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February 28, 2013

VIA ELECTRONIC AND U.S. MAIL

Michael Parker, Project Manager
Dept. of Environmental Protection
17 State House Station
August, ME 04333-0017

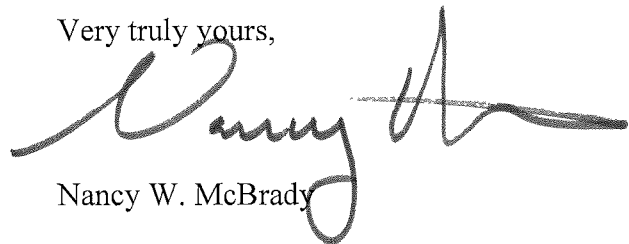
Re: Juniper Ridge Landfill - Amendment Application to Accept Municipal Solid Waste from Maine Sources, #S-020700-WD-BC-A

Dear Michael:

Enclosed please find the Pre-Filed Direct Testimonies of Mr. Greg Lounder, Mr. Chip Reeves and Mr. George Aronson submitted on behalf of the Municipal Review Committee ("MRC") with respect to the above-referenced matter.

MRC is amenable to presenting its three witnesses in a single panel at the April 9-10, 2013 hearing. We estimate that as a panel these witnesses will require thirty (30) minutes in total to present their direct testimonies. However, given that pre-filed rebuttal testimony has not yet been filed by the parties, it is currently unknown whether these MRC witnesses (or perhaps other MRC rebuttal witnesses) will be submitting pre-filed rebuttal testimony. Hence, MRC reserves the right to request additional time (beyond the noted thirty (30) minutes) to present its witnesses' rebuttal testimony.

Very truly yours,



Nancy W. McBrady

NWM:

Enclosures

cc: Intervenor Service List (w/enc)

**STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

IN THE MATTER OF

STATE OF MAINE BUREAU OF GENERAL SERVICES))
JUNIPER RIDGE LANDFILL))
ADD NEW SOURCES OF UNPROCESSED MSW))
OLD TOWN, PENOBSCOT COUNTY, MAINE))
#S-020700-WD-BC-A

**Pre-Filed Direct Testimony of Chip Reeves
Municipal Review Committee**

I. Introduction

My name is Chip Reeves and I am the Board President of the Municipal Review Committee (“MRC”). I am also the Director of Public Works for the Town of Bar Harbor, Maine. The MRC is a non-profit organization that represents 187 municipalities in central and eastern Maine whose citizens, businesses, and institutions generate municipal solid waste (“MSW”) that is currently disposed of at the Penobscot Energy Recovery Company, LP (“PERC”) waste-to-energy facility in Orrington, Maine. The member municipalities have each contracted with PERC to dispose of their MSW through March 31, 2018.

The MRC has intervened in this hearing regarding the amendment application of a Casella Waste Systems, Inc. (“Casella”) affiliate (NEWSME) and the Maine Bureau of General Services because it has an interest in the affordable, long-term and environmentally sound disposal of its Charter Municipalities’ MSW. The amendment application proposes to allow acceptance of unprocessed MSW for disposal at the Juniper Ridge Landfill in Old Town from in-state sources, including some of the MSW that had previously been processed by the Maine

Energy Resource Company (“MERC”) waste-to-energy facility in Biddeford, which permanently closed in December 2012.

Although the amendment application proposes to divert some of the MSW previously intended for delivery to MERC, Casella and PERC’s private owners have negotiated a new contract (“Casella-PERC Contract”) regarding delivery of a portion of the former MERC’s in-state MSW stream to the PERC facility instead.

In light of this amendment application and the new Casella-PERC Contract, MRC has been considering both the short-term and long-term impacts on Charter Municipalities and use of the PERC facility through March 2018, when the existing waste disposal agreements between PERC and each Charter Municipality are due to expire. My testimony focuses on the short-term impacts to MRC. Greg Louder, the Executive Director of MRC, discusses the long-term implications in his pre-filed testimony.

II. Short-Term Impacts on Operation of the PERC Facility and MRC

In the short-term, the Casella-PERC Contract, together with the closure of the MERC facility, offers significant benefits to the Charter Municipalities regarding a long-standing concern of the MRC; namely, the provision of an adequate supply of MSW to the PERC facility from in-state sources. Specifically, the new Casella-PERC contract would have Casella deliver up to 100,000 tons per year of MSW to the PERC facility, including up to 30,000 tons per year of MSW that had previously been delivered to the MERC facility from in-state sources. The advantages of the new contract include the following:

- The Casella-PERC Contract provides additional assurance that the PERC facility can operate at or near its full capacity with maximum reliance on MSW generated within Maine and with reduced reliance on MSW imported from other states.

- The tip fees in the new contract are more favorable than PERC would receive from the out-of-state MSW being displaced. This results in economic benefits both to PERC and to the Charter Municipalities, which will share the benefits of PERC's improved financial performance.

III. Maine's Solid Waste Hierarchy

The Casella-PERC Contract also addresses long-standing MRC concerns regarding the implementation of the State's solid waste hierarchy. It is the State's policy to favor solid waste management in the following priority: the reduction of waste first, followed by the reuse of waste, recycling of waste, composting of biodegradable waste, waste incineration, with landfilling as the last means of disposal. 38 M.R.S.A. § 2101. The MRC and its member municipalities support the proper implementation of the hierarchy and therefore have carefully scrutinized this amendment application, which implicates both waste combustion and landfilling. However, MRC understands that the Casella-PERC Contract offers the following benefits:

- Delivery of additional MSW to the PERC facility will divert a significant volume of MSW deliveries away from the Juniper Ridge Landfill. Such deliveries would also extend somewhat the life of the landfill, thereby preserving landfill airspace for disposal of residual materials from the PERC facility (under a previously existing contract with Casella) and for materials from other sources for which landfilling is the best available disposal method.
- The Casella-PERC Contract contains provisions pursuant to which Casella would deliver additional MSW to the PERC Facility to replace materials that the Charter Municipalities recycle through a Casella facility. These provisions provide an opportunity for Charter Municipalities to pursue additional recycling without incurring additional disposal costs due

to its contract terms with PERC relating to minimum MSW deliveries and attributable to the increased recycling.

- The Casella-PERC Contract contains several other provisions that would reduce Charter Municipality exposure to delivery shortfall penalties. For example, the contract obligates Casella and PERC to cooperate with Charter Municipalities to attribute MSW collected by Casella that originates within the borders of a Charter Municipality to the account of that municipality. The contract contains additional assurances to preclude MSW collected by Casella within Charter Municipalities from being delivered to any facility other than the PERC facility.

IV. Conclusion

Although MRC is not a party to the Casella-PERC Contract, we are confident that the contract will bring benefits to the Charter Municipalities. To the extent PERC and other Maine waste-to-energy facilities continue to operate at capacity and existing licensed airspace continues to be available for PERC residuals, MRC is not opposed to excess MSW going to Juniper Ridge Landfill. As a result MRC does not object to this particular Casella amendment application currently before the Maine DEP. As Board President, I will continue to monitor the implementation of the contract carefully to ensure that the intended benefits are achieved to the greatest extent feasible for all parties involved.

VERIFICATION

Date: 2/27/13

Chip Reeves

Print Name

Chip Reeves
Signature

STATE OF MAINE)
HANCOCK COUNTY ss.)

Date: February 27, 2013

Then personally appeared the above-named Chip Reeves and made oath that the foregoing testimony by him subscribed is true and correct to the best of his knowledge, information, and belief. Wherein statements are based on information and belief, he believes them to be true.

Nancy J Warner
Notary Public

Print Name: Nancy J Warner
My Commission Expires: January 12, 2015

NANCY J. WARNER
NOTARY PUBLIC
STATE OF MAINE
My Commission Expires
January 12, 2015

**STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

IN THE MATTER OF

STATE OF MAINE BUREAU OF GENERAL SERVICES)
JUNIPER RIDGE LANDFILL)
ADD NEW SOURCES OF UNPROCESSED MSW)
OLD TOWN, PENOBSCOT COUNTY, MAINE)
#S-020700-WD-BC-A

**Pre-Filed Direct Testimony of Greg Louder
Municipal Review Committee**

I. Introduction

My name is Greg Louder and I am the Executive Director of the Municipal Review Committee (“MRC”). The MRC represents 187 cities, towns and inter-municipal districts in central and eastern Maine that have their municipal solid waste (MSW) delivered to the Penobscot Energy Recovery Company, L.P. (PERC) waste-to-energy facility located in Orrington, Maine.

The MRC was formed in 1991 to work with the PERC partnership to improve facility operating and economic performance for the benefit of the MRC member communities. Since then, the MRC has worked with the private owners of PERC to upgrade the facility, achieve a high level of environmental performance, and keep disposal costs down. As part of these efforts, 86 municipal entities, known as the Equity Charter Municipalities, have made investments in PERC such that they now own roughly 25 percent of the limited partnership interests (and roughly 22 percent of the overall partnership interests) in the PERC partnership. The MRC continues to work with the private partners in PERC, and with the management of the PERC facility, on a wide variety of matters, including: continuation of the State policy to support a

hierarchy of waste management priorities; maintenance of the facility to ensure that it continues its high level of operational, environmental and economic performance; and the extension of disposal and other business arrangements beyond their current expiration in 2018.

II. Casella-PERC Contract and the MRC

The Juniper Ridge Landfill in Old Town is the subject of a pending application to the Maine Department of Environmental Protection (“Maine DEP”) to amend its operating license to allow acceptance of unprocessed MSW for disposal from in-state sources. The license amendment is being requested by a corporate affiliate of Casella Waste Systems, Inc. (“Casella”), which operates the Juniper Ridge Landfill.

With the advent of the permanent closure of the Maine Energy Resource Company (“MERC”) facility in Biddeford at the end of 2012, approximately 120,000 tons per year of MSW generated in Maine and nearly 170,000 tons per year of MSW from other states is now in need of appropriate management and disposal. As a result, the PERC partnership, PERC’s private owners, and Casella have negotiated a new contract (the “Casella-PERC Contract”) regarding delivery of MSW to the PERC facility from in-state sources, including MSW that had previously been delivered to the MERC facility. The MRC has intervened in the application amendment review process because of the long-term impacts on MSW management in light of the Casella-PERC contract and the March 31, 2018 expiration of MRC members’ agreements with PERC regarding member communities’ waste disposal at the PERC facility.

III. Long-Term Impacts on Management of MSW from the Charter Municipalities After April 2018

The PERC facility provides reliable disposal capacity for MSW with known and predictable technical and economic performance and an outstanding record of environmental performance. The Charter Municipalities and the State of Maine would benefit greatly if the

PERC facility can continue providing such capacity into the indefinite future. The application amendment and Casella-PERC Contract have not changed the MRC's ongoing efforts to negotiate extensions of or modifications to the existing waste disposal agreements for disposal of Charter Municipality MSW at the PERC facility for a significant term of years beyond 2018. The MRC continues to do everything in its power to be successful in securing an extension of operation of the PERC facility on terms that are favorable to its member communities.

Nonetheless, the MRC and PERC face significant challenges in the negotiation of such an extension. In its current configuration, economic operation of the PERC facility requires delivery of a steady stream of MSW in quantities that are greater than the existing Charter Municipalities can commit to provide. This is especially true when considering the impacts of potential expansion of MSW reduction and recycling programs on future MSW quantities, as well as the likelihood that Charter Municipalities located at significant distances from the PERC facility might elect to divert their MSW to competing facilities more proximate to their location in order to reduce transportation costs for MSW delivery.

The cost effectiveness of the PERC facility is enhanced by additional deliveries of MSW to the PERC facility from sources that had previously been served by the MERC facility – but such deliveries are not sufficient to address all aspects of the challenge. Moreover, the existing favorable arrangement for selling electricity from the PERC facility will expire early in 2018 and, given existing market conditions, cannot be expected to be replaced on its current terms without a significant change in current state regulatory policy.

The MRC and PERC continue to explore a variety of approaches to address the outstanding issues, including innovative methods for economic enhancement (such as establishing Renewable Energy Credits for waste-to-energy facilities) in order retain benefits of

the existing arrangements. We are evaluating emerging technologies for converting MSW into shippable or liquid fuels and other higher-value products that could be appropriate to the scale of MSW availability and market conditions prevalent in Maine. We hope these options bear fruit but we cannot guarantee their success.

In this context, the MRC and the PERC private partners took advantage of the opportunity afforded by the closure of the MERC facility to secure both additional waste volumes for the PERC facility as well as a back-up option for MSW disposal beyond 2018 that might, under certain circumstances, become favorable for the Charter Municipalities. In particular, the Casella-PERC Contract includes an option for the PERC private partners to arrange disposal service for MSW from Charter Municipalities at the Juniper Ridge Landfill for a 10-year term starting in 2018. The option could be exercised by PERC in the event that the efforts to negotiate an extension or modification of the existing MRC-PERC waste disposal agreements are not successful and other facilities for recovering resources from MSW are either not developed or are delayed in implementation beyond March 31, 2018. It is important to emphasize that any MSW from Charter Municipalities at the Juniper Ridge Landfill for a 10-year term starting in 2018 would be the subject of a separate license proceeding reviewing a different set of facts and circumstances.

IV. Conclusion

In the past, MRC has opposed utilization of the Juniper Ridge Landfill for disposal of MSW for several reasons, including that under the solid waste management hierarchy, existing waste-to-energy capacity should be utilized before land disposal is employed, as should any viable future waste-to-energy or resource recovery facility that may be developed to recover useful product from waste. This proceeding seeks a license change to permit additional MSW at

Juniper Ridge Landfill over the life of the existing airspace – approximately 5 years or so. Thus, MRC is comfortable that now existing, extended and future waste-to-energy and resource recovery facilities would also be reasonably utilized in the context of new application proceedings to accept MSW at an expanded Juniper Ridge or at other landfill facilities.

The MRC and PERC have worked closely over the past 22 years to ensure long-term, affordable and environmentally sound disposal of the MRC municipalities' MSW. With the existing waste disposal agreements set to expire in five years, the MRC has pursued and continues to look for creative means to cost-effectively extend its current relationship with PERC. In the interim, the Casella-PERC Contract assists in enhancing PERC's ability to operate at full capacity to the benefit of the Charter Municipalities. Moreover, the additional in-state MSW delivered to PERC makes it more likely that our challenge of having sufficient MSW to support PERC's extension can be addressed. Therefore, MRC does not object to the application pending before the Maine DEP.

VERIFICATION

Date: Feb 27, 2013

Gregory Louder

Print Name

[Handwritten Signature]
Signature

STATE OF MAINE)
HANCOCK COUNTY ss.)

Date: 2-27-2013

Then personally appeared the above-named Gregory Louder and made oath that the foregoing testimony by him subscribed is true and correct to the best of his knowledge, information, and belief. Wherein statements are based on information and belief, he believes them to be true.

[Handwritten Signature]
Notary Public

Print Name: Sheri G. Walsh

My Commission Expires: April 6, 2013

SHERI G. WALSH
Notary Public, Maine
My Commission Expires April 6, 2013

**STATE OF MAINE
DEPARTMENT OF ENVIRONMENTAL PROTECTION**

IN THE MATTER OF

STATE OF MAINE BUREAU OF GENERAL SERVICES)
JUNIPER RIDGE LANDFILL)
ADD NEW SOURCES OF UNPROCESSED MSW)
OLD TOWN, PENOBSCOT COUNTY, MAINE)
#S-020700-WD-BC-A

**Pre-Filed Direct Testimony of George Aronson
for the Municipal Review Committee**

My name is George Aronson and I am a Principal with Commonwealth Resource Management Corporation based in Boston, MA. Commonwealth is a management and environmental consulting firm focusing on issues and opportunities related to resource conservation, recovery and utilization. It specializes in materials and waste management, resource recovery, renewable energy/distributed power generation, and environmental impact mitigation.

I have over 30 years of experience supporting the development and operation of capital projects, facilities and programs as an analyst, consultant and project manager, with a broad record in the fields of solid waste management, alternative electricity production, and resource recovery and utilization. I have a bachelor's degree in mechanical engineering from the Massachusetts Institute of Technology and a master of public policy degree from the John F. Kennedy School at Harvard University. I have been a technical and economic consultant for the Municipal Review Committee ("MRC") since its inception in 1991 (and was advisor to the MRC's predecessor in 1989). I have been involved in the waste-to-energy industry since 1982.

The amendment application by NEWSME, an affiliate of Casella Waste Systems, Inc. (“Casella”), and the Maine Bureau of General Services, proposes to divert municipal solid waste (“MSW”) towards the Juniper Ridge Landfill in Old Town while also sending some MSW to the Penobscot Energy Recovery Company (“PERC”) waste-to-energy facility located in Orrington. MRC represents Charter Municipalities that are minority owners of the PERC partnership.

The Casella and Maine Bureau of General Service’s application amendment reflects the impacts of an October 29, 2012 agreement between Casella and PERC (“Casella-PERC Contract”) that allows the acceptance of unprocessed MSW for disposal at the Juniper Ridge Landfill from in-state sources, including some of what had previously been processed by the now-closed Maine Energy Recovery Company (“Maine Energy”), while also delivering some of Maine Energy’s in-state MSW to the PERC facility. The Casella-PERC Contract thus attempts to comply with the State’s waste management hierarchy, and also supports the continued operations of PERC.

I have long-standing familiarity with the MRC, PERC and the underlying contractual agreements and financial arrangements. My involvement with the PERC facility began in 1989 as a consultant to the Committee to Analyze PERC (the “CAP”). CAP was formed in 1989 by the municipalities that had contracted with PERC for disposal services prior to facility construction in response to the technical and economic difficulties that began with the start-up of the facility. The intent was to work with the PERC facility’s private owners to sustain operation until the difficulties could be resolved and a viable long-term arrangement could be secured. I worked with CAP to evaluate the technical and economic condition and performance of the PERC facility, and helped negotiate the long-term waste disposal agreements between PERC and the communities in 1991-92, which gave birth to the MRC. Since then, I have continued to

represent MRC on an ongoing basis regarding compliance with the amended and re-stated waste disposal agreements, oversight of technical performance, capital and major projects for sustaining the facility, and efforts to acquire waste to enable the facility to operate at capacity and on terms favorable to the Charter Municipalities. I continue to represent the MRC and the Charter Municipalities in these capacities, as well as in support of arrangements related to waste acquisition and residuals disposal; and in efforts to extend the waste disposal agreements or develop favorable substitute disposal arrangements to succeed the current contracts, which expire in March 2018.

For many years, the MRC has supported efforts to increase the quantities of in-state MSW received at the PERC facility, which would reduce the amount of out-of-state waste needed for the PERC facility to operate at capacity. The MRC has also long been concerned with the potential for diversion of MSW away from the PERC facility to landfills. I believe that the new Casella-PERC Contract, if implemented as intended, addresses both of these concerns in a way that will provide significant economic benefits to the MRC member municipalities.

VERIFICATION

Date: Feb 27, 2013

George H. Aronson

Print Name

George H. Aronson

Signature

STATE OF Massachusetts)
Norfolk COUNTY ss.)

Date: Feb 27, 2013

Then personally appeared the above-named George Aronson and made oath that the foregoing testimony by him subscribed is true and correct to the best of his knowledge, information, and belief. Wherein statements are based on information and belief, he believes them to be true.

Beth A. Kourafas
Notary Public

Print Name: Beth A. Kourafas

My Commission Expires: _____

