

TO: Members of the Energy, Utilities and Technology Committee

FROM: Jackson Parker, Chairman & CEO, Reed & Reed, Inc., Woolwich, Maine

RE: Follow-up to the hearing on LD 1895 on May 18.

Please consider this additional information as you deliberate LD 1895. It is a bit whimsical but illustrates the potential pitfalls of requiring Offshore Wind (or any project) to be built under a PLA where the terms are established not by negotiation but by one side dictating to the other. If PLAs are enshrined in legislation, it effectively gives organized labor a 'no-bid' contract to provide labor on terms of their choosing.

Imagine this conversation...

Contractor: We are putting in an offshore wind proposal and I'd like to talk about some provisions of your proposed Project Labor Agreement. We have some concerns.

Union Rep: What do you have in mind?

Contractor: Well, the wages are 50% above prevailing wages as set by the Maine Department of Labor, the required contribution to retirement is double the latest collective bargaining agreement and there are 15% annual wage increases.

Union Rep: We have to make sure we are creating good union jobs for our members.

Contractor: Well, these rates will make our proposal very expensive

Union Rep: Maybe but remember that all the bidders have to use these rates and the costs will just be passed on to Maine ratepayers. The PUC will approve it and everything will work out. You'll see.

Contractor: But those costs are way out of line.

Union Rep: Maybe, but our friends at NRCM wrote it and the Maine Legislature passed LD 1895 which dictates if you want to build offshore wind you will have to accept our PLA. And these are the terms.

Contractor: With these rates, benefits, and new dues for your organization now I can see why you said you would sign a PLA with anyone.

Union Rep: Well, LD 1895 says offshore wind will be built under a PLA and those are our terms. Now sign right here.