the Legislature agreed June 16 to report out a proposal combining three matters dealing with the unorganized territory. Senator James A. McBreairty of Caribou achieved the objectives of his campaign to wipe out discrimination against residents of the area without local government. The redraft will:
1) Remove the $300,000 burden of the Land Use Regulation Commission from the territory tax;

2) Create an administrator for the territory; and

3) Start paying back at the rate of $100,000 per year for five years funds improperly allocated in the past from the unorganized territory tax.

The Legislature: At-A-Glance

**Big A** - Looks like no more threats to the project this session.

**Anti-Takover** - On Governor's desk.

**Environmental Affairs** - Hazardous chemicals "right to know" proposal enacted and sent to the Governor.

**Labor** - Proposal to provide fees to fund Bureau of Insurance operations headed for approval.

**Taxes** - Still talk of energy tax relief for Keyes Fibre and maybe an overall study.

**Natural Resources** - Forestry planning proposal on appropriations table. Wood measurement amendments stalled in the Senate, two votes short of the two-thirds needed for immediate implementation.

**Big A**

Galen Lander and others briefed those who have been making speeches on the subject of the Big A Project at a June 14 meeting. Since January 1, 1985, 124 presentations have been made, 13 remain on the schedule.

An item on the June 11 news on WABI-TV in Bangor reported that constituents of Senator Mary-Ellen Maybury of Brewer favored the project 488 to 280, with 158 undecided, in response to a questionnaire on a number of subjects mailed out by the Senator. Her district also includes Bradley, Clifton, Eddington, Greenfield, Holden, Milford, Orono, Orrington and Veazie.

**Advertising**

Road safety in the working forest will be the theme of an advertisement to be published in all Maine daily and Sunday newspapers, Maine Times and 13 other weeklies just before the Fourth of July holiday. The advertisement, originally developed by the New England Group of Portland in 1984, has been revised to reflect changes in policies of the woodlands department. The campaign will also reinforce Great Northern Paper's corporate image as the Big A controversy cools off for a spell.
A news release was issued on the guided tours offered to the public of the Millinocket mill in June, July and August. With Bob Moore's help, we responded to questions from Bangor Daily News business reporter Allan Lobozzo on the anti-takover legislation. Opponents had instigated his article. A photograph of the 1985 Great Northern Nekoosa Corporation scholarship winners was mailed to weekly newspapers. Safety announcements regarding use of the Golden Road and an invitation to tour the Millinocket mill were taped by Gordon Manuel. The announcements will be broadcast on Dover-Foxcroft, Lincoln and Millinocket radio stations.

Sincerely,

Paul

Distribution:

E. E. Allain   J. E. Farmer   D. J. Krohn   D. R. Roop
R. F. Bartlett P. I. Firlotte   W. R. Laidig   W. A. Saucier
J. A. Blickle  T. A. Galas      V. V. Lapinoja  W. E. Shelley
P. Cannella    J. M. Giffune   O. J. Lombard  A. J. Tozier
J. B. Carson   C. R. Grantland  V. F. Mattson  O. K. Tripp
S. A. Casey    L. E. Hand      O. H. Merrill  G. E. Veneman
L. L. Chambers W. R. Heal       C. L. Nelson  D. W. Westfall
A. L. Clark    R. Hellendale   A. M. Nemirov  H. Willets
W. E. Cozens    D. O. Hickey    P. P. Paul
S. P. Curtis   S. M. Hill      T. N. Pendleton
A. B. Danforth S. G. Hobson     M. Porterfield
A. E. Dentremont P. D. Hubbe    D. K. Phenicie
W. M. Dillaway M. A. Keck       C. H. Reed
This is a report on the status of legislation in which the company has an interest. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; DOC, State Department of Conservation; DOT, Department of Transportation; DEP, Department of Environmental Protection. In the status column, when a bill is approved on first or second readings or passed to be engrossed, it is described as having been given "preliminary approval." If enacted and sent to the Governor for signing, the legislation is termed "approved."

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<th>L.D.</th>
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<td>Delays state action on the Big A Project</td>
<td>Killed (GNP opposed)</td>
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<td></td>
<td>Environmental Affairs</td>
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<tr>
<td>317</td>
<td>Acid rain study</td>
<td>Appropriations table</td>
</tr>
<tr>
<td>1144</td>
<td>Amends DEP laws</td>
<td>Signed</td>
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<tr>
<td>1170</td>
<td>Study of environmental laws</td>
<td>Withdrawn</td>
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<tr>
<td>1389</td>
<td>Reduces acid rain deposition</td>
<td>Killed (Environmentalists' bill) (GNP, PIIO opposed)</td>
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<td>1405</td>
<td>Proposes fees to finance administration of Chemical Substance Identification Law</td>
<td>Signed (PIIO opposed)</td>
</tr>
<tr>
<td>1436 (1382)</td>
<td>&quot;Right to Know&quot; on hazardous chemicals</td>
<td>Preliminary approval (PIIO, MCCI oppose)</td>
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<td>1503</td>
<td>Water quality reclassification</td>
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<td>78</td>
<td>Relieves employers of paying fees of attorneys if employee loses workers' compensation claim</td>
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<td>212</td>
<td>Puts 5% cap on annual inflation adjustment under workers' compensation insurance</td>
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6/17/85
Great Northern Paper
a company of
Great Northern Neekoosa Corporation

Paul K. McCann
Manager-Public Affairs
June 24, 1985

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 21:

The Legislature: It's All Over, For Now!

Sweeping reforms in the treatment of taxpayers in the unorganized territory will result from actions of the Legislature in the final hours of a session which ended June 20.

There is no doubt that reform of the workers' compensation insurance system was the biggest accomplishment of the legislators in their six months in Augusta. But nothing matched the drama which unfolded as Senator James A. McBreaity of Perham won commitments totaling over $1 million for taxpayers of the unorganized territory. The unorganized territory is the half of Maine with no local government. Great Northern Paper is the taxpayer with the biggest annual bill.

McBreaity, a 70-year old retired farmer who has been crusading for equality for taxpayers in the unorganized territory for several years, alienated fellow Republicans by joining the majority party, the Democrats, in raiding a $3 million "rainy day" fund to find the money needed to do the following:

Finance the Land Use Regulation Commission (LURC) ($430,000);

Reimburse the Unorganized Territory and Educational Services Tax Fund for improper spending by state agencies in the past ($100,000 a year for five years);

Create the job of fiscal administrator to watchdog the interests of the unorganized territory ($86,000 over the next two years);
An "equal treatment" of the approximately 7,000 residents of the vast area, which is mostly forest, will mean $85,000 in state revenue sharing, $85,000 in state funds for welfare assistance and $10,000 in lieu of taxes on state owned buildings.

The package represents the settlement of a lawsuit brought by McBreaity challenging the state treatment of taxpayers of the region.

The implications of the settlement on 1985-86 taxes for the unorganized territory are not clear. Rising education costs offset the gain from the general fund which will finance LURC. But the long-term results will be favorable, according to Attorney James G. Good of the Portland firm of Pierce-Atwood, who was monitoring the legislative action on behalf of the Paper Industry Information Office (PIIO).

Following adjournment, Governor Joseph E. Brennan signed into law June 21 amendments to the Maine Business Corporation Act, which provide stockholders of corporations with more protection in the event of a hostile takeover attempt. All stockholders would have to be paid the same price for the stock they hold in a corporation by a "raider" who wanted to assume control. Directors also will be required to evaluate the impact of potential new owners on employees and on communities involved. A similar law is on the books in Pennsylvania. The new Maine law becomes effective September 19, 90 days following the end of the session.

The following week of the session also saw these developments:

A hazardous chemical "right to know" law was approved over industry's objections. A PIIO evaluation of the legislation says the proposal duplicates existing law and provides no protection for confidentiality of the manufacturing process formula.

A $67,620 appropriation supported by PIIO was approved to enable LURC to map streams for more effective zoning.

Also funded was an acid rain study which provides two or three new staff members for the Department of Environmental Protection.

Amendments to the wood measurement law allowing harvesters and employees to negotiate terms of employment after 30 days under the provision of the state imposed "Green Book" were approved and sent to the Governor. But despite a valiant effort by contractors Herb Haines and Hollis Hannington, the Maine Forest Products Council was never able to get 24 votes in the Senate, the necessary number to override the veto which the Governor's aides have threatened.

Action was put off on some 40 bills. That means such important matters as the reclassification of Maine waters, the sales tax on industrial oil and purchased electricity and the question of incentives for intensive forest management will come up in 1986.

A special session is likely in the fall if President Reagan's tax reform plan is enacted by Congress. State officials say that if the President's plan were adopted as proposed, it would mean $70 million in new revenues annually -- including a substantial increase in the revenues from the corporate income tax.
Washington Visit

With P. F. Yacavone, I attended a meeting of the Committee for Effective Capital Recovery June 18 in Washington, D.C. Speakers included Congressman Jimmy Jones of Oklahoma and Senator William Roth of Delaware, who both predicted passage of a major tax reform package this year.

Several of the major reforms proposed by the President ("windfall" recapture, loss of the investment tax credit, mandatory capitalization of forestry expenses and others) are not good for the paper industry and particularly bad for Great Northern Neekoosa Corporation.

We also discussed the issue with Robert McKernan, Director of Federal Government Relations for the American Paper Institute and Senator George J. Mitchell of Maine, a member of the Senate Finance Committee.

Board of Pesticides Control

Despite opposition from Tony Filauro of Great Northern Paper and a spokesman for the PIIO, an attorney from Auburn associated with opposition to spruce budworm spraying was confirmed June 18 as a member of the Board of Pesticides Control. Barbara Lounsbury's nomination also was opposed by farmers. But she won the approval of the Agricultural Committee, 8-4, and the Senate 31-2.

The Big 13

Maine Today, the magazine published by the Maine Chamber of Commerce and Industry, says 13 non-government organizations in Maine employ 2,000 or more people, including:

Bath Iron Works 7,000
Hannaford Brothers 5,580
Great Northern Paper 4,000
Scott Paper 3,580
Unionmutual 3,150
Maine Medical Center 2,684
Shaw's Supermarkets 2,400
GTE Products Corporation 2,340
Forster Manufacturing 2,265
Eastern Maine Medical Center 2,200
New England Telephone 2,200
Central Maine Power 2,000
Dexter Shoe 2,000

Sincerely,

[Signature]

pmc/p
Enclosure
June 21, 1985

This is a final report on the status of legislation in which the company had an interest in the session completed June 20. An index to all legislation, copies of all bills and amendments and a record of proceedings are on file in the Public Affairs office. Abbreviations refer to the following organizations: PIIO, Paper Industry Information Office; MCCI, Maine Chamber of Commerce and Industry; NRC, Natural Resources Council of Maine; MFPC, Maine Forest Products Council; DOC, State Department of Conservation; DOT, Department of Transportation; DEP, Department of Environmental Protection. In the status column, when a bill is approved on first or second readings or passed to be engrossed, it is described as having been given "preliminary approval." If enacted and sent to the Governor for signing, the legislation is termed "approved."

<table>
<thead>
<tr>
<th>L.D.</th>
<th>Subject</th>
<th>Big A</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>652</td>
<td>Delayed state action on the Big A Project</td>
<td>Killed</td>
<td>(GNP opposed)</td>
</tr>
<tr>
<td></td>
<td>Anti-Takeover</td>
<td></td>
<td></td>
</tr>
<tr>
<td>965</td>
<td>Act to protect shareholders in Maine corporations</td>
<td>Signed</td>
<td>(GNN legislation)</td>
</tr>
<tr>
<td></td>
<td>Environmental Affairs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>317</td>
<td>Acid rain study</td>
<td>Approved</td>
<td></td>
</tr>
<tr>
<td>1144</td>
<td>Amends DEP laws</td>
<td>Signed</td>
<td></td>
</tr>
<tr>
<td>1170</td>
<td>Study of environmental laws</td>
<td>Withdrawn</td>
<td></td>
</tr>
<tr>
<td>1389</td>
<td>Reduces acid rain deposition</td>
<td>Killed</td>
<td>(Environmentalists' bill)</td>
</tr>
<tr>
<td>1405</td>
<td>Fees for Chemical Substance Identification Law</td>
<td>Signed</td>
<td>(PIIO opposed)</td>
</tr>
<tr>
<td>1436</td>
<td>&quot;Right to Know&quot; on hazardous chemicals</td>
<td>Approved</td>
<td>(PIIO, MCCI opposed)</td>
</tr>
<tr>
<td>1503</td>
<td>Water quality reclassification</td>
<td>Held over</td>
<td>(PIIO opposed)</td>
</tr>
<tr>
<td></td>
<td>Labor</td>
<td></td>
<td></td>
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<tr>
<td>78</td>
<td>Relieves employers of paying fees of attorneys if employee loses workers' compensation claim</td>
<td>Killed</td>
<td>(L.D. 281 was MCCI bill)</td>
</tr>
<tr>
<td>281</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>212</td>
<td>Puts 5% cap on annual inflation adjustment under workers' compensation insurance</td>
<td>Killed</td>
<td>(MCCI bill)</td>
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</tbody>
</table>
213 Reduces maximum benefit under workers' compensation to 100% of average weekly wage

434 Repeals prohibition against using employee's statement against him in workers' compensation proceedings

624 Disallows unemployment compensation to aliens engaged in seasonal work unless mandatory under federal law

645 Limits duplication of benefits under workers' compensation insurance

1057 Restricts payment of unemployment compensation benefits to strikers

1122 Competitive state workers' compensation insurance

1201 Penalizes employers who lose workers' compensation cases

1343 Establishes competitive insurance ratings under Maine's workers' compensation system

1501 Fees to fund Bureau of Insurance

1612 Reduces hours for electricians' license if VTI graduate

1634 Reforms workers' compensation system

Natural Resources

286 Creates Northern and Eastern Emergency Forestry District

307 Provides funds for mapping streams in unorganized territory for LURC zoning purposes

337 Assures budworm funding in non-project years

372 Gives state power to license pesticide spray companies
<table>
<thead>
<tr>
<th>Page</th>
<th>Description</th>
<th>Status</th>
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<tbody>
<tr>
<td>441</td>
<td>Creates Department of Forestry</td>
<td>Killed</td>
</tr>
<tr>
<td>469</td>
<td>Sets 1985 budworm spray project cost and tax</td>
<td>Signed</td>
</tr>
<tr>
<td>560</td>
<td>Changes in forest fire control laws</td>
<td>Signed</td>
</tr>
<tr>
<td>571</td>
<td>Does away with exemptions for borrow pits under five acres</td>
<td>Withdrawn</td>
</tr>
<tr>
<td>836</td>
<td>Provided for mediation of water level disputes</td>
<td>Killed</td>
</tr>
<tr>
<td>838</td>
<td>Fresh water wetlands protection act</td>
<td>Approved</td>
</tr>
<tr>
<td>1014</td>
<td>Procedures for return of pesticide containers</td>
<td>Signed (PIIO opposed)</td>
</tr>
<tr>
<td>1058</td>
<td>Gives LURC sole jurisdiction over roads in unorganized territory</td>
<td>Signed (GNP, PIIO support amended version)</td>
</tr>
<tr>
<td>1095</td>
<td>Provides for a forest campsite program</td>
<td>Withdrawn</td>
</tr>
<tr>
<td>1206</td>
<td>Regulates harvesting for biomass boiler fuel</td>
<td>Withdrawn (PIIO opposed)</td>
</tr>
<tr>
<td>1458</td>
<td>Bans insecticides in state budworm program</td>
<td>Killed (PIIO opposes)</td>
</tr>
<tr>
<td>1481</td>
<td>Unorganized territory study</td>
<td>Withdrawn</td>
</tr>
<tr>
<td>1527</td>
<td>Allows LURC, BEP to extend hydro licensing process</td>
<td>Signed</td>
</tr>
<tr>
<td>1550</td>
<td>Establishes forest policy and goals</td>
<td>Approved</td>
</tr>
<tr>
<td></td>
<td><strong>Taxes</strong></td>
<td></td>
</tr>
<tr>
<td>239</td>
<td>Repeals Unitary Tax Law</td>
<td>Killed (GNP opposed repeal)</td>
</tr>
<tr>
<td>354</td>
<td>Phases out the sales and use tax on energy used in manufacturing</td>
<td>Held over (PIIO proposal)</td>
</tr>
<tr>
<td>430</td>
<td>Gives municipal grants and reimbursements to Unorganized Territory same as towns</td>
<td>Withdrawn</td>
</tr>
<tr>
<td>440</td>
<td>Repeals sales tax used on fuel in all commercial and industrial establishments</td>
<td>Withdrawn</td>
</tr>
</tbody>
</table>
Imposes a sales tax on services to benefit cities and towns

Reimburses unorganized territory for overcharges

Unorganized territory taxes, reforms fiscal administrator

Forest fire tax

Sales tax exemption for power purchased for use in manufacturing process (relief for Keyes Fibre)

Manufacturers' sales tax redefined

Timely sales tax exemption for pollution abatement sales

Electrothermal energy tax relief (Keyes)

Revises laws governing self-insurers

Trucking law change

Limits PAC contributions

Freeze on mandated health benefits

Creates fiscal administrator for unorganized territory

Wood measurement amendments

Truck fines

Amends wood measurement laws

Appropriation for state rail program

Bond issue for rail lines acquisition

Exempt freight cars from sales tax

State cost-share rail line maintenance

Underground tank regulation

April 18 hearing (PIIO opposes)

Approved (GNP, PIIO supported)

Approved (GNP, PIIO supported)

Approved

Killed

Signed (GNP, PIIO supported)

Signed

Approved

Approved (PIIO supported)

Signed

Withdrawn

Withdrawn

Withdrawn

Withdrawn

Withdrawn

Withdrawn

Approved (MPPC bill)

Approved

Approved

Approved

Approved
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 12: 

**Taxes, Taxes, Taxes** 

Senator George J. Mitchell, a member of the Finance Committee which is considering President Reagan's tax reform proposals, heard many people raise questions about the President's plan during a series of hearings in Maine. 

The Maine Forest Fire Suppression Tax was found unconstitutional by a Superior Court justice. 

Special committees created by the Legislature will evaluate the property tax and the sales tax on energy used in manufacturing. 

The most popular subject in business and government circles in the summer of 1985 is taxation and the potential for changes. If and when Congress completes work on a new tax law, the action at the federal level will trigger follow-up moves by state legislatures. Besides the talk, there have been developments in Maine and in Washington of interest to the paper industry: 

- Over 150 people attended hearings July 1, 2 and 3 in Bangor, Portland and Presque Isle at which Senator Mitchell invited comments on the Reagan proposals. According to Mitchell's aides, the Bangor hearing was typical. With the city council chambers packed with 60 persons, speaker after speaker voiced their complaints or raised questions. They represented owners of timberlands, historic preservation groups, charities, industrial developers and other interests. Thacher E. Turner, President of the Maine Chamber of Commerce and Industry, told the Senator "...the net result of the President's proposal would be to penalize basic industry. For example, it can cost $200 million or more today to modernize a paper mill. When major investments of that type are..."
discouraged, as they would be by the current tax proposal, then industry's ability to provide products and services, jobs, payrolls and taxes will be impaired. The same is true of industry's ability to compete with foreign products and services where those governments encourage capital investment."

(At the national level, chief executives of six companies have been appointed members of a Tax Equity Project Policy Committee established by the American Paper Institute. The goal of the project is to preclude certain Reagan Administration tax provisions, or equivalents, from being enacted into law as part of the broader move to "reform" the tax code. "Primary areas of concern to the paper industry are the Accelerated Cost Recovery System (ACRS) recapture provision, proposed replacement of ACRS/ITC with the Capital Cost Recovery System (CCRS), lack of transition rules (particularly for the investment tax credit) and foreign tax credit provisions. Other industry concerns are proposed capitalization of timber costs and elimination of timber capital gains," said an API newsletter.)

- Elimination of the fire control tax could have resulted in recall of the Legislature to deal with the anticipated revenue loss of $2.5 million annually and the $8.3 million which would have been owed taxpayers. But Attorney General James E. Tierney is moving ahead with an appeal to the Supreme Court. That could mean the issue will be put off until 1986, or later, for the forest industry unless the question of a refunding formula forces intervention in the proceedings. Attorneys James G. Good and Donald W. Perkins of Pierce-Atwood are monitoring developments. Great Northern Paper in 1984 paid a fire control tax of $450,530. As a result of a challenge by Franklin County landowners, Justice Morton A. Brody found the tax illegal because it was not based on property values. Managers of major blocks of timberlands, who had worked closely with legislators to change the system, did not participate in the lawsuit, hoping for further improvements that never materialized.

- When the Legislature returns to Augusta, state officials say federal tax reform (if the President is successful) could result in projections of $75 million annually in new state revenues (a third from the corporate income tax). Even before that possibility had developed, the likelihood of tax legislation was in the air. As a result of the leadership of House Speaker John L. Martin, a special committee had been created to study the property tax. And in 1985 the Paper Industry Information Office (PIIO) promoted legislation to phase out the sales tax on energy used in manufacturing. While the PIIO proposal didn't get anywhere, it did what Attorney Good had in mind -- it started people thinking. Governor Brennan finally said he would give the idea consideration in 1986. The legislation will be studied between now and then by a special committee. The key man in both matters is Representative John Cashman of Old Town, a legislator with the James River mill with a high property tax in his district. He is chairman of the special committee studying the property tax, sponsor of the proposal to phase out the sales tax on energy. In 1984, Great Northern Paper incurred a property tax of $8,991,000 and $2,131,000 in sales tax on oil.
In the tax field, the following steps are planned:

1) Visits with members of Congress to acquaint them with the problems created by the President's proposals. P. F. Yacavone has discussed this subject with Senator Mitchell.

2) Attorney Good is following the legal action on the fire control tax.

3) Strategy priorities on possible state tax legislation are being considered.

Politics Is In the Air

One factor that may complicate approval of any meaningful tax legislation in Maine in 1986 is the politics of an election year. There's every indication of primary contests for both the Democrat and Republican nominations for Governor to replace Joseph E. Brennan who will leave office after two terms. In addition, at least two well-known figures are talking about campaigning as independents.

The rundown:

Democrats: Two of Brennan's aides, State Planning Office Director Richard E. Barringer and Administrative Assistant David Redmond, say they will be candidates. Legislators say House Speaker Martin is expected to make a decision in the next few weeks. Senator William G. Diamond of Windham is poised for the race. Attorney General James E. Tierney is considered the man to beat at this stage of the race.

Independents: Sherry Huber, a former legislator from Falmouth and unsuccessful candidate for the Republican nomination in 1982, has told reporters she will run as an independent. So has John E. Menario, a Portland businessman and former city manager of the state's largest city.

Republicans: Publicly Congressman John R. McKernan is still debating his future, privately he is ready to seek the post of Governor. He will face a challenge from Porter Leighton of Harrison, a conservative with strong financial support.

Where the Money Was in 1983:

In the recently published Census of Maine Manufacturers, the Millinocket economic area, which includes East Millinocket and Medway, was No. 1 in average gross wages for workers employed in manufacturing in 1983. All of the economic areas in which the average gross wage was over $19,000 included pulp and paper facilities.

<table>
<thead>
<tr>
<th>Location</th>
<th>Average Gross Wage</th>
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<tbody>
<tr>
<td>Millinocket</td>
<td>$27,502</td>
</tr>
<tr>
<td>Ellsworth-Bucksport</td>
<td>$26,317</td>
</tr>
<tr>
<td>Rumford</td>
<td>$22,584</td>
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<tr>
<td>Calais</td>
<td>$22,007</td>
</tr>
<tr>
<td>Madawaska</td>
<td>$21,708</td>
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<tr>
<td>Waterville</td>
<td>$20,844</td>
</tr>
<tr>
<td>Bath-Brunswick</td>
<td>$20,786</td>
</tr>
<tr>
<td>Portland</td>
<td>$19,107</td>
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</tbody>
</table>
At the bottom of the list of 30 areas was Eastport. The average was $17,162, up 5.1 percent.

The report usually lags a year.

Big A: Another Endorsement

The Central Maine Morning Sentinel has followed the lead of the Maine Sunday Telegram in endorsing the Big A Project. The Sentinel, published in Waterville, is also owned by the Guy Gannett Publishing Co. In the past, the project has received the support of the Lewiston Daily Sun and the weekly Ellsworth American, published by James Russell Wiggins, former Washington Post editor. Only Maine Times, among newspapers circulated state-wide, has come out in opposition to the project.

While we are not continuing to promote showings of the 35 mm slide show on the project during the summer, requests continue to be received. Gordon Manuel has revised the script to include the latest developments and two new slides have been added.

Down East Magazine, which is planning a picture story on the controversy in its next issue, asked for a 1,200-word article covering the company's position.

Other Matters

When it was decided to inform employees of the anticipated shutdown of the coating complex in the Millinocket mill, Manuel and I distributed a news release and answered questions from the news media. It was page one news in Bangor and a lead item on the news on television stations. ...With Leon Blood, Mike Cuddy, Arthur Dentremont, Bart Harvey, Gordon Manuel and Dick Noyes participating, we hosted a one-day visit by 20 teachers enrolled in a Maine Council on Economic Education workshop at Orono...When the wrapper machine in the Millinocket mill was shut down, we got questions from reporters. Newspapers and television stations received calls from people in Millinocket telling them of the shutdown ...Manuel guided Patty Waugh, a lobbyist for the Maine Chamber of Commerce and Industry, on a visit to the Big A Project site...When Diamond-Occidental announced plans to raise fees for camp leases, reporter Allan Lobozzo of the Bangor Daily News called with questions regarding policies. With guidance from Jim Carson, we responded...News releases were distributed on an anti-smoking program in the Millinocket mill and on Bernie Gerry being honored as superintendent of the year by the Paper Industry Management Association (PIMA)...At the request of Maine officials, 600 spruce seedlings in individual wrappings (with instructions on care and planting) were provided for delegates to the Eastern Regional Conference of the Council of State Governments in Portland June 14-17.

Sincerely,

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

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending August 2:

With Summer Ebbing, It's Time To Study

With Maine's summer fading away, legislators are turning their attention to studies ordered before they adjourned in June. So far, legislative leaders have authorized staffs and budgets for 17 studies by committees. Other subjects will be dealt with by newly created special or "select" committees. And, in some cases, the Legislature delegated study assignments to state agencies.

"Forests for the Future"...sales taxes on purchased energy used in manufacturing...railroad laws...water quality reclassification...tax credits for promoting intensive spruce-fir management...property taxes...alternative methods of payment for health care...economic development...acid rain...blackflies in the Penobscot Valley...white water rafting...

Those are among the subjects of studies directed by the Legislature. The following studies will be monitored by Great Northern Paper directly or through trade associations:

Property Taxes - A study by the Speaker's Select Committee on Property Tax Reform continues. Representative John A. Cashman of Old Town is chairman of the 15-member group which includes three businessmen. One is Charles Rush of S. D. Warren's staff in Westbrook. November is the tentative target date for completion of the study. Jim Good of Pierce-Atwood is tracking progress for the Paper Industry Information Office (PIIO) and the Maine Chamber of Commerce and Industry (MCCI) is also monitoring the activities of this group.
Sales Tax on Energy - When the Legislature put off acting on a proposal to phase out the sales tax on oil and biomass used as fuel in manufacturing and on electricity purchased for that purpose, the Governor was authorized to name a committee to further evaluate the burden this tax imposes on Maine industry. The Governor's staff has been soliciting ideas from trade associations. This study will be followed by PIIO.

(Both of these taxes impose a burden on Great Northern Paper not shared in other states with Great Northern Nekoosa facilities. For that reason, we are independently assessing developments as well as relying on the two trade associations. It appears unlikely now that Governor Brennan or legislative leaders will promote major tax reform without action in Washington, which will provide new revenues. That was the assumption a few months ago when both studies picked up momentum.)

Industrial Bailouts - The legislation passed to bail out Keyes Fibre's Waterville mill also created a study group to assess applications of the financial assistance for other ailing companies with high energy costs. If the requirements remain the same (two successive years with losses) Jim Good doesn't expect many paper industry firms will qualify.

Water Quality - A complete revision in the system under which Maine waters are classified for pollution control has been proposed by the State Department of Environmental Protection. A subcommittee of the Committee on Energy and Natural Resources will start the study August 19. Dale Phenicie is following the committee's activities as a chairman of PIIO and MOCI committees.

Incentives for Forest Management - Another subcommittee of the Energy and Natural Resources Committee will consider the merits of tax credits as a means of stimulating intensive management of spruce-fir timberlands. House Chairman Michael E. Michaud of Medway will serve on both subcommittees. The original legislation was proposed by House Speaker John L. Martin and Senate President Charles P. Pray after discussions with the woodlands' staff of Great Northern Paper. But so far, the idea hasn't caught on and the company's future role as a supporter will be assessed at an August 12 meeting.

Forests for the Future - A new long-range planning program within the Department of Conservation's Bureau of Forestry was authorized by the Legislature. Governor Brennan will name a seven-member advisory council, limited to only two persons from industry and Conservation Commissioner Richard Anderson will select members of a technical working group. Industry's nominees are being sifted by the Forest Resources Committee of PIIO.

Economic Development - A new committee has been created with 15 members to undertake a sweeping assessment of state government's role in promoting economic growth. J. M. Giffune of Great Northern Paper was one of five members named by Senate President Pray. Speaker Martin and Governor Brennan also will name five members. While the state places emphasis on assistance to small business, the committee was given considerable latitude. A report is due February 3, 1986. The Senate President believes this is an important committee and named Senator Paul E. Violette of Van Buren, majority leader, and Senator Thomas R. Perkins of Blue Hill, minority leader, as members.
Campaign Kickoff?

When House Speaker Martin accepted the role of grand marshall for the biggest parade of the year in Lewiston and followed up with a speech wooing Augusta businessmen, people started asking if he was kicking off a campaign for Governor.

Quoting from a Prudential-Bache report entitled "The State of Maine - A Quiet Success Story" the representative from Eagle Lake said businessmen and politicians have not taken time to "smell the roses" to step back and look at the gains which have been achieved and the promise of the state's future. But he stressed that the growth has been geographically uneven across the state and called for continuing "economic education" of legislators.

Copies of the speech and study have been distributed.

Big A Endorsement

In an August 3 editorial, the state's largest daily newspaper endorsed the Big A hydropower project. Said the Bangor Daily News, in part:

"It (Great Northern Paper) has used its land and public water to create energy, jobs, and as a byproduct, to open access to superb recreation opportunities. It has been a responsible corporate citizen. It has handled its resources in a prudent manner...If given the opportunity to build this dam, we firmly believe Great Northern would live up to its obligation to mitigate the impact of Big A."

The endorsement followed others in Portland and Waterville newspapers.

$215,000 Budget

Directors of PIIO tentatively approved a hold-the-line budget of $215,000 for 1986 at a meeting July 26 when Jack E. Chinn, President of Madison Paper, was elected vice president to replace James O. Eubanks of James River- Otis who is being transferred to the Richmond, Virginia, headquarters of James River. Directors also voted to retain attorney Donald W. Perkins to intervene in a workers' compensation insurance rate reduction hearing.

Respiratory Diseases and Paper Mills

After the state director of health kicked up a fuss in 1982 which made headlines by linking increased respiratory illness and residence in mill towns, the Maine Lung Association funded a further study of 66 communities within a 15-mile radius of paper mills by Medical Care Development, Inc. of Augusta. According to Gordon Manuel, the study reports:

1. Proximity to a mill is not a factor associated with increased morbidity.

2. There is a strong correlation with the degree of insurance coverage and degree of a town's work force employed at a mill in relation to increased rates of respiratory problems.
3. No hard evidence whether increased respiratory disease and symptom rates are due to exposure in the work place or with better insurance coverage.

4. More research is needed to study the relationship of insurance coverage and work place exposure on respiratory morbidity.

Other Matters

The Great Northern Nekoosa Foundation has made contributions of $10,000 to the Maine Public Broadcasting Network to co-sponsor a series on "Great American Woodlots", $2,000 to the Maine Council on Economic Education and $2,000 to the Gravure Education Foundation...A news release was distributed July 30 on revised plans for curtailments in the paper mills...With Meredith Jones of the Maine Development Foundation and Ken Y. Hodsdon of Pinkham Lumber, I discussed plans for a visit to the lumber mill by legislators in late September. It's one stop on a tour to acquaint legislators with the economy...In response to a request, Manuel updated members of the Bangor Kiwanis Club on the Big A Project July 24 but a "hearing" the next night on the project promoted by the Penobscot Valley Council of Governments was cancelled when only two people showed up...Members of the Maine Congressional Delegation were sent booklets, as background, with information on how the government had subsidized the expansion and modernization of the paper industry in Canada...Nearly 1,530 opinionmakers and salaried employees were sent copies of the second in a series of booklets on the East Millinocket mill modernization...Groundwater contamination and problems associated with growth in coastal areas are viewed as the major environmental challenges now facing the state's scientific community by the advisory committee to the Land and Water Resources Center of the University of Maine. At a July 31 meeting, the group (which allocates "seed" money for research) was told that coordination of acid rain research on the Orono campus is breaking down.

Sincerely,

Paul

pmc:d

Distribution:

E. E. Allain            J. E. Farmer            D. J. Krohn            W. A. Saucier
R. F. Bartlett         P. I. Firlotte          W. R. Laidig          B. J. Shainman
J. A. Bickle           T. A. Galas             V. V. Lapinoja        R. J. Shinners
P. Cannella            J. M. Giffune          O. J. Lombard         A. J. Toziers
J. B. Carson           C. R. Grantland        V. F. Mattson         O. K. Tripp
S. A. Casey            L. E. Hand             O. H. Merrill         G. E. Veneman
L. L. Chambers         W. R. Heal             A. M. Nemirow         D. W. Westfall
A. L. Clark            R. Hellendale          J. F. O'Handley       T. A. Wildman
G. H. Cook, Jr.        J. E. Hess              P. P. Paul            H. Willets
W. E. Cozens           D. O. Hickey           T. N. Pendleton       P. F. Yacavone
S. P. Curtis           S. M. Hill             M. Porterfield        W. A. Saucier
A. E. Dentremont       P. D. Hubbe           A. B. Danforth        B. J. Shainman
W. M. Dillawav         M. A. Keck             S. P. Curtis

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 August 18:

The Cast for 1986?

Possible candidates for major office in 1986:

Democrat Independent Republican
-Governor-
Richard E. Barringer Sherry F. Huber Porter D. Leighton
Severin M. Beliveau John E. Menario John R. McKernan, Jr.
G. William Diamond
John L. Martin
Elizabeth H. Mitchell
Michael R. Petit
David Redmond
James E. Tierney

-Congress: First District-

Thomas H. Andrews
Rick Barton
Joseph E. Brennan
Ralph W. Conant
Barry J. Hobkins
John M. Kerry
Angus J. King
Ronald E. Usher

-Congress: Second District-

Michael E. Carpenter

Hattie Bickmore
Guy G. Scarpino

Olympia J. Snowe

Despite the fact that the 1986 elections are 15 months off, far more people than usual are being promoted as candidates for the office of Governor and for Congress.
It appears likely there will be a three or four-way race to succeed Joseph E. Brennan as Maine's chief executive. Before that, June will likely see primary contests in both Republican and Democratic ranks. Depending on Brennan, there could be a wide open race to succeed Congressman John R. McKernan, Jr. in the First District. Few will challenge Brennan if he runs. And Congresswoman Olympia J. Snowe is a big favorite to win a fourth term in the Second District.

With help from Gordon R. Manuel, here is an early line on the gubernatorial field. First the Democrats:

Richard E. Barringer -- The director of the State Planning Office wrote friends in early summer saying he has considered running and immediately left on vacation. Now back, he's still considering his first bid for political office. As director of the Bureau of Public Lands and Commissioner of Conservation, Barringer was frequently at odds with the Forest Products Industry but businessmen appreciated his support of reform in the workers' compensation insurance system. He is well known to executives of this company for his role in the negotiations over the "public lots" and the Penobscot corridor. While he has never taken a public stand on the issue, many view him as fascinated by Amory Lovins' alternatives to the Big A Project. Lacking a political base, Barringer is a long shot.

Severin M. Beliveau -- Some say he's the most influential of lobbyists in Augusta. A former state Senator, Beliveau is a leader of Maine Democrats. His law firm's clients include many businesses, but not paper companies. Like former Secretary of State Edward Muskie, Beliveau comes from the paper mill town of Rumford and may share Muskie's strong commitment to environmental causes. A partner of Beliveau represents Wayne Hockmeyer, a white water rafter who has reached an agreement with this company on the Big A issue.

G. William Diamond -- The state Senator from Windham is pictured at the State House as a "moderate" with sympathy for problems of small business.

John L. Martin -- Speaker of the Maine House since 1975, the 44 year-old Eagle Lake man is, according to aides, giving serious consideration to a gubernatorial bid. Martin was a leader in the successful effort for reform of the workers' compensation insurance system. He has steadfastly opposed all attempts in the Legislature to delay or block the Big A Project. Martin is generally credited with being the most knowledgeable politician in Augusta on the subject of the forest industry. He's well-known to company employees at all levels with both the Pinkham Lumber mill and the headquarters of the Aroostook District in the area he represents.

Elizabeth H. Mitchell -- The former majority leader of the House got only 26 percent of the vote in an unsuccessful bid to unseat U.S. Senator William S. Cohen in 1984. Whether the Vassalboro woman can revitalize her political career is questionable. In the Legislature, she was against the Big A Project.
Michael R. Petit -- Commissioner of Human Services under Brennan, the Portlannder is politically ambitious. Aides say he is interested in the office of Governor or Congress, although he will not oppose brother-in-law John M. Kerry, Director of the State Office of Energy Resources, a critic of the Big A Project.

David Redmond -- Governor Brennan's No. 1 aide. A former educator who turned to politics with Brennan in the 1978 contest for Governor, he's been a behind-the-scenes assistant. Redmond has been traveling more and meeting with Democrats in recent weeks but has a long way to go to build a public image. Augusta sources say he would favor Big A and continue the generally favorable policies of the Brennan Administration toward business.

James E. Tierney -- The 38 year-old attorney general is the front runner in the race for the nomination by Democrats. Before he was elected attorney general in 1980, Tierney was House minority leader. After law school, he was a partner in a Topsham firm which specializes in the field of workers' compensation insurance, representing unions and workers. He retains strong ties to organized labor. He has taken no stand on the Big A Project.

Among independents:

   Sherry F. Huber -- A former Republican legislator from Falmouth, the mother of five is telling Republicans she feels her best chance of winning is to run as an independent. That means she will be on the November ticket and will have a chance to appeal across party lines for support of women. In 1982, she ran a surprisingly strong second to Charles Cragin, outspending all the others. Although she is a long-time leader of the Maine Audubon Society, Mrs. Huber moves freely in business circles.

   John E. Menario -- Former city manager of Portland and former executive vice president of the Greater Portland Chamber of Commerce, Menario has been an advisor to Governors Brennan and Longley. He's pro-business with an influential group of Portland businessmen on his side, including Casco Northern President Jack Daigle. His consulting jobs have taken him all over Maine in recent years.

And the two Republicans:

   Porter D. Leighton -- Running hard with an experienced staff in place, the former legislator from Harrison is a conservative Republican who quit a Reagan Administration post.

   John R. McKernan, Jr. -- It's been 18 years since Maine has had a Republican as Governor, but the First District Congressman is given a good chance of winning. He won a seat in Congress in a district which includes the Democratic strongholds of Biddeford and Waterville and the environmentalist white-collar vote of the towns surrounding Portland. In 1984, he increased his majority from 51 to 63 percent. Many business leaders are promoting his candidacy, including those actively supporting the Big A Project. McKernan, in 1984, said he wouldn't build the dam if he were the company's president, but since then he has grown to appreciate better the need for the low-cost power, friends say.
Until the Governor makes a decision on his future, speculation on on the First District race and the personalities involved is premature. The potential candidates include: Andrews, a senator from Portland usually critical of business; Barton, a one-time loser in a congres-
sional race and former aide to ex-Senator Hathaway; Conant, a former president of Unity College; Hobbins, who lost the last time to McKernan (and opposed the Big A Project); Kerry; King, an attorney and television personality; and Usher, a state senator who usually supports industry. The Republicans include Bickmore, a former state committee chairman and Scarpino, a House member from Rockland.

Forests of the Future

The nominations of E. B. Harvey, Director of Forest Management, and five or six others to the Citizens Forest Advisory Council to the Forests of the Future will be considered Wednesday, August 27, by the Energy and Natural Resources Committee of the Legislature. The Senate will vote on their confirmation the following day.

Besides Harvey, Governor Brennan nominated Donald M. Hall of Sangerville, a former legislator; Michael Robinson, Treasurer, Sherman Lumber Company; Gregory N. Brown, Dean, College of Forest Resources, University of Maine; Horace A. Hildreth, Jr., a Portland businessman and former president of the Maine Audubon Society; and Sharon Lunner, Treasurer of Central Maine Power. The Governor was reported considering Eldon Hebert, a vice president of the United Paperworkers International Union (UPIU) or Charles E. Hewett of the Maine Audubon Society as the seventh member.

Because of the potential role of the Council in forest policy for the state, the competition for nominations was intense. Harvey's candidacy got a boost from Representative Michael E. Michaud who went directly to Governor Brennan to urge the appointment. Senate President Charles P. Pray urged the appointment in a strong letter.

Big A — CBS Disappoints

After two weekends of filming and fact-finding, Judy Muller's "update" on the Big A issue was broadcast August 18 on the CBS Sunday Evening News. Produced by Jim Richardson, the report pitted the views of two rafters, the director of the State Office of Energy Resources and those of the Natural Resources Council of Maine against a single company spokesman. There was no effort made to balance conflicting views. The taped views of a union leader were ignored. It was the worst we've come out in such interviews and the only consolation is that fewer people watch the Sunday news on summer nights. A transcript has been distributed.

Opponents continue active opposition. Manuel reports Energy Users News is planning an August 26 article on Amory Lovins' proposals during the LURC hearings. He has been providing a reporter with information. The story was instigated by the Conservation Law Foundation. The
Foundation also wrote Maine Times saying, "Unfortunately, half-truths and misconceptions are the very foundations on which arguments in favor of the Big A dam have been built."

In Washington, staff members of the Maine delegation, impressed by newspaper editorials and letters from businessmen, say the project looks in "pretty good shape."

**Other Matters**

With help from H. O. Bouchard, J. M. Giffune and T. A. Wildman, Manuel guided Associated Press Reporter Jerry Harkavy on a tour of West Branch trucking operations. The Portland based wire service reporter requested an opportunity to do a story on the company's trucking operations and road system...Information on the company's vegetation control program using herbicides was provided David Platt of the Bangor Daily News...When a teen-ager climbed a tower in the power systems' transmission lines and suffered injuries, I answered questions from a reporter from the Bangor Daily News.

Sincerely,

Paul

pmc/d

**Distribution:**

E. E. Allain  J. E. Farmer  D. J. Krohn  W. A. Saucier
R. F. Bartlett  P. I. Firlotte  W. R. Laidig  B. J. Shainman
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W. M. Dillaway  M. A. Keck  D. R. Roop
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 September 6:

**Another Aroostook War?**

British and U.S. forces took a back seat to politicians and diplomats in the bloodless "Aroostook War" of 1839.

A businessman in Aroostook County joked recently that another "Aroostook War" is in the making.

Central Maine Power Company, with headquarters in Augusta, is investigating the possibility of taking over Maine Public Service Company, the utility that serves the state's largest county. Aroostook County, famous for its potatoes, is wedged in between the Canadian provinces of Quebec and New Brunswick.

Paul A. Fritzsche, the State's Public Advocate, suggested the two companies merge in agreeing to support the settlement of a Central Maine Power rate case. And the Public Utilities Commission sanctioned Central Maine Power's probe into the potential for acquiring Maine Public Service. According to the Presque Isle Star Herald, Fritzsche says the proposal would allow Maine Public Service to increase its "financial, technical and managerial resources and to allow for the extreme burdens of Seabrook (nuclear plant) to be shared over a far wider base."

Central Maine Power had 1984 income of $515 million, Maine Public Service $34 million. The company's lines run from Kittery in the south to Jackman in the north and east to Bucksport. While Maine Public Services serves mostly Aroostook County, the company has a Canadian subsidiary and lines which extend south into northern most Penobscot County where the Sherman-Signal biomass generator is under construction. Sandwicd in between the two is Bangor Hydro-Electric Company which had 1984 income of $95 million.
In 1984, Pinkham Lumber paid Maine Public Service $804,943 for electricity, Great Northern Paper $188,674.

It was announced September 4 that the two utilities had broken off talks on a merger.

In Aroostook County, the two companies have been aggressively seeking to influence public opinion, Maine Public Service's customers and legislators. John W. Rowe, Central Maine Power's president, has led two forays by top company officials into The County. He visited the facilities of Maine Public Service's biggest customers, including Pinkham Lumber. Newspaper editors were impressed by his enthusiasm, and command of the facts.

G. Melvin Hovey, President of Maine Public Service, was quoted as saying that in the long-term "our rate payers will benefit from the company's Canadian subsidiary and its strategic location on the border providing access to Canadian hydropower." Hovey, an Aroostook native, disputed statements rates would be lower if Central Maine Power took control.

Reaction was divided.

Senate Majority Leader Paul E. Violette questioned if the control over Aroostook's electrical service should be in Augusta, instead of Presque Isle.

So did a regional planner who questions why it was necessary for Central Maine Power's Rowe to recruit so many of Governor Joseph E. Brennan's top aides to run a power company.

But a newspaper editor added says flatly that the people of Aroostook County feel no special affection for Maine Public Service and will welcome a new face if it means lower electrical rates and the end to the what is perceived as the financial crisis created by the utility's investment in Seabrook. Maine Public Service eliminated its stock dividends as a result of its problems. The other two utilities have reduced dividends.

The stock of Maine Public Service has been inching up in value and some speculate that the Aroostook County utility may finally succumb to a buy out -- if the price is right. PUC approval would be necessary, staffers say.

Politics may get involved. Rowe has said the Aroostook Legislative Delegation is the key to determining the opinion of The County's residents. Maine Public Service has been a target of Democrats for years because they believed the utility was a bastion of Republican strength. Recently, House Speaker John L. Martin criticized the seven year $75,000 contract given Hovey by directors. Martin and Violette are among 16 legislators who represent Aroostook communities. Nine of the representatives are Democrats and six Republicans with one seat vacant.

Great Northern Paper has taken no position on this issue.
The Election of 1985

While most are looking ahead to 1986, voters in Maine will soon be hearing about the November 5 ballot which contains nine questions. The subjects include:

- Low-level radioactive waste disposal areas;
- Bonds are pollution control and cleaning up oil contaminated wells;
- Bonds for centers of advanced technology;
- Bonds for highway, bridge and airport improvements;
- Bonds for acquisition and rehabilitation of rail lines;
- Bonds for historic preservation;
- Bonds for vocational technical institutes;

Proponents are organizing committees and raising funds to promote approval of several of the questions. It takes $25,000 (and up) for a television education program. J. M. Giffune has been asked to serve on a committee promoting the technology centers because the $4.3 million bond issue will provide funds for a new research park adjacent to the Orono campus of the University of Maine. Requests for assistance from contractors can be expected on the roads and airport issue, from railroads to promote state acquisition of nonprofitable lines; and vocational technical institutes.

Industrial Energy Consumer Group

Organized by International Paper and Boise-Cascade, the Industrial Energy Consumers Group will hold a seminar September 20 at Rockport in which most of the key figures in Maine's energy picture will participate. Speakers will include John W. Rowe, President of Central Maine Power; G. Melvin Hovey, President of Maine Public Service; Carroll R. Lee, Vice President of Bangor Hydro-Electric; Paul A. Fritzsche, the State's Public Advocate; Peter A. Bradford, Chairman of the Public Utilities Commission; John M. Kerry, Director of the Office of Energy Resources and others.

With legal costs of intervening in PUC proceedings escalating, IP and Boise-Cascade promoted organization of the coalition which will allow the costs (the group has a $60,000 a year budget) to be spread among CMP's largest customers. When in the group had an interest in the state's other utilities, the group focus was broadened. Robert Stickney of Boise-Cascade is chairman but Susan Schultz of IP's New York staff coordinates activities and Anthony W. Buxton of Preti, Flaherty and Beliveau of Augusta is general counsel.
Energy Resources Plan

Mandatory energy building standards for industry are among the recommendation's contained in the 1985 state-wide plan at the Office of Energy Resources. While the Big A Project is mentioned at least twice, OER, which has repeatedly raised questions about the project, does not go into delve West Branch issue in the plan. The agency does concede hydropower available to Canadian firms makes it likely strong competition will continue for Maine paper and lumber companies. In recommendations in the field of electricity, the OER put improving the efficiency for space and water heaters for homes No. 1 on its list.

Big A: Decision Time?

Media interest in the Big A Project continues and will intensify as the time nears for a decision by the Land Use Regulation Commission (LURC) on the company's application for a permit for the hydropower project. A workshop on the project has been scheduled September 18-19 and if commissioners do not vote at that time, they may do so September 23-24. Douglas J. Rooks, editorial page editor of the Kennebec Journal (Augusta), has asked for a September 13 briefing in Millinocket. A reporter from WQED-TV, a public television station in Pittsburgh, is coming to Maine September 19 and has requested an interview.

Other Matters

An advertisement promoting the East Millinocket Modernization was placed in the Wilmington, Delaware, News-Journal making the 10th Anniversary of the newspaper's Sunday edition...A fact sheet on Pinkham Lumber was completed for the Maine Development Foundation. The fact sheet will be included in workbooks for legislators who will tour northern Maine, stopping at the sawmill October 2...Questions were answered August 6 from the Bangor Daily News regarding the finding of soils contaminated with PCBs, or polychlorinated biphenyls, at the site of the East Millinocket Modernization Project...Bill Caldwell, Portland newspaper columnist, will be at the sales department meeting on September 16...Roger D. Boynton worked with Gerry R. Blanchard of Pinkham Lumber to develop a display for an Aroostook County Showcase in Presque Isle...In Augusta, the outlook for nominations to the Board of Environmental Protection was explored in talks with officials. Said a key aide to the Governor, "it appears we have a 1-1-1 situation...one iffy (William Blodgett), one likely (Evelyn Jephson) and one out (James Tweedie)". Nominations for three seats are expected to be made shortly by the Governor. Lawrence E. Carr of Millinocket is among candidates being considered.

Sincerely,

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

Dear Dick:

The newsletter of the Public Affairs department for the two weeks ending September 20:

**Big A: Great Northern Paper Wins First Round**

It was approaching noon on September 19, the second day of meetings of the Land Use Regulation Commission (LURC) for the purpose of making a decision on Great Northern Paper's application for a permit for the Big A hydropower project. Members agreed they were ready to vote. Commission Chairman Raymond B. Owen, Jr. asked if they preferred to vote immediately or wanted to think about the matter over lunch. Commissioner John Walker pressed for a vote.

The chairman called for a show of hands on a motion for approval made by Commissioner Brian R. Currier and seconded by Walker.

"Okay, it's four," said Owen, as he counted the votes of Currier, John P. Richards, Reynold Raymond and Walker.

"All those opposed?" (Owen raised his hand, joining Beren Harrington and Elizabeth Swain.)

"Okay, it's a vote," concluded Owen.

After spending most of the previous morning, afternoon and evening tediously going through staff summaries and a controversial analysis of the eight weeks of hearings, the commissioners quickly came to the point just before noon.

The breakdown of the vote put the woodlands manager of Pejepscot Paper (Currier), the town manager of the northern Maine community of Eagle Lake (Raymond) and a semi-retired logger (Richards) on Great Northern Paper's side, as expected. So it was the retired director of the state's Bureau of Forestry (Walker) who had been considered a "swing vote" along with Owen, a game biologist. But Owen went the other way, obviously swayed by the staff's analysis, which provided a better return on investment for the company from a biomass boiler than the hydro project. Owen was aware the project was approved before he voted. As
expected, the former Maine Audubon Society staff member (Swain) and former National Park Service employee (Harrington) voted against the project.

The staff analysis, distributed to commissioners a few days before the meeting, was criticized as biased by the company in letters to the Commission and in a news release which appeared on the front pages of Portland and Bangor newspapers. But Owen declined to take any steps to balance the information as the LURC sessions opened, simply saying all views in the record would probably be discussed. Senate President Charles P. Pray and House Speaker John L. Martin both asked for fair play and attended portions of the meetings. At the same time, the first daily newspaper in the state to oppose the project took it's stand. The Kennebec Journal in Augusta said the company had a good case but it wasn't good enough to justify environmental losses.

It was in that atmosphere of controversy that LURC met.

After the decision, R. P. Bartlett talked with the media, terming the decision as a victory for all the people of Maine, particularly for those in northern and eastern parts of the state.

Opponents vowed to continue fighting in court and in the federal process.

A reporter for public radio said, "Opponents to the Big A dam are unabashedly hoping that the conditions on the permit would ultimately discourage Great Northern from going ahead with the project." The terms of those conditions will be outlined by the staff to LURC at an October meeting.

The conditions discussed by commissioners fell into three areas:

1) Great Northern Paper's commitment to modernization of paper production facilities;

2) Further study of the geology of the site for reasons of dam safety; and

3) An independent assessment of the company's energy conservation program.

Commissioners also had several other matters in mind.

Maine-New Brunswick Legislative Conference

K. Y. Hodsdon of Pinkham Lumber and Gordon R. Manuel attended the closing session of the first Maine-New Brunswick Legislative Conference September 21 at Van Buren. Great Northern Paper and Fraser Paper were sponsors of a reception and dinner during the sessions attended by legislators from both sides of the border, Premier Richard Hatfield and Governor Joseph E. Brennan. Maine's chief executive used the forum to say tariffs and import quotas may not be desirable but may be the best way to address an "intolerable situation" for the state's farmers, fishermen and lumber mill operators.
Mitchell Sees No Tax Reform Until 1986

At a meeting September 22 in Millinocket with Great Northern Paper managers, Senator George J. Mitchell said it was possible the House may approve tax reform legislation this year but the action will probably come too late for the Senate to act until 1986. The Senate Finance Committee member predicted Congress will not go along with the President's proposal to recapture "windfall" depreciation but Mitchell said business will probably lose the investment tax credit. The Maine Senator says he is defending both capitalization of forestry expenses and capital gains treatment for timber. O. J. Lombard briefed Mitchell on the East Millinocket modernization project. R. F. Bartlett, A. P. Birt, V. V. Lapinoja, P. K. McCann, D. K. Phenice and T. A. Wildman also attended. Senator Mitchell was en route to the annual fund raising picnic of State Senate President Charles P. Pray at the Big Eddy Campground. Some 800 people attended.

Dioxin in the Headlines

When minute traces of dioxin were found in sludge from four kraft mills in Maine, Governor Brennan, on September 11, announced the laboratory results. The next day the president of the Natural Resources Council of Maine said more testing is needed before the sludge is used to improve soils on farms. And by September 15, Bob Cummings of the Maine Sunday Telegram reported, "A promising program of paper mill sludge on farmland appears doomed, at least temporarily..." No dioxin was found in sludge obtained from Great Northern Paper's operations by the State Department of Environmental Protection (DEP). The Environmental Affairs Committee of the Paper Industry Information Office is coordinating the response of Maine mills to the new problem.

But for Great Northern Paper: PCBs

In response to questions from Mary Anne Lagasse of the Bangor Daily News, D. K. Phenice met with her September 6 to discuss testing underway at East Millinocket to determine the extent of soils contaminated with polychlorinated biphenyls (PCBs) in the area of the modernization project. She quoted a DEP spokesman as saying the contamination was not a heavy concentration. The call from Mrs. Lagasse was the only one we had on the subject.

Industrial Energy Consumer Group

Paul I. Firlotte and G. R. Manuel attended a September 20 workshop at Rockport for the Industrial Energy Consumer Group, a coalition organized to lobby for industrial users of Maine's three electrical utilities. They heard two spokesmen for the Brennan Administration call for increased conservation efforts to hold down further rate increases. Because the company buys little electricity, Great Northern Paper is not involved in the coalition which includes Boise-Cascade, Champion, International Paper and other major customers of Central Maine Power.
Tax Reform in Maine?

A one-cent increase in the sales tax to finance energy tax relief for industry and reduce property taxes is being talked about by the Speaker's Property Tax Reform Committee. A one-cent increase would net $70 million annually. At a September 12 meeting, Chairman John A. Cashman of Old Town said he was testing public reaction in a speech made at a paper industry trade show in which he suggested the increase. The removal of the sales tax on energy would cost the state $25 million in revenues. The next meeting of the committee will be October 3. Attorney Jim Good of Pierce-Atwood is coordinating industry support.

Other Matters

Roger Boynton, working with Gerry Blanchard of Pinkham Lumber, developed an exhibit for Pinkham Lumber to use in an Aroostook County industrial show...Brochures, posters and advertisements have been completed to promote the Portland String Quartet tour of northern Maine...G. R. Manuel attended the annual meeting of the Maine Development Foundation...Plans for a Pinkham Lumber visit by 50 legislators on October 2 on the Maine Development Foundation tour of northern and eastern Maine are being arranged...A story on trucking on the Golden Road appeared in the September 22 issue of the Maine Sunday Telegram...An ABC-TV news crew from Boston and a crew from WQED-TV in Pittsburgh visited the Millinocket area to gather material for reports on the Big A Project. Manuel and Dan Corcoran talked with them...We also provided information to a Bangor Daily News reporter researching a story on the economic difficulties of the paper industry.

Sincerely,

[Signature]

pmc/p
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 27:

Workers' Compensation: More to Come

After legislators approved a package of reforms in the workers' compensation insurance system, few in Augusta expected the subject to be a major issue again in 1986. That isn't the usual pattern of events in the legislative process.

But it appears legislation on the subject will come from at least three sources:

- The Maine Chamber of Commerce and Industry (MCCI), looking for a way to keep private companies writing workers' compensation policies so that a state fund will not be needed as an alternative;

- The Northern Woods Logging Association, which wants the Legislature to create a fund financed by paper and lumber mills to pay the compensation for injured, uninsured loggers; and

- The Committee on Labor, which is studying the effects of medical and other health care provider fees on the cost of workers' compensation in the state.

The Business Policy Council of MCCI September 26 authorized Chairman Roger L. Mallar and an ad hoc committee to proceed with negotiations aimed at creating a climate in which companies now writing workers' compensation policies will agree to continue to do so. The Council also reaffirmed opposition to the state getting into the workers' compensation insurance business, something the labor unions and House Speaker John L. Martin have supported in the past. MCCI and other trade associations, including the Paper Industry Information Office
(PIIO), has retained Portland attorney Donald W. Perkins to represent a coalition of employers in the proceedings now in progress in which the National Council on Compensation Insurance, an industry association, and several companies are asking the courts to declare unconstitutional the 8 percent reduction in rates which was ordered by the Legislature.

Attorneys representing the insurance companies lost their bid September 27 to have the rate cut blocked, while the challenge to the new law was being heard in the courts. The industry says the rollback, a freeze on rates through 1986 and a two-year cap thereafter on rate increases amounts to an unlawful "confiscation" of insurance company assets in this state. Attorneys for the state say the industry is ignoring the benefits they will reap as a result of the curbs on benefits and other steps taken by the Legislature to check rising costs.

During the hearing, a spokesman for the insurance industry said its members anticipated an overall return on equity through 1986, even with the rollback in rates of 2.3 percent. That admission surprised people. MCCI President Thacher E. Turner told reporters, "It was a startling revelation to us. The insurance companies have been telling us for years that they have been losing money in the state of Maine. They never mentioned profit before."

As outlined by Mallar, the MCCI approach to the issue is that the reduction ordered by the Legislature must take place. If the insurance industry indicates it will abandon the court fight and agree to continue doing business in Maine, MCCI's negotiators will see if legislative leaders will advance a year the date (from January 1, 1987 to January 1, 1986) when approval of increases of up to 10 percent may be sought from the superintendent of insurance.

On other matters, Woodlands Manager J. M. Giffune has written a lobbyist for the Northern Woods Logging Association that the company opposes creation of a fund, paid for in part by Great Northern Paper, which would pay off big claims of uninsured loggers. Northern Woods' representatives say the fund would protect mills and primary contractors when courts divert claims up the economic ladder. A Northern Woods' attorney says the Association has had to pay expensive claims for uninsured loggers in each of the last few years. The attorney, Douglas M. Smith, is asking for counter-suggestions.

Meanwhile, Governor Joseph E. Brennan confirmed a rumor that has been circulating for several months. Ralph Tucker of Brunswick will replace Charles D. Devoe of Damariscotta as chairman of the Maine Workers' Compensation Commission.

BEP Appointment?

Millinocket Town Council member Lawrence (Larry) M. Carr, Jr. will be appointed to the Board of Environmental Protection according to Representative Michael E. Michaud, co-chairman of the Committee on Energy and Natural Resources. Michaud, who had urged Governor Joseph E. Brennan to appoint Carr, said the Governor's office had informed him of Brennan's decision. The terms of the four members have expired. Carr is a member of the Committee For Big A.
Big A: Editors at Odds

Following the vote by members of the Land Use Regulation Commission (LURC) to issue a permit for the Big A Project, comments in the Maine press included:

"The closeness of the board's vote -- 4-3 in favor -- is a reflection of the divisiveness which continues to characterize this proposal...In the end, however, Great Northern should be allowed to build the dam."

- Portland Press Herald, September 23

"While it may be years away from reality, the Big A Dam proposed by Great Northern Paper Co. is on its way and while the controversy over the project on the West Branch of the Penobscot will not diminish, the people of Maine and the Maine economy are surely the winners."

- Lewiston Journal, September 23

"We are among the many thousands in the state who are standing up and cheering the decision last week by the Maine Land Use Regulation Commission..."

- The Katahdin Times, September 24

"The Land Use Regulation Commission's decision to issue the Great Northern Paper Company a permit to build the 'Big A' power dam at Ambejackmockamus Falls on the Penobscot River is the right decision. The paper company made the better case in the long argument before the Commission."

- The Ellsworth American, September 26

"The vote by the Land Use Regulation Commission on Big A made crystal clear the fact that our entire environmental regulatory system is flawed. The best that can be said of that deliberation and vote is that it proves we should totally revamp such boards as LURC, the Board of Environmental Protection and the Pesticides Control Board."

- Maine Times, September 27

"The controversy over Big 'A' didn't end with the vote, of course. The next excitement at the state level will be LURC's conditions -- the strings the Commission says it wants to attach to the permit...Still, since modernization was at the heart of the company's case for the dam, it makes sense for the state to make it a condition of the permit...And there should be linkage with energy conservation, because any time we give a company an energy subsidy like a hydro permit, we should expect it to prove it's not wasting energy."

- David Platt, Bangor Daily News, September 27

Commission on Industrial Stability

As part of the Keyes Fibre bailout legislation, the Legislature created a Commission on Industrial Stability. Governor Brennan has named Public Advocate Paul Fritzche as chairman of the 16-member group, which includes the mill managers of International Paper, Champion and S. D.
Warren (Westbrook) mills and the energy managers of the Boise Cascade (Rumford) mill. The group will probe into the need for some form of state subsidy to "distressed" industries as an offset against increases in electrical power rates. The Commission was also asked, as part of its study, to evaluate the burden of the sales tax on purchased power and fuel. The group meets for the first time October 2 at the State House. A report is due December 1.

Support for Bond Issue

A $2,500 contribution will be made to the Maine Committee for Economic Advancement to promote passage of a $4.3 million bond issue November 5 to build and equip centers for advanced technology to support the growth of new and existing businesses. The first center will be located in the Orono Research and Development Park, adjacent to the University of Maine. J. M. Giffune is a member of the committee urging voter approval of the bond issue.

Other Matters

Questions from Boston Magazine regarding the number of trees in a ton of paper (15) and the number of pages of 30-pound newsprint in a ton of paper (92,157) were answered by the Research department...Steve Hill in Stamford answered questions from Clark Irwin of the Portland Press Herald after Great Northern Nekoosa Corporation's debt rating was downgraded...Gordon Manuel joined Marcia McKeague at a meeting in Bangor September 26 when the outlook for tax incentives for owners of small woodlots was discussed. A legislative subcommittee will review three proposals September 30...The Maine Chamber of Commerce and Industry will poll members on the merits of measured local telephone service for the business community...Mary Anne Lagasse of the Bangor Daily News called to request an updating on the PCB situation in the East Millinocket mill...Representative Kay Lebowitz of Bangor says 58 percent of those who responded to a poll of voters she conducted in her district favored the Big A Project.

Sincerely,

Paul
Dear Dick:

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

**Acid Rain: Studying Isn't Enough**

"State legislators, responding to this emotion-charged issue, are acting -- sometimes rashly. Among states that have either passed bills, are studying environmental impacts, or are considering acid rain legislation: Maine, New Hampshire, Vermont, New York, Minnesota, Wisconsin and Washington."

--- Forestry Industry Affairs Newsletters

But studying apparently isn't enough for Governor Joseph E. Brennan. An aide confirmed October 3 that the administration plans to propose controls over sulfur emissions in 1986 when the Legislature returns to Augusta.

In June, the Governor signed into law legislation calling for a study of the impact of acid rain and an inventory of nitrogen oxide emissions by the Department of Environmental Protection to be completed by January 31, 1987. The Governor's original proposal asked that a cap be placed on sulfur emissions. Environmentalists sought a 20 percent reduction and asked their allies in the Legislature to scuttle a compromise cap negotiated by Great Northern Paper representatives and their supporters with the administration.

Environmentalists got a big boost from an unexpected source in September when Drew Lewis, President Reagan's special envoy to Canada on the issue, met with New England governors. According to newspaper reporters, Lewis said, "Saying (sulfide) doesn't cause acid rain seems to me the same as saying smoking doesn't cause cancer."
At a September 26 meeting of the Business Advisory Council of the Maine Chamber of Commerce and Industry (MCCI), the director of legislative affairs for Central Maine Power Company, during a discussion of the subject, suggested MCCI support legislation requiring a reduction. That's what legislators really want, Annette Anderson said. Central Maine justified an exemption from the cap proposed by Brennan because the utility is a part of a regional power system. If Central Maine supports a Brennan proposal for a cutback in emissions, it wouldn't be the first time utilities have tried to escape controls at the expense of the paper industry's Maine mills. New England utilities were behind a New England Council proposal with that intent a few years ago.

Whether the forest health study launched by the American Paper Institute and the National Forest Products Association through the National Council of the Paper Industry for Air and Stream Improvement (NCASI) will blunt the rush to do something about acid rain at the state level is questionable. While the program was still just getting underway, Lewis joined former Environmental Protection Agency Administrator William Ruckelshaus in publicly disagreeing with the position of the industry and administration that more study is needed. The views of Lewis and Ruckelshaus will be cited by environmentalists to get laws passed at the state level as a way to pressure Congress into acting, despite the President's intransigence.

Anthony Filauro, Great Northern Paper's research forester, came back from an "acid rain" conference in Ontario attended by 700 delegates from 18 nations and reported:

"Effects of acidic deposition upon the forest environment were shown to be speculative or nonexistent. Research is required which needs to focus on the broad array of air pollutants that impact upon the forest environment and the research must be managed to fully account for the soil or plant systems that are of concern."

Another debate is probable in Augusta in 1986 although the Governor's staff is willing to listen as they did this year and compromise to some extent. Again there will be paper companies unwilling to compromise, utilities which will support a reduction in sulfur emissions, environmentalists with a state-level strategy and a public who believes acid rain is a problem which needs attention.

Talking Taxes


While all three appeared well versed and participating in opposition to Treasury II's requirement that forestry expenses be capitalized and the phasing out of capital gains for timber, they were
less involved in two areas of more concern to Great Northern Nekoosa Corporation. Bartlett stressed the importance to Maine of providing an attractive climate for capital investment while funds are being sought for modernization of the East Millinocket and Millinocket mills and urged they oppose the President's plan for recapture of "windfall" depreciation and elimination of the Investment Tax Credit (ITC).

Both Bartlett and P. F. Yacavone had met on different occasions with Senator George J. Mitchell to solicit his support. Mitchell is a member of the Senate Finance Committee which will deal with the legislation.

Legislators Visit Pinkham Lumber

Pinkham Lumber's facilities in Nashville Plantation were visited by 62 legislators October 3. It was one stop on a three-day economic tour of eastern and northern Maine conducted by the Maine Development Foundation. They were welcomed by R. F. Bartlett and K. Y. Hodsdon and split into eight groups to see lumber made and packaged. Bartlett told the group of the increasing pressure from Canadian mills and said the future of the industry may hinge on action Congress takes to deal with unfair lumber imports.

From Pinkham Lumber the group headed north on two buses, first over a Great Northern Paper road to Portage and then on to Route 11. Two company foresters were guides as they viewed the forest of northern Maine.

Contributions

In September, the following contributions were approved, or approved earlier and announced:

From the GNN Foundation:

Westbrook College, a five-year pledge of $60,000; Aroostook Medical Center, Presque Isle, $10,000; Katahdin Area Council of Boy Scouts, $3,500.

Others:

Maine-New Brunswick Legislative Conference, $1,000; Friends of Post Office Park, Portland, $500; Millinocket Junior Pro Basketball All-Star Team, $300; Salvation Army, $110; Christian Record Braille Foundation, $75.

Advertisements were placed in the yearbooks of Schenck, Allagash, S.A.D. 27 and Katahdin High School.
Augusta Activities

The Legislative Committee on Energy and Natural Resources will hold a public hearing October 8 on the nomination of Lawrence M. Carr to the Board of Environmental Protection. The next day the Judiciary Committee will consider the nominations of Ralph L. Tucker of Brunswick to be chairman of the Workers' Compensation Commission and Roland Beaudoin of Falmouth to serve as commissioner. If approved, those nominations and others will go to the Senate October 11 for final approval...William H. Walsh of Bucksport, the steam plant superintendent of the Champion mill in the community, has been reappointed to the Board of Boiler Rules...With Marcia A. McKeague of the Woodlands department, Gordon R. Manuel attended the first meeting September 30 of a subcommittee of the Energy and Natural Resources Committee studying incentives for forest management...Representative Michael H. Michaud says he has been told by State Planning Office Director Richard E. Barringer that the Brennan administration is planning to propose changes in the state's hydro licensing law...Although the terms of three members of the Board of Environmental Protection and two members of the Land Use Regulation Commission (LURC) have expired, aides to the Governor say no further appointments are planned until January. Until replaced, members continue in office.

Dioxin!

The staff of the American Paper Institute - National Forest Products Association has recommended that a coordinating group at the national level be established to manage problems created by the discovery of dioxin in very low levels in sludge from four bleached kraft mills in Maine. In a report, Vice President Michael C. Farrar said, "Although the levels alleged to be involved here are low, the issue the industry faces is not just a scientific one. Dioxin has generated intense public interest and concern without regard to level or possibility of exposure..."

In Maine, the Paper Industry Information Office's (PIIO) Committee on Environmental Affairs is considering employing Dr. Frank Lawrence as a consultant to help deal with the issue. Lawrence was a consultant to Great Northern Paper during the Class I Air Quality Zoning controversy.

Portland String Quartet

A Guest House reception in Millinocket and a Stearns High School auditorium concert October 5 opened the Portland String Quartet's visit to northern Maine. After appearances in schools in Millinocket and East Millinocket, the Quartet will conclude the tour with an Ashland concert October 11. Several newspapers published stories crediting the company with sponsoring a first-of-a-kind tour starting with sponsorship of a Portland concert followed by the visit to northern Maine. In addition to the mailing to salaried employees, brochures were distributed in all offices and a special poster designed for bulletin boards, based on a program advertisement.
Westbrook College announced October 2 a five-year pledge of $60,000 by the Great Northern Nekoosa Foundation on behalf of Great Northern Paper. The contribution pushed the college's $4.7 million modernization campaign over the $4 million dollar mark...Another Great Northern Bulletin, the company's direct mailing piece, was mailed October 2 to 679 opinionmakers in Maine and 728 salaried employees. With the mailer, which focused on LURC's approval of the Big A Project, the recipients also received a brochure on the industry's forest health study and another on the Portland String Quartet tour...Dale Phenicie and Gordon Manuel met with Barbara Waters of the Katahdin Times and Mary Anne Lagasse of the Bangor Daily News to discuss the PCB situation in the East Millinocket modernization project site...With Representative Michaud, who is chairman of the Katahdin Area Development Corporation, Manuel attended the annual meeting of the Eastern Maine Development Corporation...Manuel on October 6 guided members of the Orono chapter of the Student Society of American Foresters on a tour of the Big A hydropower project site.

Sincerely,

[Signature]

pmc/p

Distribution:

E. E. Allain     W. M. Dillaway     P. D. Hubbe     M. Porterfield
R. F. Bartlett   J. E. Farmer     M. A. Keck      C. H. Reed
A. P. Birt       P. I. Firlotte    D. J. Krohn     D. R. Roop
J. A. Blicke     T. H. Flanagan   W. R. Laidig    W. A. Saucier
P. Cannella      T. A. Galas      G. M. Lander    B. Shainman
J. B. Carson     J. M. Giffune    V. V. Lapinoja  W. E. Shelley
S. A. Casey      C. R. Grantland  O. J. Lombard   R. J. Shinners
L. L. Chambers   L. E. Hand      V. F. Mattson   A. J. Tozier
A. L. Clark      W. R. Heal      O. H. Merrill   O. K. Tripp
G. H. Cook, Jr.  R. Hellendale   A. M. Nemirow   D. W. Westfall
S. P. Curtis     D. O. Hickey     P. P. Paul      H. Willets
A. B. Danforth   S. M. Hill      T. N. Pendleton P. F. Yacavone
A. E. Dentremont S. G. Hobson     D. K. Phenicie   

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 11:

**Washington: Taxes and Trade**

"This industry has real problems... our only hope (for dealing with issues related to capital spending) is working with many different groups which have not yet united," said Barry Cullen of International Paper in reporting on proposals for tax reform.

"I'm willing for Congress to act if we can't get action from the administration" on the issue of Canadian lumber imports, said Congressman Trent Lott of Mississippi, No. 2 Republican in the House of Representatives.

They were among speakers at an October 8 meeting of the joint committee on government affairs of the American Paper Institute and National Forest Products Association in Washington, D.C. Approximately 50 persons attended. Taxes and trade were the chief topics, corporate responsibility in plant closings another.

Cullen and William Sellary of Owens-Illinois reported on the tax picture. From a manufacturing point of view, Cullen said the new House draft "takes a bad Reagan proposal and makes it a little less bad." He said the paper industry is participating in promoting the organization of a coalition in the House and 95 members of Congress attended the first meeting at which the impact of tax reform on manufacturers was discussed. Sellary said the House version was worse than Treasury II from a timber taxation point of view. While 100 members of the House have signed a letter to the chairman of the Ways and Means Committee defending provisions now in the law, Sellary says the industry faces an "uphill fight" in the Committee's deliberations.
On the subject of trade, two spokesmen for the administration appeared. Concerns over Canadian imports are recognized as legitimate by the administration, Alan Holmer, General Counsel for the Office of the U.S. Trade Representative, said. And Undersecretary of State Daniel Amstutz said there can be no free trade agreement with Canada until the issue is resolved.

Lott, who represents the Mississippi district in which the Leaf River mill is located, was the luncheon speaker. Lott said he has "got the message" from the constituents on the impact of Canadian lumber and that overrules his usual loyalty to the Reagan administration. Lott said he wants to be for the tax reform legislation but doesn't like taking back money (referring to the "windfall" recapture provision) and other provisions in Treasury II dealing with capital investment and taxes on timber.

On another subject, Congressman William L. Clay of Missouri used a Maine law as an example of what the whole country needs -- a requirement that workers have advanced notice of plant closings. "Treating workers and communities with respect is what I call corporate responsibility," the Congressman said in urging support for his proposal that 90 days notice would be required for layoffs of over 50 people. Clay was critical of "corporate America's unwillingness to coexist with unions...it's irresponsible...unions are needed now more than ever."

It was reported that legislation establishing a criteria for relicensing of hydroelectric sites had been approved by the Senate Energy Committee. The Federal Energy Regulatory Commission (FERC) would have to consider an economic impact of failure to relicense when considering a non-utility license holder's application. API supports this approach. Committees in both houses of Congress are considering amendments to the FERC laws covering relicensing.

**BEP Appointment**

Although environmentalists grumbled about his support for the Big A Project, Lawrence (Larry) Carr of Millinocket was confirmed unanimously by the State Senate October 12 to serve on the Board of Environmental Protection (BEP). Carr's confirmation had been recommended by a 10-1 vote of the Legislative Committee on Energy and Natural Resources. Only Representative James Coles of Harpswell, who has been frequently at odds with the business community on issues such as acid rain, opposed Carr in the vote that followed a hearing at which Representative James Mitchell of Freeport questioned Carr about his business relationships with paper companies and about his support of the West Branch hydroelectric project.

Earlier in the week, representatives of the Maine Audubon Society and Natural Resources Council had planted newspaper stories saying the environmentalists were considering opposing Carr. But that opposition fizzled when they found out that BEP member Edward Laverty had recruited Carr and the environmentalists like Laverty. And also, the environmentalists realized that the Governor hadn't altered the basic composition of the Board. Carr replaces James Tweedie of Mars Hill, who usually is pro-business.
Changing of the Guard

With the departure of Charles Devoe of Jefferson this week from the Workers' Compensation Commission, Ralph L. Tucker of Brunswick will become chairman. Like Carr, Tucker was confirmed October 11 by the Senate for a second term on the Commission and has been designated as chairman by Governor Joseph E. Brennan. Tucker is a former member of a Topsham law firm which specializes in representing employees in workers' compensation cases.

Devoe, who served as chairman in a period that saw intense controversy over the state's system, was critical in a farewell newspaper interview of reforms approved by the Legislature, particularly a new rehabilitation system.

The Commission now has a vacancy created by the appointment of S. Kirk Studstrup to the District Court.

Other members and districts include:

<table>
<thead>
<tr>
<th>Commissioners</th>
<th>Case Area</th>
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<tbody>
<tr>
<td>Roland Beaudoin of Falmouth</td>
<td>Lewiston-Auburn</td>
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<tr>
<td>Jane S. Bradley of Freeport</td>
<td>Bath, Brunswick, Rockland</td>
</tr>
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<td>Douglas Clapp of Pittsfield</td>
<td>Bangor, Dover-Foxcroft, Millinocket</td>
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<tr>
<td>Peter P. Michaud of Bangor</td>
<td>Bangor, Jackman, Millinocket</td>
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<tr>
<td>Suzanne E. K. Smith of Woolwich</td>
<td>Portland</td>
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<tr>
<td>Nicholas C. Scaccia of Portland</td>
<td>Biddeford and Saco</td>
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<tr>
<td>David J. Soucy of Fort Kent</td>
<td>Aroostook &amp; Washington Counties</td>
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Big A: More Headlines

Newspapers of October 12 and 13 once again had the Big A Project in the headlines, reporting on the conditions the staff of the Land Use Regulation Commission (LURC) had proposed to attach to the permit commissioners had earlier approved. Gordon R. Manuel responded to requests for comments. And the newsletter of the Natural Resources Council of Maine headlined the news that LURC had voted to grant a permit: "Big A: The Fight Has Just Begun," quoting a staff attorney as saying that the controversial staff analysis, as well as a report by the Office of Energy Resources (OER), would be valuable tools in the fight to kill the project at the federal level.
Other Matters

An advertisement was approved for the October Forest Products Week edition of the Bangor Daily News.

Sincerely,

[Signature]

Distribution:

E. E. Allain                               W. M. Dillaway                  P. D. Hubbe                        M. Porterfield
R. F. Bartlett                            J. E. Farmer                    M. A. Keck                         C. H. Reed
A. P. Birt                                P. I. Firlotte                   D. J. Krohn                         D. R. Roop
J. A. Blickle                             T. H. Flanagan                   W. R. Laidig                        W. A. Saucier
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J. B. Carson                              J. M. Giffune                    V. V. Lapinoja                      W. E. Shelley
S. A. Casey                               C. R. Grantland                  O. J. Lombard                       R. J. Shinners
L. L. Chambers                            L. E. Hand                       V. F. Mattson                      A. J. Tozier
A. L. Clark                               W. R. Heal                       O. H. Merrill                       O. K. Tripp
G. H. Cook, Jr.                           R. Hellendale                    A. M. Nemirow                       D. W. Westfall
S. P. Curtis                              D. O. Hickey                     P. P. Paul                          H. Willets
A. B. Danforth                            S. M. Hill                       T. N. Pendleton                     P. F. Yacavone
A. E. Dentremont                          S. G. Hobson                     D. K. Phenicie
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 25:

**How To Pay For Fighting Fires?**

When the Maine Supreme Court agreed October 16 that the Forest Fire Suppression Tax was unconstitutional, it was likely legislators would have to return to Augusta. The special session will be November 13.

Exactly what the Brennan administration will propose as a substitute for the two-year old tax has not been announced although some legislative leaders expected to see a draft October 28. Aides to the Governor say they believe the current excise tax can be made constitutional through various modifications, according to James G. Good, a Portland tax attorney. Elsewhere in the bureaucracy, there are skeptics. Courts have said the per acre excise tax levied against owners of more than 500 acres violates a provision of the constitution requiring that property be taxed according to its value.

Courts have ordered refunds of taxes paid under the law, and interest, which it is estimated will total approximately $7 million. Bills ready to mail would have raised another $2.5 million. In Augusta, talk centered on a $1 an acre tax to offset the refunds and a new $.25 per acre tax for landowners of over 500 acres. Great Northern Paper paid a total of $994,201 in 1983 and 1984 under the law declared unconstitutional.
The question of how to finance the state's forest fire control program has plagued legislators since 1981. At that time, the legality of a system was questioned under which the unorganized territory was taxed for two-thirds of the cost of the state program and general fund revenues used to provide the same service to southern Maine communities. A special commission was created to devise a new system but the solution imposed in 1983 was a political compromise under which landowners with 100 or more acres were taxed. A Farmington based group, the Family Woodlot Tax Reform Association, went to court protesting that the law was unconstitutional. Most people in this group were excluded from taxation under the law when the minimum was increased from 100 to 500 acres in 1984. Ironically, it looks like most of this group, represented by Charles Cragin, the former Republican candidate for Governor, will get refunds totaling over $600,000 and will not be taxed to repay them as will owners of over 500 acres.

The Brennan administration has steadfastly objected to this service being paid for out of general tax revenues. In talking with reporters October 22, the Governor warned of a "free ride" for eight or ten large landowners if the state pays the cost. With the administration taking this attitude and with the Maine Municipal Association opposed to any increase in property taxes, it looks like they will be coming up with an excise tax to replace an excise tax which wouldn't stand the test of court scrutiny.

The paper industry, while sharing the view that the cost of fire control should be paid by all taxpayers, has cooperated in legislative attempts to find a tax source. E. B. Harvey of Great Northern Paper serves on the nine-member Forest Fire Advisory Council. If the industry takes a position, the decision will probably be made at an October 30 meeting in Augusta of the Forest Resources Committee of the Paper Industry Information Office (PIIO).

Dioxin!

Directors of PIIO October 18 designated D. K. Phenicie as the PIIO representative on the American Paper Institute - National Council of the Paper Industry for Air and Stream Improvement coordinating committee on the dioxin issue and agreed that all public information on the subject be funneled through PIIO's Hank Magnuson. Josephine S. Cooper of API, Maurice Caron of Scott's corporate staff and John Cuthbertson of James River's corporate staff briefed the Maine group on the $185,000 "first phase" investigation into the possible sources of dioxin in fish and from land areas above and below mills.

The State Department of Environmental Protection confirmed traces of dioxin had been found in sludge from four kraft pulp mills in Maine. At the PIIO meeting, there were predictions similar findings may be announced in Wisconsin later this year.

A $32,000 special assessment was voted to cover legal fees relating to tax and environmental legislation and to cover the cost of research on the dioxin issue.

Robert Withrow, manager of the Boise Cascade wood department, was elected treasurer to succeed Jack E. Chinn of Madison who became vice-president with the transfer of J. O. Eubanks from James River-Otis to Richmond, Virginia.
Big A - Conditions!

Phenicie cautioned members of the Land Use Regulation Commission (LURC) October 16 against limiting the company's flexibility by attaching conditions regarding modernization of marginal tonnage to the permit for the Big A Project. But LURC insisted on 23 conditions including one linking modernization and job protection and another requiring an energy audit. The permit was issued October 21.

At a Falmouth news conference October 22, opponents were quoted as saying the conditions, if enforced, would have the effect of an outright rejection. The Coalition To Save the West Branch pledged to continue the fight, calling for a full hearing by the Board of Environmental Protection on the water quality certificate necessary for the federal process.

Responding to questions from the news media, company spokesmen expressed concern over the complexity of the conditions and said their overall effect was being evaluated.

The project was the topic of an October 21 report on the ABC Evening News. Transcripts have been distributed.

In an editorial October 18 in the Kennebec Journal, the newspaper said:

"The LURC is not embracing that logic. It voted to allow 'only minor reductions' from the 897 jobs. Great Northern says it will go along. Yet despite the company's best intentions, it is not a condition it can be certain it will meet, or that the LURC can reasonably expect to enforce. It's doubtful that, 10 years hence, the state would step in when GNP announces a layoff...the conditions guarantee that the battle over the Big A has a long way to go."

Portland String Quartet

"They put on a fine performance while explaining many of the fine points of their art in terms the children could understand...I'm sure they had some exposure to an art form that would never have been available to them without your generosity," wrote Roger J. Marecaux, supervising elementary principal of Ashland Central School. The Maine tour of the Portland String Quartet sponsored by the company concluded with an October 11 concert in Ashland. In the proceeding week, the Quartet had visited schools in Ashland, East Millinocket and Millinocket following a Millinocket concert. Letters of appreciation came from educators and students in each of the communities. "You have provided 'food for the soul.' Thank you!" wrote Dr. Phyllis A. Deringis, principal of Schenck High School in East Millinocket.

Career Exploration Seminar

Thirty-five students from high schools in East Millinocket, Island Falls, Millinocket, Milo and Sherman Station attended a career exploration seminar in Millinocket October 24 conducted by the Pulp and Paper Foundation of the University of Maine. Five company engineers: James D. Drennan, Royden M. Guillow, Stephen J. Perro, Eric C. Shepard
and Ellen V. Thurlow participated in the seminar, one of 15 held throughout the state in an effort to recruit talented young people for the pulp and paper program on the Orono campus. The students will be invited to Orono later in the year in phase two of the seminars. Gaile Pasanen arranged the event.

The Sale of Conrail

P. P. Paul followed up on a discussion between Congressman John R. McKernan, Jr. and R. F. Bartlett with a letter outlining why Great Northern Paper opposes sale of Conrail to the Norfolk Southern Corporation. The sale would eliminate competitive routes between the Northeast and the South and leave New England shippers vulnerable, Paul wrote. I also talked with Dale Gerry of Senator Cohen's staff on this subject. Gerry sees no action in the near future by the Senate on the sale. While Cohen has not yet taken a position, Gerry says "If the Senate doesn't act soon, the Norfolk Southern plan looks dead in its tracks."

Forest Products Week

A full-page advertisement and a story on intensive forest management on company lands were placed in a Forest Products Week tabloid in the Bangor Daily News. The advertisement (attached) was a modification of one being used in special sections of out-of-state newspapers. To further save money, the modification will be used in Maine newspapers in 1986 when the company traditionally publishes an advertisement in special sections.

Other Matters

Ed Ockenden, the new manager of the radio station WSYY in Millinocket, toured the mill with G. R. Manuel...Students from the University of Maine toured the West Branch District logging operation and the Millinocket mill October 22...The company will sponsor two showings of the Maine logging film "From Stump To Ship" November 4 in Millinocket...Manuel attended the annual meeting of the Maine Chamber of Commerce and Industry in Augusta. Ralph Leonard of H. E. Sargent Company is the new chairman of MCCI...Manuel also worked with officers on the Katahdin Regional Development Corporation on the first issue of the group's newsletter...The East Millinocket mill modernization will be the topic of the annual "Great Northern Night" for the town's Chamber of Commerce November 19...Advertisements were placed in special editions of Bristol and Naugatuck, Connecticut, newspapers on behalf of the Sales department.

Sincerely,

Paul

Enclosure
We're Making
Great Northern Paper...

Great News for Newspaper Publishers

At Great Northern, we've produced quality newsprint for newspaper publishers since 1890. Now we're gearing up for the 21st century by modernizing production from top to bottom - 335 million worth. By 1987 our Great Northern paper publishing will be more uniform, stronger and whiter than ever.

In fact, we propose to manufacture at East Millinocket, the best newspaper publishing paper in North America.

Building a Great New Forest

Improving our newspaper publishing paper on the only change in the news. We're also managing the forest for the next generation. We plant seedlings from our own greenhouses, selectively applying herbicides to discourage competing growth. When trees get older, we start to thin them out in another step to encourage growth.

A Great Maine Tradition Continues

Back in 1800, when Great Northern was building its Millinocket mill, people were so fascinated that the Bangor and Aroostook had to run special sightseeing trains to see it. Even now, Great Northern touches the lives of Maine people every day.

When the vast majority of you read the daily news, chances are it was printed on our paper. The pages in your telephone book probably came right from the Millinocket mill. If your business relies on carbonless forms or computer paper, you might be using ours. We're always looking for ways to serve people better. It's part of our reputation.

Keeping That Tradition Alive

At Great Northern, we're out to prove that manufacturing still has a place in the American scene. Providing quality products made in northern Maine, we're in addition to the modernization of the East Millinocket facility, we are planning for the future of the Millinocket mill. With this careful planning.

savvy marketing, and by responding to our customers' needs promptly and accurately, we will continue to serve the needs of people and businesses in Maine, the nation, and overseas.

Great Northern Paper. We're making it great the American way.
Paul K. McCann  
Manager-Public Affairs  
November 11, 1985

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 November 8:

The Legislature: November 13

Legislators are now engaged in drawing up two agendas, one for the first special session of the 112th Legislature November 13 and the other for the second regular session which convenes January 8.

The Legislature will deal with the question of a new tax to pay half of the cost of the state's forest fire control program in the one-day special session. Democrats on the Taxation Committee voted 8-5 November 8 in favor of a proposal by Governor Joseph E. Brennan to impose a tax on owners of over 500 acres of commercial timberland, much the same as the excise tax recently declared unconstitutional. The day before, during a public hearing, representatives of the forest industry packed a hearing room to ask, as they have in the past, that the cost of fire control tax should come from general revenues. Speaking for the companies involved in the Paper Industry Information Office (PIIO), Robert W. Hintze of International Paper told the Committee the proposed tax sent negative signals to an industry facing severe economic challenges. Hintze said that in no other state where IP does business is there a "special tax levied exclusively on the larger landowners to pay the costs of fire control."

J. M. Giffune of Great Northern Paper was one of five in a delegation from the forest industry which met with Governor Brennan October 31. In a follow-up letter reaffirming the company's position, Giffune pointed out another inequity in the proposal. Owners of from 100 to 500 acres will get taxes rebated but will not be taxed to finance those reimbursements. Lobbying efforts will be concentrated on getting this $600,000, plus interest, paid from the general fund. E. B. Harvey estimates the new excise tax plus the one-time surtax to fund reimbursements will cost Great Northern Paper an additional $100,000 unless this change is made.

Millinocket, Maine 04462, (207) 723-5131 Ext. 1228
Democrats are expected to pass the Governor's proposal despite Republican protests. But the Governor has promised to ask for a court opinion on the new tax's constitutionality before signing the legislation.

The day before the special session, several committees will consider nominations by the Governor. The Senate will act November 13 on the recommendations of the committees. One nomination which may be controversial is that of Evelyn Jephson of Kennebunk to another term on the Board of Environmental Protection (BEP). Mrs. Jephson was one of six members of the BEP who voted to delay the issuing of a water quality certificate for the Big A Project. She may be questioned regarding her interpretation of the state rivers law.

The Legislature: January 8

Legislative leaders November 6 met to screen proposals for the first regular session starting in January. The second regular session's content is limited to bills admitted by leadership. The session is scheduled to end April 15.

Working with only a list of the titles of legislation and an informal explanation of the intent of each proposal by its sponsor, leaders accepted some 200 ideas, including:

Revisions in the rivers legislation proposed by Representative James R. Coles, a South Harpswell man who champions environmental causes; and

A proposal to make the law regulating corporate takeovers "constitutional" according to Representative Patricia M. Stevens, who tenaciously fought the changes approved earlier this year. The proposal to strengthen the law came from Great Northern Nekoosa Corporation and several other Maine corporations.

Other bills will be admitted as well as all of those proposed by the Governor.

Acid Rain Strategy

A meeting will be requested with the staff of Governor Brennan to discuss acid rain legislation they say he is planning to introduce at the January session. R. P. Bartlett, P. I. Firlotte, L. E. Hand, P. K. McCann, R. W. Noyes, D. K. Phenicie and R. J. Reardon reconsidered November 1 the company's position on a cap such as that proposed earlier this year by the Governor and rejected by the Legislature. Great Northern Paper representatives will again favor further study before any new controls are proposed but will also seek to explain the need for a cap which allows full production in company mills in years when low water flows limit generation of hydroelectricity. The formula agreed on by New England governors doesn't reflect such needs. A more flexible approach will be proposed.
Community Luncheon

R. W. Noyes reported on business conditions and L. D. Davis discussed the safety program in the Millinocket mill at a November 8 luncheon at the Guest House for 32 community leaders.

Bond Issues: Two Out of Three

Two of the three bond issues supported by the company were approved November 5 in a state-wide referendum which saw foes of nuclear power score a surprising victory. After twice seeing their proposals rejected, the Maine Nuclear Referendum Committee saw voters approve requiring a state-wide vote on nuclear waste sites. Voters also approved a bond issue to allow the state to buy lines which the Maine Central Railroad plans to abandon and funds for the vocational-technical institutes. Rejected was a plan for funding a research center in a new research park in Orono. The rejection was a setback for a coalition of northern and eastern Maine legislators who had pushed the idea.

Big A Project

After the BEP voted October 30 to delay until January issuing a water quality certificate for the Big A Project, J. Russell Wiggins wrote in the Ellsworth American, "Most people thought the state law giving LURC authority to clear the proposal for the state government would obviate the need of a Board of Environmental Protection separate approval of the Big A dam; but now that is being contested." The BEP action ignored a letter jointly signed by Senate President Charles P. Pray and House Speaker John L. Martin saying the intent of the law was that a certificate would be approved without further proceedings. Interest in the issue continues from the media and the public. At the request of the management club of Champion's Bucksport mill, P. I. Firlotte spoke twice on the subject October 16 and 17. Jack Kelly, a reporter for USA Today, called November 8 to ask for an interview for a story that the national publication is planning.

Appointments

While the Governor posted the nomination of Mrs. Jephson, he still hasn't acted on the other vacancies he will face on BEP and LURC. There's widespread lobbying. Before Mrs. Jephson was renominated, environmental leaders called on the Governor. The terms of two other BEP members have expired, William B. Blodgett of Waldoboro and Mrs. Nancy N. Masterton of Cape Elizabeth. Mrs. Masterton, who is filling out an unexpired term, will be renominated. Members serve until replaced or rejected by the Legislature.

On LURC, one of the three members who opposed the Big A Project has changed his mind and will accept reappointment, according to the PIIO staff. Beren G. Harrington comes from Parlin Pond Township. The Governor is looking for a successor to Raymond B. Owen of Orono, a wildlife biologist on the faculty of the University of Maine. Owen also opposed Big A.
Contributions

Contributions in October went to the Millinocket Recreation and Parks Department, Friends of Post Office Park in Portland, Casco Bay Youth Hockey, Medway Teachers Association Tara Putnam Scholarship Fund, Millinocket Senior Little League, Society of Women Engineers at the University of Maine at Orono, East Branch Snow Rovers, Fort Kent Rotary Club, Stearns High School Tennis Team, Maine State YMCA and to a Portage entry in the Miss Maine Teen U.S.A. Pageant.

Other Matters

With R. F. Bartlett, J. J. Kiely and T. N. Pendleton, I attended the November 7 Augusta distinguished citizen award dinner of the Pine Tree Council of Boy Scouts honoring Portland publisher Jean Gannett Hawley. Nearly 300 attended...Gordon R. Manuel monitored Presque Isle hearings of the Public Utilities Commission October 28-30 when a merger of Maine Public Service and Central Maine Power was discussed...The company sponsored two showings November 4 in Millinocket of the Maine logging film "From Stump to Ship." One for company personnel was followed by a public showing attended by nearly 400 at Stearns High School...When the town fire department was called to the Millinocket mill because of a fire in the No. 11 paper machine area, we told the press that there was no significant damage and the paper machine quickly resumed production...News releases were put out on plans to close logging camps for 11 extra days and to shut down the coater in the Millinocket mill for three weeks...Manuel was one of several company employees who attended a seminar on taxes cosponsored by PIIO and the Maine Chamber of Commerce and Industry (MCCI)...The first edition of a Katahdin Area Development Corporation newsletter was assembled and mailed to 200 persons by the office staff...I joined R. F. Bartlett for a November 4 meeting with the Greater Portland Chamber of Commerce staff members to discuss the Chamber's new government relations committee which he will chair.

Sincerely,

[Signature]

pmc/p
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 15:

Talk of Taxes

There was both good news and bad news in recent days on tax matters for paper companies with timberlands and facilities in Maine.

There was more bad than good.

In a special session November 13, Democrats in the Legislature provided the votes to impose another discriminatory tax on timberlands to raise revenues for forest fire control.

Uncertainty over federal tax reforms has led to the Speaker's Select Committee on Property Tax Reform giving up for now on tax reform ideas.

The good news is the anticipation that the Industrial Stability Commission will support phasing out the sales tax on industrial fuel and purchased electricity.

In more detail, here is what has happened on the Augusta scene:

Fire Control Taxes - After the administration of Governor Joseph E. Brennan had turned down all but one suggestion from the forest products industry, Democrats in the Legislature approved, over the objection of Republicans, a "Commercial Forestry Excise Tax" to fund one-half of the cost of the state forest fire control program. Owners of over 500 acres will pay. A Republican plan to pay the entire cost from the state's general revenues was described as the "land baron's relief act of 1985 concocted by a band of supply side Robin Hoods" by House Majority Leader
John N. Diamond of Bangor. Republicans argued that state fire protection, like state police protection was a service which benefits everyone and should be financed by the entire state.

Because a similar tax was recently ruled unconstitutional, the Governor has asked the Supreme Court for an opinion before signing the legislation into law.

The Brennan administration proposal was amended to include the fact that the new tax was intended to collect one-half of the net cost of forest fire suppression, a provision omitted from the first printed version. This was suggested by J. M. Giffune in a letter to the Governor. But last minute appeals by Great Northern Paper's legislative counsel, L. E. Hand, failed to convince the administration of the unfairness of owners of over 500 acres paying for refunds to owners of 100 to 500 acres no longer covered by the law. As a result, E. B. Harvey estimates the company's tax bill will increase $91,000 in the 1985 tax year.

There were unconfirmed reports that the new law may be challenged in the courts although an attorney for paper companies said he found no such sentiment among his clients.

Property Taxes - Representative John A. Cashman, Chairman of the Speakers Select Committee on Property Tax Relief, has told his colleagues they probably will have to wait a year before making any major recommendations for property tax relief. The Committee's report, the chairman suggested, will be limited to recommendations on the assessing process. The Committee was established by House Speaker John L. Martin and includes representatives of business as well as towns and cities. When President Reagan made tax reform a goal for 1985, state officials had talked of $70 million in new revenues as a possibility and Martin saw an opportunity to reduce property taxes. Tax reform is still being considered by Congress and is unlikely to be approved this year.

Property taxes in Maine are among the highest in the states with facilities of the paper industry. Great Northern Paper incurred a property tax of nearly $9 million in 1984.

Portland Attorney James G. Good. is following this issue on behalf of the Paper Industry Information Office (PIIO).

Energy Taxes - When the Legislature decided to go to the rescue of the Keyes Fibre plant in Waterville, the Legislature created a Commission on Industrial Stability to study the "effects of increased electric energy costs on industrial stability and prepare recommendations for assisting firms to adjust to higher electricity costs." Governor Brennan also delegated to the Commission the task of studying a proposal to phase out the sales tax on industrial fuels and purchased electricity. The bill, promoted by PIIO, was sponsored by Cashman.

The Commission is expected to go on record supporting the phase-out, according to Good, in a report expected in the next few weeks. The Commission includes three representatives of the paper
industry and they have argued that the tax puts Maine at a competitive disadvantage with other papermaking states. Great Northern Paper incurred a tax bill of $2,182,946 on fuel oil in 1984.

The proposal to phase out the sales tax on industrial fuels and electricity will again face the Legislature in 1986. Chance of passage is difficult to estimate but will improve with the Commission's endorsement.

**BEP Nomination**

There was controversy, not anticipated by many, at a November 13 hearing of the Legislature's Committee on Energy and Natural Resources on the nomination of Mrs. Evelyn Jephson of Kennebunk to a third term on the Board of Environmental Protection (BEP).

Critics of the BEP questioned the nominee on her interpretation of the Maine Rivers Law. Representative Michael H. Michaud of East Millinocket was joined by several colleagues in questioning why she and five colleagues had not voted to promptly give Great Northern Paper a water quality certificate when the law says that when a permit is issued by LURC that the BEP is mandated to issue a certificate. According to a PIIO report, her voice was rising and shaking with emotion as she defended her action because of a conflict between state and federal laws. While favoring her confirmation, Representative Paul F. Jacques of Waterville said the BEP decision was a case of "violating the trust of the Legislature by doing something beyond the law."

After a 24-hour delay, the Committee voted 10-1 to favor confirmation by the Senate which came later in the day.

After the vote, Senator Ronald E. Usher of Westbrook said he and Michaud, as co-chairmen of the Committee, would meet with both the BEP and LURC to convey the Committee's insistence that they follow the letter and spirit of the laws given to them by the Legislature.

In an editorial following the line of a column by reporter David Platt, the Bangor Daily News characterized the questioning as "bullying" and defended the BEP.

**Coming Up**

Bills admitted for the legislative session opening January 8 include the following:

"An Act to Protect the Integrity of the Assigned Risk Pool" (Workers' Compensation Insurance);

"An Act Concerning Confidentiality of Employee Information Gathered by Undercover Law Enforcement Agencies;"

"An Act to Strengthen the Maine Rivers Act;"
"An Act to Permit State Regulation of Dam Impoundment Areas;"

"An Act to Amend the Classification of Certain Maine Rivers;"

"An Act Amending the Water Pollution and Hazardous Waste Laws;"

"An Act to Establish the Maine Workers' Compensation Reinsurance Association;"

"An Act to Permit Industrial Electric Consumers to Purchase Energy from and through Transmission Lines Carrying Energy from Canada through the State of Maine;"

"An Act to Require a Referendum for the Public Funding of Private Roads in the Unorganized Territory;"

"An Act Concerning the Designation of Protected River Segments in the Unorganized Territory;"

"An Act Relating to the Joint Select Committee on Economic Development;"

"An Act Concerning ATV Violations;"

"An Act to Coordinate Pesticide Control Board Registration;"

"An Act to Amend the Law Giving Protection to Shareholders in Maine Corporations;" and

"An Act to Amend State Air Emission Laws."

Legislative leaders are expected to allow more proposals to be considered in the next several weeks. When available, copies of the legislation will be distributed.

Other Matters

Jack Kelly of the USA Today staff interviewed R. F. Bartlett November 14 on the subject of the Big A Project. Kelly said a story would appear November 18...Gordon R. Manuel answered questions on the same subject from Bill Frederick of United Press International and on an appeal of the LURC Big A decision by environmentalists from Platt...Manuel also talked with Barbara Waters of the Katahdin Times regarding a New York Magazine article mentioning Great Northern Nekoosa as a possible takeover target.

Sincerely,

pmc/p
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 November 29:

Big A: The Company's Request

When Great Northern Paper decided to ask that the Land Use Regulation Commission (LURC) remove two of the 23 conditions attached to the permit for the Big A Project, steps were taken to inform employees, key political leaders, supporters, other opinionmakers in the state and the news media.

While the company news release was the basis for front-page stories November 28 in Bangor and Portland newspapers, the issue quieted down over the Thanksgiving Day weekend.

R. F. Bartlett and P. K. McCann went to Augusta and Millinocket November 26 to inform Governor Joseph E. Brennan, House Speaker John L. Martin and Senate President Charles P. Pray that the company would "have no choice but to reassess its decision to continue with the project" if the conditions are not removed in the next 60 days. R. W. Noyes informed managers in the Millinocket mill. Bartlett informed leaders of the Committee For Big A. Letters from R. F. Bartlett were sent to 4,040 employees, 1,426 retirees and 723 opinionmakers, including members of the Legislature and Committee For Big A. Another letter of five pages was sent to members of LURC asking that the hearings be reopened to allow an explanation of why the two conditions are impractical.

The next day employees were informed. Leaders of locals representing union employees of the company met with A. P. Birt, J. E. Farmer, J. M. Giffune, K. Y. Hodsdon, G. M. Lander, G. R. Manuel, R. W. Noyes and C. H. Reed. McCann called newspaper publishers in Bangor, Ellsworth, Lewiston and Portland who have supported the project in editorials -- two were out of town. Lander and Manuel met with
representatives of the towns of East Millinocket, Medway and Millinocket. Paul I. Firlotte called Richard E. Barringer, Director of the State Planning Office, who has coordinated on behalf of Governor Brennan state activities related to the project. McCann talked with Representative Michael H. Michaud of East Millinocket who was in Augusta, while Millinocket Representative Herbert E. Clark was briefed by Lander and Manuel. Lynwood E. Hand called Senator Thomas R. Perkins of Blue Hill and the office of Representative Thomas W. Murphy of Kennebunk, Republican leaders of the Legislature.

There was no surprise at the action of the company.

There was no consensus on the chances of LURC reversing its decision. Most people were pessimistic over the company's chances. The likelihood of an attempt in the Legislature to overturn the Commission's findings was mentioned by several.

The Associated Press article, which was carried in the Portland newspapers because environmental reporter Bob Cummings was on vacation, quoted Charles E. Hewett of the Maine Audubon Society as saying he would be "shocked" if LURC were to go back on the conditions. In the Bangor Daily News, reporters quoted former LURC Chairman Ray B. Owen, Hewett and a spokesman for the Natural Resources Council as all saying pretty much the same thing. LURC's Executive Director Alec Giffen was quoted as saying the Commission's next meeting was scheduled December 18 if a special meeting isn't called to deal with the request.

In an editorial published December 2, the Lewiston Journal urged LURC to reconsider and said the company's criticism of the modernization condition makes "abundant sense."

When LURC meets, one Big A opponent will be replaced by another, probably the No. 1 opponent among the seven-member Commission. Elizabeth Swain is the new chairperson.

**Commission on Industrial Stability**

In a draft report to be considered at a December 5 meeting in Bangor, Chairman Paul A. Fritzche of the Commission on Industrial Stability has included the following points:

"The industrial electricity rates in Maine are now, and will remain, very competitive on a regional basis. Nationally, the rates are at approximately the national average, creating some difficulty for those industries that are electric intensive, have narrow profit margins and compete on a national or international scale.

"The current 5 percent sales tax on electricity and other forms of energy used in manufacturing should be phased out."

But while the Commission may favor repeal of the tax, a public opinion poll completed in November shows that there is a challenging educational assignment ahead if the general public, the business
community and legislators are going to be convinced that elimination of
the sales tax on fuel and electricity used by industry is necessary.
Only slightly over half of the 51 business leaders interviewed made
repeal a high priority.

East Millinocket Chamber of Commerce

At the annual "Great Northern Paper Night" of the East Millinocket
Chamber of Commerce November 19, O. J. Lombard briefed the 74 persons in
the audience on progress of the East Millinocket mill modernization.
McCann reported on business conditions. Manuel was master of ceremonies.
J. B. Carson and C. H. Reed also represented Great Northern Paper.
Stories on the event appeared in the Bangor and Millinocket newspapers.

Blue Hill Talk

At the request of a leading supporter of the Big A Project, I
discussed that subject and others at a luncheon for 25 active and
retired Blue Hill businessmen November 21. Ellsworth American
Publisher-Editor J. Russell Wiggins attended and wrote an article for
his newspaper.

Unemployment Compensation

According to the Maine Chamber of Commerce and Industry (MCCI),
Maine employers will save approximately $35 per employee (approximately
$140,000 for Great Northern Paper, according to the Controller's
department) next year as the result of a .5 percent drop in unemployment
taxes.

North Versus South

When Governor Brennan talked last week about the state's economy,
he talked about the rise in per capita income ($10,813 in 1984) and the
low unemployment rate (4.8 percent). But Senate President Pray and House
Speaker Martin talked about the differences ($11,032 per capita income
in southern Maine versus $8,243 in northern Maine). A new report by the
State Planning Office stimulated reports reviving the "two Maines"
theory, in fact saying the gap may be widening.

Washington

With P. P. Paul hearing reports that the Senate may consider the
sale of Conrail to Norfolk Southern in early December, aides to Senators
William S. Cohen and George J. Mitchell were contacted to reaffirm this
company's opposition. The two senators haven't taken a position on the
sale. In Washington, however, tax reform was the big news. The American
Paper Institute (API) describes the tax reform decisions of the House
Ways and Means Committee as "more detrimental to manufacturing
industries than were the recommendations originally prepared by the
Committee staff." API is urging Congress to "terminate consideration of the tax reform proposal currently before Congress," urging that lawmakers concentrate on the more important issue of federal spending.

500 Proposals Face Legislature

With only one remaining round of screening facing legislative leaders, the Maine Chamber of Commerce and Industry (MCCI) reports 435 proposals so far are eligible for consideration in the session of the Legislature opening January 8. Few of the bills have actually been drafted.

Other Matters

Roger D. Boynton made arrangements for two staff members of the New England Group to meet with six managers, visit sites being considered for photography, screen company files and discuss future assistance in the development of a new Sales department brochure...The Boston Globe published a story November 25 on the "slump" which has hit New England's paper mills...Medway voters became the first of the area towns to approve funds for the Katahdin Regional Development Corporation.

Sincerely,

[Signature]

pmc/p

Distribution:

E. E. Allain W. M. Dillaway P. D. Hubbe M. Porterfield
R. F. Bartlett J. E. Farmer M. A. Keck C. H. Reed
A. P. Birt P. I. Firlotte D. J. Krohn D. R. Roop
J. A. Bickle T. H. Planagan W. R. Laidig W. A. Saucier
P. Cannella T. A. Galas O. M. Lander B. J. Shainman
J. B. Carson J. M. Giffune V. V. Lapinoja W. E. Shelley
S. A. Casey C. R. Grantland O. J. Lombard R. J. Shinners
L. L. Chambers L. E. Hand V. F. Mattson A. J. Tozier
A. L. Clark W. R. Heal O. H. Merrill O. K. Tripp
G. H. Cook, Jr. R. Hellendale A. M. Nemirow D. W. Westfall
S. P. Curtis D. O. Hickey P. P. Paul H. Willets
A. B. Danforth S. M. Hill T. N. Pendleton P. F. Yacavone
A. E. Dentremont S. G. Hobson D. K. Phenicle

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