

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

STATE LAW LIBRARY
AUGUSTA, MAINE

SPECIAL JOINT LEGISLATIVE COMMITTEE
TO INVESTIGATE PUBLIC UTILITIES

RE: INVESTIGATION OF)
)
PUBLIC UTILITIES)

HEARING

November 1, 1984

State House
Augusta, Maine

Reporter: Roderick B. Downing, RPR

D
O
W
N
I
N
G
&
P
E
T
E
R
S

REPORTING
ASSOCIATES

P.O. BOX 207
NO. WINDHAM
MAINE 04062

EXAMINATION-BY

===> PAGE 2 LINE 3

3 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. LYDON:

===> PAGE 3 LINE 18

18 EXAMINATION-BY ATTY FLAHERTY OF MR. LYDON:

===> PAGE 33 LINE 3

3 EXAMINATION-BY REPRESENTATIVE HIGGINS OF MR. LYDON:

===> PAGE 36 LINE 3

3 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. LYDON:

===> PAGE 40 LINE 16

16 EXAMINATION-BY CHAIRMAN BALDACCI OF MY. LYDON:

===> PAGE 52 LINE 18

18 EXAMINATION-BY CHAIRMAN BALDACCI OF LYDON:

===> PAGE 53 LINE 21

21 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. LYDON:

===> PAGE 54 LINE 5

5 EXAMINATION-BY MR. FLAHERTY OF MR. LYDON:

===> PAGE 56 LINE 7

7 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. WEBB:

===> PAGE 56 LINE 24

24 EXAMINATION-BY MR. FLAHERTY OF MR. WEBB:

REPORTING
ASSOCIATES

P.O. BOX 207
NO. WINDHAM
MAINE 04062

EXAMINATION-BY

====> PAGE 62 LINE 23

23 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

====> PAGE 71 LINE 21

21 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. WEBB:

====> PAGE 73 LINE 10

10 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

====> PAGE 73 LINE 20

20 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. WEBB:

====> PAGE 76 LINE 5

5 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

====> PAGE 76 LINE 25

25 EXAMINATION-BY ATTY. FLAHERTY OF MR. WEBB:

====> PAGE 78 LINE 15

15 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

====> PAGE 79 LINE 9

9 EXAMINATION-BY ATTY. FLAHERTY OF MR. WEBB:

====> PAGE 82 LINE 18

18 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

====> PAGE 85 LINE 6

6 EXAMINATION-BY ATTY. FLAHERTY OF MR. WEBB:

REPORTING
ASSOCIATES

P.O. BOX 207
NO. WINDHAM
MAINE 04062
(207) 833-1121

EXAMINATION-BY
PAGE 86 LINE 9

===>

9 EXAMINATION-BY ATTY. LINNELL OF MR. WEBB:

===> PAGE 99 LINE 20

20 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. WEBB:

===> PAGE 102 LINE 14

14 EXAMINATION-BY ATTY. FLAHERTY OF MR. WEBB:

===> PAGE 109 LINE 22

22 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. THURLOW:

===> PAGE 110 LINE 20

20 EXAMINATION-BY ATTY. FLAHERTY OF MR. THURLOW:

===> PAGE 156 LINE 4

4 EXAMINATION-BY ATTY. LINNELL OF MR. THURLOW:

===> PAGE 158 LINE 21

21 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. THURLOW:

===> PAGE 172 LINE 23

23 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. THURLOW:

===> PAGE 181 LINE 18

18 EXAMINATION-BY ATTY. FLAHERTY OF MR. THURLOW:

PROCEEDINGS

CHAIRMAN BALDACCI: Members of the Committee, and guests, today we are reconvened this morning to resume hearings of the Joint Select Committee to Investigate Public Utilities. There will be other members that will be coming in as the day wears on.

The focus of this set of hearings will be to examine the nature and extent of the involvement of Maine utilities in the political processes in this state. This is not an effort to chastise or place blame, nor is it an effort to gloss over. Clearly Maine utilities have been involved in politics. They do not deny it. We do not protest it. This committee recognizes their right, their necessity, even their duty to their stockholders to represent the interests of each company in the political processes that have a major impact on their corporate well being. In Maine, particularly the last five years have seen three major referenda efforts, two to close the Maine Yankee Atomic Power plant, and one to make the Public Utilities Commission elective not appointive. It would be foolhardy, even negligent, for responsible corporate leadership to stand aside while their fates were being decided by referendum vote.

Today we have Mr. Lydon, Mr. Webb, and Mr. Thurlow. And if you will wait for one moment, I'm going to first start off with Mr. Lydon, please.

1 PATRICK S. LYDON, having been duly sworn by the Chairman,
2 was examined and testified as follows:

3 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. LYDON:

4 Q. Please be seated, and state your name and occupation for
5 the record, please.

6 A. My name is Patrick S. Lydon, L Y D O N, and I'm employed
7 by Central Maine Power Company. I have been employed by
8 Central Maine Power Company for the last 13 years in a
9 variety of assignments, including assistant to the treasurer,
10 assistant treasurer, district manager, division manager, and
11 currently an assistant vice president. I have been involved
12 in the 1980 and 1982 referendums associated with the closure
13 of Save Maine Yankee.

14 Q. Mr. Lydon, if you have something you would -- you were
15 here yesterday -- if you have something you would like to add
16 to the Committee's investigation from your knowledge, or
17 something you would like to say about the political activity
18 of the utilities before we get in to the questions by the
19 staff.

20 A. Just, I think, maybe to hopefully clarify a couple of
21 points that were discussed briefly yesterday. From my
22 vantage in 1982 there seemed to be some confusion between the
23 duties or responsibilities of Atlantic Research and those of
24 Command Research. And, the duties of Atlantic Research were
25 essentially to do the public opinion polls in the spring and

1 summer of 1982, where Command Research was charged with the
2 responsibility of doing the tracking polls commencing in
3 September up through the week prior to the election.
4 Atlantic Research and Command Research seemed to be
5 intertwined somewhat yesterday in the conversations from both
6 Mr. Temple and Mr. Menario.

7 Also Mr. Menario indicated that in 1982 he
8 remembers the written summaries of tracking polls performed
9 by Command Research. My recollection is that there were no
10 written summaries, at least presented to the informal group
11 of people that met regularly during the course of the fall
12 part of the election.

13 I think that is all I would add at this point,
14 Senator Baldacci.

15 CHAIRMAN BALDACCI: Are there any questions by
16 staff for Mr. Lydon?

17 MR. ASCH: Mr. Flaherty will ask for the staff.

18 EXAMINATION-BY ATTY FLAHERTY OF MR. LYDON:

19 Q. Mr. Lydon, thank you for those clarifying comments from
20 your perspective.

21 I would like to ask you a few questions beginning
22 with the -- specifically with the kind of work you were
23 performing and the title that you held, if any, with CMP in
24 1979?

25 A. In 1979, I -- the middle of 1979 I became division

1 manager of our central division, a job that I held into 1983.

2 Q. Now, would you tell us briefly, if you can, just what
3 duties, activities were encompassed within that category,
4 division manager.

5 A. I was responsible for the delivery of electric service
6 through the work of four district offices in the Augusta,
7 Brunswick, New Castle and Rockland areas for approximately
8 100,000 customers of Central Maine Power Company,
9 responsibilities on what we term our distribution side of the
10 business.

11 Q. So, your activity was confined and extended to the
12 distribution aspect or division of Central Maine Power?

13 A. That is correct.

14 Q. And up until that time is it fair to say that you did
15 not become involved on behalf of Central Maine Power Company
16 in any political activity of any kind?

17 A. I was a member of Central Maine Power Company's
18 speakers' bureau in the 1983 public power referendum.

19 Q. 1983?

20 A. Excuse me, 1973.

21 Q. '73, right.

22 A. Yes.

23 Q. What briefly would that have entailed?

24 A. Speaking before a variety of groups, doing some debating
25 before several groups on the merits of the continuation of

1 investor owned power in the State of Maine.

2 Q. On those occasions would it be fair to say that you were
3 identified and publicly represented as being a representative
4 and employee of Central Maine Power Company?

5 A. As far as I know, yes, sir.

6 Q. But not a representative of any citizens' committee or
7 other seemingly independent organization?

8 A. My recollection is that I freely admitted my task was
9 with Central Maine Power Company.

10 Q. Fine. Sometime in 1979 or 1980 while you were
11 performing your duties in the distribution area as a division
12 manager described here, did you have occasion to become
13 interested in and involved in the so-called Save Maine Yankee,
14 or the Maine Yankee referendum question?

15 A. In 1980?

16 Q. Yes, or '79.

17 A. In 1980, I became involved in the Committee to Save
18 Maine Yankee.

19 Q. Who got you involved?

20 A. I was asked by Mr. Temple to attend a meeting that -- I
21 can't remember the participants at the meeting, but it was to
22 ask me to take on the assignment for getting out the vote for
23 the 1980 referendum scheduled for September of that year.

24 Q. And, whose -- who were to be in attendance at that
25 meeting and where was it held?

1 A. My recollection is that it was held at Central Maine
2 Power Company, the offices at Edison Drive. I was on
3 vacation when the phone call was received, and I did come in.
4 And I cannot recollect, other than Mr. Temple, who was at
5 that meeting, sir.

6 Q. Was Mr. Thurlow at the meeting?

7 A. I do not recollect that he was or wasn't. I just don't
8 have any recollection at this point.

9 Q. Do you have any recollection as to whether non-Central
10 Maine Power Company personnel were in attendance at the
11 meeting?

12 A. Again, no recollection that I can bring back.

13 Q. Briefly, are you able to recall for us what was
14 generally discussed at that meeting?

15 A. Just that my assignment would be to free myself from
16 other duties as much as possible, and assist in the efforts
17 to get out the vote on that election day. It was a very
18 short meeting. I wasn't there more than probably 15 or 20
19 minutes at the most.

20 Q. Do you know why you, rather than someone else, were
21 chosen at that time to get involved in getting out the vote?

22 A. Not really, no, sir.

23 Q. Okay. What is the next thing that happened with respect
24 to your new assignment of getting out the vote?

25 A. I went back and had a couple or three more days of

1 vacation, and then went back and spent a few days getting
2 some things in order in my assignment as division manager
3 before I started the process of meeting with people and
4 understanding what the real task was.

5 Q. Did you gain the impression that this was going to be a
6 pretty all consuming task from your standpoint for the period
7 necessary to accomplish your goals?

8 A. It was going to take the majority of my time. I still
9 had certain responsibilities that I had to carry out.

10 Q. If you were -- if you had to, could you give us an idea
11 of what percentage of your time as an employee of Central
12 Maine Power came to be devoted, let's say, on a weekly basis
13 to this new assignment of getting out the vote for the period
14 during which you were involved in that assignment, performing
15 it?

16 A. It grew from essentially zero, the first few days, to
17 near the end of the campaign on a weekly basis 65 percent.
18 That is an estimate that I -- that is just strictly an
19 estimate. I would have to go back and --

20 Q. Sure. Is it fair to say during that period of time --
21 by the way, what period of time are we taking about?

22 A. Talking about the period of time from July 1980 through
23 September, at least until September 23rd, 1980.

24 Q. Almost three months would you say, roughly?

25 A. Yes, the real work was focused in about a six-week

1 period, sir.

2 Q. Six weeks. And you say approximately 65 percent of your
3 time?

4 A. 65, 60, 70, in that area.

5 Q. Throughout that period of time did you receive
6 compensation from any source for the work you performed other
7 than from Central Maine Power Company?

8 A. I did not, sir.

9 Q. Did you continue to be designated within the company as
10 a full-time employee in the category of division manager?

11 A. As far as I know.

12 Q. Were you instructed, or advised, or provided any
13 materials for the purpose of making some kind of written
14 entries of allocation of time and services to one aspect of
15 your work, namely the election work, as distinguished from
16 the other aspect, the distribution work?

17 A. My recollection is there was a Central Maine Power
18 Company accounting instruction that was prepared that I
19 followed to the best of my ability on allocating my time
20 between division operations duties and the Committee to Save
21 Maine Yankee.

22 Q. Can you give us briefly a description of what that
23 instruction was?

24 A. It was an instruction to the employees of the company
25 that work associated with the Committee to Save Maine Yankee

1 would be charged to what we call a billing work order, a
2 series of numbers to accumulate cost that would then be
3 summarized and billed by the company to the committee.

4 Q. So, if I understand you, you would make certain entries
5 on a regular basis. Were they contemporaneous entries, that
6 is to say, as the work was performed immediately after a
7 given amount of time was spent on the election effort you
8 would make an entry, or would you do it at intervals after
9 the fact?

10 A. In 1980, it was somewhat more at intervals. Every
11 couple of days I would fill in my time sheet on a time
12 estimate in 1980.

13 Q. And, would this be entered as a number of hours, or as a
14 percentage of the day, or what?

15 A. It would be -- I believe in 1980 it would work out to be
16 a percentage of time. It was accumulated on a monthly basis
17 at that point. So you would wind up with a monthly
18 percentage of time devoted to the Committee to Save Maine
19 Yankee, for instance, on the time sheets that I kept.

20 Q. And -- sorry.

21 A. Hourly or weekly paid people would accumulate it either
22 on an hourly or -- on an hourly basis, essentially.

23 Q. So if I understand you, there was in existence when you
24 undertook this work this committee known as Save Maine Yankee?

25 A. Yes, the committee was in place, yes, sir.

1 Q. And, if someone such as myself were to consult the
2 record after that it would appear that whatever services
3 performed by you in this election process would have been
4 paid for by Central Maine Power, but the charge would have
5 been transferred thereafter to Save Maine Yankee and
6 reimbursed by Save Maine Yankee?

7 A. That is my understanding, or Central Maine could have
8 also made a decision that it would have been an in kind
9 contribution type that they would have let the committee know
10 about. I frankly do not remember whether I was a billed
11 service or in kind service in 1980.

12 Q. You have used the phrase in kind contribution. Just so
13 we will know what we should understand from you as to what
14 that means, would you be good enough to elaborate on it?

15 A. This would be personnel charges or services, use of
16 building, use of equipment that the company would decide
17 would be contributed, as opposed to billed to the committee,
18 and it would be considered in kind.

19 Q. And this would be deemed a contribution to a political
20 activity?

21 A. And reported as such, yes, sir.

22 Q. And the contribution would be not by Mr. Lydon, but by
23 Central Maine power?

24 A. It would be a Central Maine Power Company contribution
25 to the Committee to Save Maine Yankee, and it would be

1 reported appropriately on the report prepared for the
2 Secretary of State.

3 Q. Are you telling us that there were instances it was
4 treated in that fashion, I'm speaking about your time, and
5 other instances during the period during which actual
6 payments were made by Save Maine Yankee to Central Maine
7 Power in the form of reimbursement?

8 A. My time and effort would have been probably one way or
9 the other throughout the entire campaign. I think in 1980
10 there were both billed expenses and in kind contributions
11 that were not reimbursed by the Committee to Save Maine
12 Yankee, but in fact showed as in kind contributions.

13 Q. So I shall understand, are you saying there was a mix?

14 A. There was a mix, and I had no input into which side of
15 the fence my particular time and effort fell on.

16 Q. So, someone in the Central Maine Power Company structure
17 made the decision on each occasion as to how that particular
18 period of service was going to be treated for the books?

19 A. That's correct.

20 Q. And you do not know what criteria were being adhered to
21 by that person; is that what you're saying?

22 A. In 1980 I do not know the criteria.

23 Q. While we're on this subject, did you do this same kind
24 of work in '82?

25 A. The time accounting was somewhat different in 1982, and

1 it was all either billed or in kind to the committee with one
2 exception, and even the in kind contributions that Central
3 Maine Power Company started out to make to the committee were
4 in fact reimbursed by the committee during the course of the
5 campaign.

6 Q. Do you know why that happened?

7 A. The cash flow of the committee was such that we felt
8 that we wanted to repay all expenses associated with the
9 campaign that we possibly could.

10 Q. So that I'll understand, are you suggesting that Central
11 Maine Power was aware of the fact that this committee had a
12 considerable amount of cash on hand, and that rather than
13 treat these as contributions, additional contributions, your
14 services, it would be more appropriate, for one reason or
15 another at that point, that the monies in the hands of Save
16 Maine Yankee come to Central Maine Power, or back to Central
17 Maine Power, whichever the case may be, in the form of
18 reimbursement for your service?

19 A. I cannot speak if Central Maine Power Company was aware
20 of the cash situation of the committee. The committee made
21 the decision to pay all the direct billed expenses from
22 Central Maine Power Company, and those items that were
23 indicated, via correspondence, as in kind, we decided to pay
24 those back in cash also. We did it with Central Maine Power
25 Company, we did it also with Maine Public Service and

1 Bangor-Hydro.

2 Q. You say we did it, what do you mean by that?

3 A. The committee.

4 Q. Were you on that committee?

5 A. I was a participant on the committee, yes, I was.

6 Q. Then did you participate in the deliberations which
7 resulted in these different kinds of transactions, one being
8 contribution and the other being reimbursement?

9 A. I provided input to the committee decision-makers that
10 the cash was such that we could afford to do that.

11 Q. I guess what I'm trying to find out here for the benefit
12 of the committee is if you can tell us why on one occasion,
13 now that I know you had some involvement and perhaps can help
14 us here, why on one occasion it would have been determined
15 that the Save Maine Yankee committee should reimburse Central
16 Maine Power for your services, and perhaps the services of
17 others, whereas on another occasion it would have been
18 treated not as a reimbursable item, but rather as a
19 contribution by Central Maine Power to a political activity;
20 do you understand my question?

21 A. I believe I understand your question. The situation was
22 different in 1982 from the standpoint of the expenses of
23 running the campaign as such. There was no hired media
24 consultants, per se, as there were in 1980. That freed up
25 certain cash flow that we found that we could reimburse

1 Central Maine Power Company for their direct expenses and in
2 kind contributions, and again, as well as the other
3 investor-owned utilities in the State of Maine.

4 Q. Did you have an understanding in that period of time as
5 to whether, and to what extent, contributions by Central
6 Maine Power received by Save Maine Yankee were reportable to
7 any governmental agency?

8 A. Would you rephrase that question?

9 Q. Did you have any knowledge or understanding at that time
10 when you were a part of that committee, and when you were
11 performing the services you indicated in the election area,
12 that contributions from Central Maine Power to this entity,
13 Save Maine Yankee, were reportable by the latter?

14 A. In 1980, I was not close enough to the accounting at all
15 to know one way or the other. In 1982, clearly any
16 contributions were reportable. The decision was made that we
17 would report those on the reports filed by the Committee to
18 Save Maine Yankee.

19 Q. Yes. And where were they reportable?

20 A. They were reportable to the Secretary of State on the
21 scheduled dates, as either reimbursement of expenses billed
22 from Central Maine Power Company to the committee, or
23 indicated as reimbursement of in kind contributions, and
24 shown as reimbursable. They showed the actual cash
25 transactions on the reports.

1 Q. Were they reported in the cases in which Save Maine
2 Yankee received a bill, so to speak, from Central Maine Power
3 and paid Central Maine Power for the work performed?

4 A. They were reported in terms of the sum of the bill, or
5 the sum of the in kind contribution were reported as such,
6 yes.

7 Q. I guess what I'm struggling with is did that play any
8 role at all in the determination, so far as you know, whether
9 to treat a particular transaction as a contribution as
10 distinguished from the reimbursement?

11 A. No, not that I'm aware of.

12 Q. Did the effort to withhold the relationship between
13 Central Maine Power and Save Maine Yankee in the minds of the
14 public play any part in your decision-making as to how these
15 should be treated, specifically one might not be reflected
16 publicly as anything other than a bill, whereas the other
17 would be a direct contribution?

18 A. I think when we initially started out in 1982 we clearly
19 anticipated that Central Maine Power Company would be making
20 contributions to the committee, and felt no real problem with
21 that. As the campaign progressed we found that the cash
22 flows were such that we could reimburse the public utilities
23 that were involved, again, Central Maine Power Company,
24 Bangor-Hydro and Maine Public Service, for their expenses
25 that were indicated as in kind. Their direct billed expenses

1 were billed to us anyway, and just like another vendor,
2 really.

3 Q. Is it fair to say that in that period of time you were
4 wearing two hats, you were performing work as an employee of
5 Central Maine Power Company both as a division manager in the
6 distribution area, and also as an election worker, and at the
7 same time you were wearing the hat of a member of the
8 Committee to Save Maine Yankee?

9 A. What time frame are we talking about now, sir?

10 Q. '82.

11 A. '82, my Central Maine Power Company hat at the time was
12 quite small.

13 Q. It was a hard hat?

14 A. It was a hard hat, but it was based on the time
15 involvement and different duties in 1982. It was much
16 smaller than my hat of the Committee to Save Maine Yankee.

17 Q. But it was your compensation hat?

18 A. Yes.

19 Q. And nothing changed in that regard, you were always
20 being paid as a full-time employee of Central Maine Power
21 Company?

22 A. That's correct, although that time was being contributed
23 to or billed to the committee.

24 Q. Yes. Now, when you spoke of being a member of the
25 committee, I would like some clarification, if I may, in that

1 regard; you weren't a director?

2 A. I was not a director of the corporation, that is correct.

3 Q. I'm speaking now about Save Maine Yankee.

4 A. Save Maine -- Committee to Save Maine Yankee.

5 Q. You were not a compensated employee of that committee?

6 A. I was not directly compensated by the committee.

7 Q. Right. And, you weren't a paid consultant?

8 A. No, sir, I was not.

9 Q. What were you?

10 A. I was a Central Maine Power Company employee, in 1982,
11 who was essentially fully detached from my duties at Central
12 Maine Power Company and working nearly full time on the
13 Committee to Save Maine Yankee.

14 Q. Would it be fair to say that you were playing a liaison
15 role?

16 A. Yes, that is a fair characterization.

17 Q. So that you were involved in -- I'm just trying to find
18 the right descriptive words -- in coordinating the effort and
19 developing some degree of consistency, and approach, and what
20 have you between Central Maine Power as central protagonist
21 in this piece and Save Maine Yankee, to get the job done?

22 A. I was the coordinator. I am not sure I agree with
23 Central Maine Power being the central protagonist. We seem
24 to keep forgetting that Maine Yankee Atomic Power --

25 Q. Let's include Bangor-Hydro and Public Service; is that

1 what you mean?

2 A. No, I'm saying Maine Yankee Atomic Power Company is the
3 corporate entity which owns the power plant which was the
4 subject of the referendum. Certain officials of both Central --
5 our -- certain people are officials of both Maine Yankee and
6 Central Maine Power Company.

7 Q. Yes.

8 A. But, Maine Yankee Atomic Power Company had a great stake
9 in this also --

10 Q. Okay.

11 A. -- which is a fairly large organization in itself.

12 Q. My only point is that you would not disagree, would you
13 not, that Central Maine Power Company had a fairly great
14 stake in it as well?

15 A. Central Maine Power Company, its investors, and most
16 importantly its customers, had a large stake in this.

17 Q. I understand.

18 Now, do I understand that you were not playing the
19 same role in 1980 so far as Save Maine Yankee is concerned
20 that you were playing in 1982?

21 A. You're understanding is correct.

22 Q. Tell us quickly in what manner they differ.

23 A. In 1980 I was the chairman of the get out the vote
24 effort. In 1982 I was coordinator of the -- or liaison, as
25 you term it, of the entire effort.

1 G. In your efforts as chairman of get out the vote in 1980,
2 did you have other people, other employees of Central Maine
3 Power Company working with you?

4 A. Yes, I did.

5 G. Approximately how many?

6 A. The -- when it was all -- the effort was completely
7 organized, there were approximately 900 people, the majority
8 of which would be Central Maine Power Company employees and
9 their families.

10 G. And, would this be over the same six-week period that
11 you have described previously?

12 A. They would not work over the six-week period at all.
13 Their efforts would be directed to working an hour or two
14 right before the election and on election day, the great bulk
15 of it.

16 G. Were these people working as employees of Central Maine
17 Power Company at that time, regular employees of Central
18 Maine Power Company, these 900 people?

19 A. The 900 employees and their families, I don't know the
20 exact numbers of actual employees versus family members and
21 close friends, would have been employed by Central Maine
22 Power Company.

23 G. Were they doing this work on their own time?

24 A. Essentially, yes.

25 G. They were not doing it on Central Maine Power time?

1 A. If they were doing anything on Central Maine Power
2 Company time, the accounting instructions which I referred to
3 earlier indicated the appropriate account number to charge
4 that to so that it would be billed to the committee.

5 Q. Now, in the course of your -- let's go to '82 quickly,
6 was there anything different about the process in '82 so far
7 as the involvement of Central Maine Power employees is
8 concerned than what you have just described, that is to say
9 were there about 900 people again doing substantially the
10 same thing?

11 A. Substantially the same thing on the get out the vote
12 effort.

13 Q. And mostly on their own time?

14 A. The whole effort was designed to do absolutely as much
15 on their own time as possible.

16 Q. Who, if at all, at management at Central Maine Power
17 Company, such as yourself, but in obviously different
18 categories of management, were involved in getting out the
19 vote, if anybody, to your knowledge, in 1980 and 1982?

20 A. I'm not sure I follow that question.

21 Q. You were one of the people. I'm trying to find out
22 whether there were others, the extent to which other
23 management personnel, to your knowledge, were working on that
24 same effort in 1980?

25 A. The people involved would have been my peer group and

1 their employees and family.

2 Q. You said that you devoted 65 percent of your time. Are
3 you able to tell us what percentage of time the other members
4 in your peer group devoted to this effort at that time?

5 A. Much less than that. I don't have a percentage estimate.
6 The organization was set up much like a United Fund campaign
7 where working directly with me would be 10 or 11 majors, who
8 would organize 10 or so captains, and the captains would
9 organize the actual people to do the telephone calls. The
10 overall time involvement of the majors was not a majority of
11 their time. But as far as percentage, I don't know whether
12 it is five percent or 25 percent, I really -- I don't have
13 any estimate of that.

14 Q. Would that have been fairly constant in both campaigns,
15 '80 and '82, much the same ratio?

16 A. Much the same, yes. Again the organization effort was
17 the same in both campaigns. Again, time spent on the job
18 doing it, if they had followed the accounting instruction,
19 charged their time to the effort.

20 Q. Had -- prior to your enlistment in this activity by
21 Central Maine Power Company, had you had any experience in
22 developing a campaign which you have described somewhat -- as
23 being somewhat similar to the United Fund, to get out the
24 vote, other than your experience as a member of the speakers'
25 committee or platform in 1973?

1 A. Only as a United Way campaign worker over the years.

2 Q. As all of us.

3 A. Yes.

4 Q. What about in this case in 1980 when you were so
5 enlisted, were you put in touch with anyone to help you in
6 this regard, or to tell you what to do, or were you given
7 instructions as to how to go about it?

8 A. I have a recollection of a short meeting, and I believe
9 it was in conjunction with one of the actual committee
10 meetings with Mr. Potholm, that he gave me a brief outline of
11 some ideas. I pretty much was on my own as to how we
12 developed it within the company.

13 Q. How often did you meet with Mr. Potholm during the
14 course of this campaign?

15 A. The only time I have seen Mr. Potholm other than that
16 one meeting, and I'm not sure where it occurred, only when
17 the group of people that got around the table regularly to
18 discuss tactics would get together. Mr. Potholm would be at
19 most of those meetings. If I had anything or any information
20 that needed to be exchanged, that would be the time.

21 Q. How frequently were these meetings held?

22 A. My recollection in 1980 was there were working sessions
23 on a weekly basis, and approximately every month would be a
24 larger meeting where certain representatives from outside
25 Maine would be brought -- come into the meeting if they chose

1 to, to check on the progress.

2 Q. You were here yesterday, Mr. Lydon, you listened to the
3 testimony of Mr. Temple and Mr. Menario?

4 A. Yes.

5 Q. Did you hear the names of the people who were coming in
6 from outside as they were presented yesterday?

7 A. Yes.

8 Q. Just to short cut this, do you have any names to add to
9 that, or disagreements with any kind of those names?

10 A. I have no other names to add that I can recollect.

11 Q. So they were the same people that you perceive as having
12 been there and recall having been there?

13 A. Representation from the hardware manufacturers, Edison
14 Electric Institute, and at various times media consultants,
15 different people from media consultants group would be in,
16 but that was a group outside the committee itself.

17 Q. Okay. Were you familiar with the so-called, at least
18 sometimes called, steering committee that was referred to
19 yesterday?

20 A. Yes, I kind of got lost with that term. Maybe as a
21 point of clarification, there was a corporate entity of the
22 Committee to Save Maine Yankee which was made up of Mr.
23 Thurlow, Mr. Potholm, Mr. Healy, and Mr. Menario, and then
24 there was a group of people that were working on the campaign
25 in a variety of tasks that met regularly. I don't know

1 whether a steering committee would be the appropriate word or
2 not, but it was a group together to discuss the progress in
3 various aspects of the campaign, and that is the group that
4 heard the polling results.

5 Q. And that group was comprised of these industry
6 representatives and association representatives that you have
7 just described?

8 A. When they came in, plus people --

9 Q. Mr. Thurlow?

10 A. Mr. Thurlow, the media people, myself, sat around the
11 table.

12 Q. Now, Mr. Potholm, you have indicated, participated in
13 those meetings?

14 A. Yes, he was at a number of those meetings.

15 Q. Did you become familiar with Mr. Potholm's polling
16 information in any fashion during that time?

17 A. I became familiar with the results of his polling. I'm
18 not familiar with his polling techniques, per se.

19 Q. Did you have -- okay, so do I understand that you were
20 given results derived from his presentations at those
21 meetings?

22 A. Yes, in 1980 we were given results from --

23 Q. Did you have any input as to the kinds of questions
24 which were to be asked --

25 A. No, sir, I did not.

1 Q. -- in any polls?

2 A. No, sir, I did not. In 1980.

3 Q. How about '82?

4 A. In '82 I had no input into any of the questions that Mr.
5 Potholm would ask as a Command Research person. I did have
6 one draft questionnaire that was to be done in September by
7 Atlantic Research that I had made a couple of very minor
8 syntax suggestions on.

9 Q. Okay. You mentioned Command Research and Atlantic
10 Research earlier, I would like to get a little more
11 clarification, if possible, from you on these two companies,
12 specifically Atlantic Research; was that in place when you
13 undertook this job of getting out the vote?

14 A. In what year, sir?

15 Q. In 1980.

16 A. It was not, to the best of my knowledge.

17 Q. When did it come on stream, so to speak?

18 A. It -- to the best of my knowledge it came on stream
19 in -- sometime in the latter half of 1981, but I don't have a
20 specific date.

21 Q. Did you have anything to do whatever with the strategy
22 or the structuring of that corporation?

23 A. No, sir, I did not.

24 Q. Or its purposes?

25 A. I did not, sir.

1 Q. Do you know where it was located, physically where its
2 offices were?

3 A. Well, the day-to-day direction of Atlantic Research was
4 being performed by Mr. Robert Leason, and his office was at
5 Edison Drive in Central Maine Power Company.

6 Q. Do you know what kinds, if you know, what kinds of
7 tangible assets were owned by that company?

8 A. I have no knowledge of that at all, sir.

9 Q. Mr. Leason, was he an employee of Central Maine Power
10 Company?

11 A. Yes, he was.

12 Q. You don't know, I take it -- I speculate you don't know
13 based on your prior answers, what his actual relationship
14 employmentwise was with Atlantic Research?

15 A. I do not know the specifics of that, sir.

16 Q. Do you know whether there were any other staff people
17 employed by Atlantic Research?

18 A. I don't know.

19 Q. You don't know how it was funded?

20 A. I don't know how it was funded.

21 Q. Do you know whether in fact it conducted any polls?

22 A. I believe it conducted polls.

23 Q. Do you know whether Mr. Potholm had any relationship to
24 Atlantic Research?

25 A. I don't know for sure, I don't.

1 Q. Were you the recipient as a member of this committee of
2 the results of any polls conducted by Atlantic Research in
3 1981 and '82?

4 A. Not up until the time I became associated with the 1982
5 Save Maine Yankee referendum.

6 Q. Okay. As of the time you became associated with that
7 referendum, were the recipients of the results of any polls
8 by Atlantic Research?

9 A. I saw the summarized management results, I believe of a
10 July poll and a September poll.

11 Q. Do you know who prepared those summarized results?

12 A. I really don't know. I received my copy, or saw my copy
13 in the presence of Mr. Leason.

14 Q. You did receive reports from, as I understand your
15 testimony, from Mr. Potholm, or summarized results?

16 A. The Committee for Save Maine Yankee at these weekly
17 meetings received results.

18 Q. You were at those meetings?

19 A. I was.

20 Q. I'm not trying to be too technical. I don't mean you
21 were actually handed a report. You were there when these
22 reports were provided?

23 A. Yes, I was at the committee meetings to Save Maine
24 Yankee.

25 Q. Did anyone other than Mr. Potholm in your experience,

1 provide any polling results on behalf of Atlantic Research to
2 those meetings?

3 A. I have no recollection that Mr. Potholm provided
4 Atlantic Research polling information at those meetings. My
5 recollect is Mr. Potholm provided Command Research polling
6 information at those meetings.

7 Q. Who did provide those reports?

8 A. I do not remember. I have no recollection whether, one,
9 those results were provided at the meetings, and if so, who
10 did it.

11 Q. Did you have anything to do with a group or committee
12 known as the Maine Voice of Energy in 1980 or in 1982?

13 A. I had a small thing to do with them in 1980.

14 Q. What was that?

15 A. They had a group of people, members of their committee,
16 that were willing to help in our effort to keep Maine Yankee
17 open. I enlisted the help of Annette Stevens and her
18 committee to help make some of the telephone calls in the get
19 out the vote effort down in the southern part of the state
20 just prior to the September 23rd election date.

21 Q. How did you first become aware, and I'm not looking for
22 a very long history, how did you first become aware of the
23 existence of the Maine Voice of Energy?

24 A. I think just through some casual conversations during
25 the course of, you know, with Mr. Temple and Mr. Leason, they

1 knew the existence of it. We were looking for people to help
2 us out in the southern part of the state, and one way or
3 another Annette Stevens and I talked to one another about
4 some help, and she offered her committee time to volunteer to
5 give us a hand.

6 Q. Did you precipitate the discussion with her, or did she
7 call you?

8 A. I can't remember, sir.

9 Q. Okay. What, if any role did Mr. Potholm play in the
10 Maine Voice of Energy activity?

11 A. None that I'm aware of.

12 Q. You don't know of any?

13 A. No.

14 Q. Did you ever have any discussions, or were any ever held
15 in your presence with Mr. Potholm in which this group of --
16 this group came up, Maine Voice of Energy?

17 A. I have no recollection, but 4-1/2 years ago, they could
18 have come up as being willing to help us in any way they
19 could, I just don't know.

20 Q. Did Ms. Stevens, or did she ever offer to provide you
21 with a list of so-called antinuke people?

22 A. Not that I recollect.

23 Q. Did you ever have any knowledge of that, or its
24 existence or its use?

25 A. No, sir, I --

1 Q. Did you deal with Mr. Menario at any time during these
2 activities in which you were participating?

3 A. Yes, I did. He was the chairman of the Committee to
4 Save Maine Yankee, and participated in a -- I kept in close
5 contact with him.

6 Q. Were you familiar with the use of so-called masking or
7 tracking questions in any of the polls, the results of which
8 were provided you as a member of the meeting?

9 A. I'm not sure what your definition of masking and
10 tracking is.

11 Q. I want yours.

12 A. Okay. Masking questions, the way I understood them,
13 were essentially two purposes: One, they would mask who the
14 poll was for, and two, they also allowed you to check the
15 validity of your results with other public polls that were
16 being taken, just to check more on the sample quality to make
17 sure it met the statistical test.

18 Tracking questions were more specific, to track
19 progress from day to day, week to week, of sentiment on a
20 fairly specific criteria as opposed to a general public
21 opinion, on a broader range of issues, or people.

22 Q. Did you hear Mr. Temple's description of masking and
23 tracking questions here yesterday?

24 A. I did.

25 Q. Would it be fair to say that based upon what he said and

1 you said, a masking question could at one and the same time
2 be a tracking question?

3 A. I'm not sure of that, sir. Anything is possible,
4 although I think a professional pollster would really have to
5 define that. I'm not expert enough to say yes or no.

6 Q. You don't know whether a masking question could be a
7 tracking question?

8 A. No.

9 Q. So, if someone were asked as part of a polling interview
10 what he or she thought of the President of the United States,
11 Ronald Reagan, and that were described by the pollster
12 subsequently as a masking question, you wouldn't know whether
13 that also could serve him as a tracking question on that item?

14 A. No, I'm not a pollster, I really can't say.

15 Q. Neither am I.

16 Are you aware of any information supplied to the
17 Save Maine Yankee people by Command Research which would have
18 been based on polling that was not funded by Save Maine
19 Yankee?

20 A. No, sir, I am not.

21 Q. Did you participate in any of the discussions as to how
22 Save Maine Yankee would be established to appear as an
23 independent citizens' committee rather than have the effort
24 emanate directly from Central Maine Power?

25 A. The committee was formed and well under way prior to my

1 joining the committee in the late July time frame in 1980, so,
2 no, I did not.

3 Q. So the answer is you are not familiar with any of that?

4 A. I'm not.

5 Q. Okay. You didn't participate in -- obviously in any of
6 those strategy discussions?

7 A. No, sir, I didn't.

8 Q. You had nothing to do with the manner in which Mr.
9 Menario became -- contacted for an employee of Save Maine
10 Yankee?

11 A. No, I didn't.

12 Q. Excuse me one minute, Mr. Lydon.

13 A. Sure.

14 Q. The only other question I guess we have of you, Mr.
15 Lydon, subject obviously to Committee members questioning, is
16 that are you aware of the arrangement, if any, between
17 Central Maine Power Company and Mr. Potholm whereby he was
18 authorized to share and swap results, political results
19 derived from his polling?

20 A. No, sir, I'm not.

21 Q. You're not aware of that at all?

22 A. No, I'm not.

23 MR. FLAHERTY: I have no further questions at this
24 point.

25 CHAIRMAN BALDACCI: Mr. Linnell?

1 MR. LINNELL: No questions..

2 CHAIRMAN BALDACCI: Members of the committee?

3 EXAMINATION-BY REPRESENTATIVE HIGGINS OF MR. LYDON:

4 Q. Could you explain a little bit more to us perhaps the
5 responsibility of the 900 people that were -- that you say
6 were involved in the get out the vote effort?

7 A. Yes, our get out the vote effort was directed at --
8 prior to the contact by telephone, every identified person
9 that had sent in a card to join the Committee to Save Maine
10 Yankee, we wanted to call them and encourage them to go to
11 the polls and vote on those two election days. The 900
12 people were assigned a telephone list to do from their home
13 to accomplish that task.

14 Q. Was there any voter identification done, favorable voter
15 identification, or was it taken off the list? In other words
16 did these people call up randomly people and say how do you
17 feel about Maine Yankee, and if they indicated yes, you
18 called them back later again, or was it simply a matter of
19 being provided with a list of people who were favorable to
20 your position and they were called just prior to election to
21 get out the vote?

22 A. Through a variety of mailings we identified people that
23 were in favor of keeping Maine Yankee open. They sent back a
24 three by five card with their name, address and telephone
25 number, that were filed away, and then became the source of a

1 computerized ZIP code sort of listing that enabled us to make
2 a telephone call back to them. We assumed that by signing
3 the card that they were in favor of keeping Maine Yankee open,
4 that they were a partisan in our favor, thus we wanted to
5 contact every one of them.

6 Q. So the identification was done before these other --
7 before these people were involved in calling them?

8 A. Yes.

9 Q. When you called somebody you supposed that they were
10 favorable to your position?

11 A. They had returned a card to committee headquarters
12 indicating that they were in favor of keeping Maine Yankee
13 open. That was the 40,000 names which made up the committee.
14 We did do a little bit of random telephone calling at the
15 very end of the get out the vote effort in selected areas.

16 Q. If I were one of those employees or family members, how
17 much time and effort was involved on my part to be involved
18 in this?

19 A. We limited the telephone list to no more than 40 names,
20 I remember, an hour to an hour and a half in the evening for
21 the most part.

22 Q. And I was just asked, or was I volunteered, or was it of
23 my own free will, or how was -- how did you get 900 people
24 involved?

25 A. It was volunteers --

1 Q. Our political party would like to know.

2 A. It was volunteers, the employees of the company had an
3 interest -- employees of the company, Central Maine Power
4 Company, Maine Yankee Atomic, Bangor-Hydro, Maine Public
5 Service, all had employees interested in the issue and thus
6 we had the volunteers that were willing to volunteer that
7 much time.

8 Q. So it was one hour?

9 A. Approximately an hour to an hour and a half.

10 Q. On their own time, they were not paid for it?

11 A. They were not paid for it. There was an -- any call
12 they had to make that was long distance they could be
13 reimbursed for. We tried very hard by ZIP code sorting that
14 the volunteer making the calls would be making local calls.

15 Q. The only other question I have in this regard, were
16 there other candidates or issues that were discussed by these
17 volunteers in the get out the vote effort? Was there any
18 other relation to any other campaign or issue that was on the
19 ballot?

20 A. Not in the get out the vote telephone calls. It was
21 quite tightly scripted text that we used with each call.

22 Q. You said not in this particular case. Would that lead
23 me to believe that there were cases in which they were
24 involved with other candidates?

25 A. There was an exit poll done in 1982 that three questions

1 were asked after the people were polled.

2 REPRESENTATIVE HIGGINS: Thank you.

3 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. LYDON:

4 Q. Mr. Lydon, you said you went to work, or you devoted a
5 great deal of time in July, August, September in 1980 to Save
6 Maine Yankee?

7 A. That is correct.

8 Q. Were you one of the 40,000 that belonged to the
9 Committee to Save Maine Yankee?

10 A. As I recollect, yes, sir.

11 Q. You were here yesterday when Mr. Menario was here, I
12 believe, and I went over a memorandum with him on what he at
13 one point thought would be a good way of creating a citizens'
14 committee, and all the various reasons for it. And it
15 appeared, at least to me, that it was rather a deceptive idea
16 on how to have a citizens' committee, quote-unquote, viewed
17 being a total citizens' committee, but with the prearrangements
18 of an outline by Mr. Menario to Mr. Thurlow here on how, in
19 my opinion, to really fool the public. One, it was not a
20 citizens' committee in the true sense, and two, it certainly
21 couldn't operate as a citizens' committee because it had a
22 very controlled group of people running it. And, had you --
23 were you aware of that operational plan at the time prior to
24 you becoming one of the 40,000 to join the Save Maine Yankee?

25 A. You're referring to Mr. Menario's draft memo?

1 Q. Yes.

2 A. No, sir, I was not.

3 Q. I don't think a lot of other people were either.

4 My feeling yesterday was that I was just as
5 surprised. I was really surprised that that would be his
6 format in trying to create a group of people, citizens, the
7 average John Q Public, the guy we view as totally removed,
8 the man and women totally removed from the issue except that
9 they believe that they had a stake in it in regards to the
10 plant at Wiscasset, and I agree with the idea of saving Maine
11 Yankee, I never was one to oppose it. But, I really kind of
12 thought yesterday that that was a very, very deceptive plan
13 to create that kind of citizens' group. And I just wanted to
14 ask the question, had you been aware that that was going to
15 be the fellow that was going to run the program, Mr. Menario,
16 subsequently hired to do it, would you have wanted to have
17 been part of it? I don't think I would have, but would you
18 have wanted to have been part of it if that is the kind of --
19 I don't know what word to use, deceit would be the best word
20 I can think of, in tricking people to think it was a citizens'
21 group, would you have wanted to have been part of that if you
22 were aware of that memo, that structure he had described at
23 that point?

24 A. Well, I didn't follow all the ins and outs of that draft
25 memo.

1 Q. It was an interesting memo. I wish I had a copy of it.
2 I haven't got a copy in front of me by the way.

3 A. I think there are two important things that we should
4 keep in mind: One, that was not the way it was put into
5 practice.

6 Q. No, but the employee of that group made that suggestion,
7 the ultimate person that ran it made that suggestion, and I
8 often wonder now how much does it really deviate from it.
9 We'll find out when Mr. Thurlow gets here, but obviously
10 there was a better judgment by the directors how the scheme
11 was to be run.

12 A. Personally, I would not become associated with any
13 effort that I thought there was anything deceitful about. I
14 felt that the method that was used --

15 Q. I don't think the 40,000 would either if they had a
16 picture of that memo.

17 A. I think the method that was used through mailings to a
18 broad range of the population of the state, and an entirely
19 volunteer effort to sign a card indicating a willingness to
20 join the committee in sending that card back in, poses no
21 deceitful practices at all, sir.

22 Q. You know, the men and women on this letterhead are all
23 honorable people.

24 A. They certainly are.

25 Q. They are, I know some of them personally, and I know



1 most of them by reputation, very honorable people. And I
2 would be -- I would enjoy just having a chance to talk to
3 them unrelated to this to see how they would have felt if
4 they had known that memo had been suggested by the fellow
5 that ended up running it.

6 A. Well, I don't know how -- when that memo was prepared,
7 how far it went. I do know that as I understood the memo in
8 sitting here yesterday listening, the actual practice was
9 significantly different.

10 Q. Well, that remains to be seen.

11 You never met personally with Annette Stevens?

12 A. I met personally with Annette Stevens one time at her
13 house in North Berwick.

14 Q. How did that meeting come about?

15 A. Probably through -- again, I don't remember exactly, but
16 by a phone call arranging to go down, from me to her, to go
17 down and meet with her about the get out the vote effort.
18 That was the whole point of the meeting.

19 Q. And that list that she put out, I don't know how to
20 describe it. I looked to see if my name is on there. That
21 really struck me funny. I asked John Menario if he looked at
22 it. He said no, he just initialed it and put it away, he has
23 somewhat different curiosity than the rest of us.

24 Did you ever see that hit list as they called it?

25 A. I have no recollection of seeing that list.

1 Q. And you didn't use any names from it, obviously?

2 A. We tried not to, sir.

3 Q. I'm sure you didn't try to get them to get out the vote.
4 That was the only contact you had with Ms. Stevens, just that
5 one?

6 A. I believe there was one personal meeting, and a series
7 of phone calls to make the final arrangements to get the
8 names they were to call to her.

9 Q. Did she ever discuss the possible list that she had in
10 regards to enemies in terms of the nuclear referendum?

11 A. Not that I recollect.

12 Q. With you?

13 A. No.

14 Q. Not with you, okay.

15 REPRESENTATIVE KELLEHER: That is all I have.

16 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. LYDON:

17 Q. Mr. Lydon, I have a little bit of ground to cover.

18 And, first you stated in the 1980 campaign the
19 contributions from Central Maine Power Company to Save Maine
20 Yankee were of an in kind nature for the most part; is that
21 correct?

22 A. I believe they were in kind, and there may have been a
23 cash contribution. I was not close enough to the accounting
24 in 1980 to be 100 percent sure.

25 Q. But in 1982 you stated, I believe, that there was more

1 of a direct reimbursement for the services provided?

2 A. All services provided by CMP, whether they were of a
3 direct expense variety, or initially were intended to be in
4 kind, were reimbursed with one exception.

5 Q. What is that one exception.

6 A. The one exception is the \$10,000 item which I believe
7 someone made reference to yesterday, I believe it was you,
8 Senator Baldacci. That was a letter that was sent to the
9 treasurer of the Save Maine Yankee Committee at a PO box here
10 in Augusta. It was still arranged where I would receive that
11 mail occasionally. This was several months after the close
12 of the campaign. When that arrived I filed that letter in my
13 own file with regard to the campaign. Mike Healy never saw
14 that letter until such time as we were going through
15 gathering together the information to respond to your
16 committee. At that point I wrote Mr. Healy and indicated
17 that I had learned that Central Maine Power Company had
18 chosen to indicate that as an in kind contribution on their
19 appropriate state and federal regulatory forms, and that the
20 Committee to Save Maine Yankee had not indicated that to the
21 Secretary of State, and that we needed to file that in 19 --
22 our June 1984 report. And, that exchange of letters is part
23 of the record.

24 Q. Could you explained on the \$10,000 as to what it
25 represented in terms of, I think what you said earlier was

1 that when you meant in kind you were talking about personal
2 use of building and equipment; could you expand on that
3 \$10,000 as to what it represented?

4 A. The \$10,000 was a calculation performed by Central Maine
5 Power Company after the Committee to Save Maine Yankee had
6 essentially closed up shop, so to speak.

7 Q. What was the time period, Mr. Lydon, when you did this
8 calculation, recalculation, how long after the fact had it
9 occurred that it was recalculated?

10 A. The first time I became aware of the recalculation
11 occurring was in late February 1983, which would have been
12 over three months after the election.

13 Q. And, that \$10,000 represented?

14 A. It was a reallocation, or recharging for a new rate for
15 space and utilization in the Central Maine Power Company
16 building essentially.

17 Q. A new rate for space?

18 A. A higher space rate.

19 Q. How was that determined?

20 A. An accounting calculation that changed the cost per
21 square foot, the space that was utilized by the Save Maine
22 Yankee people.

23 Q. So that recalculation of space utilized by the Save
24 Maine Yankee people, was it the same space that they used in
25 1980?

1 A. No.

2 Q. So in 1982 they used that space, and it was recalculated
3 for the year to represent more of a market cost for that
4 space?

5 A. Essentially, yes.

6 Q. You alluded to the fact that the Maine Yankee company --
7 Maine Yankee Atomic Power Company had a direct interest, and
8 I got the impression that you were saying that Maine Yankee
9 was different than Central Maine Power Company?

10 A. Maine Yankee is different than Central Maine Power
11 Company.

12 Q. What is the percentage of ownership by Central Maine
13 Power Company of Maine Yankee Atomic Power Company?

14 A. Approximately 38 percent.

15 Q. Does Central Maine Power Company have any people on the
16 board of directors of Maine Yankee?

17 A. Yes, they do.

18 Q. How many?

19 A. Three or four, by recollection. I would have to check
20 the corporate register to be exactly sure.

21 Q. Would it be fair to assume that Central Maine Power
22 Company more or less ran Maine Yankee as it wanted to, it had
23 the votes to do it?

24 A. As the lead sponsor it, along with the other Maine
25 utilities, owned 50 percent, thus had a, you know, one-half

1 the majority.

2 Q. So it had a lot of weight with Maine Yankee?

3 A. Certainly did.

4 Q. So it is hard to separate -- we're trying, you know, to
5 deal with the situation. We have so many dummy corporations
6 and dummy presidents that we have to sort over, when we get
7 to the facts here it is much clearer. I hope you can
8 appreciate my problem with that.

9 You mentioned the ZIP code sorting that was done in
10 order to make sure that long distance phone calls were not
11 made?

12 A. That is correct.

13 Q. Where were these -- they were phone calls to get out the
14 vote or to identify support?

15 A. They were phone calls made to get out the vote.

16 Q. They were made to get out the vote?

17 A. Yes.

18 Q. Where were these phone calls made?

19 A. From people's homes, from the volunteers' homes.

20 Q. Who would do the zip code sorting?

21 A. It was done by computer from the cards people sent in
22 expressing a willingness to join the committee. They gave us
23 their name, address, telephone number, ZIP code.

24 Q. They gave it to you and you gave those cards to your 900
25 employees and families to call those people to get out the

1 vote?

2 A. They were listed by computer and the lists were given to
3 our people.

4 Q. So, what I want to get clear is if I'm calling from my
5 home these names of people, right, then you, after I got done
6 calling these people, you would somehow go through and sort
7 through using the ZIP codes?

8 A. No, no, the ZIP code of a volunteer would be matched
9 with the ZIP code of 40 names to call, and the assumption was
10 that the people would not have to make a long distance call
11 if they call within the same ZIP code.

12 Q. Mr. Lydon, you told me of the accounting practice of
13 Central Maine Power Company making sure that what was done
14 for Save Maine Yankee was actually paid for.

15 A. That is correct.

16 Q. We had an auditor review the accounting practices at
17 Central Maine Power Company, and Bangor-Hydro, and a lot of
18 other companies, and their report basically in summary to us
19 was that they couldn't tell what was done, what was reported,
20 and how they ever came to those sort of figures, because they
21 were using estimates over at Central Maine Power Company.
22 And yet, from what you're telling me here today, you had
23 pretty accurate accounting procedures for these political
24 efforts but not for the company itself?

25 A. I don't think I said accurate accounting procedures, I

1 said there was an accounting instruction that was specific in
2 how people should charge their time. And I referred to how I
3 dealt with my own personal time in this effort. I cannot
4 speak for the other people involved, how they handled their
5 time.

6 Q. You said that 65 percent, or roughly, of your time up to
7 the end of the campaign, from July to September of '80, was
8 spent on the Save Maine Yankee effort?

9 A. I said that over that period of time I probably had 65
10 percent of my time charged to the Save Maine Yankee effort in
11 1980.

12 Q. And you know that was charged to Save Maine Yankee and
13 CMP was reimbursed?

14 A. I don't know whether that was an in kind contribution or
15 direct expense, I don't have that recollection.

16 Q. You don't have that recollection?

17 A. In 1980.

18 Q. Mr. Lydon, you mentioned that Central Maine Power
19 Company employees were doing exit polling.

20 A. That is correct.

21 Q. And you also mentioned that they were asking political
22 questions while they were doing the exit polling; how was the
23 exit polling set up?

24 A. The exit polling was set up where a Central Maine Power
25 Company employee would ask somebody after they had left the

1 polling place --

2 Q. What time would they start asking questions?

3 A. Mid-morning, 8:00, 8:30.

4 Q. Coffee break, or their day off?

5 A. They were -- if they were working that day, and they
6 were charging their time to the Save Maine Yankee effort.

7 Q. So, that -- continue, and then what would they --

8 A. They would ask three questions, how people voted on
9 the -- this is 1982 now -- how they voted on the state
10 senatorial race --

11 A. What was that?

12 A. That would be the Mitchell --

13 Q. Mitchell and Emery?

14 A. -- Emery race.

15 Q. What was the other one?

16 A. We asked on the Save Maine Yankee race, and they asked
17 on the gubernatorial race, Brennan and Cragin.

18 Q. Who set up the way the questions were asked?

19 A. I did, sir.

20 Q. Any reason?

21 A. Just to mask, if possible, who was asking the questions.

22 Q. Mask?

23 A. Mask that the people would not know whether it was a
24 Save Maine Yankee exit poll or someone else.

25 Q. You mean like, so if they knew it was a company employee,

1 or if it was asking how you voted, rather than say that you --

2 A. Asked the series of three questions.

3 Q. -- asked the series of three questions?

4 A. Correct.

5 Q. How extensive was your exit polling, how many people did
6 you have exit polling?

7 A. Approximately 15.

8 Q. 15 people?

9 A. That's correct.

10 Q. That was your total exit polling in the state?

11 A. Yes.

12 Q. Where did you locate them, or how did you know where to
13 locate them?

14 A. On the advice of our pollster, Mr. Potholm, he indicated
15 precincts or towns where we would get an accurate reading of
16 how the polls were running.

17 Q. Mr. Potholm advised you as to where to locate 15 people
18 throughout the state?

19 A. Throughout the Central Maine Power Company service
20 territory with one exception.

21 Q. When did he advise you as to how to do that?

22 A. A week or 10 days before the election.

23 Q. Where, at one of these meetings that you get together
24 and --

25 A. This would have been one of the work sessions, yes.

1 Q. One of the work sessions that took place; where did the
2 meetings take place?

3 A. Edison Drive in Augusta.

4 Q. Central Maine Power?

5 A. Yes.

6 Q. He told you where to put 15 people in the Central Maine
7 Power service territory. That sounds interesting. For
8 instance, where did you put them? It is a pretty big
9 territory.

10 A. I don't remember all the towns. We had one exit poll in
11 Blue Hill, one in Jay, one of the wards of Portland, one of
12 the wards or precincts in Lewiston, Rumford, if I remember
13 correctly. It was a representative sample. The towns were
14 listed in the material that was turned over.

15 Q. And you developed the three questions based on advice
16 from him as to what to put down?

17 A. I don't remember consulting with Mr. Potholm on what
18 questions to ask. It may have occurred, but I thought the
19 three major election issues that day, to poll all three.

20 Q. What other strategy other than telling you where to
21 locate people did Dr. Potholm -- what other strategy did he
22 give you as far as the election day on exit polls?

23 A. Basically that is it as I recollect, 1982.

24 Q. Just to go over it one more time for my benefit, it was
25 just to place people in certain locations?

1 A. Right. Try to poll -- try to ask approximately 100
2 people as they left the polls what their preferences were on
3 those three questions.

4 Q. So, how did you go about first getting ahold of 900
5 people? Did you send a memo around to the office, or
6 throughout all your territory and ask people are they
7 interested in serving on this volunteer type committee, or
8 did you meet with them after work, how did you do it?

9 A. Essentially asked 10 or 11 key people to work as majors
10 in the campaign, that I knew were capable, hard working
11 people, and laid out the project to them, asked them to go
12 out and do the same thing with -- to secure the captains.

13 Q. How many captains did you have?

14 A. Wound up with approximately 80, I would say.

15 Q. So you had 10 majors and 80 captains, and you probably
16 spread this over your whole service territory?

17 A. Spread over the entire service territory.

18 Q. So from the captains you went to the --

19 A. To the workers.

20 Q. -- to the workers?

21 A. People that would actually do the calling from their
22 homes.

23 Q. So, initially you recruited 10 majors?

24 A. 10 or 11.

25 Q. --to get 80 captains, and those 80 captains got 900

1 people?

2 A. Approximately 800 people.

3 Q. 800 people and their families; it wasn't just employees?

4 A. Employees, their families.

5 CHAIRMAN BALDACCI: Okay, you have given me a lot
6 to think about. I don't have any other questions at this
7 time.

8 Does the staff have any other questions they would
9 like to ask?

10 MR. FLAHERTY: No, Mr. Chairman, thank you.

11 MR. DELAHANTY: May I just speak with Mr. Lydon a
12 second. I may want to ask him a couple of questions.

13 CHAIRMAN BALDACCI: You're going to ask --

14 MR. FLAHERTY: Excuse me, he can confer with him
15 but I don't think we can cast this in an adversarial role at
16 this point. Certainly if he wishes to make a statement I'm
17 sure the chair will permit him.

18 MR. DELAHANTY: Fine, okay.

19 CHAIRMAN BALDACCI: Sure, go ahead.

20 THE WITNESS: Mr. Chairman, conferring with counsel,
21 three points that I may be sure are clear: Mr. Flaherty
22 asked a question earlier with regard to CMP's stake in the
23 Save Maine Yankee effort, and I referred to CMP as
24 stockholders and customers. Customers and rate payers are
25 synonymous in my response, the rate payer obviously had the

1 largest stake.

2 MR. FLAHERTY: I so understood you.

3 THE WITNESS: Very good.

4 Also with regard to the 900, I just want to be sure
5 that the committee is clear that when I say 900, that is
6 employees, members of their family and close family friends
7 that were involved in the issue. It was not a total of 900
8 employees of Central Maine Power Company. The majority of
9 that 900 would be employees, but we did enlist the support of
10 wives and children also that were of age, that were home.

11 With regard to the \$10,000 that Senator Baldacci
12 asked about, the recalculation was done by the Central Maine
13 Power Company accounting department. I had no input in that
14 recalculation whatsoever. It came in the mail, it was taken
15 as a bill, and I filed that away at that time, as I think the
16 letters that were presented to the Committee clearly track
17 that.

18 EXAMINATION-BY CHAIRMAN BALDACCI OF LYDON:

19 Q. Mr. Lydon, your position at Central Maine Power Company
20 is that of what?

21 A. I'm assistant vice president of resource planning and
22 budgets.

23 Q. Now, you said earlier in testimony that you had met with
24 Annette Stevens from the Maine Voice of Energy --

25 A. Yes.

1 Q. -- one time that you can remember?

2 A. In 1980.

3 Q. Did you bring anything over to Ms. Stevens' house that
4 night that you met with her; was she performing some type of
5 function for you that she needed some information?

6 A. Not that I recollect, Senator.

7 Q. You didn't give her a voters' list to perform -- get out
8 the vote effort, did you?

9 A. Not at that point, no, sir. My meeting with her would
10 have been several weeks prior to the get out the vote
11 telephone calls.

12 Q. And your -- you had precipitated the phone call to her
13 rather than her to you?

14 A. My recollection would be that would be the way it would
15 have occurred, just to set up a chance to meet her at home.

16 Q. To --

17 A. To discuss the -- her committee members making telephone
18 calls.

19 Q. For Save Maine Yankee?

20 A. For Save Maine Yankee, absolutely.

21 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. LYDON:

22 Q. I just have one question. Maybe it should be directed
23 to you at this time: Did the Committee to Save Maine Yankee
24 compensate Annette Stevens or the Maine Voice of Energy in
25 any way, to your knowledge?

1 A. To my knowledge, no, sir, but I'm not probably the most
2 appropriate person to ask that question to.

3 CHAIRMAN BALDACCI: I understand that the staff has
4 a few more questions to ask.

5 EXAMINATION-BY MR. FLAHERTY OF MR. LYDON:

6 Q. Just one or two, I guess, listening to this: Mr. Lydon,
7 how many -- what percentage of Save Maine Yankee's funding,
8 to your knowledge, came from members of the public as
9 distinguished from Central Maine Power?

10 MR. LINNELL: Which campaign?

11 Q. Let's say '82.

12 A. 1982?

13 Q. Yes.

14 A. Without going back and checking the records closely, I
15 would say a large majority of the contributions numerically,
16 not in dollar amount, came from members of the public.
17 Central Maine Power Company employees that contributed, I
18 think would have been a fairly small minority. In terms of
19 dollars, obviously corporate interests would have contributed
20 the bulk of the dollars. But in terms of just people taking
21 the time to send in a dollar, or \$5, or \$3, or whatever, the
22 bulk of the citizens of the State of Maine.

23 Q. Are you able to tell us how many dollars went from Save
24 Maine Yankee to Central Maine Power as reimbursement?

25 A. No, sir, without checking the records, getting them in

1 front of me and adding them up.

2 Q. Are you able to tell me what percentage, roughly, in
3 your knowledge of the monies in the coffers of Save Maine
4 Yankee went to Central Maine Power as reimbursement over the '82
5 campaign?

6 A. Please ask that question again?

7 Q. What percentage, assuming we had 800,000 -- say \$500,000
8 in Save Maine Yankee, how many of those dollars went to
9 Central Maine Power by way of reimbursement, what percentage
10 of those dollars?

11 A. Again, without checking the records, it is all public
12 record, I would be guessing to give you a percentage.

13 Q. It is entirely likely, though, is it not, that at least
14 some of the monies contributed by members of the public to
15 Save Maine Yankee, an ostensible citizens' committee, found
16 its way back in to Central Maine Power by way of
17 reimbursement?

18 A. In the normal course of paying bills of the committee,
19 yes, sir.

20 MR. FLAHERTY: Thank you.

21 I have nothing further, Mr. Chairman.

22 CHAIRMAN BALDACCI: Mr. Lydon, I want to thank you
23 you very much for making yourself available today.

24 The committee is going to take five minute recess
25 before Mr. Webb's presentation to confer with counsel.

1 (A short break was taken.)

2 CHAIRMAN BALDACCI: This meeting is being
3 reconvened after a recess. I would ask Mr. Webb to be sworn.
4 Mr. Webb if you would, please.

5 THOMAS C. WEBB, having been duly sworn by the Chairman,
6 was examined and testified as follows:

7 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. WEBB:

8 Q. Please be seated, and state your name and occupation for
9 the record, please.

10 A. My name is Thomas C. Webb, I'm senior vice president of
11 finance and administration for Central Maine Power Company.
12 I'm also financial vice president on the board of directors
13 of Maine Yankee.

14 Q. Mr. Webb, do you have anything you would like to speak
15 to at this time? You realize what the Committee is
16 investigating, the public utilities and the political
17 activities of subsidiaries, affiliates, or contractors. Do
18 you have anything you would like to add for the record at
19 this time?

20 A. No.

21 CHAIRMAN BALDACCI: Is staff prepared to ask any
22 questions of Mr. Webb?

23 MR. FLAHERTY: Yes, Mr. Chairman, briefly.

24 EXAMINATION-BY MR. FLAHERTY OF MR. WEBB:

25 Q. Mr. Webb, we're trying to develop as much information as

1 we can on behalf of the Committee regarding the role, or the
2 various roles, direct or indirect, that regulated utilities,
3 and in your case, Central Maine Power, may have played in the
4 development of election campaign strategies and the
5 expenditures of time and money in that category. That is
6 part of the business of this committee.

7 And in that regard we are presently inquiring into
8 at least a direct involvement of Central Maine Power Company
9 in the campaigns of 1980 and 1982 with respect to the
10 solicitation of support and the like. In that regard, I
11 would like to ask you if you could describe very briefly for
12 us what we should understand to have been the duties and
13 obligations that you had, and charges you had as senior vice
14 president of finance in September of 1982?

15 A. In relationship to the --

16 Q. What were your duties in that capacity for the company,
17 generally?

18 A. At that time, my title was senior vice president of
19 finance, I did not have the administration additional
20 responsibilities. It included the areas of accounting,
21 computer operations, data processing, internal audits, the
22 rate department, financial planning, treasury.

23 Q. Is that it?

24 A. Yes.

25 Q. Were you on board in your -- generally in the present

1 capacity in 1980?

2 A. Yes, I joined the company as vice president of finance
3 in 1977.

4 Q. Did you play any part at all, directly or indirectly, in
5 the Save Maine Yankee effort of Central Maine Power Company
6 and others in 1980?

7 A. Yes.

8 Q. Would you be kind enough to tell the Committee what your
9 role was at that time?

10 A. It was a fairly minor role in terms of time, and in
11 terms of responsibility. The only involvement that I had was
12 to assist in fund raising activities in both the '80 and '82
13 campaign.

14 Q. And, when you say assist, should I understand that you
15 were going to work in conjunction with the Save Maine Yankee
16 Committee on behalf of Central Maine Power Company in its
17 solicitation efforts?

18 A. Yes.

19 Q. Would you briefly describe to us what it was that you
20 were to do, and did?

21 A. I made contacts with the financial community that we
22 thought might be interested in supporting the campaign. I
23 would guess that the time for both -- the role in both
24 campaigns was the same. I made a few phone calls, wrote some
25 letters requesting financial support, probably in the first

1 campaign slightly heavier than the second. The first
2 campaign probably I contacted, I am guessing now,
3 approximately 15 people, maybe 12, and the second campaign
4 probably half that number. But it was principally phone
5 conversations with follow up letters, probably I spent less
6 than 20 hours in each of the campaigns in total.

7 Q. Who in the company got you involved in this effort?

8 A. Skip Thurlow, our president, asked me if I thought the
9 financial community might be interested in supporting the
10 campaign, and I said they might. And he requested that I
11 contact them to see if there was an interest, which I did.

12 Q. How should we understand the term financial community,
13 what are we talking about?

14 A. The banks, and investment bankers; commercial banks
15 would be a more technical term, and investment banks.

16 Q. Did you have any role to play in soliciting funds from
17 Central Maine Power Company's suppliers?

18 A. No, I don't recall any direct involvement there. I must
19 say that the commercial banks and investment bankers that I
20 contacted were ones that Central Maine Power did business
21 with, so they were in a sense a vendor.

22 Q. I see. In other words, Central Maine Power Company had
23 deposits or other kinds of transactions which were beneficial
24 to them?

25 A. Most of them supplied services to the company in one way

1 or the other.

2 Q. Okay. Now these solicitations -- perhaps you
3 misunderstood my question before -- you said they were by
4 phone and in writing, follow ups in writing. I thought you
5 answered me that they were on behalf of Save Maine Yankee,
6 the committee?

7 A. I don't know what is the proper way to characterize that.
8 I did it as a Central Maine Power officer, and used Central
9 Maine -- I think I used Central Maine Power stationery, so I
10 really wasn't directly asked by the committee to do such an
11 activity, but rather --

12 Q. I see. So that would it be fair to say then, at least
13 in one respect dealing with its own vendors or quasi vendors,
14 Central Maine Power Company, through you, made direct
15 solicitations as distinguished from making those
16 solicitations of those particular vendors through Save Maine
17 Yankee?

18 A. I think that is right. I'm just not sure how to
19 characterize that because it was a rather informal kind of
20 relationship. It isn't as if the committee sent me a letter,
21 or I went to a committee meeting, it was more of a direct
22 contact, as I mentioned, in a conversation with Skip Thurlow.

23 Q. And you did this, if I understand you, in both campaigns?

24 A. Yes, I did.

25 Q. Have you had any other involvement of that type on

1 behalf of the company?

2 A. No.

3 Q. Did anyone else in the company work with you in this
4 respect?

5 A. No.

6 Q. Are you able to give us an idea of how much of your time
7 was expended in this effort?

8 A. I mentioned earlier, probably less than 20 hours in each
9 campaign. I don't know exactly, but I think that would be a
10 close approximation.

11 Q. Other than the follow up, would there be any other
12 activity on your part; in other words, telephone call, follow
13 up solicitation, either you would receive a check or you
14 wouldn't, right?

15 A. That is about it.

16 Q. And, if you didn't receive a check, was there any other
17 follow up or was that the end of it?

18 A. No, only the -- the only thing -- the only thing I did
19 was to follow up if we hadn't had a decision within two or
20 three weeks, for example, I would follow up and ask if there
21 was any more information, if they were still contemplating a
22 contribution, or had they already decided not to. That was
23 the extent of the follow up.

24 Q. Are you able to tell us what degree of success you
25 enjoyed or suffered as a result of your personal

1 solicitations?

2 A. It was a relatively high degree of success. As I
3 mentioned, I probably contacted in the neighborhood of 12
4 different firms. I don't remember exactly how many dollars
5 were contributed, I think it is a matter of record. You
6 probably have it in the files. I just don't remember offhand.
7 But I think a fairly large percentage did contribute.

8 Q. Excuse me one minute.

9 I take it, Mr. Webb, you had nothing to do with
10 developing a printout of vendors in terms of annual revenues
11 derived from Central Maine Power by those vendors as a part
12 of your solicitation program?

13 A. No, not at all, nothing to do with that.

14 MR. FLAHERTY: I have nothing further at this time,
15 Mr. Chairman.

16 CHAIRMAN BALDACCI: Mr. Linnell.

17 MR. LINNELL: Yes, I do.

18 MR. FLAHERTY: I want to defer to the chair first,
19 is all I'm saying. If they had any questions I would let
20 them ask the questions.

21 CHAIRMAN BALDACCI: Do you have any questions at
22 this time.

23 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

24 Q. One or two. I don't know where to begin.

25 Mr. Webb, you solicited -- tried to solicit funds

1 from companies that had done business, or was doing business
2 with CMP in regards to the referendum of 1982?

3 A. Yes.

4 Q. And, you said that you contacted no more than 15 of them?

5 A. That is a guess, close approximation.

6 Q. Did you high pressure them in any way?

7 A. No, not in any sense or any way, it was very low key.

8 It was a matter of describing the circumstances, economic
9 state that they and we had, and --

10 Q. So, low key meaning a soft sell?

11 A. Absolutely.

12 Q. They gave at the office, or whatever?

13 A. That's right.

14 Q. Who is Tucker, Anthony & R. L. Day Company?

15 A. Investment banking firm.

16 Q. What do they do with CMP, or what did they do with CMP
17 in 1982?

18 A. I believe that they have participated in underwriting of
19 our securities, the marketing of our stocks, bonds.

20 Q. Would you -- just so I understand it, did they need you,
21 or did you need them, or did you both need each other?

22 A. I don't --

23 Q. Who needed whom?

24 A. I don't think we really needed each other. I think they
25 were a small participant in the sale of securities of company.

1 Q. Was it to their advantages to have CMP as a customer?

2 A. I would think so, and it would be to our advantage to
3 have them selling our securities also.

4 Q. And you say that as you understand it to be, you didn't
5 high pressure anyone, you just soft sold?

6 A. Yes.

7 Q. Would they be a supplier?

8 A. In the sense I described before, where they provide
9 services.

10 Q. Well, what if one of your suppliers was going in the
11 other direction, would you have put any pressure on them?

12 A. I don't know that --

13 Q. Did any of them go in any other direction?

14 A. I remembered that I had thought Tucker, Anthony did.

15 Q. I got a letter here, and I want you to give him the
16 letter, I would like to read it. A couple of words I can't
17 pronounce.

18 CHAIRMAN BALDACCI: Mr. Kelleher, what is the date
19 on that letter?

20 REPRESENTATIVE KELLEHER: Well, I'll tell you in a
21 minute.

22 Q. On CMP stationery, dated 23rd day of September, 1982,
23 and it is to one Willis Leith, is that right, Junior Chairman,
24 Tucker, Anthony & R. L. Day Company?

25 A. Yes.

1 Q. One Beacon Street, Boston, Massachusetts.

2 CHAIRMAN BALDACCI: Do you have a copy of that?

3 THE WITNESS: Yes, I do.

4 Q. And I'll read it.

5 It has been brought to our attention -- meaning you
6 as CMP -- that Tucker Anthony Management Corporation, then in
7 parenthesis, Nancy Sullivan, of Three Center Plaza, Boston,
8 Massachusetts, has contributed \$10,500 to the Maine Nuclear
9 Referendum Committee. Through a referendum on the Maine
10 ballot on November 2, 1982, this group is working to close
11 Maine Yankee's Atomic Power Company plant in five years.

12 The cost for replacement power to the Maine utility
13 customers associated with their 50 percent interest in this
14 plant is over \$1 billion for the five-year period 1988 to
15 1992. This cost is for oil as a replacement fuel, on which
16 our country is dependent for much of its supply from foreign
17 sources, and does not include the replacement value of the
18 nuclear plant itself. Individual citizens as well as Maine
19 industries are extremely concerned about the economic impact
20 that such a proposed closing of Maine's only nuclear power
21 plant would produce. This is particularly true given the
22 outstanding safety record of Maine Yankee and the nuclear
23 power industry.

24 The Maine utilities -- the Maine utilities of
25 Central Maine Power Company, Bangor Hydro-Electric Company

1 and the Maine Public Service Company owned 50 percent of this
2 plant. The remaining 50 percent is owned by New England
3 Power Company, the Connecticut Light and Power Company,
4 Public Service Company of New Hampshire, Cambridge Electric
5 Light Company, Western Massachusetts Electric Company,
6 Montaup -- if that is the correct word -- Electric Company,
7 the Hartford Electric Light Company, and the Central Vermont
8 Public Service Corporation. The closing in five years of
9 Maine Yankee would have a similar effect on the rest of New
10 England as it does in Maine. The utility industry
11 association, Edison Electric Institute, is also very
12 supportive and close to this campaign. They have a
13 representative directly and actively involved.

14 Your firm has participated in the underwriting of
15 Central Maine Power Company securities in the past as well as
16 providing certain services for other utilities in New England
17 and other parts of the country. In addition, your firm has
18 an economic stake in the well being of Maine industries, such
19 as the very important paper industry, which will suffer
20 severe economic impact if Maine Yankee is closed.

21 You can imagine the astonishment and surprise of
22 those of us close to the issues and close to the campaign to
23 learn of your rather significant contribution to the Maine
24 Nuclear Referendum Committee. It seems inconsistent that you
25 should wish to benefit from and help us build the economy of

1 Maine and New England and at the same time work to tear it
2 down.

3 We thought it appropriate to ask for an explanation
4 of this strange -- and I cannot pronounce the word --

5 A. Dichotomy.

6 Q. What does it mean?

7 A. Dichotomy?

8 Q. What does it mean?

9 A. It means the split into two segments of value, two
10 opposing or opposite --

11 Q. In other words, getting the benefits of doing business
12 with your company but helping the other crowd as well?

13 A. Yes.

14 Q. -- of values before discussing it with others who may
15 also be interested. We hope you will let us know your
16 feelings on this subject at your earliest convenience.

17 Now, you didn't high pressure anybody to give you
18 any money, how would you -- how would you describe this
19 letter in regard to someone that has done business with CMP
20 who was putting their tent in the other camp?

21 A. Right, we didn't -- if somebody had said no they didn't
22 want to contribute to the campaign, that was that, and we
23 didn't pressure them at all. But as this letter explained, I
24 was very surprised that someone who would be concerned about
25 the economic health of the state, who was doing business in

1 this state would want to contribute to a campaign which, as I
2 described in the second and third paragraphs, have a very
3 devastating economic impact on the state. At the time I
4 wrote this letter I felt that perhaps they weren't informed
5 as to the economic impact of closing Maine Yankee, and that
6 they would want to become informed as to what that economic
7 impact was.

8 Q. They are an investment firm?

9 A. Yes.

10 Q. You're saying you don't think they were informed at the
11 time of the economic impact?

12 A. My question was were they informed.

13 Q. Were they?

14 A. I don't think they knew the details or information
15 included in this second and third paragraph, but as I
16 mentioned -- I think I mentioned earlier, they did not in
17 fact make a contribution. The contribution was made by a
18 customer of theirs, and they did not make a contribution, but
19 I did not know that --

20 Q. How did you come to believe that they did? How did you
21 get confused on that issue?

22 A. No, I don't recall who told me that they were a
23 contributor, I don't know -- I may have read it in the paper.

24 Q. If you didn't follow it up, and you certainly wrote this
25 letter, it would appear to me that you were grabbing them by

1 the kneecaps trying to get their attention to back off. I
2 mean, that is the way I view it. How did they view it?

3 A. I got a call from the chairman or president.

4 Q. Is that the W. Ward Carey?

5 A. Yes. And I don't know whether it was Willis Leith or
6 another individual, got a call from them, and said they
7 appreciated getting the letter, and yes, they do understand
8 the economic importance to the state of keeping Maine Yankee
9 open, and no, they did not make the contribution, the
10 contribution was made by a client of theirs and their name
11 was on the check in behalf of the client because they issued
12 the check for the client. It was not a firm contribution.

13 Q. Before you wrote that letter, I don't know, maybe I'm
14 just reading the wrong thing, seems to me you were going to
15 apply some pressure to these people. Did they ever give any
16 money to Save Maine Yankee?

17 A. I can't answer that.

18 Q. Is there a copy of a response, or was this a telephone
19 call?

20 A. Telephone call as far as I know.

21 Q. For someone that was soft selling, as you said your
22 approach on soliciting clients, this letter seemed well done,
23 but it just gives that hidden factor, or -- if you don't play
24 on my team we don't want to play on your team. I mean,
25 wouldn't that be the appearance of someone that just read

1 that without your explanation at the moment? Do you think
2 that is a reasonable assumption to someone reading that?

3 A. They might. On the other hand, they may have had a good
4 reason. They may have been misinformed. I wanted to be sure
5 they were informed. They may have had other reasons. In the
6 last paragraph I asked for what are their reasons for not
7 contributing.

8 Q. Did you ask Tucker, Anthony to participate prior to
9 September 23rd in funding the Save Maine Yankee Committee?

10 A. I do not think so.

11 Q. And there was no subsequent offer on their behalf?

12 A. No, I didn't ask them --

13 Q. Did you ask any other security institution similar to
14 Tucker, Anthony?

15 A. Yes, I did.

16 Q. Why would you overlook them?

17 A. As I indicated earlier, they were a very small
18 participant in the underwriting of our security and weren't
19 directly involved in the company.

20 Q. I know nothing about the security issue. They are a
21 small company themselves?

22 A. They are a small participant in our security issues.

23 Q. Are they a small company?

24 A. Relative to the investment banking community, yes.

25 Q. What do they do for business, do you have any idea?

1 A. I have no idea.

2 Q. Are they shaky?

3 A. I do not think so.

4 Q. You must have some idea what kind of capital investment
5 they have, or their capability.

6 A. The reason I don't is that we don't deal directly with
7 them. The way an issue of securities takes place is our
8 comanagers of an issue of securities will gather together a
9 group of underwriters forming a syndicate to issue those
10 securities. We don't dictate that. There will be probably
11 up to 50, maybe 40 firms involved. This is just one of 40 I
12 never had a direct contact with.

13 Q. Did you write any other letters of a similar nature to
14 any other persons or companies --

15 A. I did not.

16 Q. -- in regards to this?

17 A. I did not.

18 Q. Thank you. Very good penman. I'm sure they responded
19 quickly when they got it, or Mr. Anthony wouldn't be talking
20 to Mr. Tucker.

21 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. WEBB:

22 Q. Mr. Webb, you mentioned earlier that you are not aware
23 of how you got the name of the individual that contributed to
24 the Maine Nuclear Referendum Committee?

25 A. I added I may have gotten it from reading the paper, or

1 from some member of the Maine Yankee Committee in the office,
2 because I think the name came up after the newspapers printed
3 the contributors on both sides. That is my recollection but
4 I'm not positive of that. I think it came from the
5 newspapers.

6 Q. It said Tucker, Anthony Management, Nancy Sullivan in
7 particular?

8 A. Yes.

9 Q. What was your response in seeing it in the newspaper
10 like that?

11 A. I was very surprised that a business firm concerned
12 about the economics of the state would make a contribution to
13 what I considered a campaign that would have devastating
14 negative impact on the state.

15 Q. And that so much so, you developed this letter that you
16 were going to send specifically to the chairman, Mr. Leith,
17 and copies to the president, of your particular concern.
18 This was quite a high level type of letter. Did you clear
19 this with anyone else in Central Maine Power Company before
20 you sent it out, or did you just send it out on your own?

21 A. I wrote the letter and showed it to Mr. Thurlow before
22 sending it.

23 Q. And, what did Mr. Thurlow say?

24 A. I don't recall the words, presumably if this is how you
25 feel, send it. This is how I felt. I'm not representing his

1 feelings, this is how I felt.

2 Q. So, your role in Save Maine Yankee was to work with 15
3 or so companies to elicit funds and that was done through the
4 phone, basically?

5 A. Yes, it was. I recall in the first campaign at least
6 two personal contacts, but essentially it was all phone and
7 letter.

8 Q. And, you had a very high level of success, as you
9 pointed out to Representative Kelleher.

10 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

11 Q. Senator, I would ask you the question how much did you
12 raise?

13 A. I don't know, it is a matter of record. It is in the
14 files. I just don't know off hand how much it was.

15 Q. \$25,000?

16 A. No, my guess is closer to 90.

17 Q. In 1980?

18 A. In both -- the first campaign was higher, I just can't
19 remember, but it is in that neighborhood.

20 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. WEBB:

21 Q. The concern here I think, Mr. Webb, is that using the
22 public utility, which has a monopoly status granted by the
23 Legislature of the State of Maine, there is an appearance
24 here that using that weight and all its resources on people
25 that may not be as favorable to your particular cause, would

1 receive the full wrath of the large public utilities, mainly
2 their interest in doing business with that particular firm.

3 A. The thing is, I felt that this campaign was so important
4 to the economics of the state, that I felt that someone
5 involved and tied to the economics of the state ought to
6 understand the issues. The attempt in these second and third
7 paragraphs was to inform them on the issues, what it meant to
8 the state. Maybe they did not know what it meant to the
9 state, maybe they were not aware of the implications of the
10 state, and so, as we say in the last paragraph, we thought it
11 appropriate to ask you for an explanation.

12 Q. Usually, Mr. Webb, in your appearances before the Joint
13 Standing Committee on Public Utilities I can remember
14 explanations about 50 percent Maine ownership, 50 percent
15 outside New England ownership. I have never seen such a
16 detailed explanation of the other 50 percent ownership in the
17 Maine Yankee Power Company and the impression of the business
18 done by this particular firm with these companies. You know,
19 I have never seen that explanation done before as thorough as
20 that. Is that standard procedure?

21 A. No, I don't think so, but as I said this is a terribly
22 important economic issue.

23 Q. I understand the economics of it. The thing that
24 disturbs me is what we're looking at here is the public
25 utilities and their political activities, in particular the

1 effort here of a utility to use its publicly granted in trust
2 monopoly status to make it very clear to Tucker, Anthony &
3 R.L. Day that they better realize we have a lot of business
4 with that particular firm, and if they don't go along and see
5 that this particular situation gets taken care of, that there
6 is going to be some potential problems for them, especially
7 if you're going to address it to the chairman of the board
8 and the president of the company. Is -- I mean that would be
9 your impression because it is so important economically?

10 A. It is a terribly important issue, they should be aware
11 of it, it is a matter of informing them of the importance of
12 this issue.

13 Q. I would be very interested if you could provide the
14 Committee with some information, once you are able to recall,
15 how the name was brought to your attention and submit that to
16 the Committee if it is possible --

17 A. Certainly.

18 Q. -- because of the concern we had yesterday with lists
19 and what potentially happened with those lists, whether they
20 were used against any individuals or companies, and I would
21 be very interested to know where this particular name came
22 from if you are able to better recollect.

23 A. I'm not sure how I can find that out. I can ask some
24 people around. I doubt that anybody is going to be able to
25 remember they told me of the name. I am reasonably sure that

1 it came from the paper, either I read it in the newspaper or
2 someone who did informed me of it. I will check around and
3 see if I can add any more information to it, but I think it
4 is from that source.

5 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

6 Q. Mr. Webb, Nancy Sullivan, was she an employee of Tucker,
7 Anthony?

8 A. My understanding is she was a client.

9 Q. Like CMP?

10 A. No, I think that she probably had an account there in
11 Tucker, Anthony.

12 Q. She was not employed by them?

13 A. I don't think so.

14 Q. In conversation with Mr. Leith, or the chairman, whoever
15 you talked to in Tucker, Anthony, they clarified the fact
16 that this person was not an employee of theirs?

17 A. No, sir.

18 Q. Did Miss Sullivan, or Mrs. Sullivan ever contribute
19 again?

20 A. I don't know.

21 REPRESENTATIVE KELLEHER: Thank you.

22 CHAIRMAN BALDACCI: I understand the majority
23 counsel has a question.

24 MR. FLAHERTY: Just one or two, Mr. Chairman.

25 EXAMINATION-BY ATTY. FLAHERTY OF MR. WEBB:

1 Q. Just one or two, Mr. Chairman. Mr. Webb, just following
2 up on that line of questioning for some degree of
3 clarification: Did you take the trouble to call Mr. Leith on
4 the phone before you wrote this letter to ascertain what the
5 specifics were, which ultimately, according to your testimony,
6 unfolded?

7 A. I don't think so, and I doubt that I would have, because
8 the purpose of this letter, the principal purpose of this
9 letter was to inform them of the economics of the referendum
10 and what it meant. And I don't recall making a phone call, I
11 don't think I did, and I probably wouldn't have because it
12 would have defeated the purpose of explaining to them some
13 details of the economic support to the state.

14 Q. I'm going to ask you a couple of questions, and then
15 I'll be done, but I'm inviting you to agree or disagree
16 regarding this: I suggest to you that the first sentence of
17 the fourth paragraph on the first page of your letter which
18 reads, and I quote, your firm has participated in the
19 underwriting of Central Maine Power Company securities in the
20 past as well as providing certain services for other
21 utilities in New England and other parts of the country, end
22 quotes. I suggest to you that that is a veiled threat
23 through you that adverse activity will be instituted, induced
24 against this company, which will impact its operations not
25 only in Maine, and not only in New England, but throughout

1 the country. Do you disagree with that?

2 A. Yes, I do. This is clearly --

3 Q. You ought to have an opportunity to explain why. Go
4 ahead.

5 A. If they had come back and said, I'm sorry, we feel for
6 our own reasons that this is an important campaign, that we
7 feel the plant should be closed down, we hear your
8 information, we knew it, but yes, we made the contribution
9 and that is that, there is no way that I would have used a
10 threat. In my job I have never threatened anybody, and as I
11 said before, any of those people who we contacted to make a
12 contribution, they said no, we dropped it. There is no way I
13 would have ever used the force of CMP to try and get them out
14 of the future syndicate, or something of that sort.

15 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

16 Q. Why did you put it in that letter?

17 A. The purpose was to let them know that they had an
18 economic stake as well as we had an economic stake

19 Q. You bet your life they had an economic stake. You're
20 sitting there and telling this Committee that that wasn't a
21 high pressure sentence in regards to that letter to these
22 people, that you weren't pushing the button on them, that you
23 weren't backing them up against the wall? If you can very
24 easily say that to the counsel, then I ask the question why
25 would you ever put that kind of a statement in a letter?

1 A. They should be interested in the well being of their
2 clients.

3 Q. Well, that we know for sure. You certainly were raising
4 their interest. A kid in the fourth grade could understand
5 that sentence, and I went to the fifth grade.

6 REPRESENTATIVE KELLEHER: Excuse me, counsel. I
7 have a habit of doing that.

8 MR. FLAHERTY: That is all right. I'm just counsel.

9 EXAMINATION-BY ATTY. FLAHERTY OF MR. WEBB:

10 Q. Mr. Webb, I suggest to you more specifically that not
11 only could that entire sentence come out of there and you
12 still would have gained the impact you suggest was your
13 intention, but that you clearly could have left out the fact
14 that the firm has been participating in the underwriting of
15 Central Maine Power Company securities. On Central Maine
16 Power Company stationery and you say that and you sign it in
17 the prestigious role of senior vice president of finance.
18 Wouldn't the impact have been the same if what you say you
19 intended is the fact without that?

20 A. It may have been, but I think we should take the letter
21 in its whole context and not take out a sentence. For
22 example, immediately following the sentence you read it says,
23 in addition your firm has an economic stake in the well being
24 of Maine industry, such as, and that is what I was trying to
25 point out. Yes, they have an economic stake in Maine's

1 industry, Central Maine Power Company, and these others
2 companies.

3 Q. Don't you feel, Mr. Webb, that one reading that letter
4 in the position of Tucker, Anthony and its executives, could
5 well conclude, or well infer, that you were treating them to
6 a threat to reach them nationwide in their business
7 activities of underwriting, and specifically with respect to
8 each and every one of the companies carefully identified, as
9 the chairman pointed out, in paragraph three as having a
10 direct interest in this particular power plant; do you
11 disagree with that?

12 A. Would you say that again?

13 Q. Do you disagree that an executive sitting in the
14 position of Tucker, Anthony receiving that letter could not
15 have drawn, and would have been unjustified in drawing that
16 conclusion?

17 A. What I think in truth is that Tucker, Anthony is a part
18 of a large syndicate, and that even if, even if I had wanted
19 to, probably could not have influenced whether they
20 participated or not in future securities, and I think they
21 know that.

22 What happens is that our comanagers put together a
23 syndicate, and it is normally a syndicate that participates
24 in on a regular nature and it is formed by them. And we
25 generally have little influence on the makeup of that

1 syndicate. For me to call our investment bankers and say I
2 want Tucker, Anthony out, they would probably say really we
3 can't bust up a syndicate because of that. I doubt, even if
4 we wanted to, we could have influenced their future
5 participation, and I suspect that Tucker, Anthony knew it as
6 well.

7 Q. Let me then, so far as the content of the letter is
8 concerned, go to the very last paragraph, and I'm going to
9 read you the first sentence of that two-sentence paragraph,
10 and I quote, we thought it appropriate to ask for an
11 explanation for this strange dichotomy of values -- I am
12 placing particular emphasis on the rest of the sentence --
13 before discussing it with others who will also be interested,
14 and quotes. What did you mean to convey by that last clause?

15 A. We would have probably been asked, even if we hadn't
16 initiated any conversation on our own, by a lot of people who
17 had seen the list of contributions, we would have probably
18 been asked why is Tucker, Anthony making a contribution to
19 close down Maine Yankee. I would probably have been asked
20 that many times and many places.

21 Q. I suggest that one in the position of Mr. Leith, the
22 addressee of this letter at Tucker, Anthony, could well take
23 that as a pretty clear but veiled suggestion that if he
24 didn't heave to here and withdraw the contribution, which at
25 the time you thought was Tucker, Anthony's contribution, he

1 could well expect that you were going to communicate that
2 fact to many others of his vendees; do you think that that is
3 an unjustifiable impression?

4 A. Well, I don't think that in any way, and when I wrote
5 this letter, I don't think in any way he could have withdrawn
6 the contribution. I think the contribution was made, the
7 check was cashed, and that was that.

8 Q. That is not my question. My question is do you think he
9 would be unjustified in concluding from that language that he
10 had reason to fear that you were going after his business
11 with all of the related utilities nationwide --

12 A. Well --

13 Q. -- these others to whom you make reference?

14 A. He would have known whoever asked me about their
15 contribution I would have told what their explanation was.
16 And I would have told whoever he responded with as to why he
17 contributed, I would have told anybody who asked me.

18 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. WEBB:

19 Q. Can I ask a question: You just made a thought. Did The
20 Connecticut Light and Power Company ask you about the
21 contribution?

22 A. I don't recall.

23 Q. Did the Public Service of New Hampshire ask you about
24 the contribution?

25 A. I don't recall.

- 1 Q. Did the Cambridge Electric Light Company ask you?
- 2 A. I don't know.
- 3 Q. Did the Western Mass Electric Light Company ask you?
- 4 A. No, I don't think.
- 5 Q. Did the Montaup Electric Company ask you?
- 6 A. No.
- 7 Q. Did the Hartford Electric Light Company ask you?
- 8 A. No.
- 9 Q. Central Vermont Public Service Corporation ask you?
- 10 A. No.
- 11 Q. Why would you include them in there? Do you think --
- 12 why did you include them in your letter?
- 13 A. The word got out very, very, quickly that Tucker,
- 14 Anthony did not make a contribution. Nobody would have had
- 15 time to ask.
- 16 Q. That isn't my question. Why did you include them in
- 17 this letter?
- 18 A. As I indicated on the first page, that in addition your
- 19 firm has an economic stake in the well being of Maine
- 20 industries.
- 21 Q. Did Tucker, Anthony do business with these firms?
- 22 A. Some of them, and they also had an interest in the
- 23 economic well being of those other companies as well.
- 24 Q. You can't have it both ways. You can't say that you
- 25 didn't think that it had any kind of a threat, if that is the

1 word you used, in regards to -- given -- after you found out
2 they didn't, you did it prior to that. You just stated here
3 others were asking you. I asked you if any one of those you
4 mentioned asked you about the contribution, you said you
5 can't remember or they didn't.

6 A. I don't think so, but this letter, and the return phone
7 call happened in a fairly quick time frame. And I was told
8 very quickly that they in fact did not make the contribution.
9 I made it very well known to others that they did not make
10 the contribution, so the word was generally out.

11 Q. What did you do, call others before you wrote the letter
12 and told them?

13 A. No, I did not.

14 Q. Why would you even bother to do it if they didn't ask
15 you beforehand and you included the list of companies, why
16 would you feel that you were obligated to do other?

17 A. These companies all have a 50 percent stake in Maine
18 Yankee, that is why they are included --

19 Q. Did you ask those companies if they minded if you
20 included them in this particular letter?

21 A. No, I did not.

22 Q. I would be a little angry if you included my company. I
23 probably would agree with you that we had a common interest,
24 but I would be a little ticked off that you mind using my
25 company in your attempt to get their attention. You couldn't

1 have got their attention any more if you went down with a
2 five-pound canon and fired it at them.

3 CHAIRMAN BALDACCI: Mr. Webb --

4 MR. FLAHERTY: Could I ask one more question as
5 follow up.

6 EXAMINATION-BY ATTY. FLAHERTY OF MR. WEBB:

7 Q. Mr. Webb, did you send any blind copies to any of these
8 companies of this letter?

9 A. No.

10 Q. You indicated in your colloquy with Representative
11 Kelleher just a moment ago, that there was a very quick and
12 immediate response to this by Mr. Carey, or Mr. Leith?

13 A. I'm not sure, I think it was one of either of the two
14 gentlemen, Mr. Carey or Mr. Leith.

15 Q. You would agree, would you not, that you got their
16 attention?

17 A. Yes.

18 Q. Pretty quickly?

19 A. Yes.

20 Q. But you still want us to understand you don't think you
21 were threatening them?

22 A. I think I wanted them to understand what the economic
23 situation was, both to their clients and to the State of
24 Maine.

25 Q. I suggest, and you can agree or disagree if you want to,

1 I suggest that you used the clout of a regular authorized
2 monopoly in the State of Maine to bring tremendous pressure
3 to bear on a company which you thought was espousing a cause
4 contrary to your particular view of it; do you agree or
5 disagree?

6 A. I disagree with that characterization.

7 MR. FLAHERTY: I have nothing further.

8 CHAIRMAN BALDACCI: Jack, why don't you go ahead.

9 EXAMINATION-BY ATTY. LINNELL OF MR. WEBB:

10 Q. Some of them have been asked, and I suppose we don't
11 want to whip a dead horse along here, but I have great
12 difficulty in believing your explanation as to why you wrote
13 this letter, and I would like to ask you some other questions
14 about it.

15 First of all, you indicated, I thought, you
16 contacted about a dozen commercial banks and investment
17 bankers; is that right?

18 A. Yes, that is approximately right.

19 Q. And that some chose not to contribute?

20 A. Yes.

21 Q. You don't recall exactly how many?

22 A. No.

23 Q. It is something like two or three?

24 A. Three or four.

25 Q. Three or four. Can you remember the names of any?

1 A. No, I cannot.

2 Q. You sure?

3 A. Yes. By the way, that would probably be in those files,
4 probably be a matter of record as to who we sent a letter to
5 and who did not contribute. That is probably a matter of
6 record.

7 Q. But you as vice president of finance of Central Maine
8 Power Company on an issue so vital to the State of Maine, and
9 also somewhat vital to your employer, don't have any
10 recollection as to who failed to respond to your letter in a
11 favorable manner?

12 A. No, if they chose not to contribute and told me we can't
13 contribute, we have too many other campaigns involved, we
14 can't afford to do it, or we don't participate, it was
15 dropped. That is one of the reasons why I don't remember,
16 which would further prove that we did not seek to twist
17 anybody's arm who did not contribute.

18 Q. I'm not even to that point yet. I'm trying to figure
19 out why you wouldn't recall who of these people responded
20 unfavorably by not contributing.

21 A. Let me go a little further: I only spent about 20 hours
22 on this thing, and I wrote 12 or 15 letters back in 1980, and
23 1982, and if someone chose not to contribute that was their
24 business and I didn't follow up, so it is easy to me to see
25 why I don't remember who contributed out of that group.

1 Q. How was the list compiled as to who you were to write to?

2 A. I made the list up.

3 Q. From what?

4 A. From those people who we were aware that might be
5 interested, who we were aware had an economic stake in what
6 could happen if Maine Yankee were shut down.

7 Q. What was your source of information?

8 A. Just my knowledge, my experience and judgment.

9 Q. What were the names of the companies you wrote to?

10 A. It is in the file.

11 Q. I'm asking you. I'm not going to go look at the file.

12 A. I do not remember.

13 Q. You don't remember the names of any of them?

14 A. Sure, I remember some.

15 Q. Tell me the names you remember.

16 A. Kidder Peabody, First National Bank of Boston, Goldman
17 Sax, Merrill Lynch, Blith Eastman.

18 Q. Who?

19 A. Blith Eastman, Leaman Brothers, Casco Bank, Merrill Bank,
20 Bank of Maine, Maine National. Those are the only ones I
21 remember right off the top of my head.

22 Q. That is 10, that is pretty good. Now, having recalled
23 at least that percentage of the list that you originally
24 mailed out to, does that help you recall as to whether or not
25 any of those you named did not respond to your inquiry?

1 A. I just can't remember who did and didn't. I know some
2 did, I just can't remember who did not.

3 Q. Did your solicitation letter suggest a level of giving?

4 A. I don't think it did.

5 Q. The decision that you send out the letter as opposed to
6 the chairman of Save Maine Yankee, or the president of your
7 power company, who was that made by?

8 A. I don't recall exactly. I suspect that Skip Thurlow and
9 I talked it over. Whether he conferred with anyone else, I
10 don't know. I suspect that he and I agreed that I should
11 send the letters out.

12 Q. And, do you recall why?

13 A. Probably because I was closer to those firms personally.

14 Q. All right. Then the chairman of Save Maine Yankee would
15 be?

16 A. Yes.

17 Q. Or even Mr. Thurlow would be?

18 A. Yes, because I personally knew the individuals that I
19 sent those letters to.

20 Q. Most of them did respond favorably, I take it?

21 A. The response rate I think was in the neighborhood of 80
22 percent or so the first time. The second time was even a far
23 lower key campaign, fewer letters sent out, and I think the
24 response rate was also probably a lesser percentage. So
25 there was probably some difference between the first and

1 second campaign, the first one being certainly more intensive.

2 Q. Now, what sort of services did Kidder Peabody, for
3 example, do for CMP?

4 A. They are an investment banking firm, and one who
5 underwrites our securities.

6 Q. All right. And are you the person that selects them to
7 do that?

8 A. Not alone.

9 Q. Who else does?

10 A. I usually make a recommendation to the president and the
11 board of directors.

12 Q. Any name doesn't get submitted to the board of directors
13 and the president unless you put it to them, correct?

14 A. That is probably true. In this particular case that
15 firm had done business with the company long before I came
16 here though.

17 Q. But you would have the right, if you decided to for
18 whatever reasons, not to submit their name, you might have to
19 explain it to somebody?

20 A. I would certainly have to explain why I would want to
21 change.

22 Q. I take it the same goes with all the others you
23 mentioned?

24 A. That's true.

25 Q. And you talked about comanagers in putting out a

1 security. I'm not sophisticated or even very knowledgeable
2 how this is done. Would you explain to me the mechanics of
3 issuing a security in this fashion?

4 A. Yes, if we were to issue a mortgage bond, for example,
5 the denomination or the total amount would probably be in the
6 neighborhood of 50 or 60 million dollars. It is too much for
7 any one firm to sell to its own clients. Normally what we do
8 is retain two managers, called comanagers, to put together a
9 syndicate and underwrite those securities, purchase it from
10 us, and then turn around and sell it to the public.

11 Q. Would people such as you listed be those types of people
12 who would act as comanagers?

13 A. Goldman Sax, Merrill Lynch, Leaman, Blith, and Kidder
14 are those types of firms. The others are commercial banking
15 firms.

16 Q. Would they get involved in the issuance of the
17 securities?

18 A. No, they would not.

19 Q. Would a firm like Tucker, Anthony be one that would be
20 involved?

21 A. They would be one indirectly. They would be asked to be
22 a part of the syndicate by our comanagers.

23 Q. Now, the comanager, whoever it might be, say Goldman Sax,
24 and correct me if I'm wrong, has to go out and make up the
25 syndicate once you decide to do an issue; isn't that correct?

1 A. Yes, they do. They generally have a pattern, or a
2 relationship that they usually call upon, so when they form a
3 syndicate in the northeast, for example, it is usually the
4 same syndicate with the same firms involved.

5 Q. But it does vary?

6 A. It can vary by region, usually their national
7 underwriters are the same, the regionals may vary.

8 Q. Just bear with me for a minute: Let's assume, and I am
9 not saying -- asking you to agree this is what happened,
10 let's assume this state of facts, that you had determined in
11 fact that Tucker, Anthony, or that Mr. Leith at Tucker,
12 Anthony had in fact made a \$10,500 contribution to the
13 opposition committee, assume that. And let's assume that
14 irritated you and CMP to the point where you decided you did
15 not wish to have them participating any further in any
16 issuances that came up. It is very possible, and -- isn't it
17 doable that when you called Goldman Sax and said we're coming
18 out with a 50 to 60 million dollar issuance, you go ahead and
19 put together a consortium, but I want it very clearly
20 understood that Tucker, Anthony is not to be involved in that
21 consortium, don't you believe you would have been listened to?

22 A. I'm not sure. Let me tell you why.

23 Q. All right.

24 A. The investment banking community has fairly fixed and
25 rigid relationships. I know of a company who have attempted

1 to try and break those relationships, have firms drop out and
2 won't go with them if they try. They are very formal in the
3 relationships, how they appear on what they call the
4 tombstone, the listing, is critical to them, very formal kind
5 of group. I have never tried to get an investment banking
6 firm to exclude somebody from the underwriting group, and I'm
7 not sure that I could do it if I tried.

8 Q. Have you ever heard of anyone else doing it?

9 A. No, I have not. That doesn't mean it hasn't happened.
10 I'm sure sometime in the course of history people have tried
11 to rearrange that group, but I have not ever tried that.

12 Q. Well, you have been in this sort of business how long,
13 sir?

14 A. 20 years.

15 Q. Okay. Just for my own information if no one else's,
16 what is your educational background?

17 A. I graduated with a degree in business administration
18 from the University of Minnesota.

19 Q. Do you have any higher degree than a bachelor's degree?

20 A. It is a bachelor's degree in business administration,
21 economics money, and banking.

22 Q. You have not gone on and gotten a master's or doctorate?

23 A. No, I have not.

24 Q. Just asking for my own information.

25 Now, just following through on my hypothesis, what

1 you determined, and that CMP was irritated about it,
2 irritated to the point where Tucker, Anthony was to be
3 excluded, and you went to Goldman Sax, and they said we're
4 not going to do that arrangement, you could go to someone
5 else, couldn't you?

6 A. Well, that would be a very tough thing to do. In the
7 case of our debt securities, rather than Goldman, it would be
8 Leaman and Kidder Peabody. We have selected them for good
9 reasons, principally very strong investment advice, and they
10 are a good investment banking firm, strong underwriting
11 capabilities. It would be inconceivable to me that I would
12 go to one of them and drop them out because of a matter like
13 this. It would be absolutely inconceivable that I would do
14 that.

15 Q. But it could be done if CMP was dogged enough about it?

16 A. Yes, that is correct.

17 Q. It is functionally capable of being done?

18 A. Yes, it is.

19 Q. Okay. Do you know whether or not Tucker, Anthony
20 participates in securities issued by any of the eight
21 companies you listed in paragraph three of your letter?

22 A. No, I do not know that. Those companies were selected
23 because they are 50 percent owners. I don't know if Tucker,
24 Anthony does business with them or not.

25 Q. Do you think it is probably a pretty good assumption

1 that they do?

2 A. I think so.

3 Q. All right. Edison Electric Institute, I understand from
4 that letter that is an industry association?

5 A. Yes.

6 Q. Nationwide?

7 A. Yes.

8 Q. Composed of all of the power companies in the country?

9 A. The majority of them.

10 Q. Large majority?

11 A. Yes.

12 Q. What sort of things does the Edison Electric Institute
13 undertake to do on behalf of companies such as yours?

14 A. Their principal responsibility is an information
15 exchange center. The utility industry, because we do not
16 compete with one another, are often willing to exchange data
17 about ourselves where other competing industries do not, like
18 paper companies, so on, competing with each other. And they
19 are a forum for gathering and information exchange within the
20 industry, a lot of surveys, a lot of reports, how people
21 perform certain operations, things of that sort.

22 Q. You had indicated in your response to somebody, I think
23 it was Mr. Flaherty, that when you saw the name -- I think
24 you were believing that is how you came across it -- in a
25 newspaper report?

1 A. I think so, yes.

2 Q. I'll accept that. You were surprised, or very surprised.
3 Isn't that a rather mild characterization, didn't you find it
4 inconceivable that a company such as this would be giving to
5 an antinuclear group?

6 A. Yes.

7 Q. Absolutely inconceivable?

8 A. Yes, I did.

9 Q. And, I would assume, and you correct me if your memory
10 is different, that the first person you probably told that to
11 is the president of CMP, if he hadn't already seen it?

12 A. You're probably right.

13 Q. Who was chairman of Save Maine Yankee at that time, if
14 you know, 1982?

15 A. I think John Menario, but I'm not sure, I think he was.

16 Q. I thought he was too, but then I'm a little confused
17 about his testimony yesterday, because he indicated maybe his
18 role was much less, but his title was probably the same. Do
19 you recall whether or not you picked up the phone and talked
20 with John about this?

21 A. No, I had no contact with the committee directly.

22 Q. Okay. Was there any conversation between you and Mr.
23 Thurlow that you can recall as to having you write the letter
24 as opposed to having him write the letter --

25 A. No, I don't --

1 Q. -- or having him pick up the phone and talk to Mr. Leith?

2 A. I don't remember any such conversation.

3 Q. Mr. Leith called you probably the day he received this
4 letter?

5 A. Probably that day or the day after.

6 Q. All right. And, he made it, I assume, abundantly clear
7 to you as quickly as he could that this was a reporting error?

8 A. Yes.

9 Q. Did he seem very concerned about your misperception of
10 what they had done?

11 A. He just -- I don't recall the details of the
12 conversation. My general impression was that he wanted us to
13 know that he did realize that this was an important issue,
14 one that affected the economy, and know that they would not
15 support the closing of Maine Yankee, and it was not their
16 contribution.

17 Q. Do you know Mr. Leith?

18 A. No.

19 Q. Do you know Mr. Carey?

20 A. No.

21 Q. You did not bother to verify his assertion that Nancy
22 Sullivan, whoever she may be, is not an employee of theirs?

23 A. No, I did not.

24 Q. You accepted that?

25 A. Yes, I did.

1 Q. Why did you mention that the utility industry
2 association with the Edison Electric Institute was so
3 supportive of the campaign and have a representative directly
4 and actively involved? How did that relate to the economic
5 well being of the people of the State of Maine?

6 A. It is more than a State of Maine problem. It clearly
7 affected the State of Maine, and it was a national problem,
8 and was an industrywide concern.

9 Q. Well, that point was made in paragraph two, wasn't it,
10 basically?

11 A. Paragraph two is principally a Maine impact, paragraph
12 three expands and talks about a broader geography than Maine.

13 Q. Paragraph three responds and talks about specific people
14 who Tucker, Anthony probably does business with, or certainly
15 would like to do business with, and brings in every
16 representative of the Edison Electric Institute who they
17 probably would also like to do business with if they could,
18 right?

19 A. Yes.

20 Q. That fact wasn't lost on you when you wrote that, was it?

21 A. Again, I wanted to explain the issue. It has a
22 connotation broader than Maine. The impact in Maine was
23 paragraph two, the impact in the region and the United States,
24 it also affects the country.

25 Q. Giving you the benefit of a doubt on that purpose, to

1 use the word dichotomy, which we have been educating
2 Representative Kelleher about, was there also a double
3 purpose in putting that in, given that you wanted to educate
4 them this was a nationwide problem, didn't you also want to
5 educate them this was a nationwide problem for them?

6 A. Yes. The point I made before is that they as a firm
7 have a concern, and should have a concern about the economic
8 well being of those people they do business with.

9 Q. Okay.

10 A. And I clearly agree with that, and clearly agree that
11 that is part of the purpose.

12 Q. Maybe I misunderstood an earlier explanation. You
13 clearly wanted them to understand that there was probably
14 going to be an adverse economic impact to them as a company
15 by companies such as yours?

16 A. Their clients, and then through -- you know, because it
17 is going to have an economic -- negative economic impact on
18 their clients, it would on them as well.

19 MR. LINNELL: Okay, thank you.

20 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. WEBB:

21 Q. Mr. Webb, not to belabor it, but I will belabor it, the
22 point that I want clarified is that are you aware of Tucker,
23 Anthony's business for the paper companies in the State of
24 Maine?

25 A. No, I think that they probably participate -- I just

1 don't know, but I think they probably participate in issues
2 of any of those companies if they were to issue securities in
3 the region.

4 Q. And that may indicate the extenuation on the paper
5 industry among the Maine industries that you have highlighted?

6 A. I mentioned the paper industry because they are so
7 important to the State of Maine, and they are our largest
8 customers. And the impact of closing Maine Yankee is greater
9 on them than anyone else, and that is why they are there.

10 Q. When you sent out -- made phone calls or sent out
11 letters asking for campaign contributions, you didn't put
12 down an amount that was contributed; did you indicate how
13 much the effort was going to take and general round about
14 sort of ways of what would be expected?

15 A. I may have in the telephone conversations, I may have
16 even in the letter. I don't have a copy of the letter here,
17 but I know when I talked to these folks that I indicated it
18 was going to be an expensive campaign. I may or may not have
19 mentioned what the budget was. I just don't remember.

20 Q. You don't remember any ball park figures?

21 A. I may have. If individuals had asked me, well, what
22 kind of contribution are you looking for, I might have
23 responded something to the effect that well, so and so is
24 giving X amount. There was that kind of dialog that took
25 place in some instances.

1 Q. So that they would know that if so and so gave that much,
2 and they are all -- these Kidder Peabody, or whatever,
3 Merrill Lynch, and these others, more or less assume that
4 everybody give the same, or thereabouts, that is the ball
5 park figure?

6 A. I would have given them the information I knew. I
7 recall -- I recall having contributions been received from
8 some firms, and some have not, and they would ask me well,
9 who has contributed so far, and what have they contributed, I
10 would give that information if I had it.

11 Q. So it is like a general guide to them?

12 A. To make their choice.

13 Q. But not saying specifically?

14 A. Exactly right.

15 CHAIRMAN BALDACCI: I have no further questions.

16 Is there any other further questions of Mr. Webb?

17 REPRESENTATIVE KELLEHER: Thank you very much, not
18 at this time.

19 CHAIRMAN BALDACCI: Not at this time.

20 Thank you very much, Mr. Webb.

21 MR. DELAHANTY: May I consult with Mr. Webb?

22 CHAIRMAN BALDACCI: Certainly.

23 THE WITNESS: I just have one closing comment, if I
24 might.

25 CHAIRMAN BALDACCI: Yes, Mr. Webb.

1 THE WITNESS: I mentioned a couple of times about
2 the closing down of Maine Yankee having a national impact
3 going beyond the State of Maine. I wanted to clarify why I
4 felt that way. Those people that I had talked with about the
5 campaign were concerned that if a successful referendum drive
6 occurred here in Maine that it would give impetus and support
7 to referendum drive elsewhere, and that it could have a
8 domino effect, if a successful campaign to close an ongoing
9 power plant in Maine could spur on the activity in that kind
10 of area and cause plants to close down across the country.
11 And that is why I mentioned I felt there was a national
12 impact on the Maine Yankee effort here.

13 CHAIRMAN BALDACCI: Yes, Mr. Flaherty.

14 EXAMINATION-BY ATTY. FLAHERTY OF MR WEBB:

15 Q. You quicken my interest with that answer, Mr. Webb,
16 which comes on the heels of your conference with counsel.
17 Let me once again direct you then to page two of your letter,
18 which has been so carefully examined by this Committee. The
19 last paragraph which I discussed with you previously gains
20 additional prominence now in light of your last response. I
21 inquire as to why, if that was your reason, and your concern,
22 and that is why you outlined that because this domino effect
23 was of such importance to you, why did you feel it necessary
24 to relate to Mr. Leith and Mr. Carey the fact that you were
25 going to discuss this business with those others who will

1 also be interested, what would that do to the domino effect,
2 how would it stop it, how would it qualify it?

3 A. I'm not sure I understand the question.

4 Q. Well, I think you just said, correct me if I'm wrong,
5 after talking with your counsel, that the reason you were
6 concerned about communicating to these people that other
7 parts of the country would be involved is that --

8 A. That is not my concern, by the way. That is why it was
9 of national concern to those making the contribution, why
10 national firms were interested and involved, and why the
11 campaign had a national focus, it wasn't because of my
12 particular concern.

13 Q. I guess the reason I said it was your concern was
14 because you wrote the letter. And you indicated you were so
15 concerned about it you went to Mr. Thurlow and got approval
16 to send this letter out.

17 I'm saying to you that I don't understand how
18 telling Mr. Leith and Mr. Carey that you were going to
19 explain what they were doing in creating this domino effect,
20 if we want to insert that concept in now, to these other
21 people, okay, that you were going to tell them this about
22 what Leith and Carey were doing in developing this domino
23 effect needed, why this needed to be in the letter?

24 A. Are you referring to the second page?

25 Q. Yes, I am.

1 A. Why that whole paragraph is even there, you're saying?

2 Q. You said we thought it appropriate to ask for an
3 explanation for this strange dichotomy before discussing it
4 with others -- I emphasized that the last time -- who will
5 also be interested. Discussing it with others who will also
6 be interested could have no other effect, I suggest, than to
7 dissuade them from doing business, as Mr. Linnell pointed out,
8 with Tucker, Anthony. It could have no effect, I suggest, on
9 the domino theory; correct or incorrect?

10 A. National domino theory?

11 Q. Pardon me.

12 A. I guess I'm not following --

13 CHAIRMAN BALDACCI: The national domino theory.

14 Q. You said they would be encouraged, didn't you, to
15 proceed along these lines elsewhere?

16 Why don't you give me your answer again so I will
17 be sure I'm not doing you disservice.

18 MR. DELAHANTY: Could I just --

19 MR. FLAHERTY: Your counsel wants to talk with you
20 again.

21 A. The -- I had no concern about the domino effect if
22 Tucker, Anthony contributed, or other Wall Street firms
23 contributed. I had no such view or concern at all. It would
24 have been an astonishment to me that any one firm would, let
25 alone one or two would even consider it. The thing where I

1 was -- brought out the domino effect, and my concern about
2 that, was that there was a concern nationally that if one
3 state passed a referendum closing an ongoing power plant,
4 that the fact that that state would have a successful
5 referendum closing, that plant would have a domino effect in
6 other states, and other states, therefore, might feel
7 enheartened and try to close down existing plants in other
8 states. I wasn't at all concerned about other investment
9 banking firms making contributions.

10 Q. What part of your letter was designed to communicate
11 that concept that you have just given?

12 A. The national concern concept?

13 Q. Yes, this is where I'm losing you.

14 A. I don't know that I brought up the national concern in
15 this letter.

16 Q. You did bring up a national concern, didn't you?

17 A. I brought it up in my remarks.

18 Q. One that would be of concern to Tucker, Anthony?

19 A. Not really. Tucker, Anthony should have a national
20 concern, the same as I have a national concern, but that is
21 not the focus.

22 Q. Isn't it true, Mr. Webb, and we'll end it there, the
23 first page, down at the last paragraph, I'm sorry to get into
24 it again but because of your domino effect I feel I have to
25 for the record, you took it upon yourself to remind them in

1 no uncertain terms that they had participated in underwriting
2 the Central Maine Power Company securities in the past?

3 A. Correct.

4 Q. That has nothing to do with your concern for the domino
5 effect, does it?

6 A. No.

7 Q. It needn't be there as in way communicative of that
8 issue?

9 A. No.

10 Q. Right. You also said that it also provided certain
11 services for other utilities in New England, right?

12 A. Yes.

13 Q. Of a similar sort?

14 A. Yes.

15 Q. And other parts of the country, correct?

16 A. Yes.

17 Q. So you blanketed the entire nation so far as Tucker,
18 Anthony is concerned?

19 A. Yes.

20 Q. And its underwriting activities?

21 A. Yes.

22 Q. Right. And then on the second page, which I have
23 discussed too many times now, I guess, you said, among other
24 things, that you thought it would be nice to let them know
25 how you feel about all this before you start letting all of

1 their other vendees know about it, or all of the other
2 companies for whom they do underwriting, directly or
3 indirectly, and I suggested to you, and you disagreed with me
4 that those constituted veiled threats to any reasonable man,
5 and something more than that to a person in the position of
6 Mr. Leith and Mr. Carey; do you disagree with that?

7 A. Yes.

8 Q. So much so they called you up within a matter of a day,
9 right?

10 A. They wanted us to be aware that we didn't have a
11 misunderstanding.

12 Q. Isn't it a fact that if you had your druthers and you
13 had to do over again for Central Maine Power Company you
14 never would have written that letter?

15 A. I'm not sure I thought that before this afternoon. I
16 ought to reconsider after this afternoon.

17 Q. You would reconsider it after this afternoon?

18 A. Yes.

19 MR. FLAHERTY: I have no further questions.

20 CHAIRMAN BALDACCI: Thank you very much.

21 MR. ASCH: Mr. Chairman, the staff would appreciate
22 in the process of trying to determine how the contribution
23 came to your attention, if the attorneys for Central Maine
24 Power, and Mr. Lydon who I see is present, would attempt to
25 determine how the file of campaign finance reports for the

1 antinuclear referendum groups came to be in the files of the
2 committee. One question is who put them there; the second
3 question is who recommended that this be collected, which is
4 a campaign strategy question for the campaign, in reference
5 to the Save Maine Yankee 1980 campaign.

6 MR. DELAHANTY: May I speak here for a second, just
7 so I can be sure I have everything, Mr. Chairman.

8 CHAIRMAN BALDACCI: Yes.

9 MR. DELAHANTY: What you're asking is who compiled
10 the file of the antinuclear contributions?

11 MR. ASCH: And who suggested that it be compiled,
12 if that person can be identified, or persons can be
13 identified. We're not speaking of the list, we're speaking
14 of the campaign finance reports from the Secretary of State's
15 office.

16 MR. DELAHANTY: Filed with the Secretary of State's
17 office?

18 MR. ASCH: Filed with the Secretary of State's
19 office, on which the contribution that led to this letter was
20 listed.

21 MR. DELAHANTY: Okay, so it would have been the --
22 you want the entire file. You have the entire file.

23 MR. ASCH: We're asking how the file came to be
24 there, who suggested that it be kept. If there is an
25 alternative explanation for how the contribution came to the

1 attention of Mr. Webb we would certainly like to know that.

2 MR. DELAHANTY: I think it has already been
3 suggested that if Mr. Webb has any further thoughts --

4 CHAIRMAN BALDACCI: He will be back to --

5 MR. DELAHANTY: -- he will communicate to the
6 committee. I believe he testified he believes it was from
7 the newspaper.

8 CHAIRMAN BALDACCI: He is just reinforcing that
9 particular concern.

10 Are there any other questions at this point?

11 MR. FLAHERTY: No, Mr. Chairman.

12 MR. LINNELL: No, thank you.

13 CHAIRMAN BALDACCI: Thank you very much, Mr. Webb.

14 We're going to take a five-minute recess for just a
15 moment, Mr. Thurlow, and at the same time the committee
16 appreciates your appearance here today. And I know that you
17 have delayed your vacation to be able to here, so a five-minute
18 break and we'll be right back.

19 (A short break was taken.)

20 ELWIN W. THURLOW, having been duly sworn by the Chairman,
21 was examined and testified as follows:

22 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. THURLOW:

23 Q. Please be seated, and state your name and occupation for
24 the record.

25 A. My name is Elwin W. Thurlow, and I was formerly

1 president of Central Maine Power Company, and Maine Yankee
2 Atomic Power Company.

3 CHAIRMAN BALDACCI: Do you have anything, Mr.
4 Thurlow, that you would like to add or -- in discussions I'm
5 sure that you're aware of what the Committee is investigating,
6 that would be able to enlighten the Committee or some points
7 that have not been raised previously?

8 A. Perhaps just a couple of general comments: When I
9 retired from the company I did not take any of the records
10 home with me, I left them at the company, so I have not been
11 able to refresh my memory as to some of the things that
12 happened back in '80 and '82. And I would also like to
13 comment that I do have trouble remembering what happened in '82
14 against what happened in 1980. I tend to get those two mixed
15 up. So if you have any documents on it that will go along
16 with some of the questions to help refresh my memory, I would
17 appreciate that.

18 CHAIRMAN BALDACCI: All right.

19 Staff, Mr. Flaherty, then Mr. Linnell.

20 EXAMINATION-BY ATTY. FLAHERTY OF MR. THURLOW:

21 Q. Mr. Thurlow, I'm sure that by now you are fairly well
22 acquainted with the business of the Committee.

23 A. Yes.

24 Q. And, I trust that you will understand that the questions
25 we ask here are designed to elicit hopefully information

1 which will enable the Committee to make a constructive
2 recommendation to the Legislature as to whether, and to what
3 extent there should be legislation further controlling or
4 further directing disclosure with respect to the involvement
5 of regulated utilities and political activity.

6 With that in mind, I should like to ask you if you
7 would initially simply, for the record, acquaint the
8 Committee with the position you held at Central Maine Power
9 Company in 1980 and 1982?

10 A. In 1980 and 1982 I was president and chief executive
11 officer of Central Maine Power Company. I also served as
12 president of Maine Yankee Atomic Power Company, which was a
13 subsidiary operation, jointly owned company handled by
14 Central Maine Power Company.

15 Q. So that it is fair to say then that the entire operation
16 was ultimately under the direction and supervision of
17 yourself acting as the person executing the will and command
18 of the directors and stockholders?

19 A. Yes.

20 Q. In 1979 you had occasion to become concerned, I take it,
21 that an effort was about to be made through referendum to
22 effectuate the closing of Maine Yankee; is that correct?

23 A. That is correct.

24 Q. Would you be kind enough to tell us very briefly how
25 that came to your attention?

1 A. I'm not exactly sure, but we became aware that there was
2 a group in Maine that intended to collect signatures which
3 would bring to referendum the question of closing the Maine
4 Yankee Atomic Power plant.

5 Q. Yes, and having been made aware of that undertaking, you
6 took certain action on behalf of your company; is that
7 correct?

8 A. I'm not sure that we did very much at that time. We
9 were very concerned, but as I recall, we had discussions as
10 to whether we would try to fight the attempt to collect
11 signatures, but I believe we decided not to do that. That
12 didn't mean we weren't very concerned about it, but we
13 decided that trying to counter the signature gathering effort
14 would not be productive.

15 Q. If I understand you, the signature effort was designed
16 to obtain enough signatures which under the existing law
17 would mandate a referendum?

18 A. That is correct.

19 Q. And your company with you decided not to fight that
20 effort to get the signatures?

21 A. I believe that is correct.

22 Q. And, then -- but you did make a decision to the extent
23 that the referendum ever became a reality to fight that?

24 A. Yes.

25 Q. Would you tell me whether you -- and with whom you

1 conferred at your level of management regarding that decision?

2 A. I don't recall specifically, but I can be almost certain
3 how it took place. We had Monday morning officers' meetings
4 where all of the officers of the company met to bring
5 everybody up to date on what is going on. I'm sure when that
6 matter came to our attention this was probably a priority
7 item at one of the Monday morning officers' sessions where we
8 discussed in detail what was involved, who knew, you know,
9 who knows about this, what is going on, and I'm sure we had a
10 very detailed discussion.

11 Q. And, this would have been perhaps when, in 1980?

12 A. Well, now I'm not sure, whenever. --

13 Q. As best you recall.

14 A. Whenever the announcement was made by the antinuclear
15 group that they intended to do it. I'm sure it had a
16 newspaper headline, and we were all probably well aware of it
17 at that time. And it must have been 1979 because the
18 campaign was in 1980.

19 Q. So, assuming that it was, as best you can recall, after
20 you learned about the position of the referendum effort, did
21 you then decide to embark upon the strategy to -- designed to
22 resist a favorable vote on this?

23 A. Yes, we did. My guess is that it would have been
24 sometime early 1980. I don't recall when the antinuclear
25 group had to have their signatures in. It seems to me it was

1 sometime around the January, February period in 1980. I may
2 be wrong there. But as soon as we knew they had the
3 signatures, then we began to develop a strategy as to how we
4 would go about trying to fight this effort.

5 Q. Would you be kind enough to acquaint us with the
6 strategy you hit upon, as best you can recall?

7 A. Well, we recognized right off that this was the first
8 time that anyone had made an effort through the referendum
9 procedure to close an operating nuclear plant. There had
10 been many national efforts to stop nuclear construction, so
11 forth, but this was the first time that this was an effort to
12 stop a plant that was already operating. Immediately this
13 got national attention. We received calls from practically
14 every state in the union, what is going on, what are you
15 going to do about it? There was a great deal of concern
16 nationally.

17 We had several sessions with the officer group at
18 Central Maine Power Company, we had lots of advice, some
19 unsolicited, as to how we should do it from outside, but we
20 knew it was very important. And it took sometime to develop
21 the full program. We knew we had to fight it actively, and
22 openly, and we pretty much looked upon it as a political
23 campaign, just as though we were running for political office.
24 We would have to do the same kinds of things that any
25 candidate would have to do if they were running for political

1 office.

2 This also told us we didn't have much experience along
3 those lines, that we would have to try to get somebody that
4 was more knowledgeable in this kind of thing to guide us. We
5 would have to have legal advice, because we had to be careful
6 that the company didn't get into trouble on this. We knew we
7 had to do it, but we had to do it legally and properly. And
8 that is when we began to line up the individuals that we
9 finally decided on that would help us, knowing the need.

10 Q. Now, would you be kind enough to tell me first who the
11 individuals were that you began to line up for these purposes?

12 A. I'm not certain which came first. The two key
13 individuals in state that we ended up with, Mr. Menario and
14 Mr. Potholm, were selected to run the campaign and provide
15 the political strategy, or at least be the expert in that
16 area. And I don't know which came first, but we knew we
17 wanted someone that could run the effort, and several names
18 were bandied about among the officer group, and I don't
19 recall right offhand how Mr. Menario's name came up. I knew
20 John Menario, and had known him for some time. I think
21 probably somebody mentioned his name to me and it sounded
22 like a natural if he had the same philosophy about nuclear
23 power as we had, because it was obvious that whoever we had
24 would have to share our strong beliefs, because he was going
25 to be such an important key in this kind of campaign. And,

1 as I recall, I telephoned John Menario, told him what we
2 were thinking about, and asked him if he would have any
3 interest in working with us on that.

4 He indicated he would like to sit down and discuss
5 it with me. We did, we had a meeting of the minds on what we
6 thought he could do for us, and as a result of that session
7 he came aboard, became part of the team.

8 Q. Now, did you have more than one discussion with John
9 before you came to a consensus that he was the man to be on
10 the team with you?

11 A. I don't remember specifically, but I wouldn't be
12 surprised if we had more than one.

13 Q. Do you recall that John Menario submitted to you a draft
14 of his proposed structuring of the means and methods of
15 involvement, so far as he was concerned, and the role he
16 would play? And, I'm asking the staff to give you a copy
17 right now, you have a copy of that. If you will take a look
18 at that, Mr. Thurlow, for a second, that is the April 16,
19 1980, memorandum; do you recall that memorandum?

20 A. I had forgotten it until it was mentioned earlier today,
21 and I had an opportunity to look at it earlier, and I do
22 recall it now.

23 Q. In that memorandum, among others things, Mr. Menario
24 suggested that it would be inadvisable to have it appear that
25 he had been hired -- I'm looking specifically at page three,

1 next to last paragraph -- and I quote, I think in terms of
2 our overall strategy it might be much more effective if I am
3 hired by a citizens' committee with, of course, the
4 substantial resources of that committee being made available
5 from Central Maine Power, end quote. Do you recall that?

6 A. Yes, I do.

7 Q. And also the statement that -- at page three, again, in
8 which he describes -- I'm sorry, not page three but page five --
9 in which he describes the function of proposed committee
10 number one, and I quote in that one, it would also be known
11 from time to time that a major source of funds to this
12 committee will come from Central Maine Power, but I see no
13 need of the public knowing the informal organizational
14 structure of which I am the state coordinator for Central
15 Maine Power's overall activities, end quote; do you recall
16 that?

17 A. I had forgotten it, but I recall it now that I see it.

18 Q. In any event, is it fair to say, you tell me and the
19 Committee, that you did review, and consider, and deliberate
20 on the suggestions made in this memo?

21 A. Yes, we did. And, I think it is important to point out
22 that a lot of the things that are mentioned in this memo we
23 did not subscribe to. One of the things that I decided early
24 on, as I said, we had a lot of free advice coming at us from
25 any number of directions, many of them -- most of them,

1 obviously, from people outside the company. My concern was
2 that, yes, they are interested in winning this campaign, but
3 when it is all over they all go home. Central Maine Power
4 Company is still here. And I said everything that we do has
5 to be based on the fact that when this thing is over, win,
6 lose, or draw, Central Maine Power Company's name cannot be
7 tarnished, we are still the largest electric utility in Maine,
8 and we have to stay here and operate, so that we have got to
9 carry on this campaign in a way that will not reflect poorly
10 on the company.

11 Q. Fine.

12 A. And a lot of things that were suggested I dismissed out
13 of hand, even though they were legally proper, I was afraid
14 they might reflect on the company at some date.

15 Q. I appreciate that.

16 Mr. Thurlow, I understand your statement that you
17 did not adopt Mr. Menario's suggestions and proposals in
18 totality, but you would agree with me, would you not, that
19 you came to the same conclusion regarding the desirability of
20 having what would appear to be a separate and independent
21 citizens' committee, namely Save Maine Yankee, out there as
22 the chief proponent of your position?

23 A. Yes, and there were at least two specific reasons for
24 this. The very earliest reason was I was given to believe by
25 the legal counsel that we had to have some kind of a

1 committee structure according to the election laws of Maine
2 to receive monies and report to the Secretary of State, and
3 so forth. I'm not clear on that, I'm not a lawyer. But I
4 know that that was one of the first things we did, was to be
5 sure we were clear as far as election laws were concerned.

6 The other thing, and a very practical consideration,
7 was that we knew it was going to be an expensive campaign, we
8 knew we were going to have to solicit funds from any source,
9 any legal source that we could find. I didn't want checks
10 being sent to Central Maine Power Company, because we have
11 enough trouble with our finances without getting that kind of
12 thing. So there had to be an organization where
13 contributions could be made that was completely separate from
14 Central Maine Power Company, if for no other reason than
15 reporting purposes.

16 G. I understand you to be saying, if I can summarize that,
17 there were legal requirements that you had in mind, there
18 were other types of professional requirements that you had to
19 consider, or were made to consider. But, isn't it fair to
20 say, among all of those there was also, certainly from Mr.
21 Menario's standpoint, and otherwise, a strategic objective
22 which was to create the impression, and I'm not suggesting it
23 was wrong to do this, you understand, that is not my function,
24 but to create the impression that this was indeed a grass
25 roots citizens' committee very much concerned to Save Maine

1 Yankee, strategywise?

2 A. That is partly true. I did not subscribe to John
3 Menario's idea that we could form a committee, and he could
4 run the committee, and we could fool the public in Maine into
5 thinking that Central Maine Power Company didn't have
6 anything to do with it. I said that is totally unrealistic
7 to think that people would not appreciate the fact that we're
8 a major factor here. So, I had no illusions of trying to
9 hide the fact that Central Maine Power Company was
10 instrumental in this effort, and that John Menario had been
11 selected by us, and I think the record, press conferences,
12 and so forth, would probably show that.

13 Q. Mr. Thurlow, if you will turn to page three of that
14 memorandum of Mr. Menario, I think you will find considerable
15 support for what you just told me, because I am quoting Mr.
16 Menario when he wrote -- a moment ago I did it -- I would
17 strongly urge that you, Mr. Thurlow, rethink your earlier
18 decision to publicly announce me as an individual hired by
19 Central Maine Power Company. So, clearly this implies that
20 there was some discussion in which you made the suggestion
21 which you have now recounted to us. This is the beauty or
22 the horror of the record. But, he went on to try to dissuade
23 you from that point of view, apparently, and to have it
24 appear for strategic purposes that he was hired -- to be
25 hired by a citizens' committee, and I suggested you

1 ultimately succumbed or otherwise agreed with that suggestion,
2 because that is what happened, did it not?

3 A. Not totally. He was hired by the committee because
4 after we had established the committee, and that was one of
5 the first things we did. I'm not sure, but I suspect the
6 committee was probably set up before Menario came aboard, to
7 meet the election requirements, and so forth. Once the
8 committee was established and it was determined that the
9 committee would receive contributions, then it was logical
10 that he would be an employee of the committee and that the
11 funds would go from the committee to him. I never made any
12 attempt to hide the fact that Mr. Menario had been selected
13 by Central Maine Power Company.

14 Q. Were -- you were not here apparently when Mr. Menario
15 testified.

16 A. No.

17 Q. You do agree with me, though, that whatever your wishes
18 might have been, and however you chose not to conceal these
19 things, it is a fact that his contract is with Save Maine
20 Yankee and not with Central Maine Power?

21 A. Correct, yes.

22 Q. And his directorship and his officer's position was with
23 this corporation known as Save Maine Yankee?

24 A. Yes.

25 Q. And if anyone were consulting the records of Central

1 Maine Power Company, nowhere among those records would that
2 person ever find a reference by financial document, or
3 contract, or W-2 form, or what have you, which would suggest
4 that Mr. Menario was working for Central Maine Power?

5 A. Not in writing, no.

6 Q. Exactly. So that there was indeed created this
7 independent type entity which we call Save Maine Yankee, and
8 it chose to be called Save Maine Yankee?

9 A. Yes.

10 Q. Now, we have been advised in some of the documentation
11 which your former company has been most helpful with,
12 indicates that in addition to this Save Maine Yankee
13 committee there was also a steering type committee. Now,
14 people have taken issue with me as to what we call this. But
15 I guess as this continues to unfold, and I get more
16 sophisticated, maybe we should call it an advisory board;
17 would that be a fair statement?

18 A. Yes, I think we called it an executive committee, but
19 I'm not sure.

20 Q. That is correct. Some people dislike that word. In any
21 event, there was this other committee which sort of acted as
22 a steering, or advisory, or executive committee, and operated
23 sort of in a catalytic fashion between Central Maine Power
24 and Save Maine Yankee; is that right?

25 A. Between a lot of factions.

1 Q. Why don't you tell us about them?

2 A. The important other element here was that we made the
3 decision early on to hire a media consultant who in the first
4 campaign, and the two campaigns were handled differently, I
5 have to emphasize this, the first campaign in 1980, the media
6 consultant literally ran the operation. He established an
7 office in Augusta, had an employee here full time, and was
8 very specific on what he wanted done, perhaps more so than I
9 liked. But the campaign was successful so I can't complain.
10 But he ran that campaign.

11 Q. Who was that?

12 A. The firm was Winner Wagner, a California firm.

13 Q. California. Did I interrupt your answer?

14 A. No, I was just going to say that that firm had had a lot
15 of experience in the nuclear area, and that is how we
16 happened to select them.

17 Q. But I take it you rejected their approaches and their
18 role in the '82 campaign?

19 A. In the '82 campaign we decided to do it differently
20 because we didn't want to have to spend as much money.

21 Q. Yes. And from what we heard here thus far, apparently
22 that was a much less expensive undertaking from the
23 standpoint of Save Maine Yankee and the Central Maine Power
24 than the first one?

25 A. Yes.

1 Q. Now, can you tell me, as you recall, and I am
2 appreciative of your statement that you're without records,
3 approximately how much money was generated to fund, or to
4 become assets, cash assets, or otherwise of Save Maine Yankee
5 in the '80 campaign?

6 A. My guess would be we spent something approaching a
7 million dollars, and it seems to me that perhaps as much as
8 75 percent of that was raised outside the company. Now, I
9 could be off there, because I don't have the numbers with me.

10 Q. And, that money was raised at least in two ways, right,
11 through direct solicitation by Central Maine Power Company
12 right up front?

13 A. Yes.

14 Q. And through solicitation, and I'll not purport to
15 characterize it as indirect, but solicitations by Save Maine
16 Yankee?

17 A. That's correct.

18 Q. Those are the two basic soliciting agencies?

19 A. Yes.

20 Q. Is it fair to say the out of state money came through
21 direct solicitation almost exclusively by Central Maine Power?

22 A. Yes.

23 Q. Now, is it also fair to say, Mr. Thurlow, that in this
24 entire network, including Central Maine Power, the executive
25 committee, as you have termed it, and Save Maine Yankee, you

1 played the central role?

2 A. Yes.

3 Q. And, generally speaking, and understandably, what you
4 said was listened to?

5 A. There had to be someone to make the final decision and
6 that was me. But we did have the committee, and I listened
7 very carefully, and many times I made the statement when you
8 hire experts you better listen to them or you better not hire
9 them.

10 Q. Now, you hired, as you indicated, Mr. Menario, who
11 certainly could qualify as an expert in that area, and you
12 also mentioned another key person, and that was Mr. Potholm?

13 A. Yes, sir.

14 Q. Would you be kind enough to tell us how you first came
15 to know about, and become acquainted with Mr. Potholm?

16 A. I'm not sure that I can recall how I came to know him.
17 I had never heard of Mr. Potholm prior to this campaign.
18 Someone called his name to my attention. I don't know who it
19 was. It might possibly have been Mr. Temple. That is a
20 vague recollection --

21 Q. He said that.

22 A. Okay. I do recall that the first time I met Mr. Potholm
23 we sat down in Mr. Temple's office to bring him up to date on
24 what we were up against, and to really find out what he could
25 do to help us, did I want to have anything to do with him.

1 And I had never met the man before, and we sat and discussed
2 what we were up against, and he told me what he might be able
3 to contribute, and we discussed it -- I don't know if we made
4 the decision that day, probably later on when I decided yes,
5 we would bring him on board to be part of the team.

6 Q. And you're now speaking initially of 1980 with Mr.
7 Potholm; is that right?

8 A. Probably early 1980.

9 Q. Would you be good enough to describe to the Committee,
10 as briefly as possible, what he presented to you in the way
11 of skills which you considered to be of importance to you in
12 that campaign?

13 A. Well, from our discussions it appeared to me that he had
14 some considerable background in the way of political strategy,
15 and in the way of knowing more about political matters in the
16 State of Maine, and the kinds of things that we would have to
17 consider in order to run a successful campaign.

18 Q. Did he have any input in the decision-making process
19 which led up to the ultimate establishment of Save Maine
20 Yankee?

21 A. The committee?

22 Q. Yes.

23 A. I'm not sure. He might have because he was one of the
24 original directors, so he had to have been on board at the
25 time the committee was structured. He probably did. I'm

1 sure we sat around the table and discussed it, and the
2 decision to set up the committee very early came about
3 primarily because of the recommendation of our counsel, Mr.
4 Healy.

5 Q. So, based upon what you have told us here, would I be
6 fair in calling Mr. Potholm, at least in one respect, from
7 your point of view, a political strategist?

8 A. I think that is a fair statement.

9 Q. And, did he also bring to you certain skills or tools,
10 namely polling experience and development at that time?

11 A. I'm not sure that I knew at that time that he was
12 involved in polling, because he had never done any for us and
13 he didn't do any for Save Maine Yankee for some period of
14 time after this. At some point, though, fairly early on I
15 found out that he did know something about polling, but I
16 didn't realize how much.

17 Q. Can you tell us approximately how much time elapsed
18 between your first encounter with him and your learning of
19 his polling abilities?

20 A. Well, I'm guessing now.

21 Q. I appreciate that. A few months?

22 A. One of the first things we did was selected the media
23 consultant, and one of the first things the media consultant
24 did was give us a budget of what he thought we would have to
25 do, and he broke down into various categories, and one of

1 them was polling. And he said one of the first things we had
2 to do was do an extensive poll to find out what the real
3 nuclear problem might be in Maine.

4 Q. This was Winner Wagner?

5 A. Yes. They gave us the name of the firm they would
6 recommend, because we had never used that firm.

7 Q. Cambridge?

8 A. Cambridge. And it was probably at that time that Dr.
9 Potholm made known his knowledge in the polling area, and I
10 think he helped frame some of the questions that Cambridge
11 finally used. I'm not certain of that, but I'm sure he had
12 some input somewhere.

13 Q. So that initially on the advice of Winner Wagner and
14 with some participation by Mr. Potholm, Cambridge Reports did
15 a poll?

16 A. That is correct.

17 Q. Can you fix that in time at all for us, reasonably? It
18 would have been in 1980?

19 A. Yes, and it would have been early in 1980.

20 Q. Early. And the results of that poll were presented to
21 you?

22 A. Yes.

23 Q. And, was any analysis made of those polls by Mr. Potholm?

24 A. There was a presentation of the polling results and an
25 in depth analysis made by the Cambridge people themselves. I

1 don't remember whether Dr. Potholm did anything initially,
2 but as the campaign began to develop I think he began to give
3 us some interpretive thoughts on the Cambridge poll.

4 Q. Okay. Now at some point in that time process, Mr.
5 Thurlow, you obviously struck an arrangement with Mr. Potholm?

6 A. Yes.

7 Q. Both as to his role, and the manner by which he would be
8 compensated; is that correct?

9 A. That's correct.

10 Q. Would that have been also in early 1980?

11 A. I would say so, yes.

12 Q. Would you tell us what the arrangement was, if you
13 recall?

14 A. I don't remember the amount, but it was -- he was going
15 to provide general services along the lines of political
16 strategy, participate in committee meetings, help us to
17 develop a campaign, to give us ideas on what things we could
18 do, and it was something in the order of 15 to \$20,000, I
19 think, for the campaign. I don't recall that there was any
20 discussion of him providing any kind of polling services at
21 that time. Later on, however, the subject of tracking polls
22 came up, and then I believe we had a separate understanding
23 with him that he would provide certain tracking polls for
24 some number, and I don't recall what the fee was.

25 Q. Is it fair then to conclude that at least in one aspect,

1 initially Mr. Potholm was -- had entered into a contractual
2 arrangement with Central Maine Power for which he was paid
3 several thousand dollars to act as a political strategist?

4 A. Yes, and I don't recall whether the agreement was with
5 Central Maine or with Save Maine Yankee, I forget.

6 Q. You don't remember?

7 A. No.

8 Q. But the money for it was at least guaranteed, if not
9 funded, in either event, by Central Maine Power?

10 A. Oh, yes. Right from the start there was a clear
11 understanding that Central -- Maine Yankee -- I get Central
12 Maine and Maine Yankee mixed up -- Maine Yankee had to agree
13 to Winner Wagner, to Cambridge, to everyone, that if we were
14 unsuccessful in getting funds outside, Central Maine Power
15 Company would pay the bill.

16 Q. Okay, and in fact that was your undertaking with Mr.
17 Potholm, as well, as part of that agreement?

18 A. I suspect it was the same arrangement.

19 Q. In the course of his strategizing, did he -- we're still
20 out of the polling aspect of it -- did he make
21 recommendations as to solicitation of support from various
22 political figures, such as governors, senators, and political
23 candidates?

24 A. I'm sorry, I was distracted.

25 Q. Fair enough. In the course of his political

1 strategizing on your behalf as part of the team, did he make
2 suggestions as to methods of solicitation of support from
3 political candidates and political personages such as
4 governors, Governor Brennan, if you will, and others --

5 A. Okay, the first --

6 Q. -- enlisting their assistance in the campaign?

7 A. I -- again, I get the two campaigns mixed up.

8 Q. Let's take '80.

9 A. In 1980 the political implications were not as
10 pronounced because the Maine Yankee referendum was a separate
11 issue on a --

12 Q. All alone.

13 A. All alone on an odd date, there were no candidates
14 running for office or anything. But at the same time the
15 media consultants, Chris Potholm, and the people on the
16 steering committee recognized that we needed the support of
17 the key political figures in the State of Maine if we were
18 going to be successful. And among those certainly would have
19 been the governor, and to the extent that we could get
20 backing from the members of the House or the Senate on the
21 federal level, it was going to be extremely helpful, so we
22 knew that very early on we wanted to try to get the support
23 of these people.

24 Q. And Mr. Potholm, if I understand you, being the
25 political strategist, would have been involved in that

1 process?

2 A. I'm sure he was involved.

3 Q. Initially, now, no polling yet.

4 A. I'm sure he was involved, but I would not dare to say he
5 was the one that suggested it. More likely it came from the
6 media consultant who was very knowledgeable in this whole
7 area. But I'm sure Chris Potholm participated in those
8 discussions also.

9 Q. I guess what I'm trying to get at here for purposes of
10 enlightening the Committee, the extent to which Mr. Potholm's
11 activities at that point as a political strategist included
12 contacting, soliciting, inviting participation by political
13 personages, public figures, who had evidenced a supportive
14 position. Because you were paying them a lot of money, I'm
15 trying to find out what you were paying him for.

16 A. I don't recall in the first campaign. I remember much
17 more in the second than the first.

18 Q. Let's go to the second and see if we can get something
19 there.

20 A. In the second one, there was several of us involved in
21 trying to get the support of various candidates and political
22 figures. I was involved, Mr. Potholm was involved, Mr.
23 Menario was involved, and probably that was the -- primarily
24 the three of us handled that function basically.

25 Q. Can you be a little more specific about what Mr. Potholm

1 did?

2 A. Well, he didn't make any actual contacts that I'm aware
3 of with the political figures to try to get their support.
4 His function more was to tell us, or suggest to us the
5 importance of trying to get certain kinds of endorsements
6 from certain kinds of figures. And they were quite obvious,
7 really, endorsements from the governor, or from the senators
8 and the congressmen was very valuable to us. And I guess the
9 contacts themselves were made primarily between probably Mr.
10 Menario and myself --

11 Q. Okay.

12 A. -- trying to get those.

13 Q. So we can bring this all into perspective, Mr. Thurlow,
14 let's backtrack a little bit here for my benefit. There came
15 a time from what you said after -- or in the course of the
16 first campaign when you were made aware of Mr. Potholm's
17 propensities in the polling area?

18 A. Yes.

19 Q. What were you told at that time?

20 A. Well, at sometime, and it was -- my guess is it would
21 have been early in the summer of 1980 when we were -- really
22 got our campaign up and going, I believe Dr. Potholm then
23 brought to our attention that he felt it would be important
24 for us when we got down toward the end of the campaign to
25 begin to do some tracking polls to be sure that we were

1 putting our money in the right places in the campaign. And,
2 he offered, or told us that he could provide that service.

3 Q. Go ahead.

4 A. And we accepted.

5 Q. Now, what should we understand by the term tracking
6 polls, the phrase?

7 A. Well --

8 Q. What did you understand?

9 A. Well, as I understood it, beginning at some point some
10 weeks before, and I'm not exactly sure what it was, six, or
11 eight, or 10 weeks before the election, that he would start
12 to poll around the State of Maine. It would be kind of a
13 cyclical thing, not polling the entire state every week, but
14 polling parts of the state, to begin to track on a weekly
15 basis what was happening in various counties, for example, to
16 see whether we were picking up ground, losing ground, to see
17 whether we should spend more money in the northern part of
18 the state or the southern part of the state, or what had to
19 be done to try to take best advantage of what was happening.

20 Q. Can you remember -- this is the first time now, the
21 first endeavor, can you remember for us what one of those
22 tracking questions would have been, one of the questions in
23 those tracking polls would have been?

24 A. Of course the key question was how do you intend to vote
25 as far as shutting Maine Yankee down. As I recall, and

1 again, I get the first and second campaigns mixed up, but
2 there were usually three or four questions on the poll, I
3 guess. There wasn't just one question, there were several.

4 Q. Did you collaborate with Mr. Potholm at that time, and
5 by collaborate I don't mean act in a professional way, but
6 in -- assist him in developing the kinds of questions --

7 A. On the tracking poll?

8 Q. Yes.

9 A. No.

10 Q. Did he explain to you what he was trying to accomplish
11 with the questions he was using?

12 A. I don't remember what the questions were the first time.
13 I remember pretty well what they were the second time. But
14 obviously we wanted to find out what was happening as far as
15 the Maine Yankee issue was concerned, and I don't recall what
16 the other questions were. There were no political candidates
17 running so --

18 Q. So this was that out in the lonely, single, September
19 23rd, one question referendum, right?

20 A. Right. And I don't remember what the other questions
21 were.

22 Q. Let's come up now to 1982. I take it that he was
23 conducting polls at that time, according to Mr. Temple and
24 others, that contained tracking questions?

25 A. Yes.

1 Q. In 1982 was Atlantic Research in place?

2 A. In 1982?

3 Q. Yes.

4 A. Yes, it was.

5 Q. Can you tell us approximately when that came into
6 existence?

7 A. My guess is it was 1981, I don't know for certain, I
8 have to go back to the records. I think it was probably set
9 up in 1981.

10 Q. Based on what you said before it is fair to say you were
11 instrumental in the decision-making process which gave birth
12 to that company?

13 A. Yes. When you say Atlantic Research was developed, it
14 was formally organized and listed with the state, I'm not
15 sure whether it was '81 or '82.

16 Q. Fine.

17 A. But we worked on it, on the plan in 1981. When we got
18 around to it, I'm not sure.

19 Q. When you say we worked on it, who would that have
20 included?

21 A. Mr. Leason was active in it on the nuts and bolts side,
22 doing a lot of the spade work, Mr. Potholm was in it in -- he
23 played a key role in establishing, or helping to establish
24 with our data processing people the computer program that
25 would allow us to do polling, substantial polling.

1 Q. This computer programming was on a hardware which was to
2 be receiving a software program for this type of activity?

3 A. Well, now you're talking about my weak spot. I know
4 very little about computers.

5 Q. I don't either. Hardware to me meant rakes and shovels,
6 but no more.

7 A. He sat down with our computer people, I think, and with
8 Mr. Leason, and worked up a program that could be used so
9 that we could actually poll and put that data into the
10 program and come out with meaningful statistics.

11 Q. So this computer equipment was on site with Central
12 Maine Power and being used for many other purposes?

13 A. Yes, we had the hardware.

14 Q. You had it all there, Central Maine Power had it?

15 A. Yes.

16 Q. So a decision was ultimately made to incorporate, we
17 have pretty well determined a subsidiary of CMP, Atlantic
18 Research?

19 A. Yes, perhaps a little background.

20 Q. Please, yes, I would welcome it.

21 A. In the 1980 campaign when he used Cambridge, we spent a
22 considerable amount of money on polling. The initial survey
23 was in excess of \$50,000. There was another survey, I think,
24 done by Cambridge further along in the campaign that was a
25 pretty substantial amount, less than that, but still

1 substantial, Dr. Potholm's survey work in tracking cost money.
2 And when I got through the campaign and looked back at the
3 dollars that we had sent on survey work it shook me up a bit
4 to realize how much money it had cost.

5 Central Maine Power Company and Maine Yankee had
6 done some polling prior to this, and I had noticed that these
7 costs were going up all the time. It was fairly obvious to
8 me that in this day and age any company, particularly a
9 utility that is in the public eye all the time, has to poll
10 quite often. And my concern was this is getting to be so
11 expensive, isn't there some way we can accomplish this for
12 less money. And that is after the 1980 campaign I sat down
13 with Dr. Potholm and said isn't there some way we can get
14 around this cost and do something ourselves, or some other
15 way. And as I recall he made the comment that we might be
16 able to develop something ourselves that would be less
17 expensive, and I gave him a green light to see what he could
18 do.

19 Q. In-house?

20 A. In-house.

21 Q. That is how the subsidiary Atlantic Research came to be?

22 A. Yes.

23 Q. So if I understand you, initially it was a response to
24 what seemed to be becoming an ever present requirement of
25 your company, and an ever increasingly costly requirement?

1 A. Yes.

2 Q. When it was incorporated did Mr. Potholm -- and put in
3 place, did Mr. Potholm continue to serve as the key person in
4 the development of the software and the use of the equipment?

5 A. He was a key figure primarily because once the program
6 was developed, and we tested it, and it worked, and it worked
7 well, then we were enthusiastic about it because it looked as
8 though perhaps we could do some polling as a subsidiary
9 operation of Central Maine Power Company, this was completely
10 aside from any political polling. We knew that polling was
11 big business across the country. And the Winner Wagner firm,
12 that was aware of what we had done with our program,
13 indicated to us that that kind of service could be useful
14 most anywhere in the country and there was no reason why
15 Atlantic Research couldn't do it. It looked like it could be
16 a source of additional revenues for the company. And that is
17 when we sat down, I sat down with Dr. Potholm, and probably
18 some of the other officers, I don't recall who, to see what
19 was involved. One of the things we knew we could not do, if
20 we did polling, for example for someone in Massachusetts, or
21 Illinois, or some other state, we didn't have anyone that
22 could go out and present to a company what we could do, and
23 we didn't have anyone that we could go out to present the
24 results of a poll and do it professionally. Dr. Potholm
25 appeared to be the kind of person that could do both of those



1 things. And he was willing to do it, and that was why he was
2 the key figure that he was in Atlantic Research.

3 Q. Now, did you then strike another arrangement with him in
4 his pollster capacity respecting his development and
5 representation of Atlantic Research?

6 A. We had a kind of a general understanding, but we never
7 quite got to the point where it was formalized. The
8 understanding was that he would charge us on a per poll basis,
9 or whatever his contribution was, and if he were indeed the
10 one that went out and talked with the client, or went out and
11 gave the data to a client, or a company, or what, that he
12 would be paid for those kinds of services. We never did, as
13 I recall, develop a number as to what that fee would be.

14 Q. So, if I can pull this together at this point, Central
15 Maine Power was sitting there at the time with all of the
16 computer equipment in-house, and was made to understand
17 through experience and advice that it could be utilized as
18 well for polling purposes, programmed for that, it had
19 communication with, and had been in consultation on another
20 front with Mr. Potholm, Mr. Potholm appeared to be a person
21 ideally suited both to conduct the polls on behalf of this
22 new subsidiary, and to explain the results to prospective
23 clients?

24 A. That's correct.

25 Q. And, there was an ongoing arrangement with him regarding

1 his role in that regard as well as his method of compensation,
2 which was still in the informal stage, but nevertheless was
3 there?

4 A. There was a general understanding, and if we had been
5 successful and gone along, I'm sure eventually we would
6 probably have had some kind of contractual agreement on what
7 the basis really would have been.

8 Q. And I take it from what you said, Mr. Thurlow, Atlantic
9 Research did in fact conduct some polls in 1981 after its
10 inception?

11 A. I believe we started sometime in mid-1981 doing some
12 polls.

13 Q. Now, between 1980 and 1981, there had come about this
14 other arrangement with Mr. Potholm, Mr. Potholm the political
15 strategist, with reference to the 1980 campaign, and polling
16 activity had been conducted in that campaign, but that was by
17 Cambridge?

18 A. In 1980?

19 Q. Yes.

20 A. Yes.

21 Q. What about Mr. Potholm's company, Command Research, in
22 1980. Were there polls done by Command Research in 1980 as
23 well?

24 A. They did these tracking polls that I described earlier.
25 I don't recall that they did any other polling, but I could

1 be mistaken.

2 Q. Now, we come through 1981, Atlantic Research is in place,
3 and by the way that is the sole funding that went into
4 Atlantic Research, I take it, other than the time expended by
5 Central Maine Power personnel such as yourself in
6 deliberating upon, consulting about, and ultimately deciding
7 to develop it?

8 A. That is correct.

9 Q. But there wasn't any -- or was there some other method
10 of capitalization?

11 A. I don't recall that Atlantic Research had any funds, and
12 they had no employees.

13 Q. So it acquired a paper existence as a new subsidiary
14 corporation wholly owned by Central Maine Power?

15 A. Correct.

16 Q. And waiting to be developed?

17 A. Yes.

18 Q. And the developer was anticipated to be Mr. Potholm with
19 you?

20 A. He would have been a key figure in the development.

21 Q. Now, in 1981 there is also on the scene Mr. Potholm's
22 own polling company, Command Research?

23 A. Yes.

24 Q. And, polls were conducted, I take it, as you indicated,
25 I think you have, by Atlantic Research in 1981?

1 A. Yes.

2 Q. Were any of those -- excuse me.

3 A. I can't remember when Atlantic Research was actually
4 formally set up. There was a period, I think, when there may
5 have been a poll conducted by Central Maine before there was
6 a formal Atlantic Research, I'm not certain of that. But
7 there was a test period there when we tried it out to get our
8 feet wet to see whether or not we knew what we were doing.
9 And I can't remember whether that was formally Atlantic
10 Research, or how we did it.

11 Q. Well, that poll you made to which you make reference,
12 was that a poll which contains these so-called masking
13 questions in 1981?

14 A. I don't remember what the subject matter of it was, so I
15 don't really recall.

16 Q. Well, then let's move along to the second referendum
17 experience in 1982. Now, we have Atlantic Research in place
18 with some degrees of polling experience, and Command Research
19 represented by Mr. Potholm -- Dr. Potholm?

20 A. Yes.

21 Q. Was there at that time -- well, strike that.

22 What about 1982, when did you first become aware of
23 the new effort with respect to the referendum?

24 A. Well, again, we had quite a bit of prior knowledge
25 because of the signature process, so we had probably a year

1 to plan on the effort. And, I guess we pretty much assumed
2 they would probably get their signatures because they got
3 them the first time, they had got so many votes the first
4 time, it seemed logical they would probably get their
5 signatures the second time.

6 Q. So there is no question that you knew you were about to
7 face another referendum, at least that is the way it looked?

8 A. Yes.

9 Q. Excuse me one minute.

10 MR. FLAHERTY: I have been advised that the
11 Courthouse closes at 4:00, and with all due respect to my
12 work, Justice Brody would like to hear from me. I don't know
13 what to do with that, Mr. Chairman. He wants a memorandum of
14 law, and --

15 MR. ASCH: Can we take five minutes?

16 CHAIRMAN BALDACCI: Five-minute recess.

17 (A short break was taken.)

18 CHAIRMAN BALDACCI: We can resume the questioning
19 at this point.

20 I remind the witness, Mr. Thurlow, you're still
21 under oath.

22 Mr. Flaherty.

23 MR. FLAHERTY: Thank you.

24 BY MR. FLAHERTY:

25 Q. Mr. Thurlow, now that we're back on the record, we have

1 come up with you to 19 -- through early 1982, and you have
2 described for us the activities to that point such as they
3 were of Atlantic Research.

4 Can you tell us whether before its demise Atlantic
5 Research in fact conducted polls for any political candidates?

6 A. Not for any political candidates, other than Save Maine
7 Yankee, if you call that a political candidate.

8 Q. Other than who?

9 A. Save Maine Yankee Committee. Do we call that a
10 political --

11 Q. We don't know. But, in any event, it did conduct polls
12 for the entity Save Maine Yankee?

13 A. Yes.

14 Q. How many of those were conducted, if you know?

15 A. I really don't know, but there were probably several.

16 Q. Okay. Did you have a role, or did you have any degree
17 of participation in the poll taking mechanism as it was
18 developed and undertaken by Dr. Potholm on behalf of Atlantic
19 Research for Save Maine Yankee?

20 A. Yes, some limited role.

21 Q. We're now in a period of time during which not only is
22 your referendum probably going to be on the ballot, but also
23 several other political offices are in the balance, up for
24 election?

25 A. Yes.

1 Q. And, so, it is fair to say, is it not, that you
2 perceived, and those around you, that you were conducting
3 polls in a fairly well politically charged atmosphere?

4 A. Yes.

5 Q. And it would be nice to know, as an aside, if you will,
6 or otherwise, what was happening in that atmosphere as your
7 polls were being conducted?

8 A. We certainly wanted to know everything having to do with
9 our issue.

10 Q. Yes.

11 A. And to the extent that it might be useful to the Save
12 Maine Yankee effort to know what was going on in political
13 races then, yes, they were.

14 Q. As a result of that, is it fair to say that it was both
15 suggested and agreed that Dr. Potholm would include in his
16 polling masking questions which would also tell another story,
17 namely would provide some tracking as to the ratings, if you
18 will, and I'm not very good at descriptions here, of these
19 political candidates.

20 A. Yes, it seemed to be a natural event where the two major
21 political campaigns were going on at the same time.

22 Q. So we probably have come upon in that instance a
23 coalescence, if you will, of a masking question, a tracking
24 question in the political sphere?

25 A. Right, the tracking, as far as I personally am concerned,

1 the only thing I know about tracking is the tracking polls
2 that occurred the last six or eight weeks of the campaign.

3 Q. Then let's stay with the word masking for a while and
4 see if we can get the picture. In that period several polls
5 you indicated were undertaken by Atlantic Research on behalf
6 of Save Maine Yankee; these polls were conducted under the
7 supervision of Dr. Potholm?

8 A. Yes.

9 Q. These polls included questions which were designed to
10 elicit information regarding the trending ratings of various
11 political candidates, as well as obtain the primary
12 information as to how you stood at Central Maine Power
13 Company with the referendum question?

14 A. The ultimate result was that. Whether or not that was a
15 primary purpose of it, I guess I didn't really consider it to
16 be that.

17 Q. The ultimate result, I'll accept that.

18 A. Yes.

19 Q. So that is it fair to say that as the polls were
20 conducted one after another, there was a method employed
21 whereby you and anyone else, specifically Dr. Potholm, could
22 begin to receive in each instance up dates on the profiles of
23 political candidates then running for office in Maine?

24 A. Anyone who had access to the polling data, yes.

25 Q. And, there is no question, is there, that Dr. Potholm

1 fully intended that it serve this function, among others,
2 that he gain this information, among others?

3 A. Well, I guess it wasn't clear to me that that was any
4 primary purpose of his. I looked upon it as only in regards
5 to the impact or interest it might have on the Save Maine
6 Yankee campaign. That was my sole interest.

7 Q. In any event, a person in Dr. Potholm's position, I
8 think you would agree, and you tell me if you don't, would
9 have had the opportunity to implant, if you will, probably
10 these questions in any given polling undertaking, and while
11 obtaining the information primarily sought by the client, be
12 it Save Maine Yankee or others, would also be able to gain
13 for himself or anybody else assuming no confidentiality
14 problems, insights -- informational insights into the
15 position of various candidates, whether they will be
16 President Reagan or anyone else?

17 A. I suppose that is possible, but I would have to add that
18 I always found Dr. Potholm highly professional, and I know
19 that he would never give me any information that he might
20 have gained from some other source unless it had to do with
21 the Save Maine Yankee effort.

22 Q. And I certainly don't wish to suggest that anything
23 about that would be nefarious, or violative of any
24 contractual obligations Dr. Potholm might have taken. I'm
25 simply trying to get at the methodology.

1 A. The information was there if he chose to use it.

2 Q. So that he was conducting polls for Save Maine Yankee,
3 and Save Maine Yankee was being supervised and directed by
4 its board of directors, and you and your group, and he was
5 also conducting polls for other clients, and -- during that
6 period?

7 A. That I didn't know. I assumed he might be, but I didn't
8 know what he was doing.

9 Q. And he was in a unique position, was he not, and I'm not
10 suggesting that you knew this, but he was in a unique
11 position to receive this information along with information
12 he was developing properly for his clients?

13 A. Yes.

14 Q. As you said, it was there, the information was there?

15 A. It was there, yes.

16 Q. Now, you did engage the services of his company, Command
17 Research, at that time as well, right, to do some polling?

18 A. I think -- I'm not clear on what Command Research did.
19 I think they did one poll for us sometime during that period,
20 and I'm not really clear in my mind what it was that they did,
21 other than tracking.

22 Q. Atlantic Research in that period of time did some
23 polling, at least for one other client, right, nonutility
24 client?

25 A. Yes.

1 Q. And, were you happy about what was happening with
2 Atlantic Research at that point?

3 A. I was very enthusiastic. I looked upon it as a good
4 subsidiary operation. And there was another factor, of
5 course. We at that time were talking about the Maine
6 commission, about the possibility of establishing a holding
7 company, and if we had been successful in that effort then
8 the polling operation and Atlantic Research might have been a
9 nice subsidiary operation as far as additional revenue is
10 concerned.

11 Q. Okay. Now, at some point in this polling process, and
12 you were kind enough to give us an interview -- give the
13 staff an interview back in September, at some point in that
14 polling process I think you indicated that, as you have today,
15 the political information was there, and Mr. Potholm -- or
16 Dr. Potholm clearly was in possession of a lot of that
17 through his polling activity, both on behalf of Save Maine
18 Yankee and perhaps others, but you certainly don't know who
19 the others might have been, that is what you are telling us,
20 and told us then?

21 A. I could guess who at least one of them might have been,
22 but I didn't know for certain.

23 Q. What was that guess?

24 A. I assumed he also worked closely with Congressman Emery,
25 and I assumed he still was, so I really didn't have any hard

1 data whether he was or wasn't.

2 Q. Now, what about New England Telephone, were you aware
3 that he had conducted that poll?

4 A. Was that on the elected commission?

5 Q. Yes.

6 A. I didn't know who conducted it, but I knew a poll had
7 been done.

8 Q. Right. Were you aware that he also -- I don't think you
9 were aware in light of your answer.

10 So I'll ask you this: At a point in time you and
11 Dr. Potholm, I take it, from what you have told us previously,
12 and I would like you to tell the committee, you had a
13 discussion about the extent to which he might be authorized
14 by you to share with political candidates information he had
15 derived from this polling activity through the masking
16 questions regarding their position at that time; is that true,
17 you had that conversation?

18 A. We discussed one time the information that we had
19 relative to the two political candidates, gubernatorial and
20 the senatorial races, and he asked me if I would be willing
21 to share some of that data with some of the other people
22 doing polling, and he wasn't specific in that regard as long
23 as we could get some data back in return for it, in other
24 words, to verify our results perhaps we could swap some
25 information and save some money.

1 Q. Right. You told the staff, according to your transcript,
2 and I'll quote you, in other words if Dave Emery, for example,
3 had some polling data on the nuclear issue, because he knew
4 they were asking the nuclear questions as well as we were, if
5 they had some nuclear information that would be helpful to us,
6 you told Potholm, feel free to share our information with
7 them on a, as, you know, you can have this, you give me that.

8 A. Right.

9 Q. So that we got quite a bit of feedback, we got
10 information that we -- that would verify our poll results,
11 and also we got them from both sides, Republicans and
12 Democrats, I'm quoting, we gave information to both sides.
13 We gave information to Cragin, we gave information to Brennan,
14 I don't recall, I never had any direct contact with either
15 Mitchell or Emery, but other than that we were playing both
16 sides of the political street because we wanted the support
17 of both sides, ends quote.

18 A. That's right.

19 Q. Is it fair for me to conclude, and the Committee, that
20 you did indeed authorize Mr. Potholm, who clearly asked you,
21 to share this information as he saw fit, swap it, and derive
22 whatever benefit he could from it as well?

23 A. Yes, sir.

24 Q. Now, do you know with whom he did in fact share this
25 polling information?

1 A. No, I don't know specifically who he swapped information
2 with. In fact, I'm not even sure whether he actually did
3 swap information, but I do know occasionally that he would
4 mention the fact that so and so's poll shows this or that
5 number, and I don't know -- these fellow apparently talk
6 between themselves, and he seemed to have quite a lot of
7 information and I don't know where he got it.

8 Q. Do you know whether he in fact offered it to any
9 particular candidates?

10 A. I don't recall him ever telling me specifically that he
11 had offered it, or swapped with anyone, but I wouldn't be at
12 all surprised.

13 Q. Mr. Thurlow, in your absence you didn't have the
14 opportunity to hear this, but the statement was made here
15 that you had been requested by Governor Brennan to provide
16 him with the results of these masking questions, and I want
17 to give you the opportunity to tell the Committee just
18 exactly how that sharing came about, if it did.

19 A. I had been requested by Governor Brennan?

20 Q. Yes. We understood from prior information that you had
21 notified his office on a call that you did have some
22 information.

23 A. Well, true, but in a little different vein.

24 Q. Whatever.

25 A. I received a telephone call from the Governor, who said

1 that he understood that I had some polling results that I
2 would be willing to share with him, and I said sure thing.
3 And I got the material, and I read him off some of the
4 numbers that we had concerning his race, and also concerning
5 the nuclear race, because I knew that was of interest to him,
6 too. He indicated that that pretty much verified the results
7 that he had from his own polls, that they seemed to be
8 roughly consistent. And he thanked me for being willing to
9 share that information with him.

10 Q. Good. Did you share that information with any other
11 political candidates at that time?

12 A. Yes, I did.

13 Q. Mr. Cragin?

14 A. Mr. Cragin, except that was not a personal contact. It
15 was done in a little different way.

16 Q. Would you be kind enough to tell us --

17 A. Well, I called his office in Portland to tell him that
18 the information was -- he was free to have it if he wanted it.
19 And he was not there, I didn't talk with him, I talked with
20 someone in his office. They said that they would be coming
21 through Augusta to make a speech somewhere up in the northern
22 part of the state that night. And I said, well, if you want
23 it I'll leave it down at the security desk and you can stop
24 and pick it up. I assume they did, I never heard any more
25 about it. Nobody ever returned it to my desk, so I assume

1 they picked the data up.

2 Q. Did you provide polling results with this political
3 information to any other political candidates in that period?

4 A. No, not that I'm aware of.

5 Q. Would you excuse me a minute.

6 MR. FLAHERTY: Mr. Chairman, I have no further
7 questions of Mr. Thurlow at this time.

8 CHAIRMAN BALDACCI: Mr. Linnell.

9 MR. LINNELL: Thank you.

10 THE WITNESS: Could I -- not correct, but make sure
11 I understood one question.

12 BY MR. FLAHERTY:

13 Q. Certainly.

14 A. I thought you asked me did I know of any political
15 candidates that Dr. Pottholm might have shared information
16 with, and I said no, I did not.

17 Q. Yes, you did.

18 A. Because if you said any political figures, then I would
19 have had to mention a couple of other names.

20 Q. Let's try political figures. Thank you, I'm really
21 remiss then.

22 A. It is my deposition that I understood he did give some
23 polling data to Commissioner Bradford of the Commission and
24 to Gordon Wyle, so that is the only clarification.

25 MR. FLAHERTY: Thank you very much for clarifying

1 that, I appreciate it.

2 MR. LINNELL: I was going to get into that.

3 MR. FLAHERTY: Don't have to now.

4 EXAMINATION-BY ATTY. LINNELL OF MR. THURLOW:

5 Q. Good afternoon again, Mr. Thurlow.

6 I understood you to indicate that in your
7 relationships with Dr. Potholm that you always found him to
8 be highly professional in his role as a pollster for Central
9 Maine Power Company and as an employee in doing polling for
10 Atlantic Research?

11 A. Yes.

12 Q. And I understand by that, and having read your interview
13 and listened to you today, that to the extent that when he
14 did want to release information from either Atlantic
15 Research's polls or Command Research's polls that were done
16 for Save Maine Yankee, that he asked your permission in
17 advance?

18 A. Yes.

19 Q. Okay. And, you understood from him, did you not, and he
20 understood from you that the results of these polls that they
21 were doing were confidential, and could not or should not be
22 released without your approval?

23 A. That's correct.

24 Q. You do not know as a fact, do you, that he was doing any
25 polling for any political figure or entity other than Save

1 Maine Yankee during 1982?

2 A. That is correct.

3 Q. All right. In fact I believe the record would disclose
4 if anyone wanted to look at them that David Emery did not use
5 him as a pollster during 1982.

6 A. I really don't know.

7 MR. FLAHERTY: That is argumentative.

8 MR. LINNELL: No, it isn't. It is a fact. Go look
9 at the records.

10 Q. Or Mr. Cragin did not?

11 A. I don't know.

12 MR. ASCH: Have you examined the record?

13 MR. LINNELL: Yes, I said go look at it.

14 CHAIRMAN BALDACCI: Excuse me.

15 Q. Do you know whether -- well, you indicated in response
16 to questions to Mr. Flaherty, that he would talk with other
17 people doing polling for -- at least you had that impression
18 that he was talking to other pollsters, he wasn't going in a
19 closet and having a conversation with himself?

20 A. He had a lot of political information, polling
21 information. I had no idea where he got it.

22 Q. All right. On the occasion that he wanted to disclose
23 some information to Commissioner Bradford, he asked your
24 permission?

25 A. Yes.

1 Q. And, was that on the nuclear issue?

2 A. This was strictly on the nuclear issue.

3 Q. Was this something Commissioner Bradford had asked for
4 or don't you know?

5 A. I'm not sure. I think Commissioner Bradford was making
6 several speeches in various parts of the state, and he wanted
7 some information on the nuclear issue to give him some
8 guidance in the remarks that he was going to make. And,
9 Potholm asked me if it was all right, and I said certainly
10 because Commissioner Bradford had come out in support of
11 keeping Maine Yankee open, and if we could do anything to
12 maintain his support that we wanted to do it.

13 CHAIRMAN BALDACCI: Mr. Linnell, I have some
14 questions, then we can go back to you if you have any further
15 questions.

16 MR. LINNELL: I think I'm done. Let me check one
17 other thing.

18 CHAIRMAN BALDACCI: You can also go back, there is
19 no problem.

20 MR. LINNELL: Go right ahead.

21 EXAMINATION-BY CHAIRMAN BALDACCI OF MR. THURLOW:

22 Q. Some of the questions that I have for you come off the
23 deposition that was taken in front of the Public Utilities
24 Commission during the investigative hearing that was held.
25 Do you have -- are you familiar with that?

1 MR. MONTGOMERY: You're speaking of Mr. Thurlow's
2 deposition?

3 CHAIRMAN BALDACCI: Made in front of the PUC here.

4 MR. MONTGOMERY: There were three. We do not have
5 the three instances. We do not have those transcripts with
6 us today.

7 Q. You're familiar with the testimony that you gave at that
8 time?

9 A. Yes.

10 Q. In as far as the arrangement for paying Mr. Potholm as a
11 private polling consultant for both CMP and Save Maine Yankee,
12 what was the arrangement?

13 A. What time period are we taking about now? In 1980 --

14 Q. In 1980 he was a political strategist, and in the 1982
15 election he was a political strategist and a poller?

16 A. He was -- right, he did two things for us. The firm,
17 Command Research, did some polling, he, as an individual, I
18 guess he also billed us for his own services under Command
19 Research, but I considered him a political strategist, yes.

20 Q. In 1981 your company established Atlantic Research with
21 the help of Mr. Potholm, where you indicated -- you testified
22 a key role, especially as far as the computer program with
23 the polling was concerned, and also he would be the sales
24 person for that particular subsidiary of CMP?

25 A. Yes.

1 Q. How much did that wing of your operation when you were
2 president of Central Maine Power Company cost, and what was
3 it ultimately used for?

4 A. How much did Atlantic Research cost?

5 Q. Yes.

6 A. It cost virtually nothing. All it was was a little time
7 on the computer people's part to help set up the program.
8 And, he was operating as a consultant to me on general
9 affairs of the company. There was no additional charge for
10 what he was doing as far as helping to establish this program
11 for Atlantic Research. Our accounting department placed some
12 value on it, they had to, and I don't know what that was.
13 But, the cost was small, and in one survey, I guess we paid
14 off all the costs that we put into Atlantic Research.

15 Q. In 1982 your company, or its subsidiary, did a survey
16 for a private client; do you know who it was?

17 A. Yes.

18 Q. Can you tell us here today?

19 A. Bath Iron Works.

20 Q. Were you aware of the questions that were asked on that
21 particular poll?

22 A. No.

23 Q. Who developed that particular poll?

24 A. Mr. Potholm, I guess, in conjunction probably with the
25 iron works.

1 Q. And you never saw --

2 A. No, there was one thing that we had to understand very
3 clearly initially, when we decided that we would make our
4 polling services also available to outside clients. It was
5 obvious that that had to be highly confidential, and we
6 couldn't have a lot of people in the company knowing what
7 these questions were. And I set the rigid policy that no one
8 was to have anything to do with the questions in the company
9 except for Leason, who had to have them to feed them into our
10 group. He handled the people who made the telephone calls,
11 so he had to have the questions. I didn't see them, didn't
12 want to see them, and never knew what the results were.

13 Q. Being in a regulated atmosphere I can understand your
14 feelings, and at the same time what you're telling me is that
15 Dr. Potholm had carte blanche as far as that is concerned in
16 the development of a poll that was done?

17 A. Well, the protection there was that Mr. Leason did know
18 what the questions were, and if he had seen something there
19 that he thought looked out of the way, I'm sure he would have
20 come to me at some point and said there is something wrong.

21 Q. But he never did?

22 A. He never did.

23 Q. Why would you or the company, Central Maine Power
24 Company, want to keep documents, or to go to such extremes to
25 protect surveys from the confidential review at the PUC?

1 A. Really we never had any concern about information being
2 disclosed to the PUC. The problem was that most of the
3 material that might have been disclosed to the PUC was made
4 public. So that, for example, during the Save Maine Yankee
5 campaign, if we had been forced to turn over survey data to
6 the PUC it wouldn't have been just the PUC, it would have
7 been the general public because the press usually attended
8 those meetings, and we would have picked up the next
9 morning's paper and seen the result of the Save Maine Yankee
10 poll published in the newspaper. And some of the questions
11 on those polls helped to develop the strategy for the
12 campaign, and we couldn't afford to have our strategy listed
13 in the newspaper.

14 Q. Like what, for an example?

15 A. Well, for example, what are the critical issues, where
16 should we be spending our dollars. For example, we knew that
17 in some cases the opposition were putting their dollars in
18 the wrong place, because our polls had told us that the
19 people of Maine were not concerned about some of the things
20 they were spending money trying to promote. And, we felt
21 that they had wasted some of their money. We didn't want to
22 do the same thing.

23 Q. It just brings to mind a question, did you ever hire a
24 political candidate as a public figure, or a federal office
25 holder as a consultant on a political basis to either Central

1 Maine Power Company, Atlantic Research, or Maine Yankee Power
2 Company?

3 A. Before this?

4 Q. During this period at all was a political candidate
5 hired?

6 A. No.

7 Q. A public figure was not hired and a federal office
8 holder was not hired during the period 1979 to 1983 by either
9 Maine Yankee, Central Maine Power Company, Save Maine Yankee,
10 or you individually?

11 MR. MONTGOMERY: If I may, for clarification, the
12 term public figure, we have been discussing Mr. Potholm, Mr.
13 Menario and a number of others. I'm not sure it is clear to
14 me, or perhaps others how you're characterizing public figure.

15 CHAIRMAN BALDACCI: It would be somebody that holds
16 elective office, holds a statewide office, or is running for
17 a statewide office.

18 A. I don't remember hiring anybody holding office.

19 Q. You don't remember paying anybody for consultant
20 services, anybody that would hold a federal office for
21 consultant services?

22 A. None comes to mind. If you have a specific I wish you
23 would ask me, then I would say yes or no.

24 Q. Why would your company want to interview people as they
25 were exiting from polls about the gubernatorial race? It was

1 pointed out earlier in Mr. Lydon's testimony that they asked
2 three questions, asked one about the governor's race, one
3 about Save Maine Yankee, and asked one about the senatorial
4 race, I believe that was, and Save Maine Yankee was in the
5 middle.

6 A. I don't know. I learned something today. That is
7 something that I was not involved with, it was a last minute
8 thing to try the exit polling. I hadn't realized there were
9 three questions, and I didn't know who developed the
10 questions. I did know that we were going to do it, and I
11 knew that -- or I thought that the question was going to be
12 on Save Maine Yankee.

13 Q. How was this effort to get out the vote in the exit
14 polling reported for campaign reporting purposes?

15 A. The instruction was that all employee time that was
16 devoted to this effort would be accounted for separately, and
17 would be charged to that effort, and under no circumstances
18 would that become an expense of Central Maine Power Company
19 for rate making purposes.

20 Q. You were mentioning earlier about doing polling at your
21 company's office on their computer, and I remember that you
22 said you had costs that were associated with that that were
23 for accounting purposes charged to a particular account.

24 A. This is on setting up Atlantic Research?

25 Q. Right, and the work that would be done for CMP people.

1 A. Yes, when Atlantic Research conducted a survey, for
2 example, suppose they did a survey for an outside firm, as I
3 recall there were charges made against Central Maine Power
4 Company, and the client, when he paid his bill, for example,
5 would be paying part of it for the computer program, part of
6 it for Dr. Potholm's fee, part of it to pay the telephone
7 operators that made the calls, and everybody that was
8 involved, so that all of the costs associated with it were
9 segregated. And Atlantic Research stood on its own two feet,
10 in other words we didn't want any costs, or any revenues
11 associated with Atlantic Research mixed in with the revenues
12 and expenses of Central Maine Power Company as an operating
13 utility. It had to be segregated so it would be obvious, to,
14 primarily, PUC in the next rate case, these dollars came from
15 Atlantic Research, and these dollars of expense were
16 chargeable to Atlantic Research.

17 Q. Dr. Potholm in his testimony at a deposition over at the
18 PUC was quoted as saying he could make available the results
19 of surveys he conducted for Atlantic Research, he was quoting
20 as saying, oh, sure lots of specific questions, I certainly
21 was entitled to use whatever example I wanted to to try to
22 sell the service to other clients. Was that with your
23 understanding, Mr. Thurlow?

24 A. I'm not sure that I understand what he meant by that.
25 He would use any examples --

1 Q. To sell the surveys.

2 A. Well, I guess I'm not sure what he meant by that
3 statement.

4 Q. To sell the services for you.

5 A. If he went out to try to sell Atlantic Research services
6 to a client, I assume he might mention some of the things
7 that Atlantic Research had done. Whether or not he would
8 mention specific clients, though, I would doubt that, because
9 that is not the kind of information I would have expected
10 that he would divulge to anyone else. I guess I'm not sure
11 what he meant.

12 Q. Were you -- you were not, as you stated earlier, aware
13 of any overlaps as far as his polling service was concerned
14 that you were aware of, right?

15 A. That's correct.

16 Q. And, if you were you would have interceded?

17 A. If I had any thought that there was anything
18 questionable going on, I would have stepped in, yes.

19 Q. And, but you did say in testimony here under oath that
20 you had a feeling that he was also handling other clients?

21 A. Well, all I know is that --.

22 Q. And he would -- excuse me, but he would show you, or at
23 least when he discussed it with you, it would be to the point
24 where he was saying this poll shows this and that, and this
25 shows this, and this is what you and I have got. Would you

1 from that kind of conversation assume that other polling was
2 going on?

3 A. He apparently had access to the nuclear questions being
4 asked by other entities. Who they were, I don't know. But,
5 he might come to one of our meetings and say, for example,
6 that according to a poll that was done last week the nuclear
7 issue is 56-44, I don't know where he got it.

8 Q. Do you know who Peter Burr is?

9 A. I do now, yes. I guess I'm not sure. I know he is
10 active in the polling field. He was involved with us on the
11 Maine Yankee question, and I don't know what his relationship
12 to Mr. Potholm is.

13 Q. Was he paid by you?

14 A. No, as I recall we had no dealings with him directly. I
15 didn't know whether he worked for Dr. Potholm, or worked with
16 Dr. Potholm, or what the relationship was.

17 Q. Do you know he was vice president of Command Research?

18 A. No, I did not.

19 Q. When this event took place at the PUC where Mr. Scott
20 and the testimony that he wasn't willing to give to the PUC,
21 you stated that you felt you didn't want to read about it the
22 next day in the newspaper what you were doing as far as your
23 strategy was concerned; is that correct?

24 A. Correct, I think.

25 Q. Do they have a section in the law over at the PUC where

1 you would be entitled to some sort of confidential review of
2 the documents?

3 A. Historically that is pretty hard to come by. I guess it
4 is possible, but it is pretty hard to accomplish.

5 Q. It is pretty hard. Would you petition the PUC for that
6 type of review?

7 A. We would ask them, and they would either say yes or no.

8 Q. But you would have had an opportunity to do that over
9 there?

10 A. We would have an opportunity to ask them.

11 Q. Dr. Potholm, in your deposition at the PUC you said you
12 hired him to advise you on the Save Maine Yankee effort, and
13 you explained that as a strategist, and also later on as a
14 pollster and a strategist; what other kind of arrangements
15 did you have? You had the arrangement with Dr. Potholm
16 through Atlantic Research. Did you have any personal
17 contract or verbal contract with Dr. Potholm?

18 A. I don't know if there was a contract or not. After the
19 1980 Save Maine Yankee effort, I asked Dr. Potholm to stay on
20 as a consultant -- as a personal consultant to me on a
21 retainer basis for a variety of purposes, general purposes.
22 I had a rather -- I had developed a rather high regard for
23 him as someone who was quite right, and deadly honest, in my
24 opinion, always told me what he wanted me to know whether I
25 wanted to hear it or not. And I appreciated that because,

1 believe it or not, CEOs of major companies don't hear bad
2 news very often. People hesitate to tell them things they
3 ought to know.

4 Q. I heard that from Mr. Temple, how frank he was, that was
5 what sort of impressed you at the first meeting.

6 A. Yes.

7 Q. I think the point, Mr. Thurlow, is that you have a
8 subsidiary that is set up utilizing a regulated utility's
9 computers, utilizing the utility's employees to set up a
10 business that you're looking down the road in terms of
11 setting up as a holding company and being unregulated because
12 that was a big business to be had, and you were thinking
13 about using Dr. Potholm to go out and pursue those; is that a
14 fair assessment of what you said?

15 A. That is a fair assessment, yes.

16 Q. I guess what bothers me, Mr. Thurlow, is that when you
17 had the situation develop in front of the Public Utilities
18 Commission, if you had to do it over again, what would you
19 have done?

20 A. Well, it was a very unfortunate situation that developed
21 at the Commission, but really that had nothing whatsoever to
22 do with Atlantic Research, and the development of Atlantic
23 Research, and the potential of Atlantic Research. And just
24 for your further information, Atlantic Research was well
25 known, for example, the Commission at that time I'm sure knew

1 about Atlantic Research because we were having hearings with
2 the Commission about the development of a holding company,
3 and Atlantic Research was listed as one of the proposed
4 subsidiary operations under the holding company. There was
5 nothing secret about this. The Commission knew this was one
6 of the things we hoped to do, and we thought it was in the
7 best interest of Central Maine Power Company, because looking
8 around the country to other utilities that have formed
9 holding company operations, many of them have been highly
10 successful in developing new sources of revenues, and that
11 translates into the potential for lower rates for the
12 electric utility customers if the utility is able to develop
13 new sources of revenue.

14 Q. One last question, Mr. Thurlow, from me, was that we
15 understand from previous testimony I think brought up here
16 today, that the masking questions along with the Save Maine
17 Yankee questions had some sort of steering committee meeting
18 where they were discussed, executive summaries were provided;
19 were you aware -- who did the executive summaries of those
20 polls and how was that accomplished?

21 A. These were tracking polls the last few weeks of the
22 campaign, and Dr. Potholm did the polling, prepared -- I'm
23 talking about several things -- I guess I better get myself
24 straight here.

25 Q. Would you like a cup of coffee?

1 A. No, thank you. I'm coffeed out.

2 The tracking surveys were conducted by Dr. Potholm.
3 He provided the data to us each week on what that tracking
4 survey showed. I'm not clear in my mind whether we had a
5 written report or not. I recall that there was a very rough
6 8-1/2 by 11 sheet of paper with four or five questions on it
7 with handwritten percentages, this is what it looks like this
8 week in these areas. And, I get mixed up between the first
9 campaign and the second. I'm not sure whether this happened
10 in the first, or second, or both. But I do remember seeing
11 those kinds of things. They weren't written reports, because
12 he always made a -- he made an oral presentation, and I'm
13 pretty sure that he usually handed me a copy of what he
14 presented to the group.

15 Q. So that the questions that were on that particular
16 survey, other than the Save Maine Yankee questions, were not
17 of a concern to you, that was not what you were concerned
18 about. And if I understand correctly you said that unless
19 Mr. Leason picked up something going through on the computers,
20 you know, you more or less let Mr. Potholm, who you had a lot
21 of respect for in that particular area, go about doing what
22 he was doing?

23 A. That's correct.

24 CHAIRMAN BALDACCI: Okay.

25 MR. LINNELL: Mr. Chairman, before you go on I want

1 to correct a statement, an assertion that I made in a
2 question to the witness where I indicated I believe it was a
3 fact that Dr. Potholm, or Command Research, had not done any
4 polling for Mr. Cragin. It appears from answers to
5 interrogatories that Mr. Cragin filed, that some activity
6 went on in September or October, something like that.

7 MR. ASCH: Mr. Cragin filed campaign financing
8 reports with the Secretary of State that indicated he paid
9 3,057.70 to Command Research for polling in 1982.

10 MR. FLAHERTY: Just correcting a misunderstanding.

11 MR. LINNELL: It would appear that that did take
12 place, but we can probably find out more about the nature of
13 it if it becomes relevant later. I didn't want the Committee
14 to be misled by my questions.

15 CHAIRMAN BALDACCI: Command Research, Dr. Potholm,
16 did polling for Mr. Cragin.

17 MR. LINNELL: According to Mr. Cragin's responses.

18 MR. ASCH: According to Mr. Cragin's campaign
19 finance reports he did --

20 REPRESENTATIVE KELLEHER: Senator -- did you
21 clarify that point, Jack?

22 MR. LINNELL: Yes, I did.

23 EXAMINATION-BY REPRESENTATIVE KELLEHER OF MR. THURLOW:

24 Q. Mr. Thurlow, it has been six years since I sat across
25 the table from you when I chaired the Public Utilities

1 Committee in the house. My respect for you then is the same
2 as now, and I sincerely mean that, and the hour is late, and
3 I learned a long time ago we're going to have a hard day at
4 the office. It is also nice to be the last one at bat and
5 you as the witness, because everybody is tired. And I'm sure
6 you're as tired as I am, and I only have a few questions.
7 Your first notice of Dr. Potholm and his talents were brought
8 to you by Mr. Temple?

9 A. I thought so.

10 Q. I think that is the way you described it. And you met
11 with Mr. Potholm, and I think Mr. Temple at that time, and I
12 think you also -- yesterday when he was here you were
13 impressed by his frankness and his background, as I
14 understood it to be, I think in terms of doing the polling.
15 And that is what your interest was at that time, as far as
16 CMP's interest at that time, was to try to get some qualified
17 pollster to take polling in the state to see what their
18 reactions are, and the issue of the Save Maine Yankee?

19 A. I guess I would have to correct one thing there. I
20 don't recall that initially at our first meeting that I was
21 aware of his polling capability.

22 Q. That was my first question. But I think nevertheless
23 talents were bought to bear, and his background was described
24 to you on what he could do. The question is he was hired to
25 do polling, and give that information to his employers, which

1 was Save Maine Yankee -- or you had a thousand hats, you,
2 let's say you, for example, that information eventually got
3 back to you, president of CMP, president of Maine Yankee, and
4 also involved with the committee, steering committee, or
5 executive committee of Save Maine Yankee. All things being
6 equal Mr. Potholm performed the services to which he put the
7 questions together, and I don't know what is leading, and
8 masking, whatever, nevertheless there was a series of
9 questions, not to fool anybody, but just to try to get the
10 feel of how people were coming down, whether it be Joe
11 Brennan or Billy Cohen, CMP, or whoever else were involved at
12 that time. Nevertheless he had accomplished what he was
13 supposed to do. And he reported weekly, or monthly, or
14 however it was, we will say to you. I don't mean to single
15 you out. My question is was there an understanding that he
16 was to share that with other people?

17 A. There was no understanding that he was to share it, but
18 there was an understanding that if he had an opportunity to
19 exchange some of our polling data with someone else, in other
20 words, a free interchange, because we weren't about to just
21 pass out information to anyone, but if we could get something
22 back in exchange that could help us, because our primary
23 purpose was to win that to efforts.

24 Q. Sure.

25 A. I said go ahead, if you get something worth while to us

1 you can exchange that data.

2 Q. Would it be fair for me to assume that he said I may be
3 conducting a poll for Ed Kelleher, for whatever reason, and
4 some of the same questions I was asking in your poll I'm
5 asking in his poll, and I would like to share some
6 information with him from his poll, and he would share it
7 with us, I mean basically simple, but that is basically what
8 the ground rule would be similar to in sharing information?

9 A. Yes, except that he was very careful not to mention
10 names. I never knew who he was sharing with.

11 Q. Okay, and in the same light they didn't know that it was
12 your poll he was sharing with them; you're assuming that?

13 A. Yes, I'm assuming that.

14 Q. That is a fair assumption. There has been some mention
15 that he shared -- or part of the polls were shared with
16 political figures, Joe Brennan, Charlie Cragin, both parties
17 who were running for office, same office, and I don't know
18 Charlie, but I know Brennan was a supporter of Save Maine
19 Yankee. Was it shared with any other major political figure
20 who may have been running for office, or who may have had an
21 interest in running later on for office, to your knowledge
22 was that shared?

23 A. I'm not aware of that.

24 Q. Okay. Was it shared with any members of the Legislature
25 of either political party, either running for an office or

1 might be -- who was running for an office, let me narrow it
2 down?

3 A. The political questions about the gubernatorial race and
4 senatorial race, I'm not aware that was shared in any such
5 instance as you described. The Save Maine Yankee data might
6 have been shared with some members of the Legislature because
7 we were actively trying to get support from members of the
8 Legislature.

9 Q. For example, I believe in Save Maine Yankee.

10 A. We probably tried to give you data.

11 Q. No, you probably didn't. I don't even remember getting
12 it.

13 A. We should have.

14 Q. But it would have been reasonable in your mind, let's
15 say in your mind, that if you had visible people in the
16 government running for reelection, that is whatever the time
17 was, I get confused in the years, that if they were
18 supportive you might want to share it with them so they
19 wouldn't get weak-kneed?

20 A. Yes.

21 Q. But you don't know specifically of anyone previously it
22 was shared with?

23 A. Not specifically, no.

24 Q. I don't either. I heard rumors, but I can't
25 substantiate them. The committee might be able to.

1 But in terms of having some kind of control in
2 regards to how that information was given out, you had a --
3 you or your committee had a reasonable handle on that?

4 A. Yes.

5 Q. And you believed that confidence would not be betrayed?

6 A. I was reasonably certain it would not.

7 Q. To your knowledge you think that is a reasonable
8 assumption?

9 A. I have no reason to believe that was ever violated.

10 Q. By either Dr. Potholm, or whoever did the polling, or
11 whoever the poll was shared with in your immediate group?

12 A. That's correct.

13 Q. That could have been the steering committee, or Save
14 Maine Yankee committee, John Menario. There is all kinds of
15 rumors, obviously, that -- still around of what happened and
16 what didn't happen. I tell you, Mr. Thurlow, I have been in
17 public life for a long time, and I have myself been into some
18 fairly fast -- and I don't think that I can work on
19 suspicions. And I take thing as I see them and not whispered
20 over the telephone or something. And so I can get to the
21 point of information that definitely was shared, to your
22 knowledge, was limited. If it was shared without your -- it
23 could have been shared possibly without your knowledge, but
24 you can't point a finger in either direction, okay.

25 When John Menario was here yesterday, I like John,

1 I spoke to him about a draft that was alluded to by counsel,
2 Mr. Flaherty, here this afternoon to you. He described what
3 he thought might be some preliminary thoughts in regard to
4 the organization structure, beginning the battle to fight the
5 referendum question. You stated here, and he stated here
6 also yesterday, that other judgments prevailed and that
7 memorandum wasn't adopted. I would like to, if I may, if you
8 have a copy of it, go through just a couple of parts of it to
9 see what wasn't adopted and what was adopted.

10 In the opening statement on page one he thought it
11 might be helpful to prepare some very preliminary thoughts in
12 regards to organization with regard to Save Maine Yankee
13 referendum. Then he goes on to page two and he describes an
14 organizational objective, the ideal organization is one which
15 will have central control coordinate, but is perceived by the
16 general public as a decentralized grass roots effort.

17 Does Maine Yankee, to some degree, reflect that
18 opening sentence, that it would be a grass roots effort, that
19 it would be perceived by the public to be a concerned
20 citizens' group?

21 A. You're speaking Save Maine Yankee Committee?

22 Q. Yes.

23 A. As it developed I think that it became a grass roots
24 effort, or at least we tried to get it in that framework.

25 Q. Okay. So in some sense it did reflect this sketchy

1 outline as Mr. Menario described here?

2 A. Yes.

3 Q. All right. And it said -- he also further states that
4 ideally Maine -- Central Maine Power Company would keep a
5 low profile throughout the campaign; but you couldn't do that?

6 A. No.

7 Q. So there is a little difference there, although the
8 committee itself attempted to look differently.

9 Then on page three you said that this committee --
10 executive committee, which I guess you finally ended up with,
11 that is somewhat similar to his outline of how a small group
12 of key people, wise people in the program could manage the
13 Save Maine Yankee committee?

14 A. I'm sorry, I didn't --

15 Q. Okay, I'm sorry. In his description on page three there
16 should be some kind of an executive committee that was key
17 people, that would have the knowledge and the capability of
18 really managing and saying what ultimately became of the Save
19 Maine Yankee Committee, and that does reflect somewhat the
20 description here of how you would like to have it done?

21 A. I think it fairly well describes it. This so-called
22 steering committee, executive committee, what have you, was a
23 very loose knit organization. I'm not even sure I can tell
24 you who was on it. I know who the people were that met
25 regularly, and some we considered committee members, and some

1 we just considered people that participated and contributed.
2 But it was a democratic organization, we discussed pros and
3 cons, and made decisions. I don't know if we ever took a
4 vote on anything. It was just one of those very loosely knit
5 organizations that met regularly to be sure everybody was
6 going in the same direction.

7 Q. It was a good group, as far as I could see. Sometimes I
8 get a little loose on where we're going here.

9 REPRESENTATIVE KELLEHER: I understood, and I have
10 to direct to our staff, did any members of the Legislature
11 ever get a copy, a known copies of polls that were going on?

12 MR. ASCH: Excuse me?

13 REPRESENTATIVE KELLEHER: I'm on channel 5.

14 CHAIRMAN BALDACCI: Representative Kelleher has a
15 question for the staff.

16 REPRESENTATIVE KELLEHER: Did any members of the
17 Legislature ever get a copy of polls that were done by --
18 that were paid for by Save Maine Yankee, or CMP, or whatever?

19 MR. ASCH: Yes.

20 REPRESENTATIVE KELLEHER: That party, or parties,
21 have they been invited to testify?

22 MR. ASCH: No. They were sent an interrogatory and
23 a request for documents.

24 REPRESENTATIVE KELLEHER: Have they responded?

25 MR. ASCH: Yes.

1 BY REPRESENTATIVE KELLEHER:

2 Q. Did you approve of giving the information to legislative
3 candidates?

4 A. Absolutely not, but I think I know what you're talking
5 about.

6 Q. I don't think I know what I'm talking about.

7 A. There was a statement in the newspaper about one
8 legislator that indicated he had a copy of the poll. I
9 assume that must be what you're referring to. I can't
10 imagine how he could possibly have got it unless he got it
11 after it was made public during the Public Utilities
12 Commission hearing.

13 REPRESENTATIVE KELLEHER: Well, it is five minutes
14 past 4:00, and I'm through, thank you.

15 MR. FLAHERTY: Mr. Chairman, I have just two.
16 Examination by another always spawns questions by the next
17 one.

18 EXAMINATION-BY ATTY. FLAHERTY OF MR. THURLOW:

19 Q. I would like to clarify if I might, just how this
20 computer was used. In other words, did it have a storage
21 facility as all computers do, a disk storage arrangement?

22 A. Yes.

23 Q. And the computer, the polling data which would have been
24 gathered, and the collating of same and all, was that all
25 stored in your computer?

1 A. Now, you're in a very tender subject. First of all, let
2 me say I know very little about computers, and I didn't
3 realize that all of that stuff was stored there forever and a
4 day unless you do something about it.

5 Q. I found that out about our billing procedures in the law
6 office.

7 A. But it is true, it was in storage, and when I found it
8 out, I was upset no end to think that here is all this kind
9 of political information that is just sitting there and
10 anybody that wanted to could go in and try to find out. Of
11 course, that is where I ran into some difficulties with the
12 Public Utilities Commission. When I found out about it I
13 asked them to clear it, and not to store that kind of
14 information any more.

15 Q. Okay. What I'm trying to find out is, next question,
16 was your computer one which had limited or keyed access by
17 personnel --

18 A. Talking --

19 Q. -- so I couldn't go over there, for instance, and punch
20 in a few questions and get the answers without having a pass
21 word, or pass key, or number, or something?

22 A. I hope not. But from the things I have read in
23 newspapers the past year I'm not sure how sacred any computer
24 is. I guess I would say I never thought anybody could have
25 access to it. But looking back now, I'm not so sure.

1 Q. So, the next question I'm asking is, it is the fact,
2 though, that during that period of time when Atlantic
3 Research was in business and Dr. Potholm was doing all the
4 things you so well described, he certainly was using the
5 computer, and storing, and collating?

6 A. Well, yes, but he didn't have access to the computer.
7 But he didn't need access because if he wanted the data from
8 any one of the polls that he worked on, all he would have had
9 to do was ask Mr. Leason for a copy, and he would have gotten
10 it.

11 Q. He would have gotten a printout?

12 A. He probably already had it, because I think he was given
13 a printout of all of the polls that he was involved with.

14 Q. So if he had conducted a poll through Command Research
15 for some other entity, be it a political candidate like Mr.
16 Cragin, or a nonutility private industry client, he would
17 have, if I understand you, not used your computer in those
18 instances?

19 A. No.

20 Q. But he would have had the right to, or at least the
21 privilege of getting from you all of the information in the
22 computer so he could do his collating on his own?

23 A. You mean from some other survey?

24 Q. Yes.

25 A. Yes, but again, I would assume he would already have it.

1 Q. So, he probably -- what you're saying is as a result of
2 his relationship with Central Maine Power, and/or Save Maine
3 Yankee, and/or Atlantic Research, he was able to on request,
4 take from the computer printouts of all the information that
5 was stored in there as a result of the polling activities in
6 which he was involved?

7 A. He had access to all that information.

8 Q. And undoubtedly in your view he had that information
9 anyway as it developed in printout fashion, and then when and
10 if, and you can only speculate in this I know, but when and
11 if on behalf of other clients he conducted polls, including
12 the masking questions, and extracted the information from the
13 masking questions, it would have been a simple matter for him
to collate them and go from there?

15 A. He could have done that, but I --

16 Q. I'm not suggesting he did, you understand, but that is
17 one of the inquiries we have to make here. Thank you very
18 much.

19 MR. FLAHERTY: I have nothing further, Mr. Chairman.

20 CHAIRMAN BALDACCI: Mr. Thurlow, I have nothing
21 further, Representative Kelleher has nothing further, so I
22 want to again thank you for your patience in terms of
23 testifying here today and delaying your vacation, I
24 appreciate that very much.

25 THE WITNESS: Thank you very much. I appreciate

1 the way the committee operated today.

2 CHAIRMAN BALDACCI: Thank you.

3 This hearing has been recessed until noon tomorrow,
4 and then we'll establish a date to be certain.

5 * * * * *

6 CERTIFICATE

7 I, Roderick B. Downing, hereby certify that the
8 foregoing is a true and correct transcription of my
9 stenographic notes taken in the above-captioned matter.
10 DATED this 28th day of November, 1984.

11

12

13

Roderick B. Downing, RPR

14

My commission expires

15

June 16, 1985.

16

17

18

19

20

21

22

23

24

25