1921

Maine's Water Power Policy, as Defined by Governor Percival P. Baxter and Endorsed by John A. Peters

Maine Office of the Governor
Maine’s Water Power Policy

As Defined By

GOVERNOR PERCIVAL P. BAXTER

And Endorsed By

HON. JOHN A. PETERS
Congressman from Third Maine District

LETTERS OF

Governor Baxter, Congressman Peters

and

Benjamin F. Cleaves
Secretary of the Associated Industries of Maine

AUGUSTA, MAINE
NOVEMBER 8, 1921
Governor Baxter gave out the following statement from the Executive Department:

"The people of Maine are entitled to know how the Governor of the State stands on the Water Power Question. I have made my views public on many different occasions, both in speeches and in interviews. Recently, however, I have been asked by a number of citizens to state what I believe should be Maine's Water Power Policy. In response to a similar request made of me early last summer by the Hon. John A. Peters, Congressman from the Third Maine District, I addressed a letter to him under date of July 28th, 1921, and as this letter gives a concise statement of my views, it is given below.

"After receiving this letter Congressman Peters suggested that he would like to meet me, with one or two other men with whom he had talked over the situation, and discuss the matter. A Conference was held in Portland on September 16th, 1921, and shortly afterward newspapers announced that the gentlemen present were in accord with the Governor's water power program.

"After this announcement was made Benjamin F. Cleaves, Executive Secretary of the Associated Industries, addressed a letter to Congressman Peters under date of October 17th, to which Congressman Peters replied under date of October 20th.

"The three letters above referred to are public documents of so much interest and importance that they are published herewith so that all citizens interested in the Water Power issue may understand the situation as it exists today."
OFFICE OF THE GOVERNOR
State of Maine
Augusta

July 28th, 1921.

Dear Congressman Peters:

In my opinion the State should make a beginning in the development of Storage Reservoirs on a business basis and thus derive an income from them by selling or leasing the stored water to the owners of the Water Powers on the rivers below the reservoirs. This is as far as I believe the State should go at the present time. The owners of water powers on the rivers are of course entitled to the natural flow of the river, and would be charged only for the increased flow occasioned by the construction of the reservoirs. What the future may have in store in Water Power Development is not for us to determine, for those who follow us can either enlarge the State’s undertakings or restrict them.

I should feel well satisfied with my work if I could see a storage reservoir system tried in some suitable location, which doubtless would prove of direct benefit to the Water Power owners who ought to be willing to pay a fair price for the benefits received.

I am not advocating the State’s taking over the developed Water Powers or of developing those that are now undeveloped. The future will determine whether or not this is advisable.

If a Constitutional Amendment is necessary, as I believe it is, the language of such an Amendment should be broad enough to give the State adequate power to carry out the storage reservoir plan. This would need to include the Right of Eminent Domain, and should there be a water power in the territory to be condemned, it would be necessary for the State to have the power to take it; otherwise, the entire storage reservoir system might be blocked. I realize that this suggestion may arouse opposition, but a small water power owner should not be allowed to stand in the way of the State’s Storage Reservoir System, and
the State cannot allow its plans to be subject to the whim of an individual. The Amendment can be drawn to define just how far the State may go.

It also might be advisable to have the language of the Amendment sufficiently broad to allow the State to develop such power, if any, as can be profitably developed at the storage dam, but not elsewhere. I should not advocate the State's distributing the power thus developed, but it could be sold on favorable terms to some Public Utility Company. This would seem to be necessary, otherwise there might be a waste of valuable energy. This, however, is not vital. I ask only to do what other states, such as Massachusetts and New York are doing and believe that Maine, with its great power resources should lead and not follow in this forward movement.

If a Constitutional Amendment can be framed so as to cover the suggestions herein outlined, I should give it my cordial approval. If such a Constitutional Amendment should be passed, it might also serve a very definite purpose in connection with the Federal Water Power Law, especially if some actual work was done by the State under the Amendment. If a clause should be added to the Amendment prohibiting the shipment of power outside the State, it would meet with general approval and would strengthen the State's position if the proposed Federal super-power line should ever threaten what seems to be Maine's fixed policy of non-transmission beyond the confines of the State. Under the Federal Water Power Act States and Municipalities are accorded certain prior rights, and it may be that a Constitutional Amendment such as I propose will prove to be the only bulwark we have against Federal interference.

Certain representatives of the water power interests for their own benefit seek to create confusion and misunderstanding and as you say in your letter to Congressman White, I, as Governor am suspicious of the paid representatives of the water power interests. These men as a rule have proven themselves selfish and arrogant and have no regard for the rights of the Public.

I believe that as time goes on, the tendency will be for the people to take an ever increasing interest in the natural resources of the State and Nation. I believe that before many years, those who have heretofore stood in the way of such a movement will be forced to yield. This movement is now in evidence and if
gradually and properly carried out appears to be desirable. If private property is taken it must always be paid for at a fair and honest price, and I am confident that the State of Maine will never countenance anything that even savors of confiscation. While I am Governor there need be no apprehension on this phase of the question.

I was glad of the opportunity to talk with you in Brunswick last month, and should you come to Maine would be pleased to see you. I have confidence in your friendship and in your desire to do what is best for the State of Maine, and at all times am willing to tell you frankly what my ideas are.

Sincerely,

(Signed) PERCIVAL P. BAXTER, Governor of Maine.

To Hon. John A. Peters,
House Office Building,
Washington, D. C.
LETTER FROM BENJ. F. CLEAVES, SECRETARY OF ASSOCIATED INDUSTRIES, TO CONGRESSMAN JOHN A. PETERS, OCT. 17, 1921

ASSOCIATED INDUSTRIES OF MAINE

Augusta, Maine, October 17, 1921.

Hon. John A. Peters,
Member of Congress,
Washington, D. C.

Dear Mr. Peters:—

Some weeks ago a Portland paper announced with scare-heads that Senator Hale and Congressmen Peters and White were in full accord with Governor Baxter's water power program. So far as the public press is concerned, I never have seen any explanation, qualification or denial of that statement, and as the matter stands in the minds of members of this Association, each of the three gentlemen named are apparently in accord with what we understand to be the water power measure of our Governor.

This naturally leads to a consideration of what Governor Baxter's water power program is. At the last session of the Legislature, Governor Baxter caused to be introduced, and presented a message upon, an amendment to the Constitution, under which the State would have been authorized to enter fully into the ownership, management, operation and control of every phase of water power in the State. So far as the public at large knows, his views as expressed upon this occasion have not been changed or modified. He has upon some occasions talked with reference to a storage amendment to the Constitution, but never, so far as we know, has he receded from the position he took last winter. Many of our members with whom I have talked have rather doubted that the three gentlemen named were in full accord with this announced program of the Governor, and have rather hoped and expected that there would be some explanation of the public announcement above referred to, and have been frankly disappointed that none appeared. Some of our members are a bit "het up" over the matter, and are somewhat outspoken in the statement that if a member of the Senate
or a member of the National House was seeking information upon which to determine his position with reference to a matter of so much importance to industry in his State, he ought to consult with those manufacturers who have an opinion with reference to the best course to be followed, and have certain facts upon which they rely in support of their opinion.

Feeling that the situation which apparently exists may have resulted from misunderstanding, I felt it my duty both to you and to this Association to put the matter squarely before you, and suggest that in fairness to all there should be some public statement of the reason for the gathering which undoubtedly took place, and what the particular water power program is to which you are said to have become committed. I think you will agree that this Association has a right to know, and think you will perhaps also be convinced that if your constituents, by reason of the above announcement have been misled into believing that you are in accord with a certain project of the Governor and are not actually in a full accord with that project, have a right to know what is your attitude upon this all-important matter.

I am, therefore, making these suggestions to you, and hope that this office may be favored with a frank and full reply.

Very sincerely yours,
(Signed) BENJ. F. CLEAVES,
Executive Secretary.
October 20th, 1921.

Hon. Benjamin F. Cleaves,
Augusta, Maine.
Dear Mr. Cleaves:—

I acknowledge receipt of your letter of the 17th in which you make certain suggestions as to my attitude as a representative of the State of Maine in Congress. I am always greatly pleased to have suggestions from my constituents, or anybody else, but I am bound to say that the value of such suggestions depends a good deal upon the understanding of the situation on the part of the suggestor.

There seems to be some difference of opinion about the position of Governor Baxter in regard to the proposed attitude of the State toward water power.

I notice that you say that some newspaper has announced that Senator Hale, Mr. White and myself are in accord with the Governor's water power program and you say that:

"As the matter stands in the minds of members of this Association (Associated Industries of Maine) each of the three gentlemen named are apparently in accord with what we understand to be the water power measure of our Governor."

I have no right to speak for anyone but myself. I cannot tell whether I am in accord with the Governor's water power policy as you understand it because I don't know what you understand it to be.

If you understand his policy to be the same as you outline in your letter as his announced program of last winter, then I am not in accord with it. I was not in Maine last winter and could not follow the legislative matters as closely as I would wish, but I did not understand that the Governor had gone so far as to advocate "the ownership, management, operation and control of every phase of water power in the state." I am, always have been, and always shall be bitterly opposed to that.

I am, however, in accord with the Governor's program as I understand it and my understanding of his program is that he does not advocate the state's taking over the developed powers
or of developing those that are now undeveloped but that he favors a development of storage reservoirs in the state on a business basis in such a way as to benefit the power owners and users as well as the public generally and the state.

I understand that the Governor thinks some amendment to the constitution is necessary in order to carry out the storage reservoir plan. This would necessarily include the Right of Eminent Domain and would give the right to condemn whatever was in the proposed storage basin and, of course, there might be a potential water power in that basin and in that sense it could be condemned and taken by the state but it would be wiped out and the taking would be incidental to the development of a reservoir and not to the development or use of a power.

I understand that the Governor also has in mind the possibility of the state being authorized to make use of any power that was incidentally developed at a storage dam so that it would not run to waste. That, too, would be incidental to the storage business. The Governor says he would not advocate the state’s distributing the power thus developed but simply selling it as a by-product to some public utility company. This, however, I understand he does not regard as vital, his principal idea being the development of valuable reservoirs which would be a great benefit to the state.

In this connection I am sending you a copy of a letter the Governor wrote me on July 28th which gives in more detail this policy that I have outlined and you will see from this letter that your understanding of his policy is not correct, if you understand it to be as outlined in what you call his announced program of last winter.

I notice that you say that some of the members of your Association are in a heated state of mind over this matter and are outspoken in their opinion that if a member of the National House is seeking information upon which to determine his position in such a matter he should consult with the manufacturers “who have an opinion with reference to the best course to be followed.”

If I were trying to make up my mind what attitude to take about water powers and the state I should certainly consult with the manufacturers of Maine and their agents, who are high class and intelligent men and are specialists in their own business, but even in that case I should feel perfectly free also to
consult with the Governor of the state, especially a Governor who has made a particular study of the case and who, so far as I can see, is actuated by disinterested motives, having in mind only the public welfare.

I notice with some surprise that you suggest that I should make a public statement of the reason for a meeting which occurred in Portland not long since at which the Governor and some others were present, including myself.

There was nothing at all secret about the meeting and I am quite willing to give the reason for the gathering, so far as there was any, especially as it was entirely at my suggestion that it took place, and if there was any odium attached to meeting with the Governor and talking over these questions interesting the state, I should be glad to have the odium attached exclusively to myself where it belongs.

The following is the "reason for the gathering"; last Commencement at Bowdoin I met the Governor accidentally and happened to touch upon this water power business. I told him I admired his backbone and financial judgment as displayed last winter during the legislative session but that I was bitterly opposed to the condemnation, development or use by the state of the water powers whether developed or undeveloped. I discovered that he and I were very much of the same opinion. He did not tell me that he was opposing that, but he told me that he had not and did not favor that and only favored the project of developing the storage reservoirs. I told him that I was mighty glad to hear that as I had heard some people intimate that he was in favor and was advocating the state's taking over the water powers, but as he was not I thought it should be known more publicly. We did not have time to talk out the matter and I told him that I would try to see him again at Augusta. When I was at home during the Congressional recess I tried several times to get the Governor at Augusta by telephone. One evening the telephone people connected me with him at Portland by mistake and I talked and the Governor suggested that if I was going to be in Portland at any time we could meet there. I told him that I had talked over this matter of the water power situation with Senator Hale, Representative White and Mr. E. W. Wheeler of Brunswick. It so happened that I had not talked it over with any of the rest of the delegation from Maine. As I knew these gentlemen were much interested
I suggested to the Governor that they come down, too. He said that would be fine and to come and lunch with him at the Cumberland Club. We did this and I might state, as another reason for the gathering which I look upon now with great pleasure, is the fact that he gave us a mighty good luncheon. We talked miscellaneously about matters of general interest and I, myself, brought up the water power matter and we exchanged views.

So far as I could see, no one present, including the Governor, favored any authority by the state to condemn, operate or use water powers, developed or undeveloped, except possibly at the dam as the merest incident to the storage reservoir and that was not vital and I doubt if the Governor would insist on it. I am sure he would not unless it was seen to be a good business proposition without detriment to anybody.

I hope that nobody will think that the meeting was in the interest of anybody's candidacy for office. There was not the slightest approach to such an idea. It was even suggested, I believe, that several of us might be later running for the same office. It is apparent from the above that there was no attempt made to "frame up" anything detrimental to anybody. Five or six citizens of Maine, some of whom held office and some didn't, all I believe greatly interested in its welfare, got together without any ulterior purpose to talk with the Governor about his water power program. I was not responsible for what appeared in the papers and know nothing about it. So far as I myself am concerned I am infrequently jarred by headlines in newspapers.

If you will permit me a suggestion, and I see that you represent some important industries in the State, I think it would be very much better if we could have more meetings, either by small or larger groups, and have frank talks about the best business policies in the State and approach such matters with open minds, having in mind only the welfare of the State.

You are quite right in saying that my constituents have a right to know my attitude on this as well as on other public questions. They always have known pretty clearly without concealment on my part and I doubt very much if many of them believed that I would advocate State socialism, even if they had read headlines in a newspaper to that effect.

I have endeavored to make this a frank and full reply as you requested. If there is any other point that you would like information on, please let me know. There is nothing in the world
to conceal. You are at perfect liberty to publish this letter or make any use of it that you want to.

I am sending you copy of the letter of the Governor to me of July 28th in which he, in a measure, outlines his program. You can make any use of this that you want to except publish it in the newspapers and as to that, if you want to publish it and will telegraph me, I shall be only too glad to ask the Governor for permission to do that. I should not think he would have any objection but without his consent I would not care to have it done.

Very truly yours,
(Signed)                  JOHN A. PETERS.

"There are three cardinal points in Maine's Water Power Program that have been brought to the front during the years I have served in the Legislature.

"The first two have been settled by law and charter amendment and have been endorsed by an overwhelming public sentiment. The third is yet to be settled.

"First: Maine's Water Powers must be kept in Maine for the benefit of Maine people and Maine industries. It has taken several years of hard work in the Legislature to establish this principle beyond recall.

"Second: Where the Legislature has given away a franchise in Maine's public lakes and natural storage reservoirs, the State has the right, if the public needs require it, to take back the franchise without paying for it. This means that the State would pay a fair price for all improvements and developments, and for all money invested in the property, but would not be obliged to pay for the franchise which the State itself gave away. This principle has been established within the past five years.

"Third: The Storage Reservoir plan as outlined in the correspondence given above.

"I, as Governor of Maine, make this statement, publish the three letters above given, and announce the three cardinal points of Maine's Water Power Policy, so that the citizens of our State may understand the position that I always have held on the Water Power question.

(Signed)              PERCIVAL P. BAXTER,
                Governor of Maine.