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**The Dead River Reservoir Company and the Kennebec Reservoir Company : Message of Percival P. Baxter, Governor of Maine, to the Eighty-first Legislature; Delivered in the Hall of Representatives, April 5, 1923 By Percival P. Baxter**

Percival P. Baxter

The Dead River Reservoir Company

AND

The Kennebec Reservoir Company

MESSAGE

OF

PERCIVAL P. BAXTER

*Governor of Maine*

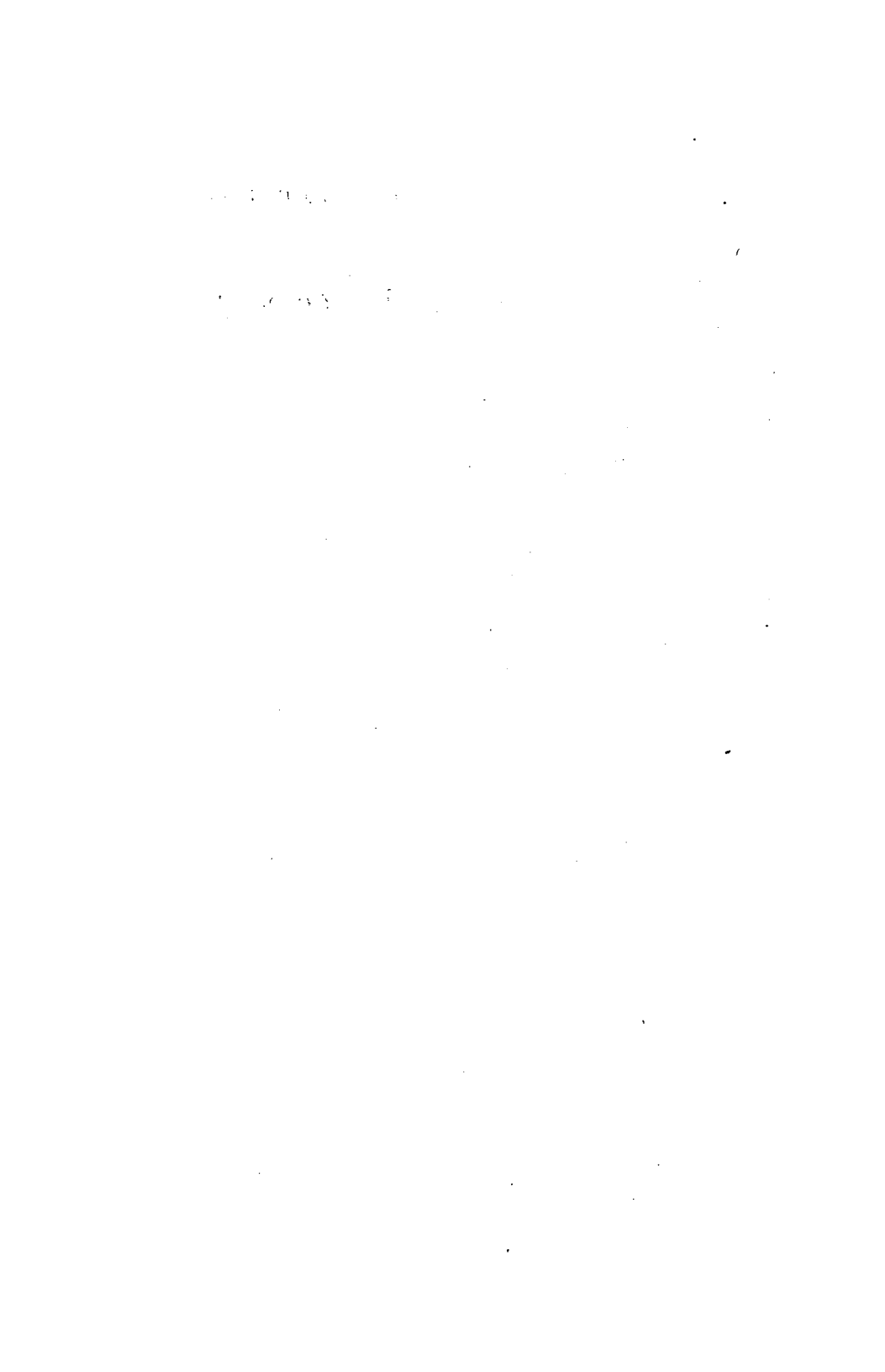
TO THE

EIGHTY-FIRST LEGISLATURE

Delivered in the  
Hall of Representatives

APRIL 5, 1923





*To the Honorable Senate and House of Representatives of the  
Eighty-first Legislature:*

On March 20th last I appeared in person before a joint session of this Legislature and delivered a message vetoing "An Act to Create the Kennebec Reservoir Company and Define the Powers Thereof." In that message I described the storage reservoir that was to be created, and pointed out how the rights of the State of Maine in certain lands, and in certain water resources that belonged to the State, were being deeded away to private interests.

I stated that the proposed storage reservoir was of "inestimable value," and expressed my opinion that the people of the State should "retain it for themselves." I used the following language: "The people of the State of Maine never should part with any more of their inherent rights in the State's natural resources. These should be held in perpetuity for the benefit of the present and future generations," and that "should my signature be affixed to this bill, the paper on which it is written immediately would be worth far in excess of a million dollars." I also recited the history of the water power question in Maine, and maintained that the people own the lakes and natural storage reservoirs of the State.

Notwithstanding my message, both branches of this Legislature passed the Kennebec Reservoir charter over my veto by overwhelming majorities, and it became law on March 22, 1923. As I was not satisfied with this policy of deeding away the rights of the people of the State, I issued on March 23rd an official proclamation calling upon our citizens to support a referendum upon this charter. There is not a town, city or plantation in the State that has not received a referendum petition. Signatures are pouring into my office daily, and I have reason to believe that the people of Maine have been aroused by this issue, and that they desire an opportunity to express themselves thereon.

Since the passage of the Act by the Legislature I have given

very careful consideration to the situation that has arisen. Realizing that honest differences of opinion exist, even in matters as important as the one before us, I felt that there might be some common ground on which those who hold diverse views could meet. Entirely without suggestion from outside sources, I invited some of those interested in the Kennebec charter to a conference, at which were present several disinterested citizens of wide experience in public affairs, including the Senator from Cumberland County, Mr. Brewster. These conferences were not in any way secret, and all parties expressed their views freely and without reservation. It was encouraging to see that a spirit of conciliation was manifested on the part of all. As a result I am presenting to you what appears to me, and to the gentlemen who have been over the matter with me, a solution of the Kennebec Reservoir charter; a solution that furnishes adequate protection to the people of the State.

I objected to the first charter because it deeded away forever an important portion of the water resources that now are the property of the State, transferred them to a private corporation, and placed in its control the head-waters of the Kennebec River. In my opinion, another undesirable feature of that charter was that no adequate provision was made for the removal of the trees included in the proposed reservoir. If the forest growth were not removed, an unsightly waste and forest graveyard would have resulted.

The charter that I present to you is entitled "An Act to Create the Dead River Reservoir Company." Under it the State does not part with its title either to its land or to its water resources, but leases the land and water resources to the new corporation for a period of forty years. This corporation is to pay the State the total sum of one million dollars as rental for the right to use this land and these resources; said payment to be made in forty annual installments of \$25,000 each. The corporation not only agrees to completely remove all the dead wood and other material that will result from the creation of the reservoir, so that it will become a beautiful lake in harmony with the State's natural scenic beauties of which we are so justly proud, but also the State reserves the right to use such portion of this timber as it may desire. Considerable

additional revenue may be derived by the State from this source.

At the end of the forty-year period the lease will terminate and at that time the State has the expressed right to take over the property at not more than one-half the net cost of the improvements thereon. As a matter of fact, the State probably will acquire the property at a very nominal figure, due to the fact that it will be almost completely amortized by the end of the lease.

The State also reserves the right to take over the property at *any* time during the term of the lease, by paying proper compensation therefor, which compensation shall not include any payment for the franchise hereby granted.

Reasonable charges will be made for the services that the new company is to render, and all the industries along the river as well as citizens who use the current of the power companies will derive immediate benefit therefrom. All profits over 6% which the company makes will be credited to the State, and this will reduce the price at which the State may acquire the property if it so elects.

This charter permits the development of electric power in connection with the storage development, but the State's interests are fully protected under a clause that prevents electricity generated on this property from being taken out of the State contrary to the provisions of our general laws relating to that subject.

The payment of rental herein provided will begin on July 1, 1924, according to the charter, which charter must be accepted within five months. Construction work will be begun on the dam at once, and it is made obligatory on the lessees that the construction work shall be pushed forward to completion with all reasonable expedition. If the charter is not accepted, or if work is not begun and carried on without delay, the charter will lapse, and all rights granted under it will thereupon become of no effect.

A very important provision of the charter is that the company must file annual accounts with the State Auditor, who has the right to examine its books at any time. The State also

will derive a large income, in addition to the rental, on account of the taxes that will accrue to the State by reason of the developments. No exemptions from taxation are granted, and if it costs a million and a half to build the dam, there will be that amount of property available for taxation purposes.

If the State should not see fit to take over the property at the end of forty years, the terms of renewal of the lease will be agreed upon between the Legislature of that period and the company; and on their failure to agree, the Supreme Court is to fix the rental to be paid.

I have outlined at some length the details of this charter so that you all may understand it. In my opinion this document inaugurates a policy of leasing rather than deeding away the State's natural resources. If you adopt it, you will have placed upon our statute books legislation that will be hailed as both wise and constructive, and you will have established a precedent and a policy that well may guide those who follow.

These are the terms of the Dead River charter. In my opinion, this marks a new era in the water power history of the State of Maine. If this Legislature in its wisdom enacts this bill into law, it means that never again will a private corporation obtain storage rights from the State under a deed or transfer, but that all such rights, in all probability, hereafter will be granted on a lease under which a rental accrues to the State, and under which there are proper safeguards to protect the interests of the people. This charter means that private development will be encouraged in every way, and that the great industries along the Kennebec River will be enabled to secure a large amount of cheap power, which they sorely need, and for which they are willing to pay. It also means that future generations of Maine people will derive an ever increasing income from these water resources. It means that the discussion of the Kennebec Reservoir charter that has taken place from one end of the State to the other will cease. In my opinion, the people will approve this policy of leasing rather than deeding away their property.

In my Inaugural Address delivered to this Legislature on January 4, 1923, I stated: "Water storage is the foundation of successful water power development. \* \* \* We all want

development, and if the State does not undertake it, private interests should be allowed to do so with the State's interests fully safeguarded. In every private storage development hereafter undertaken, I would reserve to the State the right to purchase it at any time for a fair price without paying for the franchise or storage rights granted by the State, the purchase price in no event to exceed the cost of the development. The State also could charge water storage companies a reasonable annual rental for the privilege of impounding the water and raising the natural water level of the lakes and reservoir basins. In this way private development would be encouraged, the State would derive an income, its rights would be protected, and it would be in a favorable position to acquire valuable rights upon payment of a fair price therefor if conditions later warranted such action."

All these conditions that I outlined in my Message have been complied with in the new Dead River charter. I am presenting it to you for your careful consideration, believing that if you understand it you will agree with me that it is the solution of the issue raised by the Kennebec Reservoir charter. This is not a revamping of the old charter; it is an entirely new and distinct proposition, under a new name and founded on an entirely different principle.

I have referred to the referendum petitions that have been sent broadcast over the State. As these daily are pouring into my office, it will, of course, be necessary for me to honor them, and to have a referendum on the Kennebec charter, unless this Legislature takes some further action. The only course open is for the Legislature to repeal the Kennebec Reservoir charter. There is a clause in the new bill that provides that this shall be done. If this is done, all reason for a referendum will be removed, and those who have signed the petitions will have accomplished their purpose. If this Dead River charter is not passed, I, of course, shall press the referendum on the Kennebec charter so that the people may decide this issue for themselves. The Kennebec charter must not become the law of this State.

Important matters often times are settled at the last moment, and I believe this is such a case. The matter has been thoroughly discussed from every angle, and I believe the people of



the State will believe that this Dead River charter is a wise solution of a troublesome matter.

I should not want this occasion to pass without expressing my appreciation of the spirit of all those who have taken part in presenting for your consideration this solution of a distressing problem. Both sides have made a serious effort to arrive at a fair conclusion, and I trust what has been done will commend itself to you for favorable action. The Senator from Cumberland County, Mr. Brewster, has taken an active part in these negotiations and has contributed materially to their successful outcome.

This whole matter now is before you for your decision.

Respectfully submitted,

A handwritten signature in dark ink, reading "Charles P. Baxter". The signature is written in a cursive style with a prominent horizontal line across the middle.

Governor of Maine.