

SAVE PASSAMAQUODDY BAY!

A 3-Nation Action to Save Passamaquoddy Bay from LNG:

- Save Passamaquoddy Bay - US
- Save Passamaquoddy Bay - Canada
- Ntulankeyutmonen Nkihtaqmikon (We take care of the homeland)

To: The Honorable Governor John Baldacci, State of Maine, and
The Honorable Governor Melvin Francis, Passamaquoddy Tribe at Pleasant Point

In May 2004, and perhaps even earlier, you initiated a secret plan to locate an LNG terminal and its add-on industrial operations in Gleason Cove, on the Pleasant Point Passamaquoddy Reservation and in Perry, impacting the people and ecology of Washington County, Maine, and Charlotte County, New Brunswick. With no community consultation, this plan was announced to the world on June 8, 2004. Five months later, no community involvement has occurred — your secret meetings have continued. You have excluded communications from all threatened communities. You have put into motion an assault upon our homeland, our natural resources, our marine life, our livelihoods, our safety and security, and our future — without our involvement. You have joined with powerful people in Augusta; Boston; Washington, D.C.; and Oklahoma, to dictate our future, ignore our rights, and preempt legal and jurisdictional processes.

The following memo was obtained through the Freedom of Information Act from the files of Governor Baldacci. Dick Davies, Senior Policy Advisor to Gov. Baldacci, authored the document and addressed it to the Governor and to Alan Stearns, a second Senior Policy Advisor. The memo spells out the intentions of Maine state leaders related to LNG.

- It insults the intelligence and integrity of the people of Washington County;
- It threatens our safety and the safety of our Canadian neighbors;
- It totally ignores Canada's rights and role in this matter;
- It steps on the legal rights of the people of Perry, with respect to their 1986 sale of the proposed-LNG-terminal land to Pleasant Point, noted in Article 40 of the sale contract;
- It disregards safety and health responsibilities and requirements designed to protect both the public and a vital part of Maine and New Brunswick environment and economy.

We are asking all who read this memo to send your opinions to:

The Honorable John Baldacci
Governor of Maine
#1 State House Stn.
Augusta, ME 04333-0001

The Honorable Melvin Francis
Governor of the Passamaquoddy Tribe at Pleasant Point
9 Sakom Rd.
Pleasant Point, ME 04667

This message paid for by Save Passamaquoddy Bay
PO Box 255, Eastport, ME 04631
www.savepassamaquoddybay.org

Document Acquired Under the Freedom of Information Act by Penobscot Bay Watch (www.penbay.org)

(**Bold emphasis** has been added by Save Passamaquoddy Bay.)

To: Governor John Baldacci, Alan Stearns
From: Dick Davies
Date: May 14, 2004
Subj: Conversation with Joe Kennedy (Citizens Energy) re: LNG

I spoke with Joe Kennedy of Citizens Energy today about the situation in New England relative to LNG, the possible intervention by FERC, and the opportunity to harness the energy companies and manage the issue for the benefit of Maine people and the New England region.

Joe noted that today's New York Times (p. 1, Business section) reports that LNG projects are being rejected all over, and the major energy companies like Conoco, Trans Canada and Duke are at a loss about what to do to get a project built. (They all believe only one will get built in the Northeast, partly because they don't believe that financing for a second LNG facility would be available.) Kennedy shares this belief. He added that "time is of the essence". Even though no project has made it through local or state review so far, the one that gets to FERC first will win.

He told me that his friend **Gordon Shearer, builder of the Boston LNG facility and working on another project, now is planning to bypass local and state approvals by going directly to FERC and seeking their pre-emption of local and state reviews and permits.** Kennedy doesn't know whether FERC's pre-emption authority is absolute, and suggests we have an attorney take a look at the law, but sees this as an indication of the direction other companies may also choose to take. We (states) may find some angle by which to prevent a complete FERC pre-emption, but **it may prove true that FERC can just ram a project through despite community objections**

He observed that the companies are desperate to get an LNG facility located in New England because there is a 5.50 differential between terminaling LNG in Texas and terminaling it in New England. This differential multiplied by the amount of gas that would pass through the terminal adds up to huge amounts of money saved (and added to their bottom line).

Joe reported that Ken Curtis told him earlier this week that he feels that an opportunity still exists to get a site built in Maine, **but for it to happen the State needs to take control of the process.** The companies want it but don't know how to go about getting it done. It requires sensibilities and skills the tax base benefits and jobs it supports. **The logical site would be in Washington County because it is close to the pipeline and the**

likely to have the strongest level of support for a major industrial project, and has the least amount of NIMBYism. It is also the place that FERC would likely consider for an LNG facility if it exercises its pre-emption authority, so we and Washington County would be better off if we got a project sited there before FERC could impose it because we could extract benefits from the companies in return for our support.

His suggestions on how the State can take control of the process include:

1. Bring the "big guys" one at a time in to meet with Alan and me to find out what they "really" want, and to tell them what the State wants from an LNG facility, so we know everyone's needs and they know ours.

2. If there are

Trans Canada (who has lots of Qas but doesn't want to pay an outrageous price for using Duke's pipeline), **we should make them negotiate a reasonable fee for accessing the pipeline as the price for our assistance in getting the project approved.**

3. Make a Community Benefits program an integral part of any LNG proposal - an assurance that the host community, the surrounding communities, and the state as whole will see meaningful benefits for the life of the project. Citizens Energy already operates community benefits programs, su

through whatever community benefits (properly tax relief low cost fuel for low income families, job creation, etc.)

4. Have the LNG facility owned and operated by a non-profit group, not by the energy companies. **Part of the fear of an LNG project is that the for-profit owners will not be as concerned about environmental and safety concerns as the community desires.** A non-profit owner with already-established credibility, like Citizens Energy, could provide a greater assurance of community awareness, sensitivity and responsiveness to environmental and safety concerns. Citizens Energy would be willing to own the facility (and the energy companies would be willing to let them) because Citizens is satisfied with the return on investment from the facility (estimated at 12% R017 while the energy companies want 18% or better. The companies own facilities only because there usually aren't alternative ownership situations. Citizens would turn its return on the investment into additional community benefits, probably by taking their payment in the form of gas which they will distribute "at cost" to low income households.

Kennedy says he is willing to assist us in getting the big players in LNG (Conoco, Trans Canada, Duke) to sit down with us, and tell us what they really need to get if a project is to work. They are desperate to get a New England project done, and should be very willing to accommodate our interests in order to get a facility. He urges us to "keep them on a short leash, make them tell us what they want to do, extract from them what we need for the communities and the state.

Joe

SEND THE PLANE AGAIN!

On June 22, 2004, Governor Baldacci sent a taxpayer-funded airplane with five government officials to Pleasant Point Reservation to promote locating an LNG terminal there.

The state has been secretly promoting this project without taking into account the safety and rights of all those who will be affected — including our neighbors in Canada.

Because of the urgency of the issue — and since secrecy has hidden the project schedule — immediacy is paramount. Governor Baldacci, BRING BACK THE PLANE — including the following government officials who have jurisdiction and regulatory power related to this issue:

Governor John Baldacci

Jack Cashman, Department of Economic and Community Development

Beth Nagusky, Office of Energy and Safety

Michael P. Cantara, Department of Public Safety

Dawn Gallagher, Department of Environmental Protection

George D. Lapointe, Department of Marine Resources

Patrick McGowan, Department of Conservation

John Nicholas, Department of Human Services

Laura Fortman, Department of Labor

David Cole, Department of Transportation

Martha Freeman, State Planning Office

Arthur Cleaves, Office of Emergency Management

Michael L. Finnegan, Maine State Housing Authority

Dora Mills, Department of Health

Governor Baldacci, lead us in an open and thorough discussion of this topic at a location in Eastport by November 30, 2004. We will assist with logistics.

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For Complete information about the proposed LNG terminal at Pleasant Point / Gleason Cove, for frequent news updates, and for links to other information, visit...

www.savepassamaquoddybay.org