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August 13, 2014

Karen Knuuti, Project Manager
Maine Department of Environmental Protection
106 Hogan Road
Bangor, Maine 04401

Re: Public Benefit Determination Application of the Municipal Review Committee/
Filing of MRC Application Supplement/Responses to July Comments and Letters

Dear Karen:

Enclosed please find the Application Supplement and clarification of the original Municipal Review Committee ("MRC") PBD Application in response to your letter of July 11, 2014, the comments at the July 2, 2014 Public Meeting, a letter from Kevin Nordby of PERC, and a letter from Roger Huber for the Town of Greenbush. Although it is the regulatory process that requires that an Applicant pursuing an Integrated Waste Management System that includes a new secure landfill to first seek a Public Benefit Determination for the Landfill component, the July 11 letter extended an important invitation to the Applicant to flesh out the other components of the Integrated Waste Management System that are higher in the State Hierarchy.

For the MRC, we address this Supplement in a way that addresses both the requirements of the statutory and regulatory criteria for the Public Benefit Determination (in the same order of the PBD statutory criteria) and provide updated detail as to the other components of the MRC Planned Integrated Solid Waste Management System. Specifically, enclosed please find:

1. Under **Exhibit 1A**, this Supplement provides an updated evaluation of Short Term and/or Long Term Disposal Capacity Alternatives in response to (a) the inquiry in your letter of July 11, 2014, and (b) the Public Comments. Specifically, in this Supplement, the MRC confirms the framework analysis of the existing Disposal Capacity Alternatives in its original PBD application and confirms that the MRC Planned Management System meets the Short Term and/or Long Term Disposal Capacity Needs of the State generally and the region served by the MRC specifically. This Exhibit 1A also provides the MRC analysis of the capacity at several land disposal facilities discussed in the Public Comments. Under **Exhibit 1B**, this supplemental filing clarifies the MRC PBD Application by removing PERC Disposal Capacity as a disposal capacity alternative beyond April 1, 2018; the MRC further responds to the July 15 letter of Kevin Nordby of PERC.

2. Under **Exhibit 2**, this Supplement provides a brief recap under the PBD criteria of how MRC's Planned Waste Management System (1) compares to the Existing System;

(2) meets the State's Waste Management and Recycling Plan; and (3) meets the State Hierarchy.

3. Under **Exhibit 3**, this Supplement provides a brief recap under the PBD criteria of why MRC's Planned Waste Management System is not inconsistent with existing solid waste management infrastructure in the region.

4. Under **Exhibit 4**, this Supplement provides a brief review of why MRC's Planned Waste Management System will not require out-of-state waste.

5. Under **Exhibit 5**, this Supplement provides a response to a letter filed by the Town of Greenbush after July 2 and then a brief overview as to MRC authority to pursue the Planned Integrated Waste Management System (including an update addressing the enclosed MRC Bylaw Amendment adopted by the MRC Board on July 23).

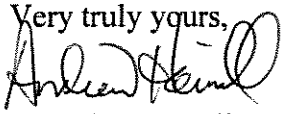
6. Under **Exhibit 6**, enclosed is a spreadsheet listing further filed and/or forthcoming MRC member letters (including copies of the letters filed since the July 2 public meeting) that support the approval of the MRC PBD Application.

7. Under **Exhibit 7**, this Supplement provides an important discussion of the processing technology to be used in the MRC Planned Integrated Waste Management System in response to your letter of July 11, 2014. This Fiberight technology has been the subject of extensive due diligence efforts by the MRC, including a recent review by the MRC Board on July 23, 2014; we therefore enclose the Fiberight PowerPoint presentation to the MRC Board under **Exhibit 7A** and the Minutes of the July 23, 2014 MRC Board Meeting under **Exhibit 7B** for your reference.

8. Under **Exhibit 8**, this Supplement provides a response to the Bureau of General Services and New England Waste Services of ME letter to DEP dated June 30, 2014.

We look forward to discussing the enclosed materials with you as you have questions as part of your review of these materials. As you have questions, please do not hesitate to contact Greg Lounder, Denis St. Peter or me.

Very truly yours,



P. Andrew Hamilton

cc: Greg Lounder, MRC
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Application Supplement for PBD

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EXHIBIT 1A

Municipal Review Committee, Inc. (MRC)
Application for Determination of Public Benefit (the Application)

Supplemental Materials Provided in Response to
the Letter from the Department dated July 11, 2014

Exhibit 1A. Short Term and/or Long Term Disposal Capacity Needs

As the Application for Determination of Public Benefit (the "Application") demonstrates, the MRC's proposed facility meets the short-term and long-term capacity needs for the State generally and the region served by the MRC specifically. As defined by 38 MRS § 1310-AA(3)(A), "For purposes of this paragraph, ... 'short-term' means within the next 5 years and 'long-term' means within the next 10 years." The Maine Department of Environmental Protection ("Maine DEP") provided guidance to the MRC that these timeframes start upon submission of the Application. Therefore, for purpose of this Application, short-term is further defined as 2014 to 2019 and long-term is further defined as 2014 to 2024.

When examining whether the Application demonstrates that the MRC Planned Waste Management System meets the short-term and long-term waste disposal capacity needs, the PBD criteria necessarily require that the Commissioner consider the disposal capacity alternatives to evaluate the capacity need. The MRC evaluation of those alternatives is stated in the original Application at Sections 1.2.3 and Section 2, and in this **Exhibit 1A**.

The attached **Exhibit 1A-1** provides a summary of the available disposal capacity alternatives that are listed in "Table 5 – Available Licensed MSW Disposal Capacity in Maine" of the Maine DEP's *Maine Materials Management Plan, 2014 State Waste Management and Recycling Plan Update & 2012 Waste Generation and Disposal Capacity Report*, January 2014 (the State Plan). These disposal alternatives are described in more detail below as it relates to meeting the "short-term *or* long-term capacity needs" standards. As required by § 1310-AA(3)(A),

> "When evaluating whether a proposed facility meets the capacity needs of the State, the commissioner shall consider relevant local and regional needs as appropriate and the regional nature of the development and use of disposal capacity due to transportation distances *and other factors*."

38 MRS § 1302 [emphasis supplied]. As it relates to "regional needs" and the "regional nature of the development" mentioned above, the Legislature has described in its Declaration of Policy at 38 MRS §1302, its preference for planning and implementation of solid waste management on

a regional scale in order to achieve the necessary "economics of scale." Specifically, Section 1302 provides in relevant part:

> "The Legislature further finds that needed municipal waste recycling and disposal facilities have not been developed in a timely and environmentally sound manner because of diffused responsibility for municipal waste planning, processing and disposal *among numerous and overlapping units of local government*. The Legislature also finds that direct state action is needed to assist municipalities in separating, collecting, recycling and disposing of solid waste, and that sound environmental policy and *economics of scale* dictate a preference for public solid waste management planning and implementation on a *regional* and state level."

38 MRS § 1302 [emphasis added].

Disposal Capacity Alternatives

The waste-to-energy facilities listed in the State Plan include MMWAC in Auburn, ecomaine in Portland, PERC in Orrington, and MERC in Biddeford. The capacities listed for MMWAC and ecomaine are used by their members, and therefore, cannot provide the regional short-term or long-term capacity needs of the MRC communities listed in the Application. As described in the State Plan, MERC is closed and therefore cannot provide capacity for the MRC communities. The reason why the PERC facility cannot provide short-term or long-term capacity is discussed in detail in **Exhibit 1B** to this Supplement.

The State-owned landfills listed in the State Plan include Carpenter Ridge in T2R8 near Lincoln and Juniper Ridge Landfill (JRL) in Old Town. The capacity for the Carpenter Ridge site is listed as "N/A" and "Not developed" in the State Plan, and therefore, cannot address the capacity needs of the MRC communities. The Carpenter Ridge site has a solid waste license; however, the site would need to be relicensed or amended to address the full range of quantities and types of wastes generated by the MRC communities as described in MRC's Application. In addition, the "transportation distance" to this site would exceed the typical threshold (i.e., 20 to 30 miles) from the current disposal facility, planned processing facility location, and waste centroid of the MRC's waste-shed that would cause disruptions to and necessitate significant modifications to the existing "regional … waste collection, storage, transportation" infrastructure. More specifically, due to the increased "transportation distance" (1) additional waste collection and storage facilities and transfer stations would need to be developed or modified to collect, store, and repackage waste into the appropriate trucks; (2) new public and/or private trucking systems that are the appropriate size and configuration (e.g., packer versus

transport trucks) would need to be developed; (3) the increased cost associated with the "transportation distances" would work against the "economics of scale" described in the Legislature's Declaration of Policy (§1302); and (4) would result in an increased environmental impacts from the added fuel consumption and truck exhaust.

The Dolby Landfill is not listed in the State Plan likely due to the extremely limited licensed capacity remaining. As the MRC understands from the State's recent Request for Proposals process, an area that has the potential for expansion capacity is referred to the "valley fill" area which is between and on top of two existing filled phases of the landfill. This potential expansion area would need to be licensed, and the current landfill phases are non-secure which have resulted in environmental impacts to the underlying groundwater quality. Developing the "valley fill" area over a non-secure landfill would result in greater environmental impacts. Since this landfill has been developed as a non-secure landfill with a leachate/groundwater collection system, a significant amount of leachate (approximately 90,000,000 gallons per year) is currently generated. Developing the "valley fill" area would increase the leachate generation by the additional load on top of the existing waste column. In addition, the "transportation distance" to this site would exceed the typical threshold (i.e., 20 to 30 miles) from the current disposal facility, planned processing facility, and waste centroid of the MRC's waste-shed that would cause disruptions to and necessitate significant modifications to the existing "regional … waste collection, storage, transportation" infrastructure. More specifically, due to the increased "transportation distance", (1) additional waste collection and storage facilities and transfer stations would need to be developed or modified to collect, store, and repackage waste into the appropriate trucks; (2) new public and/or private trucking systems that are the appropriate size and configuration (e.g., packer versus transport trucks) would need to be developed; (3) the increased cost associated with the "transportation distances" would work against the "economics of scale" described in the Legislature's Declaration of Policy (§1302); and (4) would result in an increased environmental impacts from the added fuel consumption and truck exhaust.

According to the State Plan, the JRL will not have remaining licensed capacity after 2021, and therefore, cannot address the long-term capacity needs of the MRC. Additionally, JRL is not currently licensed for the full range of waste types that are outlined in the MRC Application, and therefore, cannot address the short-term capacity needs of the MRC. In this regard, 38 MRS §1305 captures the waste mix from each of the MRC municipalities when it obligates municipalities in Maine to "provide solid waste disposal services for *domestic and commercial* solid waste generated within the municipality." 38 MRS 1305 [emphasis supplied]. Additionally, having land disposal capacity for the full range of waste types is extremely important for the initial planning and implementation phase as well as the long-term operational phase of the planned processing facility.

As the capacity need evaluation relates to "other factors" that the "commissioner shall consider" as required by § 1310-AA(3)(A), the MRC offers, among other factors, the importance of having an integrated approach to solid waste management so that each stage of the process supports and works with the other stages for the MRC to be successful in achieving their goal of higher waste diversion. The MRC believes that this integrated approach is consistent with the Legislature's Declaration of Policy at 38 MRS §1302 stating:

> "The Legislature finds and declares that it is the policy of the State to pursue and implement an *integrated* approach to hazardous and solid waste management, which shall be based on the following priorities: reduction of waste generated at the source, including both the amount and toxicity of waste; waste reuse; waste recycling; waste composting; waste processing which reduces the volume of waste needing disposal, including waste-to-energy technology; and land disposal."

38 MRS § 1302 [emphasis added].

In order to achieve the waste diversion priorities mentioned in the Legislature's Declaration of Policy and the State's Solid Waste Hierarchy, among other factors, ownership and control of the land disposal component of the Integrated Waste Management System is one of many important "other factors." The integration of an MRC owned and managed land disposal component facilitates the success of the overall MRC Planned Waste Management System in the following ways: (1) avoids the profit motive for placing more waste in a landfill (MRC and its member communities are organized as a non-profit "regional association"); (2) maintains capacity and provides guarantees for that capacity throughout the planning and implementation phases and operational life of the planned processing facility; (3) allows each component of the system to support the overall common goals of the integrated waste management system; (4) supports and adjusts with the changes that will occur to the marketplace for beneficial use of materials and recyclables; and (5) supports the overall financial model of the integrated solid waste management system (e.g., lower land disposal costs will be used to offset higher processing costs). The JRL facility cannot address this important "other" factor (of providing for a land disposal component that is "integrated" into the overall MRC waste management system); this factor of providing an integrated approach to solid waste management is an integral part of the success of achieving the waste diversion goals of the MRC and the State of Maine.

The Municipal MSW landfills listed in the State Plan include the landfills in Augusta (at Hatch Hill), Bath, Brunswick, Presque Isle, and in Fort Fairfield (Tri-Community). These municipally-owned landfill capacities are dedicated to their members, and therefore, cannot meet

the regional short-term or long-term capacity needs of the MRC communities listed in the Application. In addition, the "transportation distance" to these landfills would exceed the typical threshold (i.e., 20 to 30 miles) from the current disposal facility, planned processing facility, and waste centroid of the MRC's waste-shed that would cause disruptions to and necessitate significant modifications to the existing "regional … waste collection, storage, transportation" infrastructure. More specifically, due to the increased "transportation distance" (1) additional waste collection and storage facilities and transfer stations would need to be developed or modified to collect, store, and repackage waste into the appropriate trucks; (2) new public and/or private trucking systems that are the appropriate size and configuration (e.g., packer versus transport trucks) would need to be developed; (3) the increased cost associated with the "transportation distances" would work against the "economics of scale" described in the Legislature's Declaration of policy (§1302); and (4) would result in an increased environmental impacts from the added fuel consumption and truck exhaust.

The Commercial landfill listed in the State Plan includes Crossroads in Norridgewock. According to the State Plan, the Crossroads Landfill will use their licensed capacity by 2027 at their current fill rate. If this facility were licensed to accept the range of waste types and amounts described in the Application, this facility would not meet the long-term capacity needs of the MRC communities. In addition, the "transportation distance" to this landfill would exceed the typical threshold (i.e., 20 to 30 miles) from the current disposal facility, planned processing facility location, and waste centroid of the MRC's waste-shed that would cause disruptions to and necessitate significant modifications to the existing "regional … waste collection, storage, transportation" infrastructure. More specifically, due to the increased "transportation distance" (1) additional waste collection and storage facilities and transfer stations would need to be developed or modified to collect, store, and repackage waste into the appropriate trucks; (2) new public and/or private trucking systems that are the appropriate size and configuration (e.g., packer versus transport trucks) would need to be developed; (3) the increased cost associated with the "transportation distances" would work against the "economics of scale" described in the Legislature's Declaration of Policy at §1302; and (4) would result in an increased environmental impacts from the added fuel consumption and truck exhaust.

As the capacity need evaluation relates to "other factors" that the "commissioner shall consider" as required by § 1310-AA(3)(A), the MRC offers the importance of having an integrated approach to solid waste management so that each stage of the process supports and works with the other stages for the MRC to be successful in achieving their goal of higher waste diversion. The MRC believes that this integrated approach is consistent with the Legislature's Declaration of policy at 38 MRS §1302:

> "The Legislature finds and declares that it is the policy of the State to pursue and implement an *integrated* approach to hazardous and solid waste management, which shall be based on the following priorities: reduction of waste generated at the source, including both the amount and toxicity of waste; waste reuse; waste recycling; waste composting; waste processing which reduces the volume of waste needing disposal, including waste-to-energy technology; and land disposal."

38 MRS § 1302 [emphasis added].

In order to achieve the waste diversion priorities mentioned in the Legislature's Declaration of Policy and the State's Solid Waste Hierarchy, among other factors, ownership and control of the land disposal component of the integrated waste management system is one of many important "other factors." The integration of an MRC owned and managed land disposal component facilitates the success of the overall MRC Planned Waste Management System in the following ways: (1) avoids the profit motive for placing more waste in a landfill (MRC and its member communities are organized as a non-profit "regional association"); (2) maintains capacity and provides guarantees for that capacity throughout the planning and implementation phases and operational life of the planned processing facility; (3) allows each component of the system support the overall common goals of the integrated waste management system; (4) supports and adjusts with the changes that will occur to the marketplace for beneficial use of materials and recyclables; and (5) supports the overall financial model of the integrated solid waste management system (e.g., lower land disposal costs will be used to offset higher processing costs). The Crossroads Landfill cannot address this important "other" factor (of providing for a land disposal component that is "integrated" into the overall MRC waste management system). This factor of providing an integrated approach to solid waste management is an integral part of the success of achieving the waste diversion goals of the MRC and the State of Maine.

MRC Proposed Integrated Waste Management System

As described in the Application and discussed above, the MRC's proposed facility is the only alternative that meets the short-term and long-term capacity needs for the State generally and the region served by the MRC specifically, and addresses the "regional needs", the "regional nature of the development", the necessary "economics of scale", the "transportation distances", and "other factors" as required by § 1310-AA(3)(A).

EXHIBIT 1A-1

Exhibit 1A-1
Review of Disposal Capacity Alternatives

WASTE-TO-ENERGY FACILITIES	
MMWAC – Auburn	• At capacity[1] • Transportation distance (cost and environmental impacts) • Infrastructure disruption and changes
ecomaine – Portland	• At capacity[1] • Transportation distance (cost and environmental impacts) • Infrastructure disruption and changes
MERC - Biddeford	• Closed[1]
PERC – Orrington	• Contract expires 2018 • MRC preferred extending contract/partnership • Intensive negotiation proved not feasible post-2018 (cost and scale)
STATE-OWNED LANDFILLS	
Carpenter Ridge – T2R8	• Not developed – capacity is listed as "N/A"[1] • Limited licensed waste types and capacity • Transportation distance (cost and environmental impacts) • Infrastructure disruption and changes
Dolby Landfill - Millinocket	• Non-secure landfill • Environmental impacts • Significant leachate quantities • Existing closure costs • Limited licensed waste types and capacity • Transportation distance (cost and environmental impacts) • Infrastructure disruption and changes
Juniper Ridge Landfill – Old Town	• Limited licensed capacity - 2021[1] • Limited licensed waste types • Ownership and control
MUNICIPAL MSW LANDFILLS	
Augusta, Bath, Brunswick Presque Isle, and Tri-community (Fort Fairfield)	• Capacity dedicated to existing users[1] • Transportation distance (cost and environmental impacts) • Infrastructure disruption and changes
COMMERCIAL LANDFILLS	
WM Crossroads - Norridgewock	• Limited licensed capacity - 2027[1] • Transportation distance (cost and environmental impacts) • Infrastructure disruption and changes • Ownership and control

1. Maine Materials Management Plan, 2014 State Waste Management and Recycling Update & 2012 Waste Generation and Disposal Capacity Report, Maine Department of Environmental Protection.

EXHIBIT 1B

Municipal Review Committee, Inc. (MRC)
Application for Determination of Public Benefit (the Application)

Supplemental Materials Provided in Response to
the Letter from the Department dated July 11, 2014

Exhibit 1B. Viability of the PERC Facility After 2018

When examining whether the Application demonstrates that the MRC Planned Waste Management System meets the short-term and long-term waste disposal capacity needs, the PBD criteria necessarily require that the Commissioner consider the disposal capacity alternatives to evaluate the capacity need; the MRC evaluation of those alternatives is stated in the original Application at Sections 1.2.3 and Section 2, and in **Exhibit 1A** of this Supplemental filing. In evaluating capacity needs, the statutory PBD criteria require that the Commissioner consider "relevant local and regional needs as appropriate and the regional nature of the development and use of disposal capacity due to transportation distances and *other* factors." 38 MRS § 1310-AA(3)(A) (emphasis supplied).

The Application for Determination of Public Benefit (the Application) includes the following statement regarding the viability of the PERC Facility after 2018:

> "... after extensive discussions regarding the extension [of] disposal agreements at PERC, the MRC concluded that there could be no assurance that the PERC Facility in its current configuration, and under current business arrangements extended as is, can continue to be a feasible component of a long-term system of MSW management that complies with the hierarchy and with the MRC vision.... For these reasons, the MRC has not included the disposal capacity associated with the PERC Facility after the scheduled date for expiration of the Waste Disposal Agreements on March 31, 2018." Application, Page 2-1.

The Application also included the following statement in the discussions of short-term and long-term capacity needs in Sections 2.2 and 2.3:

> "... the MRC cannot rely on the disposal capacity associated with the PERC Facility after the scheduled date for expiration of the Waste Disposal Agreements on March 31, 2018." Application, Pages 2-2 and 2-3.

Notwithstanding the above, the Application also included the following statement:

> "The MRC remains open to the alternative of continued use of the PERC Facility in a modified configuration involving operation at reduced scale with updated technology to increase waste diversion. In such event, capacity might be needed for land disposal of up to 78,000 tons per year of residual materials, based on acceptance of 223,000 tons per year of MSW.

Consistent with the above, the Application includes in Table 1-3 a scenario for continued use of the PERC Facility that would involve landfill disposal of 78,000 tons per year of residuals (front-end process residue and combustion ash) from the PERC facility. In Section 3.2, the Application also summarizes the case scenarios in Sections 3.2.1 through 3.2.4 to address the consistency criteria of the Public Benefit Determination requirement.

Upon further consideration, and in response to the letter from the Department dated July 11, 2014, the MRC hereby clarifies the Application to remove the scenario that involves landfill disposal of 78,000 tons per year of residuals (front-end process residue and combustion ash) from continued use of the PERC facility in a modified configuration. The MRC does not believe that PERC facility will be able to sustain viable operation after 2018 on such basis. Specifically, the MRC clarifies the original application by *removing* the "PERC Extension" scenario at Section 3.2.1 since, for the reasons detailed herein, PERC will not be in a position to offer market rate tip fees beyond 2018; the MRC member communities cannot afford to accept tip fees at the rates predicted in this Supplement; and the PERC private partners have rejected the MRC invitation to participate in an examination and implementation of the retrofits or new processing technologies outlined in Section 3.2.1.

In support of these statements, this Exhibit provides information to supplement the Application regarding the removal of the PERC facility from consideration as a source of capacity starting in 2018. This Exhibit also provides the basis for the MRC's clarification of the Application to remove landfill disposal of PERC residuals as a scenario for consideration. Finally, this Exhibit provides the MRC's responses to issues related to the viability of the PERC facility that were put into the public record in a letter from Kevin Nordby, the President of PERC Holdings, LLC, dated July 15, 2014 (the PHL Letter).

Removal From Consideration of the PERC Facility After 2018

As stated elsewhere, the economic environment for the operation of the PERC facility will change radically when the existing power purchase agreement (PPA) expires early in 2018. Before such expiration, PERC is projected to receive value of nearly $170 per MWh for electricity sold at the PPA contract price. After the PPA expires, PERC would sell electricity at

market rates (currently averaging in the range of $50 to $60 per MWh) that are projected to be far below the PPA rate. With this sharp decline in the price at which electricity would be sold, PERC would experience a commensurate sharp decline in revenues. In such circumstances, PERC could not generate sufficient revenues to pay its ongoing operating costs, pay for ongoing maintenance requirements, and pay for the periodic large capital and maintenance projects and facility refurbishments that are essential to sustain long-term operation. Thus, after 2018, the MRC foresees that the PERC facility will not be economically viable or sustainable, and will be forced to close, such that the capacity provided by the PERC facility since 1988 will not be available in 2018 or thereafter. The system of facilities described in this Application, including the facility for waste processing and the landfill for residuals, would provide affordable waste management capacity on a long-term sustainable basis to replace the PERC facility starting in 2018.

The MRC bases its expectations regarding closure of the PERC facility after the expiration of the PPA on our detailed and longstanding understanding of the technical, economic and business circumstances of the operation of the PERC facility. This understanding is informed by MRC's extensive hands-on and detailed experience monitoring and overseeing PERC operations since 1990, and its role as a limited partner, owner of the PERC facility, and active member of the PERC Oversight Committee since 1998. In those roles, the MRC has reviewed PERC's operating performance data on a daily and weekly basis, and PERC's revenues, expenses and capital expenditures on a monthly basis since 1990. Over that time, the MRC has also participated in every major business decision involving the PERC facility, including review and approval of annual operating budgets, capital expenditures and major maintenance plans; waste acquisition strategies; residuals management contract strategies; equipment addition, upgrade and refurbishment projects; and legislative and regulatory initiatives.

As discussed herein, the PERC experience is also consistent with the general trends concerning facilities across the United States that use refuse-derived fuel (RDF) technology from the 1980s as incorporated into the PERC facility.

The fatal challenges to the viability of the PERC facility after 2018 arise from fundamental shortcomings of the technology incorporated into the PERC facility and intrinsic to its nature. These challenges include the following:

1. Inherent cost disadvantages of 1980s era RDF technology compared to mass-burn technology for waste combustion.

2. Inability to attract waste to operate at full capacity and cover its costs in a competitive setting.
3. Challenges accommodating added diversion and recovery of recyclable materials.

Inherent Cost Disadvantages of 1980s RDF Technology

The PERC facility incorporates equipment to process incoming waste into a form that can be combusted in its two boilers. This processing of waste prior to combustion is essential to PERC operations, because the boilers cannot operate properly or sustainably unless the waste being fed into the boilers has been processed properly.[1] Proper processing of waste to the required specifications, however, is expensive – currently on the order of $35 to $40 per ton.

In contrast, the other two waste-to-energy facilities remaining in Maine, ecomaine (in Portland) and MMWAC (in Auburn), avoid these costs of processing entirely, because they incorporate mass-burn technology such that their boilers are designed to accept and combust incoming waste without any pre-processing.[2] For this reason, the PERC facility (and other facilities that incorporate 1980s RDF technology) will always have an inherent cost disadvantage against, and will need to charge higher tip fees for waste than, ecomaine and MMWAC and other waste-to-energy facilities that incorporate mass-burn technology.

This fundamental difference explains in large part why the PERC facility faces a different cost environment than the ecomaine and MMWAC facilities after 2018. Moreover, it reflects the general experience with facilities incorporating 1980s RDF technology across the United States. In this regard, a recognized USEPA source from the 1990s identifies 35 RDF facilities in operation at that time.[3] Today, only 12 of those facilities continue to operate – the other 23 have shut down for a variety of technical and economic reasons. All of the other 1980s RDF facilities that continue to operate are either more than twice as large as the PERC facility (and therefore spread fixed costs over more tons); are part of a multi-facility system that, taken as a whole, is much larger than the PERC facility; or have shut down their boilers and are supplying RDF to large power plants that can blend it with coal. It is notable that two of the remaining RDF facilities have added new combustion units in recent years – and, in both cases, the responsible authorities decided to construct new mass-burn facilities rather than new RDF facilities because

[1] Combustion of materials that have not been processed properly would likely damage PERC's boilers and result in violation of conditions in PERC's environmental licenses and permits.
[2] The Maine Energy Recovery Facility (in Biddeford), which closed at the end of 2012, incorporated RDF technology similar to that incorporated in the PERC facility.
[3] The USEPA Decision-Maker's Guide to Solid Waste Management, Chapter 8, Volume II, Table 8-3 (1995). Available at http://www.epa.gov/waste/nonhaz/municipal/dmg2/index.htm .

of the higher costs and other disadvantages of RDF technology.[4] Indeed, the PERC facility is the last integrated waste-to-energy facility incorporating 1980s RDF technology in its size range in the United States that continues to operate.

Clearly, the inherent cost disadvantages of 1980s RDF technology, and the national experience with the closure of facilities incorporating 1980s RDF technology, support the MRC characterization of the PERC facility as not economically viable or sustainable long-term after 2018.

Inability to Attract Waste to Operate at Full Capacity and Cover Its Costs

In recent years, the PERC facility has consistently accepted and processed over 300,000 tons per year of MSW for combustion and electricity generation. To maintain this capability, the PERC facility has expended about $28 million per year on labor, operations, maintenance, and periodic maintenance projects. These expenses, which have nearly doubled in the 20 years since 1994, continue to rise faster than the general inflation rate, which is to be expected for a facility having old technology and aging equipment. Nonetheless, the PERC facility has remained economically viable, because, when operating at full capacity, the revenue realized from electricity sales pursuant to the PPA, in combination with the revenue from tip fees, has exceeded the all-in costs of operations and maintenance.

After the PPA terminates in 2018, however, PERC will face two new challenges to economically viable operation that it does not face today.

First, the PERC facility will no longer have the flexibility to charge low tip fees to accept waste originating out-of-state or from distant regions of Maine. Today, PERC can charge tip fees that are lower than its per-ton processing costs because the value of the electricity generated from each ton[5] exceeds the deficits incurred when the associated tip fees are lower than the associated processing costs. After the PPA terminates, however, the projected market price for electricity will barely cover PERC's per-unit cost of generating the electricity. At that point, PERC will not be economically viable unless the tip fees it charges for every ton of waste exceed its per-ton cost of processing that waste. The tip fees that PERC will need to charge to be economically viable will exceed what waste generators and suppliers are willing to pay based on

[4] The owners of operating RDF facilities that have added new mass-burn units in recent years are located in Palm Beach County, Florida and Honolulu, Hawaii.

[5] On a net basis, PERC sells in the range of 500 kWh to 550 kWh of electricity from each ton of waste accepted for processing.

the prevailing market rates – and PERC will not be able to attract such waste away from competing landfills and mass-burn waste-to-energy facilities in southern New England.

Throughout their history, the MRC and PERC have worked hard together to attract as much waste as possible from areas close to the facility; however, the PERC facility has never been able to acquire enough waste from the MRC municipalities and adjacent areas to operate year-round at capacity – especially outside of the peak summer months. In these times, to keep the facility operating near capacity, the PERC facility has had no alternative but to rely on imports of waste from out-of-state suppliers and from southern Maine, and to attract it by charging tip fees low enough so that all-in disposal costs are competitive after accounting for the increased haul costs to the generators. After 2018, when PERC cannot afford to charge tip fees that will be competitive in southern New England markets, PERC will lose the ability to attract this waste --- which amounts to 75,000 to 100,000 tons per year. As a consequence, PERC will not be able to sustain operations at or near its full operating capacity of 300,000 tons per year.

Second, when the PERC facility operates below full capacity, its per-ton costs of processing increase rapidly. In particular, the PERC facility boilers perform best when operating at steady state conditions at or near the design capacity and with the minimum number of occurrences of starting up or shutting down the individual boilers. Moreover, many of the costs to operate the boilers are fixed and independent of the level at which the boilers are actually operated. If PERC does not receive sufficient waste to operate at full capacity boiler performance will suffer and per-ton costs will increase even more than otherwise due to inflation and facility aging.

To recover PERC's costs of operation without waste from out-of-state or remote sources (that is, from processing in the range of 200,000 to 225,000 tons per year), PERC would need to charge tip fees in excess of $100 per ton. Such tip fees would not be affordable to MRC municipalities, nor would they be competitive with disposal alternatives. Indeed, such tip fees would be higher than it would cost the MRC's municipalities to haul their waste for disposal to remote landfills and waste-to-energy facilities in Massachusetts, New Hampshire and New Brunswick. Unable to attract waste at market rates from remote sources or at a competitive tip fee from MRC communities as needed to cover its costs, the MRC foresees that PERC would be forced to close in 2018. Therefore, the MRC cannot rely on the disposal capacity associated with the PERC Facility for disposal of the waste generated in MRC communities after the PPA terminates in 2018.

Moreover, given the increase in per-ton costs and tip fee requirements that would accompany attempts to down-size the PERC facility, the MRC cannot foresee a scenario in

which the PERC facility could sustain viable operation after 2018 accepting 223,000 tons per year of waste from the Maine municipalities at the tip fees needed to cover costs. Therefore, the MRC clarifies its original Application to remove the scenario that involves landfill disposal of 78,000 tons per year of residuals (front-end process residue and combustion ash) from continued use of the PERC facility in a modified configuration.

Challenges Accommodating Added Diversion and Recovery of Recyclable Materials

The MRC faces challenges supporting the extension of the existing disposal arrangements with the PERC facility even when the economic considerations are set aside. In its existing configuration, all materials entering the PERC facility are either combusted in the boiler or landfilled as residuals with the exception of ferrous metals, which are recovered for recycling as part of the pre-combustion processing stage[6]. Although the PERC facility its successful in reducing the volume of materials requiring landfill disposal, the MRC would prefer that the next generation of waste management in Maine adhere to a greater degree to the hierarchy of waste management methods, which assigns a higher priority to the recycling of waste than to reducing the volume of waste through incineration or other means.

Unfortunately, the existing configuration of the PERC facility cannot easily accommodate significant added diversion or recovery of materials from incoming waste. Space on the PERC tip hall and in the PERC process building is already tight. Areas that appear unused must be left open as staging areas to provide access and space for performing maintenance on the existing equipment. Simply stated, there is no way to accommodate added significant diversion and recovery of recyclable materials from the PERC facility without major changes to and significant capital investment in the PERC facility.

Furthermore, the MRC seeks to implement a system after 2018 that encourages and is compatible with waste reduction and diversion programs. Even if the PERC facility operates after 2018, it will likely be in a position of waste shortfall, which would be inconsistent with the MRC's objectives for the next generation of waste management.

The MRC investigated alternatives for retrofitting the PERC facility with new technology when it issued the Request for Expressions of Interest (RFEI) as described in Section 1.2.2.3 of the Application. The RFEI, which was advertised and distributed to vendors of emerging technologies on a national basis, specifically requested responses regarding new emerging technologies that might be integrated into the existing PERC facility. Several such responses

[6] Recovered ferrous materials account for approximately three percent of the waste delivered to the PERC facility.

were received. Unfortunately, the general partner in PERC, whose consent and cooperation would be required for any such retrofit, declined to participate in the RFEI process despite many entreaties by the MRC for joint action to review the responses regarding emerging technologies. As representation of the position of the general partner on this issue, attached to this Exhibit as **Exhibit 1B-1** is a copy of correspondence[7] from the general partner that includes the following statements:

> "...USAE [the general partner of the PERC limited partnership] does not want the MRC to represent that the RFEI is a joint effort between USAE and PERC Holdings and the MRC..."
>
> "My hope is that after you have done your review and study, you will come to the same conclusion as we have which is that the best use for the PERC facility is to continue with the existing technology..."

The MRC simply cannot proceed with the retrofit of the PERC facility without the cooperation from the general partner of the PERC partnership. Lacking such cooperation, the MRC has proceeded with the development of an integrated solid waste management system that includes a mixed waste processing facility and is supported by a secure landfill for residuals that would be under the control of the MRC (see the Application, Section 1.2, and Exhibit 7 hereof).

Response to the PHL Letter

The MRC disagrees with many of the points put forth in the PHL Letter. Specific responses by the MRC to selected points made in the PHL Letter, many of which repeat the points provided above, are provided below.

1. "There is no finite limit to its [PERC's] processing capacity if the facility is well maintained and updated to address changes in the energy and recyclables markets" (PHL Letter, Page 2, Paragraph 2). The processing capacity of the PERC facility has always been limited both by the design and operation of its front-end process lines as well as by the operational limits on its two boilers. The PERC facility has two process lines rated at 50 tons-per-hour per line, but the lines have never sustained that level of operation over a significant operating period at full capacity. Based on past performance, the MRC

[7] Letter from John Noer, President, USAE, to Chip Reeves, MRC Board President, dated June 10, 2013 (the USAE Letter). The USAE Letter references a study done for the Solid Waste Authority for Palm Beach County (SWAPBC) claiming that it "...clearly supports the conclusions that we arrived at many months ago," but fails to note that the SWAPBC subsequently elected to expand with mass-burn technology and not with RDF technology.

accepts 310,000 tons per year as a demonstrated and practical upper limit on the annual capacity of the PERC facility to accept and process waste through the end of 2017. Starting in 2018, PERC's viability will be governed by more than merely technical considerations, as discussed previously.

2. "A WTE facility is very much driven by volume of waste supply to remain viable" (PHL Letter, Page 2, Paragraph 4). The MRC agrees that the volume of waste supplied to the PERC facility is one of the keys to its long-term viability. Where we disagree with the PHL Letter is on the ability of the PERC facility to attract the waste it needs to operate near capacity starting in 2018. As discussed at length above, after 2018 PERC will no longer be have the flexibility to charge low tip fees to accept waste originating out-of-state or in distant regions of Maine. Moreover, given the increase in per-ton costs and tip fee requirements that would accompany attempts to down-size the PERC facility, the MRC cannot foresee a scenario in which the PERC facility could sustain viable operation after 2018 accepting 223,000 tons per year of waste from the Maine municipalities at the tip fees needed to cover costs.

3. "There will still be MSW in PERC's service area which will require processing as directed by the State Solid Waste Hierarchy" (PHL Letter, Page 2, Paragraph 6). The state hierarchy assigns higher priority to waste reduction and to recycling of waste than to volume reduction through combustion. That is one key reason why the MRC is proceeding to replace the PERC facility with an integrated solid waste management system that includes a mixed waste processing facility. As described elsewhere in the Application, the MRC foresees that such facility will divert 80 percent or more of incoming waste to marketable products. Moreover, the MRC's proposed system would be sized at a scale appropriate to the MRC municipalities such that imported waste from out-of-state sources would NOT be needed to support system and facility operation.

4. "PERC's PURPA contract has artificially reduced the project operating costs that has been recognized by the partner communities (PHL Letter, Page 2, Paragraph 7). The direct impact of the PURPA contract has been to provide PERC with above-market revenues from electricity sales. The indirect impact has been to allow PERC to accept waste profitably at tip fees that are below its per-ton processing costs. After the PPA terminates, PERC will not be profitable unless the tip fees it charges for every ton of waste exceed its per-ton cost of processing that waste. The tip fees that PERC will need to charge will exceed what the generators are willing to pay based on the marketplace – and PERC will not be able to attract such waste away from competing landfills and mass-

burn waste-to-energy facilities in southern New England with consequences that will result in the closure of the PERC facility.

5. All of the PERC partners fear the financial impact of unsupported energy sales pricing .... There has been no agreement on how best to handle the financial challenge. The lack of agreement on this point has provided [the] motive for the MRC to move forward with this application" (PHL Letter, Page 2, Paragraph 8). The MRC rejects this characterization of its motives. MRC was motivated by several factors to move forward with this Application. First, as stated many times herein, the MRC cannot rely on the viability of the PERC facility after 2018. This concept has been confirmed by the fact that, from the start of work on post-2018 alternatives in 2009 through the present, a period of nearly five years, the MRC has still not received a viable and affordable proposal from USAE or from PHL regarding continued use of the PERC facility after 2018. Second, and perhaps more definitively, through the RFEI process the MRC has identified and begun development of an emerging technology for mixed waste promising that offers many advantages over the extension of the PERC facility, including:

   - Higher rates for diversion of waste for recycling.
   - Better compatibility with upstream municipal waste reduction and recycling programs.
   - Economic operation at a scale compatible with the needs of the MRC municipalities with no reliance on out-of-state waste or out-of-region waste to maintain operation at full capacity.
   - Tip fees projected to be comparable to existing levels and within market rates, but without ongoing subsidies or special electricity sales agreements.
   - Reliance on a new facility with new technology rather than an aging facility with 1980s technology.

6. "PERC has and will continue to be upgraded" (PHL Letter, Page 3, Paragraph 2). Based on its experience base, MRC views this statement as an empty promise. The PERC ownership has continued to maintain and refurbish the existing equipment at the PERC facility, but has done nothing and shown no interest in incorporating new or emerging technology used at the PERC facility in any significant way (see the USAE Letter).

7. "PERC has the ability to operate after 2018 and well into the future" (PHL Letter, Page 3, Paragraph 3). As explained previously, the issue is not the technical capability for PERC to operate, but whether such operation can be sustained on an economic basis. PERC would have the ability to operate only if the revenues from tip fees, electricity and other

sources are adequate to cover its operating and maintenance costs, and if sufficient supplies of waste are provided to sustain operation at or near capacity as required to avoid facility turndown. The MRC does not foresee that such conditions can be sustained after 2018.

8. "The contract renewal efforts must be revisited and exhausted" (PHL Letter, Page 3, Paragraph 3). After five years of exhaustive study, analysis and negotiation, which did not result in a viable or affordable contract extension proposal, the MRC believes that contract renewal efforts have already been exhausted and no longer deserve to be revisited. It is transparent that USAE and/or PHL are looking for State supported revenues when they say at public meetings that they cannot extend a contract renewal offer until after the next legislative session.

9. "There is no lack of capacity issue..." (PHL Letter, Page 3, Paragraph 4). The MRC disagrees with this statement at a fundamental level. After 2018, the MRC does not foresee that PERC will be able to attract sufficient supplies of MSW to operate at or near its capacity, nor does the MRC foresee that PERC will be able to earn sufficient revenues from the MSW it might attract to pay its operating costs, pay for ongoing maintenance requirements, and pay for the periodic large capital and maintenance projects that are essential to sustain long-term operation. Under such circumstances, the MRC foresees that the PERC facility will not be economically viable or sustainable and will be forced to close, such that the capacity provided by the PERC facility since 1988 will not be available in 2018 or thereafter. The system of facilities described in this Application, including the facility for waste processing and the landfill for residuals, would provide affordable waste management capacity on a long-term sustainable basis to replace the PERC facility starting in 2018.

EXHIBIT 1B-1

USA Energy Group

June 10, 2013

Chip Reeves
Board President
Director of Public Works
Town of Bar Harbor
49 Park Street
Bar Harbor, ME 04609

Dear Chip:

We received the draft Request for Expressions of Interest (the "RFEI") that the Municipal Review Committee, Inc. (the "MRC") is prepared to distribute so as to solicit information, and to evaluate and possibly contract for new or emerging technologies for the processing of municipal solid waste beginning in April, 2018.

We have shared with the Oversight Committee and sometimes the MRC Board the results of our ongoing review of various new, emerging and existing technologies that could be used to process municipal solid waste. We have an ongoing interest in improving the economics of processing and reducing environmental impacts. We continue to conclude that the current method used at PERC to process municipal solid waste is the most cost effective, reliable and environmentally sound disposal method that can be utilized based upon commercially available technology. We have researched this subject extensively and for convenience, I am enclosing a copy of the study done for the Solid Waste Authority for Palm Beach County, Florida, (the "Florida Study") which clearly supports the conclusions that we arrived at many months ago. I anticipate that, after you finish receiving and reviewing information pursuant to the RFEI, you will come to the same conclusion that we have regarding the best use for the PERC facility.

With respect to the MRC's RFEI process, due to USAE and PERC Holdings's prior extensive review of the various technologies, USAE does not want the MRC to represent that the RFEI is a joint effort between USAE and PERC Holdings, and the MRC. However, we strongly encourage and support the MRC to continue its study and review of waste processing technologies. Additionally, we request that you remove discussions about changes in ownership structures. We suggest that you keep this review to an evaluation of technologies only.

100 N. Sixth St, Suite 300A — Minneapolis, MN 55403 — Tel: 612-284-3380 — Fax: 612-333-9976

My hope is that, after you have done your review and study, you will come to the same conclusion as we have which is that the best use for the PERC facility is to continue with the existing technology to process municipal solid waste for the MRC Municipalities.

Chip, if you have any questions, please feel free to contact me. I look forward to seeing you when we travel to Maine in July.

Sincerely,

John

John A. Noer
President

Enclosure

Cc: Kevin Tritz w/o enclosure
Kevin Nordby w/o enclosure
Arland Brusven w/o enclosure
Bob Knudsen w/o enclosure
Stephen Kaminski w/o enclosure
Greg Lounder w/o enclosure
George Aronson w/o enclosure

EXHIBIT 2

Municipal Review Committee, Inc. (MRC)
Application for Determination of Public Benefit (the Application)

Supplemental Materials Provided in Response to
the Letter From the Department Dated July 11, 2014

Exhibit 2. Planned MRC Waste Management System (including the Proposed Facility)

- **Comparison to Existing System**
- **How the Planned System is Consistent with the State Plan**
- **How the Planned System is Consistent with the State Hierarchy**

In determining whether a Public Benefit Determination should issue for a proposed facility, the PBD criteria requires a finding that the facility "is consistent with the state waste management and recycling plan and promotes the solid waste management hierarchy as set out in section 2101." 38 MRS § 1310-AA(3)(B).

Further, under the solid waste management regulations, "a person must receive a determination by the Department that the volume of the waste and the risks related to its handling and disposal have been reduced to the maximum practical extent by recycling and source reduction prior to being landfilled or incinerated." 06-096 CMR Ch. 400, § 6.

Contrary to a few of the Public Comments in this proceeding that incorrectly suggested that the MRC is planning a landfill as a primary focus, both the extensive MRC efforts over the last several years and the MRC PBD application make clear that the MRC is pursuing an Integrated Waste Management System (with a new secure landfill as a minor component); if the MRC is given the support and approvals to implement the Integrated Waste Management System, that Planned System will significantly increase the diversion of municipal solid waste away from land disposal and towards reduction, reuse and recycling. *See* Sections 1.1.3, 1.2.1, and 1.2.2; *see also* Section 3.1 of the Original MRC Application.

It is the regulatory process that requires that an Applicant pursuing an Integrated Waste Management System that includes a new secure landfill (to achieve, after all, an "integrated" system of waste management) first seek a Public Benefit Determination for the landfill component. The July 11 letter extended an important invitation to the Applicant to flesh out the other components of the Integrated Waste Management System that are higher in the Hierarchy.

Contrast of MRC Planned System with Existing Waste Management System

Regarding diversion and reduction of waste volumes incinerated or landfilled, among the challenges posed by the Existing Waste Management System are that the PERC facility requires robust volumes of MSW to operate the facility as detailed in **Exhibit 1B** of this Supplement, and that the waste disposal agreements between PERC and the MRC communities continue to include penalties for the event in which the MRC communities as a group deliver less than the aggregate sum of all of the guaranteed annual tonnage (GAT) commitments contained in each contract, which has been the case for several years. As detailed in the original Application and in Exhibits 1B, 3 and 7 of this Supplement, these contract terms and existing facility conditions undermine serious efforts to reduce the volume of waste to the "maximum extent practical" by recycling and source reduction prior to being incinerated and landfilled.

Consistency of MRC Planned System with State Plan

As detailed in **Exhibit 7**, the system being planned by the MRC (depicted on the flow diagram attached as Exhibit A to the original Application and re-attached here as **Exhibit 2A**) will utilize existing and enhanced local collection and diversion programs as well as planned diversion facilities that are further detailed in Exhibit 7 of the Supplement before a new secure landfill is utilized to manage residuals. *See* Section 1.2.1 of the original Application and the Exhibit 7 materials in this Supplement. These Planned MRC programs and facilities (including use of the Fiberight Processing Facility) will increase diversion away from land disposal in comparison to existing facilities. *See* **Exhibit 2C** attached.

As detailed in Section 3.1 of the original Application, the Planned Integrated Waste Management System (and the proposed land disposal component) are consistent with the State Waste Management and Recycling Plan (now titled the "Maine Materials Management Plan" and dated January 2014).

What the information in Exhibit 7 of this Supplement makes clear is how the Planned Integrated Waste Management System detailed in Section 1.2 of MRC's original Application is being advanced through the diligent evaluation and planning for a new processing technology in the Planned System. This effort by the MRC, in evaluations of and work with Fiberight Technology, is effectively advancing the four priorities in Maine DEP's sustainable materials management under Section V of the State Plan:

- Encouraging development of new infrastructure for separation from waste stream and utilization of organics, including technologies such as anaerobic technology.

Please note the integration of the new conversion technology (like the Fiberight technology, which includes equipment for anaerobic digestion as one part of its process) in the development approach of the MRC Planned System. This new system will utilize organics in a way that advances the reuse and conversion of materials beneficially. This new technology is operating today at a commercial demonstration facility in Lawrenceville, Virginia, and is being evaluated for development in several States in the nation[1].

- Encouraging increased beneficial use and recycling of materials, including identification of incentives and removal of unnecessary barriers.
  Again, please note the development approach of the MRC Planned System as detailed in Section 1.2 of the original Application to integrate new recycling infrastructure.

- Provide tools and assistance to municipalities and businesses to support waste reduction and diversion efforts.
  Again, please note the MRC efforts described in Section 1.2 of the original Application to support local community efforts at further waste reduction and diversion efforts.

- Provide tools and assistance to municipalities and businesses to support waste reduction and recycling goals, and to evaluate the effectiveness of programs and strategies.
  As detailed in the original Application, the regional association's effort to support its member communities' programs will support community and business efforts to advance waste reduction and recycling goals and systems with metrics to evaluate the effectiveness of programs and strategies.

Consistency of MRC Planned System with the State Hierarchy

The original Application and this further Supplement also demonstrate that the MRC's Planned Integrated Waste Management System is consistent with and advances the State Hierarchy in several important respects. That consistency with the State Hierarchy is highlighted in the flow chart attached as **Exhibit 2B**.

As illustrated in the flow chart attached as **Exhibit 2B**, the elements of the MRC Planned System detailed in Section 1.2 of the original Application nest favorably within the elements of the State Hierarchy within 38 MRS § 2101:

[1] The Fiberight technology incorporates process steps that are comparable to those (a) being researched and developed by the Forest Bioproducts Research Institute and the Chemical Engineering Department at the University of Maine, Orono; and (b) being demonstrated at the Old Town Fuel & Fiber facility in Old Town, Maine.

1. Reduction of waste generated at the source;
2. Reuse of waste;
3. Recycling of waste;
4. Composting of biodegradable waste;
5. Waste processing that reduces the volume of waste needing land disposal;
6. Land disposal of waste.

MRC is excited and enthusiastic to have had the invitation of the Department (from the second paragraph of the July 11 letter from Karen Knuuti) to discuss efforts to advance the top four rungs of the hierarchy and then to detail the new technology (that advances the higher rungs four and five of the hierarchy). The MRC has been evaluating the new technologies with Fiberight and with the assistance of the University of Maine and business leaders familiar with similar technologies in the region served by the MRC. All of these strategies, efforts and technologies are further detailed in Section 3.1 at page 3-1 of the original Application and in Exhibits 7 and 8 of this Supplement.

Summary of MRC Planned System

Every individual community in the MRC system will have the contractual right and ability to operate whatever waste reduction, recycling, and source separation programs it deems are effective on a local level. The Fiberight facility will have the capability to recycle whatever has not been previously source-separated, and will not interfere with local source separation prior to delivery.

The MRC will advise communities on optimization practices, but will not mandate them. Ultimately, decisions on whether to continue or discontinue local source-separation programs or implement new transportation programs would be made by the membership with MRC guidance and advice.

Therefore, instead of a centrally-mandated approach that may not be optimal for each community, the system will allow for flexibility and variation to respond to local desires, markets, and circumstances. This approach of local waste reduction and recycling efforts combined with pursuing a regional processing facility using the "economics of scale" described in the Legislature's Declaration of Policy (§1302) will allow the MRC to implement an Integrated Solid Waste Management System that will: (1) be "consistent with the state waste management and recycling plan;" (2) "promote the solid waste management hierarchy;" and (3) achieve the waste diversion required to "the maximum practical extent by recycling and source

reduction prior to being landfilled or incinerated." Based on MRC's evaluation to date, the planned system may achieve a total waste diversion of over 80% which would exceed the State's goal of 50%, exceed the existing system's diversion performance as shown in **Exhibit 2C**, and exceed the other solid waste management systems within the State of Maine.

EXHIBIT 2A

Municipal Review Committee, Inc.

EXHIBIT 2A

Existing and Planned MSW Management Systems

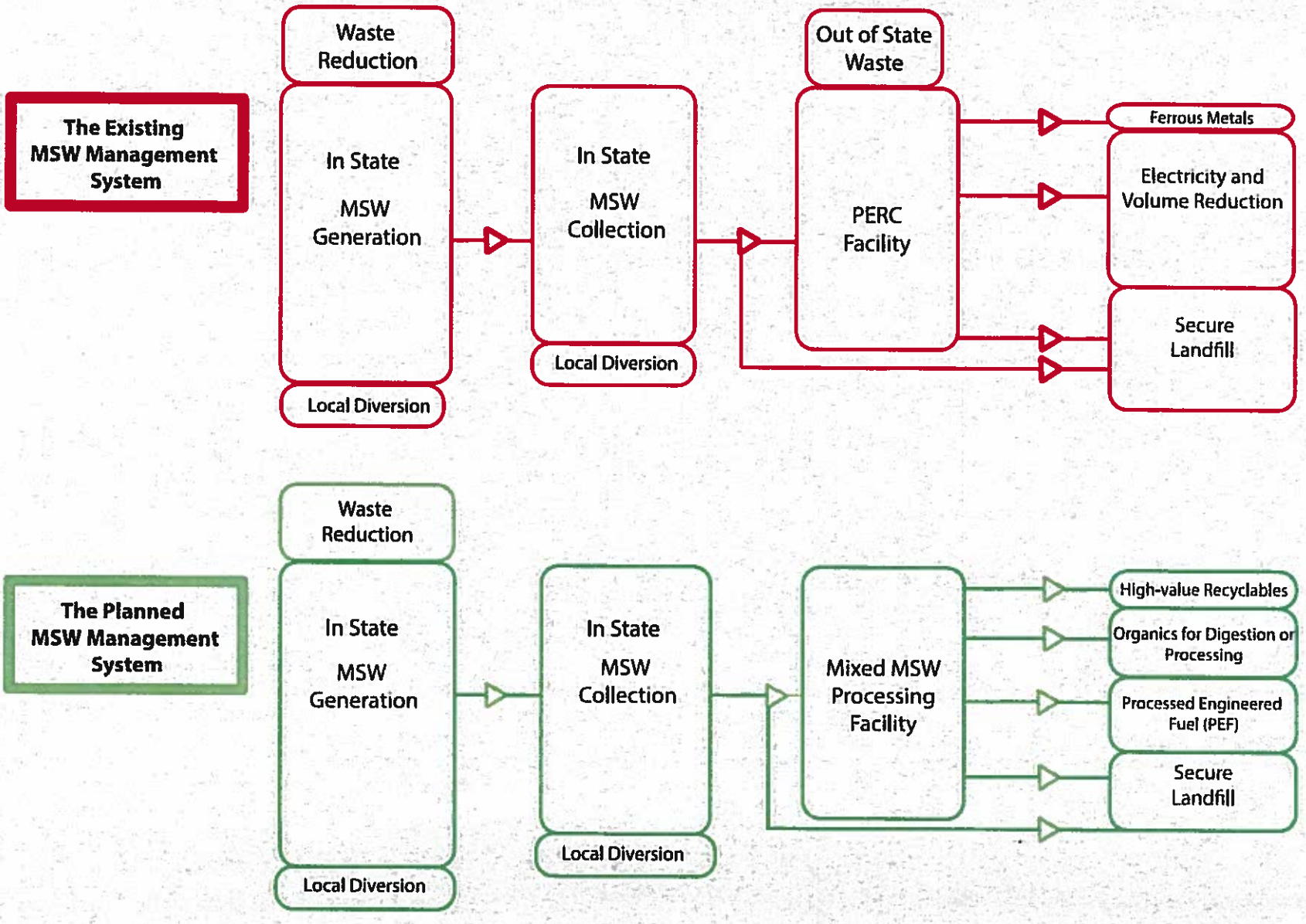
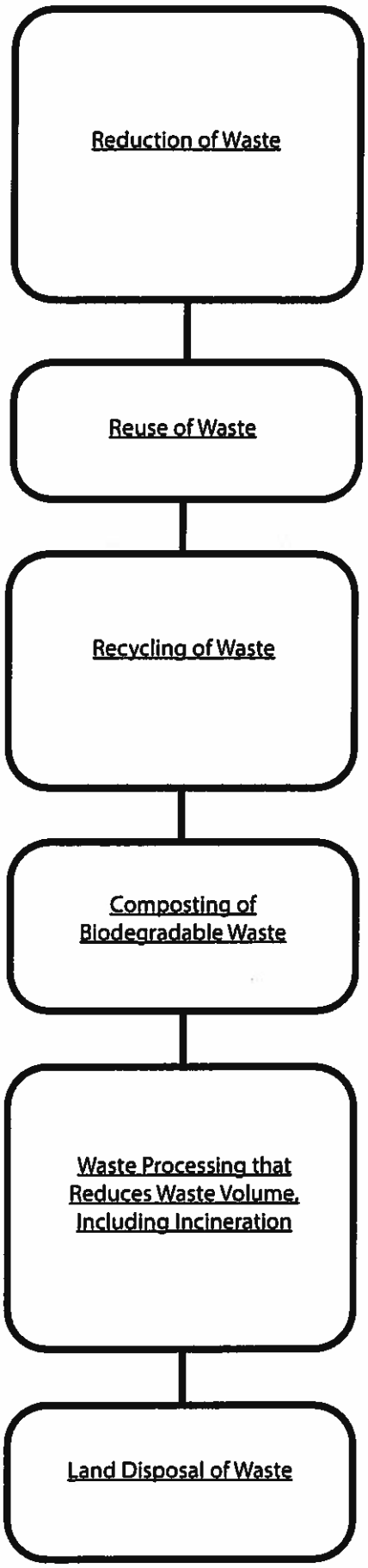


EXHIBIT 2B

State Waste Hierarchy 38 MRS Section 2101



MRC Integrated Solid Waste Management System

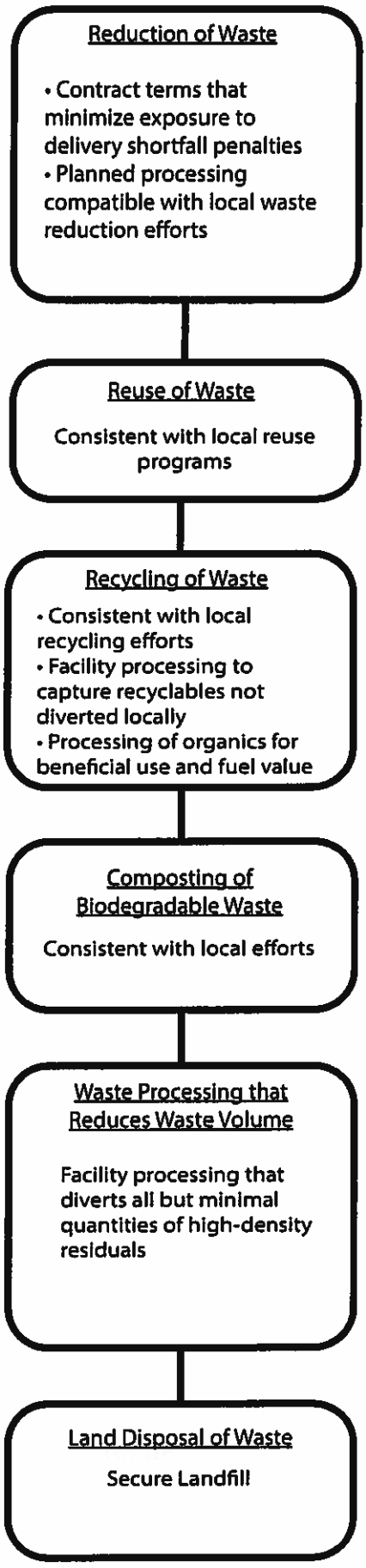


EXHIBIT 2C

Exhibit 2C
Review of Waste Diversion Performance by Alternative
Integrated Solid Waste Management Facility

PERC (2013)		FIBERIGHT (Projected using 2013)	
306,875	tpy - tons of MSW per year	217,333	tpy - tons of MSW per year
107,027	tpy - ash and FEPR landfilled	43,466	tpy - residuals landfilled
65%	*waste diversion by weight*	*80%*	*waste diversion by weight*
217,333	tpy - tons of waste per year from MRC region		
82,049	tpy - Imported waste outside state/region		
29,280	tpy - imported ash and FEPR landfilled		
51%	*waste diversion by weight (adjusted for imported waste)*		

Based on this comparison, the PERC alternative produces 63,561 tons per year more residues that are landfilled than the Fiberight alternative. As described in Exhibit 1B, the PERC alternative will not be available post-2018.

EXHIBIT 3

Municipal Review Committee, Inc. (MRC)
Application for Determination of Public Benefit (the Application)

Supplemental Materials Provided in Response to
the Letter From the Department Dated July 11, 2014

Exhibit 3. The MRC Proposed Disposal Facility and the Overall Planned System Are Not Inconsistent With Local, Regional or State Waste Collection, Storage, Transportation, Processing or Disposal.

As noted in **Exhibit 2** of this Supplement and in its original Application, the MRC will not use a centrally mandated system. Every individual community in the MRC system will have the contractual right and ability to operate whatever local waste reduction, recycling, and source separation programs it deems are effective. For example, municipalities that choose to implement single-stream recycling and to send the collected materials to the MRF operated by ecomaine in Portland or the MRF to be operated by NEWSME in Lewiston will retain the discretion and capability to do so without penalty or disincentive. The Fiberight facility will have the capability to recycle whatever has not been previously source separated, and will not interfere with source separation programs implemented by waste generators or haulers prior to delivery. Moreover, as part of the facility development process, the commitments for municipalities to deliver a guaranteed annual tonnage (GAT)[1] of waste will be reset at levels that account for the potential for future waste reduction and diversion from each participating community.

Ultimately, decisions on whether to continue or discontinue source-separation programs or implement new transportation programs would be made by the membership with MRC guidance and advice.

As detailed in Section 3.2 of the original Application, neither the Proposed Disposal Facility nor the overall Planned MRC Integrated Waste Management System are inconsistent with local, regional or state waste collection, storage, transportation, processing or disposal. The MRC's siting criteria have recognized that the Proposed Disposal Facility (and all components of the Planned System) need to be sited in environmentally suitable location(s) that avoid and/or minimize the need to develop new collection and transfer infrastructure. Beyond the need to stay consistent with existing local, regional and state waste collection, storage, transportation,

---

[1] At present, and for the past few years, the total tonnage that MRC communities are recorded as having delivered to the PERC facility has been less than the total GAT obligation of such communities. Because of this tonnage shortfall, the MRC communities are exposed to shortfall delivery penalties under their waste disposal agreements with PERC. PERC has not enforced those penalties in recent years, in part due to disagreement about the nature of how deliveries are being recorded, but the very fact of exposure to shortfall penalties has caused MRC communities to defer implementation of waste reduction and diversion programs. When the MRC system is implemented, the GAT levels will be reset at levels that will accommodate waste reduction and diversion programs.

processing and disposal, the MRC sees the opportunity to realize new economic and environmental improvements to the system.

The Planned Facilities are also not inconsistent with existing processing of solid waste in the region. As detailed in the Original Application and in **Exhibits 1A and 1B** of this Application, the proposed MRC disposal facility (and the overall MRC Planned Integrated Waste Management System) will not be fully permitted, constructed and operational prior to 2018. The existing processing facility at PERC will be the last PURPA supported RDF facility with 1980s technology to operate in Maine. Those operations will cease when the PURPA and MRC contracts expire in 2018 unless new contracts are entered and implemented beyond 2018. For the reasons noted in **Exhibit 1B**, MRC has *removed* from its original Application the scenario of a contract extension of the MRC communities utilizing PERC beyond 2018. Therefore, neither the MRC Proposed Disposal Facility nor its overall Planned System will be inconsistent with waste processing at the existing PERC processing facility.

The State's regional land disposal facilities are Carpenter Ridge, Dolby and Juniper Ridge. The State Plan states that Carpenter Ridge has not been developed; even if it were, the size and location of the Carpenter Ridge landfill present transportation challenges or disruptions to the existing collection, storage, and transportation systems within the MRC region. Finally, unless and until Carpenter Ridge is developed, the MRC facilities would not be inconsistent with theoretical land disposal at Carpenter Ridge.

Dolby landfill is a non-secure landfill that is not environmentally suitable and will not therefore be available for disposal of MSW or residues. Therefore, there is no inconsistency of the MRC proposed facilities with the Dolby landfill.

The Juniper Ridge Landfill (JRL) is not licensed to take the waste generated within the MRC region, except for the PERC residue (which will cease as a waste steam when PERC ceases operations in 2018). Further, as noted in **Exhibit 1A**, JRL will soon reach its licensed capacity; any arrangement to take PERC residue will end when PERC operations end. So again, there is no inconsistency of the MRC proposed waste management facilities with disposal of non-MRC waste post 2018 at JRL.

EXHIBIT 4

Municipal Review Committee, Inc. (MRC)
Application for Determination of Public Benefit (the Application)

Supplemental Materials Provided in Response to
the Letter From the Department Dated July 11, 2014

Exhibit 4. Why MRC's Planned Waste Management System Will Not Require Out-of-State Waste.

A provision of the statutory PBD standard at 38 MRS § 1310-AA(3)(D) addresses whether a publicly owned solid waste disposal facility will accept out-of-state waste. That provision states:

> ...For a determination of public benefit under subsection 1-A only, facilitates the operation of a solid waste disposal facility and the operation of that solid waste disposal facility would be precluded or significantly impaired if the waste is not accepted.

The MRC therefore takes this opportunity to confirm and support its original Application: the MRC's Planned Waste Management System will not require out-of-state waste.

As stated in the Application,

> "...the MRC proposes to design its system to process 180,000 tons per year of MSW. A system designed to accept 180,000 tons per year would be large enough to support a processing facility that uses a reasonable subset of the attractive emerging technologies to achieve economies of scale as required to maintain a competitive position in the MSW disposal marketplace, yet sufficiently within the range of available MSW quantities to allow for additional MSW diversion prior to delivery to the system." Application, Section 1.3, page 1-18.

Over the past ten years[1], the PERC facility has accepted an average of 193,224 tons per year of MSW from the MRC member municipalities, and an average of 238,243 tons per year of MSW originating within the State of Maine. More recently, in 2012 and 2013, the PERC facility has accepted approximately 180,000 tons per year from MRC municipalities which represents a decline of around 25,000 tons per year from the peaks levels accepted in 2005 and 2006. The amount of MSW accepted from Maine sources other than the MRC communities ranged between 35,000 tons per year and 48,000 tons per year from 2004 through 2012, then stepped up to 86,000 tons per year in 2013 after the closure of the Maine Energy Recovery Company (Maine Energy) facility in Biddeford at the end of 2012.

[1] The numbers cited are from PERC's internal records for the calendar years from 2004 through 2013.

In this context, an MRC system designed to accept 180,000 tons per year should be able to fulfill all of its requirements for economic operation from MSW that is available from MRC municipalities, supplemented as necessary by MSW available from other Maine sources. MSW from out-of-state will not be required and need not be accepted to support operation.

Furthermore, the MSW processing technology to be incorporated in the planned MRC system would be scalable over a range that matches the available in-state MSW. The MRC anticipates that many of its municipalities will be successful in reducing their waste deliveries to the proposed MRC system through implementation of additional waste reduction programs (such as pay-as-you-throw disposal systems) and other waste diversion programs (such as single-stream recycling). In such event, the MRC system would continue to operate economically either by (1) accepting more MSW from other Maine sources; or (2) reducing the scale of operations, which will be possible without significant economic penalty and without compromise in environmental performance. Thus, the planned MRC system would not rely on imports of MSW from out-of-state sources to compensate for likely future additional waste reduction and diversion programs. On the other hand, if more Maine MSW is available than anticipated, the MRC would be able to scale up facility operations to accept additional MSW without significant economic penalty and without compromise in environmental performance. By planning a system of the appropriate size for the range of MSW quantities likely to be available from MRC communities and from other areas of Maine, and with capability to increase or decrease its operating capacity in response to changes in the quantities of MSW available within Maine, the MRC's Planned Waste Management System will avoid reliance of imports of out-of-state MSW in order to sustain economic operation.

This approach to system design reflects the long experience of the MRC with the PERC facility and its need to import MSW from out-of-state sources in order to operate at or near capacity. In the past ten years, the PERC facility accepted an average of 307,616 tons per year of MSW for combustion and electricity generation. Over that ten-year period, the PERC facility accepted an average of 69,382 tons per year of MSW from out-of-state sources. Note that PERC's MSW imports were not uniform from year to year, but have varied with economic and other circumstances. From 2004 through 2007, PERC imported in the range of 45,000 tons per year to 65,000 tons per year of MSW from out-of-state sources. At that time, PERC was reluctant to make commitments to import too much out-of-state MSW in order to minimize truck queuing time during summer peak periods and to avoid excessive inventories of MSW on the tip floor. After 2005, however, when deliveries from the MRC and other in-state sources began declining every year, PERC began to increase imports of out-of-state MSW to replace in-state MSW as needed to operate the facility boilers at or near capacity. PERC's imports increased to 79,415 tons in 2008 and ranged between 85,000 tons per year, and 92,100 tons per year between

2009 and 2012. In 2013, after the closure of the Maine Energy facility, PERC accepted additional quantities of Maine MSW that had previously gone to that facility, but continued to import nearly 41,814 tons of MSW from out-of-state sources that were needed to sustain operations at or near capacity, but could not be obtained in-state.

It has been stated that PERC imports MSW from out-of-state to compensate for seasonal variations in MSW availability, with imports increasing in the winter months and declining for the remainder of the year. Such statements are not supported by the data. Indeed, historically without exception, PERC has imported less MSW during the first calendar quarter (January through March) than any other quarter. To some extent, this is because PERC schedules annual maintenance on its boilers and turbine-generator set during the winter months, and can physically accept less MSW as a result. Nonetheless, even when maintenance projects are completed and capacity is available, PERC has had difficulties importing sufficient out-of-state MSW in the first quarter to operate at or near capacity and, on many occasions, has been forced to shut down one of its boilers, and operate uneconomically, until such time as more waste becomes available. In contrast, PERC has always been able to attract as much out-of-state MSW as it can take during the summer and shoulder seasons. Thus, in eight of the past ten years, PERC imported more MSW from out-of-state sources in the second and fourth calendar quarters than in any other quarter. In 2009 and 2011, PERC imported more MSW in the third quarter (July through September) than in any other quarter of those years.

In this context, the data supports the statement that PERC is actually importing MSW from out-of-state sources not to compensate for seasonal variations in the availability of MSW from Maine sources, but to supplement year-round shortfalls in the availability of MSW from Maine sources. Simply stated, today and through 2018, the PERC facility is offering more capacity to accept MSW than is needed at its location in Maine. Moreover, as stated elsewhere herein, the PERC facility needs to operate steadily at or near capacity in order to avoid significant economic penalties of off-design operation. As a result, PERC relies on out-of-state MSW to enable it to operate steadily at or near capacity year-round.

By designing a system to process 180,000 tons per year of MSW, which can be attracted from within the MRC communities and adjacent areas of Maine, and by focusing on approaches to MSW that are far more scalable in response to changes in MSW availability than is the PERC facility, the MRC's planned system will avoid the reliance on imports of MSW from out-of-state sources that has been an ongoing necessary feature of the operation of the PERC facility.

Again, in the context of 38 MRS § 1310-AA(3)(D), the MRC Planned Waste Management System will not require out-of-state waste.

EXHIBIT 5

Municipal Review Committee, Inc. (MRC)
Application for Determination of Public Benefit (the Application)

Supplemental Materials Provided in Response to
the Letter from the Department dated July 11, 2014

Exhibit 5. MRC Authority

This Supplement provides an update and a brief response to the letter dated July 8 submitted by counsel for the Town of Greenbush (the "Greenbush Letter of July 8"). The Greenbush Letter of July 8 focuses on two assertions: (1) regional associations are prohibited from owning, constructing, and operating new solid waste disposal facilities; and (2) the MRC was not formed for the purpose of owning, constructing, or operating a solid waste disposal facility. Neither of these arguments has merit, and both have already been addressed by the analysis in MRC's communications to you dated May 30, 2014, and June 30, 2014. Therefore, MRC will respond very briefly here.

The Greenbush Letter of July 8 concedes that regional associations are statutorily authorized to own, construct and operate solid waste disposal facilities, but attempts to insert a new restriction on this authority by claiming it extends to existing solid waste disposal facilities only. This interpretation has no support in the plain language of the pertinent statutes. Neither 38 M.R.S. §1303-C(24)(B), nor 38 M.R.S. §1304-B(5-A), which both authorize regional associations to own, construct, and operate solid waste disposal facilities, limit that authority to existing facilities. If the Legislature intended to place such a broad and counterintuitive restriction, it would have explicitly stated as much in §1303-C(24)(B) or §1304-B(5-A).

The proposed interpretation would discourage the development of new, more environmentally sound solid waste disposal practices by shackling regional associations to existing solid waste facilities (something that the Maine Legislature expressly disclaimed in 1302) rather than developing new ones – an effect that would undermine the Maine Legislature's clearly expressed policy. *See* 38 M.R.S. §1302 ("The Legislature finds that it is in the best interests of the State to prefer waste management options with lower health and environmental risk and *to ensure that such options are neither foreclosed nor limited by the State's commitment to disposal methods*." (emphasis added)).

The Greenbush Letter of July 8 argues at length that the MRC was not formed for the purpose of constructing, owning, or operating a solid waste disposal facility. The MRC strongly disagrees with this assertion for the reasons articulated in its correspondence to you dated June 30, 2014.

The purpose and mission statements in MRC's By-Laws and Articles are not static and unchanging but rather are dynamic and are periodically amended to reflect current circumstances. Consistent with its prior practice and provisions already articulated in its Articles, the MRC Board of Directors, on July 23, 2014, amended its Amended and Restated By-Laws to eliminate references to certain stated purposes no longer relevant to its mission and to expressly contemplate as a purpose of the MRC the next step of constructing, owning, and operating a solid waste disposal facility. Section 2.2(10) now states as one purpose of the MRC:

> 10. Identify alternative waste disposal options that may be implemented by the MRC or a successor organization following termination of the members' waste disposal agreements with PERC including, but not limited to, any and all actions incident to the development, ownership, financing and/or operation of a new integrated solid waste management facility to serve the Charter Municipalities following termination of the existing waste disposal agreements with PERC; and

The amendments adopted July 23, 2014 are intended to align the MRC's corporate purposes in light of current circumstances with its broad general mission which remains unchanged. The full text of the amendment is attached to this correspondence as **Exhibit 5A**.

The MRC member municipalities have also provided update letters following the July 2 public meeting that amply confirm that both the Board and the Membership of the MRC support the efforts of the MRC to pursue the PBD for a land disposal component of the larger Planned Integrated Solid Waste Management System. See **Exhibit 6** of this Supplement.

EXHIBIT 5A

Exhibit 5A MRC Bylaw Amendments Approved on July 23, 2014

Section 2.2

9. ~~Review of the financial operating information of Bangor Hydro and monitoring the operations of Bangor Hydro, as well as the process of the deregulation or restricting of the electric power industry in Maine and its impact on Bangor Hydro~~ Monitor the status of the power purchase agreement between PERC and Emera;

10. Identify alternative waste disposal options that may be implemented by the MRC or a successor organization following termination of the members' waste disposal agreements with PERC including, but not limited to, any and all actions incident to the development, ownership, financing and/or operation of a new integrated solid waste disposal facility to serve the Charter Municipalities following termination of the existing waste disposal agreements with PERC; and

EXHIBIT 6

Community/ District	Letter Status	Towns	Resolution	2012 Tons
Abbot				146.76
Albion	Received			912.53
Alton				332.10
Atkinson				128.81
Baileyville	Received	8	Yes	1679.7
Bancroft				21.88
Bangor	Received	1	Yes	28,963.69
Bar Harbor	Received	1	Yes	5,119.09
Belfast	Forthcoming			821.38
Blue Hill/Surry	Forthcoming	5	Yes	3,954.60
Boothbay Harbor Reg.	Forthcoming			4,476.05
Bowerbank				32.72
Bradley		1	Yes	530.47
Brewer	Forthcoming	1	Yes	5,142.90
Brooks		1	Yes	375.19
Brownville	Forthcoming	1	Yes	561.81
Bucksport	Received			1,692.66
Burnham				625.05
Camden		1	Yes	3,172.00
Carmel				1,230.11
Castine				250.03
Central Penobscot SW	Received	3	Yes	2,582.32
Cherryfield	Received			456.52
Chester				417.24
China	Forthcoming			1,334.38
Clifton				489.04
Clinton	Received	2	Yes	2,286.65
Cranberry Isles	Received	1	Yes	49.88
Dedham		1	Yes	386.90
Dixmont		1	Yes	159.08
Dover-Foxcroft	Forthcoming	1	Yes	2,229.44
Drew Plantation		1	Yes	19.46
East Millinocket	Forthcoming			763.08
Eddington		1	Yes	973.03
Edinburg				41.33
Ellsworth (non-member)	Received	1		
Enfield	Forthcoming			789.72
Etna		1	Yes	462.56
Fairfield	Received	1	Yes	5,178.03
Franklin		1	Yes	229.14
Freedom	Forthcoming	1	Yes	187.84
Garland				223.95
Glenburn	Forthcoming	1	Yes	2,593.50
Gouldsboro	Received	1	Yes	456.01
Greenbush				633.00
Greenville (non-member)		1		

Guilford	Forthcoming			1,257.23
Hampden	Received			3,255.57
Hancock	Received	1	Yes	412.44
Harrington	Forthcoming			415.54
Haynesville				53.44
Hermon	Received	1	Yes	3,637.65
Holden				979.73
Howland	Forthcoming	1	Yes	273.79
Hudson				139.55
Jackson				197.58
Kenduskeag		1	Yes	376.55
Knox				431.69
Lagrange		1	Yes	314.13
Lamoine	Forthcoming	1	Yes	579.13
Lee		1	Yes	465.39
Levant	Forthcoming	1	Yes	1,059.02
Lincoln		1	Yes	3,429.55
Lincolnville		1	Yes	1,147.00
Lucerne [3]		1	Yes	316.56
Machias	Received			2,031.90
Macwahoc Plantation				58.26
Mariaville		1	Yes	144.88
Mars Hill	Received	1	Yes	967.28
Mattawamkeag		1	Yes	324.68
Maxfield				46.80
Medford				95.49
Medway				727.34
Midcoast SW - Hope		1		607.80
Mid-Maine SW*	Forthcoming	4	Yes	4,208.98
Milbridge	Received	1	Yes	615.09
Milford				
Millinocket	Received	1	Yes	2,472.87
Milo	Forthcoming			1,395.24
Monson		1	Yes	216.55
Montville				177.91
Mt.Desert	Received	1	Yes	1,720.38
Newburgh				881.19
Northern Katahdin				1,132.09
Oakfield				288.40
Old Town	Forthcoming			4,138.19
Orland	Received			294.26
Orono	Forthcoming	1	Yes	3,895.26
Otis				181.58
Palmyra		1	Yes	1,103.01
Parkman		1	Yes	193.05
Passadumkeag				170.42
Penobscot Cty Unorganized				876.74

Penobscot, Town	Forthcoming	1	Yes	522.71
Piscataquis Cty Unorganizaed		1	Yes	287.22
Pleasant River Solid Waste	Received			590.55
Plymouth				508.98
Reed Plantation				90.62
Rockland				4,951.83
Rockport		1	Yes	1,822.00
Sangerville				614.42
Searsmont		1	Yes	191.87
Searsport	Forthcoming	1	Yes	918.73
Sebec				190.66
Sherman	Forthcoming	1	Yes	700.04
Sorrento		1	Yes	58.43
Southwest Harbor	Forthcoming	1	Yes	1849.63
Springfield		1	Yes	138.39
Stetson				546.16
Steuben	Received			555.89
Stockton Springs		1	Yes	388.89
Stonington	Received			1,110.06
Sullivan		1	Yes	108.11
Swans Island	Forthcoming	1	Yes	132.45
TCSWMO Inc.-tri County	Forthcoming	6	Yes	1,928.27
Thomaston/S. Thomaston/Owls Head	Forthcoming	3	Yes	4,032.89
Thorndike				211.93
Tremont	Forthcoming	1	Yes	823.06
Trenton	Forthcoming	1	Yes	1,164.68
Troy		1	Yes	153.65
Union River District		5	Yes	385.31
Unity	Received			922.04
Vassalboro		1	Yes	1,407.54
Veazie	Forthcoming	1	Yes	673.37
Verona		1	Yes	312.00
Waldoboro (Friendship/Cushing)	Forthcoming	3	Yes	3,327.16
Warren (non-member)		1		
Waterville	Received	2	Yes	8,357.92
West Gardiner				827.51
Winn		1	Yes	205.03
Winslow	Received	1	Yes	3,042.94
Winter Harbor				136.32
Winthrop	Received			2,780.23
Wiscasset	Forthcoming	3	Yes	1,739.71

EXHIBIT 7

Municipal Review Committee, Inc. (MRC)
Application for Determination of Public Benefit (the Application)

Supplemental Materials Provided in Response to
the Letter From the Department Dated July 11, 2014

Exhibit 7. Discussion of Diversion Facilities

The Application for Determination of Public Benefit (the Application) contains a description of the new system being planned by the MRC to serve the solid waste management needs of its member municipalities starting in 2018. As set forth in Section 1.2.1, that system would be comprised of the following elements:

- Continuation of local collection and diversion programs;
- Development and operation of a facility or facilities to divert materials for recycling, beneficial use of organic materials and/or fuel production from collected mixed waste; and
- A new secure landfill for disposal of the waste for which diversion is not practical.

The Application identified options for diversion facilities that included (a) continued use of the PERC facility in a modified configuration; (b) a new regional facility developed by the MRC using emerging technology; or (c) a strategy to maximize local diversion prior to MSW collection. Section 1.2.2.3 of the Application contained further description of the performance levels that might reasonably be anticipated from a new regional facility utilizing emerging technology.

As discussed in this Exhibit, with this filing the MRC has amended the Application to remove from consideration the continued use of the PERC facility in a modified configuration, which is not feasible without the cooperation of the general partner of the PERC facility. Instead, the MRC is focusing its efforts on the development of a new regional facility developed by the MRC using emerging technology. This Exhibit provides an update on the status of the MRC's efforts to develop such a facility, as well as additional information on the technology and the vendors that the MRC are working with at this time.[1] The information is provided in part in

[1] Note that the MRC is not removing from its Application the strategy to maximize local diversion prior to MSW collection. Such strategy will remain a fallback option for the MRC as an approach to solid waste management in the event that the MRC efforts to develop a new facility using emerging technology are not successful.

response to issues and considerations raised in the letter to the MRC from the Department dated July 11, 2014.

Status of MRC Development Efforts

Section 1.2.2.3 of the Application had described the Request for Expression of Interest (RFEI) process by which the MRC solicited responses from vendors regarding the design and performance of facilities that use emerging technology to process mixed MSW. Among the responses to the RFEI was a submittal from Fiberight, LLC (Fiberight), which proposed to develop a facility to recover recyclables from mixed MSW while converting the organic and fibrous components of MSW into high-value liquid and gaseous fuel products. As stated in the Application (page 1-12), in January 2014 the MRC Board of Directors passed a resolution directing the MRC staff to work with Fiberight to investigate the technical and economic feasibility of developing a facility in Maine using the Fiberight technology to serve the MRC municipalities. The numerical data in section 1.2.2.3 of the Application regarding overall diversion rates of 80 percent or more are based on data submitted to the MRC from Fiberight.

The MRC has worked steadily with Fiberight since the submittal of the original Application to address issues of technical and economic feasibility in Maine. Most recently, on July 23, 2014, Mr. Craig Stuart-Paul, the Chief Executive Officer of Fiberight, appeared before the MRC Board of Directors to present the Fiberight technology and business concepts. Previously, the MRC had introduced Mr. Stuart-Paul to senior management at Bangor Savings Bank in order to begin development of an approach for using applicable state and federal incentive programs to support financing of the facility. The MRC also introduced Mr. Stuart-Paul to (1) representatives of the Old Town Fuel & Fiber of Old Town, Maine, which is involved in research and development activities regarding a technology for conversion of biomass into liquid fuels that has many similarities to the technology being developed by Fiberight; (2) representatives of the Chemical Engineering Department and of the Forestry Bio-refinery Institute at the University of Maine, Orono, who are involved in technology research that overlaps with the Fiberight process; and (3) a representative of the Maine Resource Recovery Association (MRRA), who maintains professional relationships with purchasers of materials recovered by recycling programs in Maine municipalities that might also purchase materials produced by a Fiberight facility. Furthermore, the MRC intends to hold a pre-application discussion and meeting between Fiberight and the Department in order to begin to evaluate the permitting acquisition process that would apply to a facility that uses the Fiberight technology.

Additional Information on the Fiberight Technology

Exhibit 7A contains the presentation provided to the MRC Board of Directors by Mr. Stuart-Paul, which includes additional descriptive information on the Fiberight technology. See also the DRAFT Minutes of the July 23, 2014 MRC Board Meeting enclosed with this filing as **Exhibit 7B**.

Among the points made in the presentation are the following:

- Fiberight is able to accept and recover materials from a mixed waste stream, thereby providing capability to recover products from materials in waste that are not being source-separated by the generators and that are not being collected, transported, processed and marketed separately by towns or commercial haulers.

- Fiberight's technology focuses on organic conversion pathways for organic waste, which comprises the largest remaining fraction of Maine MSW that is not currently being diverted to recycling programs.

- Among the products that would be recovered by a Fiberight facility are the following:

    - Liquid fuel products such as ethanol;
    - High-value industrial sugar-based products that might be derived from further processing of organic wastes;
    - Bio-gas from anaerobic digestion of organic waste components that are easily digested (e.g., not cellulosic) without production of significant amounts of digestate;
    - Biomass pulp products that might be used as pulp or as biomass fuel;
    - Clean plastic flakes that emerge from the wash process;
    - Textiles removed from the mixed waste stream; and
    - Other high-value products, such as ferrous metals, aluminum cans and cardboard, that can be recovered from the mixed waste stream.

- A Fiberight facility would recover 80 percent of more of the incoming mixed waste, with residual materials requiring landfill disposal amounting to less than 20 percent of the incoming waste by weight and 12 percent by volume. In contrast, the PERC facility generates glass and grit materials from its front-end processing modules, and combustion ash from boiler and pollution control operations that

typically require landfill disposal on the order of 33 percent of the incoming waste by weight and 20 percent by volume.

- Fiberight has actual operating experience with the proposed technology at its operating commercial demonstration facility in Lawrenceville, Virginia. That facility has been visited by MRC Board members,s taff, and advisors who have watched the facility process mixed waste and have seen the products being produced.

- Fiberight is developing and constructing a facility in Iowa that would scale up the existing technology to approximately the same level as would be implemented in Maine (two modules of 350 tons per day per module, which would support processing of 125,000 to 200,000 tons per year). The Maine facility will benefit from the design and operational experience at both the Virginia and Iowa facilities.

- Fiberight has responded to a public solicitation in Connecticut regarding development of a facility incorporating its technology in that state. The context for that inquiry is an initiative by which Connecticut is seeking to replace an aging publicly-owned RDF facility in Hartford.

Among the points of particular interest to the MRC are the following:

- Because of its capabilities in recovering recyclables from mixed MSW and in processing organic materials, a Fiberight facility could divert materials from landfills to the maximum practical extent of any technology proposed by respondents to the RFEI.

- The proposed scale of the facility is compatible with the amount of MSW generated in MRC municipalities that would require management after the PERC facility closes in 2018. Moreover, the facility will be able to change its capacity by changing the number of operating hours and shifts. In this way, the facility will be far more scalable than the PERC facility, which is limited by the need to maintain minimum operating levels in its boilers and minimum shift levels independent of the amount of waste being processed.

- Because of its scalability, the proposed facility can be developed without reliance on out-of-state waste or waste outside the MRC region.

- Because of its scalability, the proposed facility can be developed with substantially reduced requirements for delivery and at levels that support expanded municipal waste reduction and recycling programs.

- The technical requirements of the Fiberight technology rely on component equipment and labor skills overlapping those used in the pulp and paper industry (including those emerging sectors referenced above), and are thus a good match for Maine labor markets and the general business environment in Maine.

- A facility located in Maine and using the Fiberight technology would appear to be well positioned to sell the products that are produced at the facility.

- The projected development and construction timetable for a facility using the Fiberight technology appears to be compatible with the MRC's requirements to begin construction by late 2016 in order to achieve commercial operation by spring 2018.

- The tip fees for municipal users of the facility are projected to be on the order of $70 per ton, which costs could be offset somewhat by rebates when product revenues exceed certain thresholds. At these tip fees, it is reasonable to project that the Fiberight facility could attract sufficient waste originating MRC communities to operate at a level of capacity that would result in economic operation. Moreover, the proposed rebate structure is familiar to the MRC municipalities that use the PERC facility.

- Fiberight is open to a hub-and-spokes approach that would reduce transportation costs for participating municipalities at a distance from the main facility.

Finally, the Fiberight technology is focused on processing of organics rather than on recovery of materials already being recycled in existing recycling programs. From an operational point of view, Fiberight is indifferent as to whether materials are recycled at its facility or are source-separated and diverted by generators or municipalities or haulers prior to delivery to its facility. Thus, development of a Fiberight facility would not replace or compete with existing recycling programs, nor would it provide incentives toward their termination. Rather, the

Fiberight facility would lead to a huge increase in the diversion from disposal facilities to materials product markets of waste materials that are not currently being recycled.

EXHIBIT 7A

MRC PRESENTATION JULY 23RD 2014

Hands-on experience meets **advanced engineering**

A NEW SOLUTION FOR WASTE IN MAINE

Fiberight

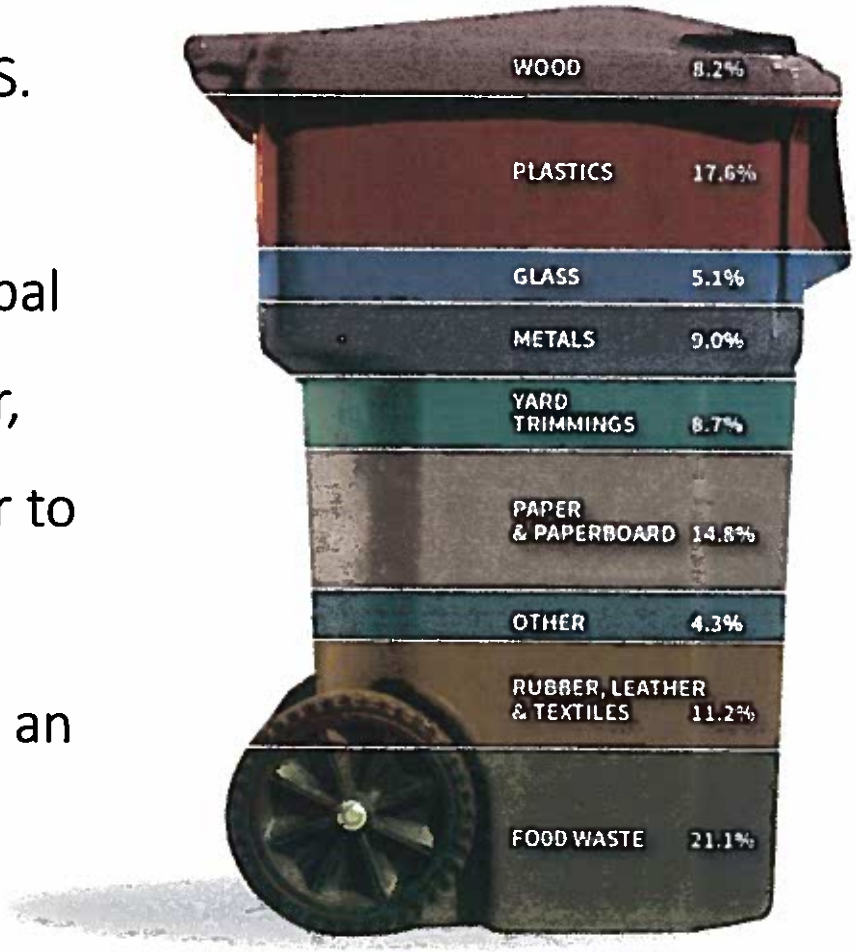
Thinking outside the boxes

A waste solution for Maine that doesn't require out of state garbage

Fiberight

WASTE COMPOSITION – USA GENERAL

As a nation according to the U.S. EPA, we bury or burn over 164 million tons of trash, or municipal solid waste ("MSW") every year, worldwide the number is closer to a billion tons, a number that represents resource wastage in an era of resource scarcity.

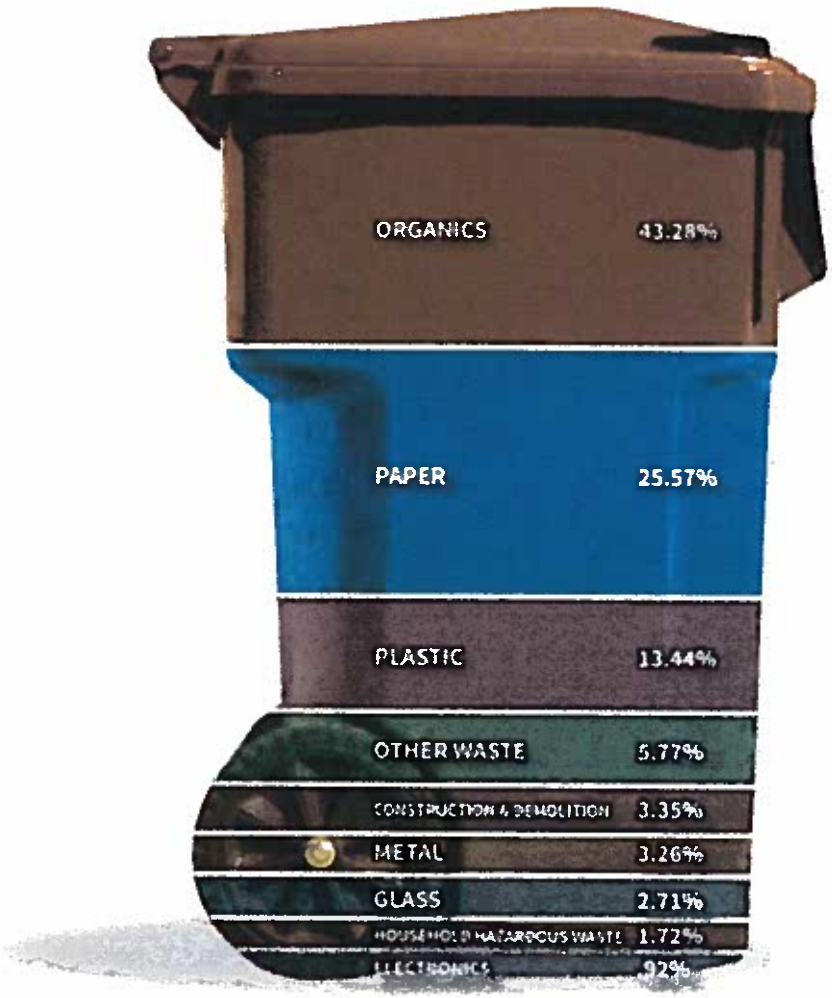


Fiberight

WASTE COMPOSITION - MAINE

In Maine, almost 70% of waste disposed is organic in nature, organic waste is not ideal for incineration or gasification. Fiberight's solution focuses on organic conversion pathways for organic waste.

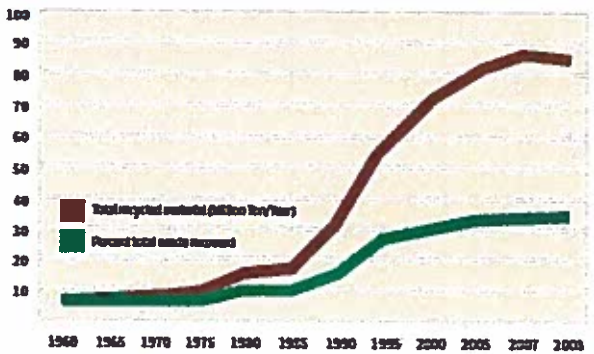
University of Maine composition study



Fiberight

THE PROBLEM - USA

United States History of Recycling



Options are limited

So 164 million tons a year of resources are wasted every year.

- As a nation, we spend over $100 billion a year disposing of our waste, with much of that cost borne by municipal budgets
- Recycling has peaked – new options to recycle more, such as food waste collection are very expensive
- Each day, Tens of thousands of tons of waste are trucked, at high cost, to remote landfills.
- New waste disposal options, particularly in the northeast USA, are limited by high capital cost and permitting challenges.

Fiberight

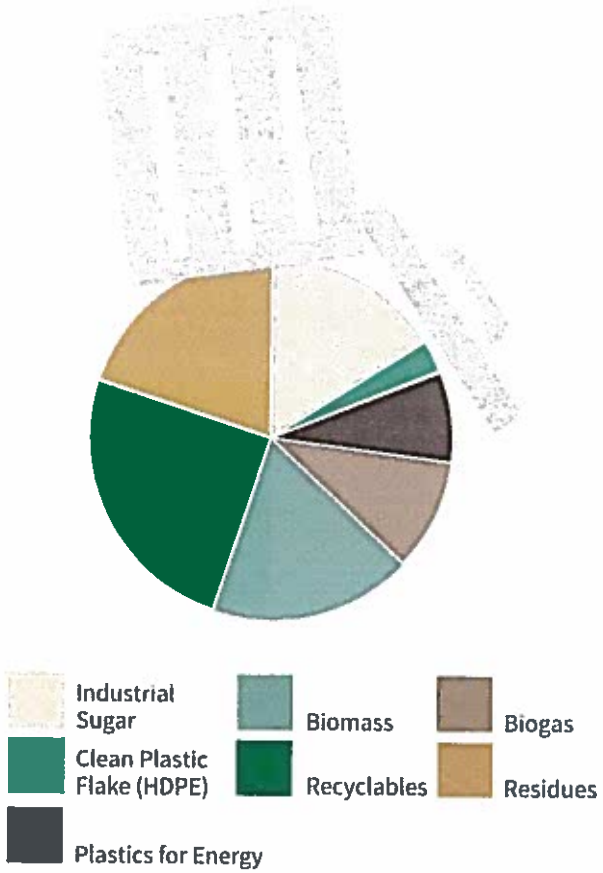
THE PROBLEM IN MAINE

- The rural nature of MRC's service area creates a large "waste-shed" causing high transfer costs.
- It is difficult to make traditional waste to energy affordable. Out of state garbage may be required.
- Rural recycling programs are very expensive to operate.
- Waste handling infrastructure needs to be in place to handle seasonality.

Fiberight

SOLUTION

WHAT COMES OUT?



Fiberight's integrated waste processing solution provides new options;

- Waste disposal cost savings by recovering value from our trash
- Unique bio-based approach to increasing recycling by segregating and upgrading difficult to handle organic wastes
- Low-capital cost approach made possible by modular components and water-based processes
- Brings waste processing closer to the source of waste, with easy to permit, recycling based conversion centers, and a "hub and spoke" solution that is ideal for rural communities

Fiberight

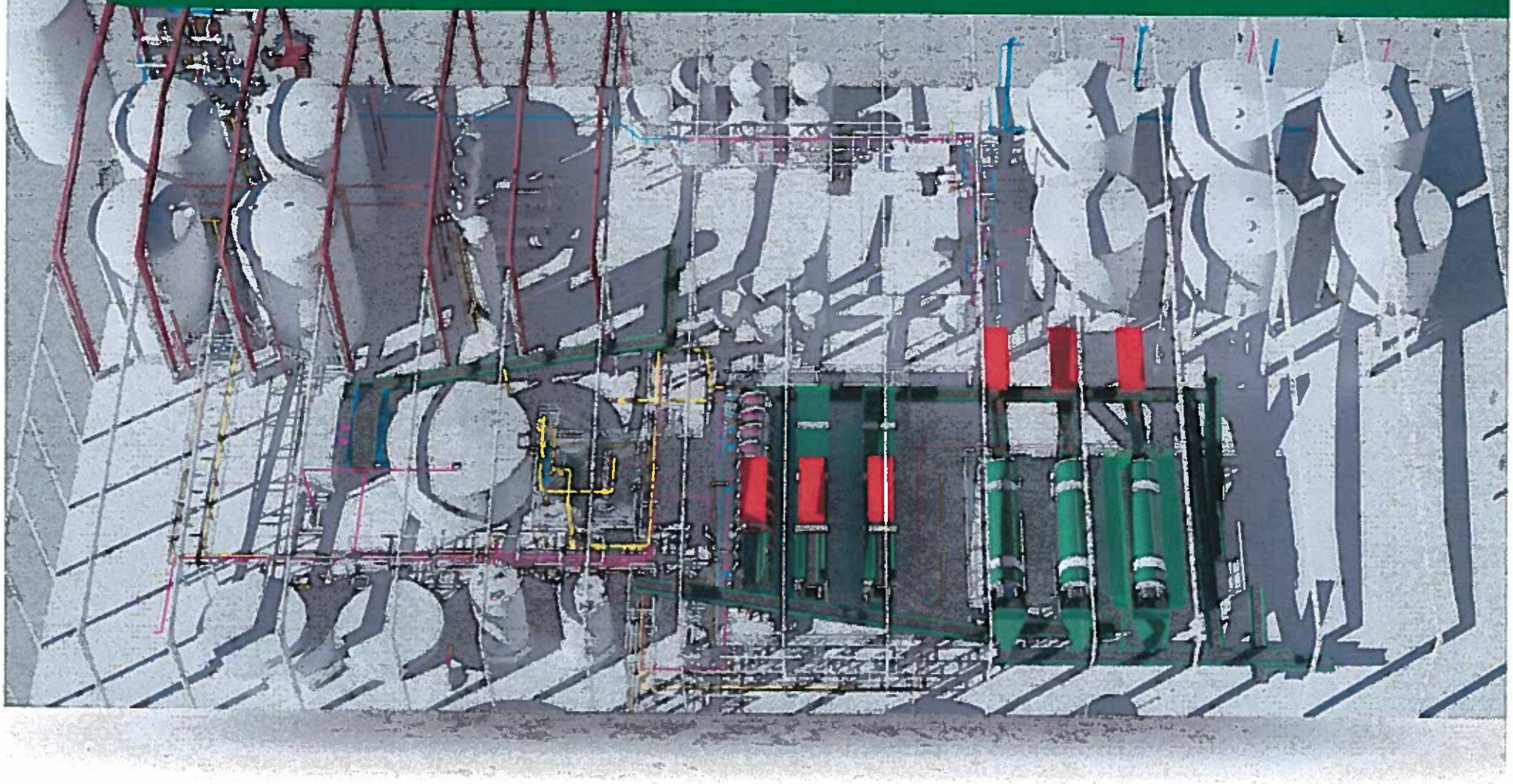
THE CHALLENGE

Need to provide a solution tailored for MRC members. The solution should include;

- Robust, reliable operations with bypass ability
- Easy to permit
- A way to aggregate tonnage from rural communities with efficient logistics
- "One bin recycling" where needed, single stream recycling where effective programs are in place
- Rebate structure to provide economic incentive to all MRC members
- A way to handle high levels of organic waste

Fiberight

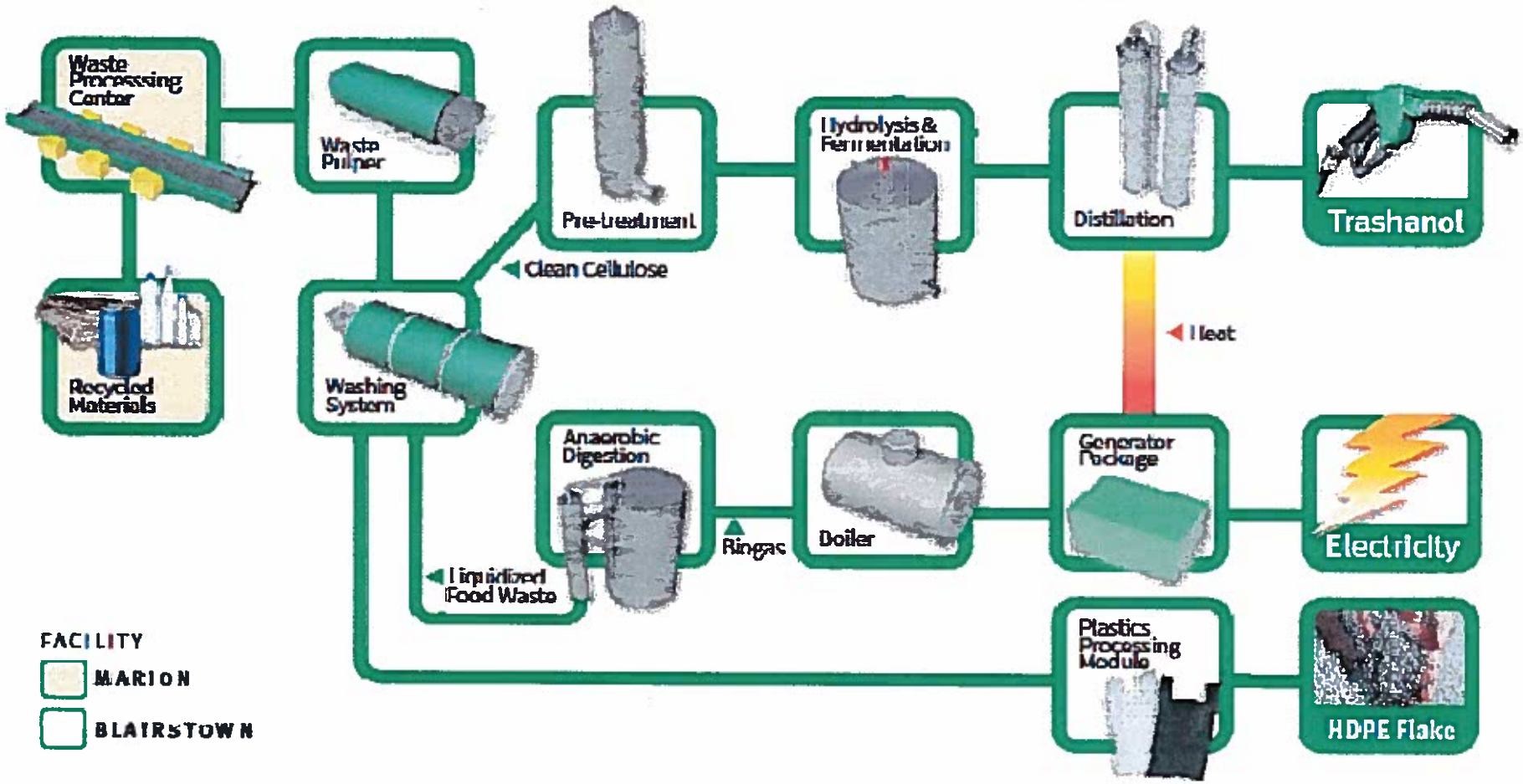
THE SOLUTION...THE FIBERIGHT APPROACH



Fiberight

FIBERIGHT PROCESS FLOW

SUMMARY PROCESS FLOW DIAGRAM



Fiberight

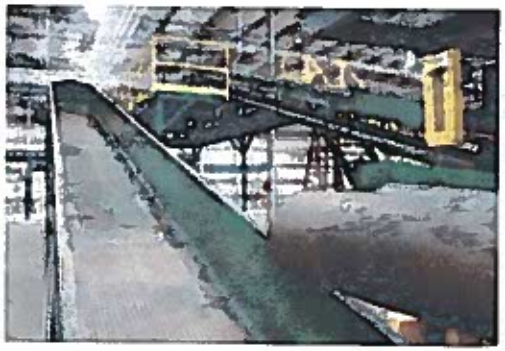
OUR VIRGINIA DEMONSTRATION PLANT

Nation's first integrated waste to biofuels plant

Fiberight

PROVING OUT A ROBUST SOLUTION FOR WASTE

Organics for Processing



Sorting Equipment at our VA plant

- Trash is very difficult to process; however we have almost 5,000 hours of hands-on experience we have learned very valuable lessons
- Bypass options may be needed for reliable waste management. New approaches to waste disposal employ complex industrial processes.
- We have found that common sense recycling metrics (burden depth etc.) are very important.
- We have also found that our organic approach is very efficient and robust.

Fiberight

PROVING OUT A ROBUST SOLUTION FOR WASTE

Process Equipment

Our anaerobic digester

Exterior View

Fiberight

OUR IOWA PLANT

Our Iowa Bio-Refinery

Distiller

We purchased a 1st generation biofuels plant in Iowa, and are re-developing it to process waste, supported by $27M in government funding, a 15-year waste supply agreement, and contracted off-take agreements.

Simultaneously we are developing two large permitted projects in the northeast USA, following "preferred" selection by several municipalities.

We have deep experience with federal and state financing mechanisms, these are valid options to obviate the need for "put or pay" contracts, and replace with "all delivered".

Fiberight

WHY ARE WE INTERESTED IN MAINE?

Perfect replication of our commercial plant design

- Copy-Exact modules that will have been tested in Virginia
- Replication of rural business plan
- Long-term contract potential and existing infrastructure
- Aligns with Maine's waste hierarchy
- Engaged MRC management team and likelihood that project will come to fruition

Fiberight

WHY SHOULD MAINE BE INTERESTED IN FIBERIGHT?

Perfect replication of our commercial plant design

- Ultra-low emissions project
- Revenue potential from converted products makes rebates a real opportunity
- Integrated waste and recycling solution that doesn't require high tonnage volume to be economically viable
- Employment opportunities, including well-paid technical and professional roles
- Ability to augment recycling programs.

Fiberight

Ellsworth Transfer

Existing transfer infrastructure

How can we augment existing transfer station network to improve logistics and reduce transportation cost?

- Aggregation [processing] facilities?
- Add-on to existing facilities [screening]?
- CNG powered transfer fleet?
- Better location of main plant?
- Backhaul opportunities [plastics]?

Fiberight

Rural dropoff

Rural recycling

How can we enable increased recycling rates for rural Maine while improving collection and processing economics?

- Rural MRF attached to aggregation facilities?
- Add-on to existing facilities?
- Rural single stream or "one bin"?
- Organics recycling?
- Centralized marketing of commodities?

Fiberight

Fiberight

Employment

For every job created landfilling, ten are created by recycling, and 25 more by processing recyclables.

- Fiberight pays living wage to all employees, even unskilled, plus benefits including healthcare
- Many new jobs will be high-paying, technical positions
- We anticipate hiring up to 140 direct employees, 80 at the hub, 60 at the spokes

3 Main(e) Features.

A new technical solution

Deploying a proven, yet unique bio-tech solution to recycle more of our waste

Investment in community

Engage with all MRC members to tailor a plan to suit as many stakeholders as possible

Manage logistics

Develop a hub and spoke network optimized for rural Maine – power vehicles with renewable fuels

Fiberight

CONCLUSIONS

Makes financial sense

Tip fee target under $70/Ton initially, with rebate or other structures for significant further reduction.

Makes community sense

Increase in employment and tax base, without subjecting employees to traditional "dirty MRF" jobs, and while improving environmental impact to the community

Makes logistical sense

A well-planned system of aggregation and partial processing may provide improved logistics for rural waste and recycling collection.

Fiberight

THANK YOU

EXHIBIT 7B

DRAFT

MUNICIPAL REVIEW COMMITTEE, INC.

BOARD OF DIRECTORS

A meeting of the Board of Directors of Municipal Review Committee, Inc. was held on Wednesday, July 23, 2014 at 10:00 a.m. at the Town of Orono Municipal Building, 59 Main Street, Orono, Maine. In attendance were the following:

Directors:

Karen Fussell, Brewer
James Guerra, Rockport
Phil McCarthy, Clinton
Chip Reeves, Bar Harbor
Joshua Reny, Fairfield
Tony Smith, Mt. Desert
Sophie Wilson, Orono
Elery Keane, Winslow

Consultants:

Greg Lounder, MRC Executive Director
George Aronson, CRMC
Dan McKay, Esq., Eaton Peabody
Denis St. Peter, CES, Inc.

Dan McKay kept the minutes of the meeting and in President Reeves presided.

President Reeves convened the meeting at 10:08 a.m.

APPROVAL OF MINUTES

The first order of business to come before the Board was approval of the minutes of the April 23, 2014 quarterly meeting of the Board of Directors. Upon motion made and duly seconded it was unanimously:

> **VOTED**: That the minutes of the April 23, 2014 quarterly meeting of the Board of Directors of the MRC hereby are approved in the form presented to the Board at this meeting.

CONSIDERATION OF FINANCIAL STATEMENTS AND BILLS PAYABLE AS OF JUNE 30, 2014

Sophie Wilson presented bills payable totaling $173,817.23 to the Board for consideration.

> **VOTED:** That the bills payable of $173,817.23 presented to the Board at this meeting for the period ending June 30, 2014 hereby are approved.

Ms. Wilson also indicated that the Finance Committee had reviewed a recommendation of an adjustment to the budget to account for costs associated with the current public benefit determination proceeding before the DEP and the pending lawsuit against USA Energy. That proposal was considered by the Board later in the meeting.

CONSIDERATION OF MRC AUDITED FINANCIAL STATEMENTS FOR YEAR-ENDED DECEMBER 31, 2013

Donald Higgins of Loiselle, Goodwin & Hinds presented a preliminary auditor's report. He reviewed the draft management letter and reported that all misstatements found have been corrected. He reported no material disagreements with management.

Mr. Higgins next reviewed the report regarding internal controls. The only deficiency found is MRC's reliance on its auditors to propose certain year end adjustments and to assist in the preparation of financial statements. While this is regarded as a material weakness, because a change would not be cost-effective, no change was recommended.

Mr. Higgins next reviewed the financial statements, which he regards as being fairly stated. He reviewed management's discussion and analysis, notes to the financial statements, and the summary of PERC's financial performance.

After discussion, and upon motion made and duly second it was unanimously:

VOTED: That the preliminary auditor's report prepared by Loiselle, Goodwin & Hinds is hereby accepted.

THIRD QUARTER 2014 TIPPING FEE CALCULATION

George Aronson presented the PERC tipping fee calculation for the third quarter of 2014 of $77.00 per ton. He noted that tonnage from Charter towns was up in the second quarter by 793 tons over the second quarter of 2013 and that residuals were very close to projection.

Based upon his review of the PERC materials, he recommended that the Board vote to accept the tipping fee calculation. Upon motion made and duly seconded it was unanimously:

VOTED: To accept the tipping fee for the third quarter of 2014 at $77.00 per ton as calculated by PERC.

PERC FACILITY OPERATIONS REPORT

Peter Prata, PERC Plant Manager presented the PERC Facility Operations Report for the third quarter of 2014. He reported that electricity production at the plant has been at 100% for two months in a row, and at 99% overall for the second quarter. Year-to-date production is right on budget.

Mr. Prata reported that MRC deliveries are ahead of budgeted amounts. ISO New England interrupted power production for twenty-four hours last Sunday and PERC was taken offline. He indicated that rerouting of a new substation may result in additional interruptions which may impact electrical output.

Tipping fees are $1.60/ton less than budgeted. Truck waiting times have been in the acceptable range.

CHARTER MUNICIPALITY ASSET MANAGEMENT REPORT – CUSTODY ACCOUNT, TIP FEE & OPERATING BUDGET STABILIZATION FUNDS, LP INTEREST/BOND PREPAYMENT AND 3rd QUARTER CASH DISTRIBUTION

George Aronson presented an overview of the Charter Municipality Asset Management Report compiled by Commonwealth Resource Management. He summarized key elements of the Charter Municipality Asset Management Report noting that there are current balances of $1,157,730 in the Custody Account, $21,464,984 in the Tip Fee Stabilization Fund and $1,966,966 in the Operating Budget Stabilization Fund. He noted a target value of $55 per ton for both Equity Charter Municipalities and New Charter Municipalities. He recommended a quarterly cash distribution of $1,047,899.

He reported that cash flows have been good this quarter, and there is no need to draw funds from the Tip Fee Stabilization Account in order to make the cash distribution.

Following Mr. Aronson's presentation, and upon motion made and duly seconded it was unanimously:

> **VOTED:** That the Charter Municipality Asset Management Report hereby is accepted in the form presented to the Board at this meeting and that a cash distribution in the aggregate amount of $1,047,899 be made to the members.

REVIEW OF DISPOSAL CAPACITY ALTERNATIVES

Denis St. Peter of CES, Inc. distributed a handout summarizing disposal capacity in Maine as a means of gauging what viable alternatives, if any, there are for disposal of MRC MSW after 2018.

He noted that, of the waste-to-energy facilities included (MMWAC, ecomaine, MERC and PERC), all plants other than PERC are closed or at capacity. The contract with PERC expires in 2018 and renewal under current conditions is not feasible.

Mr. St. Peter next reviewed state owned landfills (Carpenter Ridge, Dolby Landfill and Juniper Ridge Landfill). Carpenter Ridge is not developed, its license is limited with regard to waste types, and transportation costs for Charter Communities would be high. Dolby is a non-secure landfill without a liner. Its use would result in significant quantities of leachate, and its license is limited with regard to waste types. Transportation costs would also be an issue. Juniper Ridge has limited licensed capacity after 2021, and there are significant limits on the waste types it is permitted to accept.

Mr. St. Peter next reviewed the municipally owned landfills in Augusta, Bath, Brunswick, Presque Isle and Tri-community (Fort Fairfield), indicating that all space is dedicated to those municipalities and that transportation costs to any of these sites would be a significant issue.

Finally, Mr. St. Peter discussed the other operating commercial landfill in Maine, WM Crossroads-Norridgewock, indicating that it has limited licensed capacity projected not to last beyond 2027 and that transportation feasibility would once again be a significant issue.

ADMINISTRATIVE REPORT – NEW CHARTERS, WASTE DELIVERY TRENDS, PENDING DEP APPLICATION FOR DETERMINATION OF PUBLIC BENEFIT

Mr. Lounder presented his Administrative Report to the Board. He noted that there were no new charter municipalities admitted during the second quarter. He reported on waste delivery trends and distributed related materials. He reported that overall waste delivery trends in the second quarter of 2014 were up 3.3% from the second quarter of 2013.

He reviewed the pending DEP Application for a Public Benefit Determination filed by the MRC, indicating that the comment period closes on September 2, 2014.

He noted a report on waste-to-energy facilities in Connecticut which revealed that state is moving away from waste-to-energy facilities to more of a materials management approach designed to extract higher value from waste and incentivize reduction and recycling. He noted that this approach closely parallels to the MRC's current efforts. He also noted interest among membership in gaining an understanding of why a significant change has occurred in the relationship between the MRC and the general partner of the PERC Partnership, USA Energy. A general discussion ensued led by Ms. Wilson who summarized the status of negotiations with the PERC private partners, noting in particular a 2011 memo from USA Energy formally advising the MRC that, based on an assumed need to offer a tipping fee of $90/ton or less to MRC Communities in the post-2018 period, USA Energy had determined not to operate the PERC Plant subsequent to 2018 and instead was beginning preparation for an orderly shut-down. Various board members expressed frustration with the current stance of USA Energy and, in particular, with significant misinformation being disseminated by its lobbyists to MRC member communities. Despite these frustrations, however, the Board expressed support for Peter Prata and his plant operations.

GUEST DISCUSSION

Mr. Lounder then opened the floor to those members of the public in attendance at the meeting to provide comments or pose questions to the Board. A general discussion ensued regarding the MRC's emerging plans for a new integrated solid waste facility to begin operation in 2018.

CONSIDERATION OF AMENDMENT TO THE MRC BYLAWS TO INCORPORATE POST 2018 PLANNING ACTIVITIES ASSOCIATED WITH IMPLEMENTING WASTE DISPOSAL OPTIONS FOLLOWING THE EXPIRATION OF WASTE DISPOSAL AGREEMENTS WITH PERC

Sophie Wilson presented a proposed amendment to the MRC's bylaws to expressly incorporate post-2018 planning activities as a corporate purpose. A general discussion ensued. After discussion, and upon motion made and duly seconded it was unanimously:

> **VOTED:** That Section 2.2(10) of the Amended and Restated Bylaws of Municipal Review Committee, Inc. be revised in the form presented to the meeting, as amended.

A copy of the revisions as adopted is attached to this record.

CONSIDERATION OF 2014 BUDGET AMENDMENT TO FUND POST 2018 PLANNING ACTIVITIES

Mr. Lounder reported that post-2018 planning activities are over budget, and proposed transferring $196,000 out of the $1.7 million Operating Budget Stabilization Fund to cover the anticipated shortfall. Upon motion made and duly seconded it was unanimously:

> **VOTED:** That the 2014 Operating Budget be amended by increasing the current post-2018 planning budget by the amount of $196,000.

Upon motion made and duly seconded it was unanimously:

> **VOTED:** To fund the increase in the 2014 Operating Budget with regard to post-2018 planning efforts with a transfer from the Operating Budget Stabilization Fund in the amount of $196,000.

at approximately 12:00 noon, the meeting adjourned for lunch.

At 12:35 p.m., the meeting reconvened.

PRESENTATION BY FIBERIGHT, LLC OF ITS TECHNOLOGY FOR PROCESSING MIXED MSW TO RECOVER RECYCABLE MATERIALS AND TO PRODUCE HIGH-VALUE LIQUID AND GASEOUS FUEL PRODUCTS

George Aronson reviewed briefly the history of the MRC's efforts to explore alternative waste processing technologies to implement in the post 2018 period. He noted that a Request for Expressions of Interest (RFEI) was issued by the MRC in the spring of 2013 which had elicited a number of responses. Subsequently, MRC staff has investigated several possible technologies and has made several site visits to view these technologies in operation. Mr. Aronson then introduced Craig Stuart-Paul, CEO of Fiberight, LLC which was a respondent to the RFEI and with which MRC staff has pursued discussions of the possible use of Fiberight technology in the MRC service area.

Mr. Stuart-Paul addressed the Board. He noted Fiberight's focus on addressing a rural waste disposal solution with characteristics similar to those presented by the MRC service area. He noted that waste-to-energy plants are viable, but work best with very large volumes, and that recycling is expensive for small communities in rural areas. He also addressed the need to deal with the seasonality of Maine waste.

Mr. Stuart-Paul then introduced the Fiberight technology whihc is designed to shift the waste disposal paradigm from a volume business to a margin business by producing higher value products from waste. The core elements of the Fiberight system are anaerobic digestion of organics and enzyme conversion of cellulose into industrial sugars. These processes provide sufficient margins to make processing of relatively small volumes economically feasible as the value of organic waste is three times more valuable as a fuel to power vehicles than it is as a material to power electrical production.

Mr. Stuart-Paul suggested the possibility of a "hub and spoke" approach to a facility in Maine, with a recycling and processing plant serving as the hub, and transfer stations, aggregation stations and a processing facilities serving as the spokes. The focus would be on recycling first. He proposed the possibility of an indexed rebate structure for tip fee calculations. He suggested that in some ways PERC would be a perfect site for such a hub but acknowledged that the MRC has been unable to interest PERC's general partner in engaging in discussions of alternatives to the existing RDF based waste-to-energy technology. He noted that, regardless of the technology ultimately chosen, a landfill will always be necessary for the last 15-20% of non-processible residue and for bypass. He indicated that the Department of Energy has a $4 billion loan pool available for a proposed project in Maine, which would not require "put or pay" contracts with a guaranteed tonnage.

Mr. Stuart-Paul indicated that a Maine facility would be similar to Fiberight's Iowa facility and would include a landfill. The technology is consistent with the State of Maine waste hierarchy. He believes that Fiberight would be a good match for MRC as the plant would have minimal emission, would not require minimum volumes, and could augment existing recycling programs. The fuel made at the plant could be used to fuel trucks to help offset transportation costs. He discussed the possibility of back-hauling biomass and the opportunity to aggregate recycling, rather than having curbside recycling in each community which can be prohibitively expensive for small municipalities. Implementation of the Fiberight technology would create jobs, estimated at 80 jobs at the hub plant and 60 at aggregate centers. The jobs would first be offered to current PERC employees.

He indicated that while he could not estimate the tip fee right now, the goal would be a worst case scenario tip fee of $70/ton, which with rebates would bring the net cost to less than

$50/ton. He reported that the facility in Iowa is currently operating at $34/ton. He noted that that Fiberight is under consideration in Connecticut, and there may be USDA funding available for a study in Maine. The total cost of a project is estimated to be in the range of $80-100 million.

Mr. Stuart-Paul entertained a number of questions from the Board.

EXECUTIVE SESSION

A motion was made, and duly seconded, at 1:42 p.m. to adjourn the meeting to executive session pursuant to 1 M.R.S.A. §405(6)(E) for discussion with legal counsel concerning legal rights and duties with respect to pending litigation filed by the MRC as plaintiff against USA Energy Group, LLC and with respect to its pending public benefit determination application before the Maine DEP. Whereupon, it was unanimously:

VOTED: That the meeting is adjourned to executive session.

At 2:53 p.m., the executive session ended and the regular meeting reconvened. A general discussion ensued regarding the time and place of the next Board Meeting.

OTHER BUSINESS

Greg Lounder will give each director a list of communities to contact, seeking letters of support for the public benefit determination application, with initial contacts to be made within the first week of August. Sophie Wilson emphasized that communication with members needs to be a top priority, and the MRC's communication consultant needs to work on more concise, bullet-point communications.

George Aronson reported on the meetings regarding project financing, indicating that aspect of the project is on the immediate horizon, and Fiberight has had very successful meetings with Old Town Fuel & Fiber and the University of Maine.

There being no further business to come before the Board, the meeting adjourned at 3:02 p.m.

Respectively submitted,

_____ Dated: _____, 2014
Daniel G. McKay

Section 2.2

9. ~~Review of the financial operating information of Bangor Hydro and monitoring the operations of Bangor Hydro, as well as the process of the deregulation or restricting of the electric power industry in Maine and its impact on Bangor Hydro~~ Monitor the status of the power purchase agreement between PERC and Emera;

10. Identify alternative waste disposal options that may be implemented by the MRC or a successor organization following termination of the members' waste disposal agreements with PERC including, but not limited to, any and all actions incident to the development, ownership, financing and/or operation of a new integrated solid waste disposal facility to serve the Charter Municipalities following termination of the existing waste disposal agreements with PERC; and

EXHIBIT 8

Municipal Review Committee, Inc. (MRC)
Application for Determination of Public Benefit (the Application)

Supplemental Materials Provided in Response to
the Letter from the Department Dated July 11, 2014

Exhibit 8. Response to Bureau of General Services (BGS) and New England Waste Services of ME (NEWSME) Letter to DEP Dated June 30, 2014.

The MRC would like to clarify three items mentioned in the letter from BGS and NEWSME as they relate to: (1) JRL's remaining licensed capacity; (2) their claim that the definition of "long-term" used in the public benefit determination (PBD) evaluation should be arbitrarily used to limit the capacity in a PBD approval; and (3) their attempt at characterizing permitting uncertainty and time requirements and suggesting that these should be used in the PBD evaluation process.

JRL's Remaining Licensed Capacity

In the first page of the NEWSME and BGS letter, they quote language from the MRC PBD Application that states the Juniper Ridge Landfill (JRL) would reach its licensed capacity in 2017 and in MRC's subsequent filings mentions reaching its licensed capacity in 2021. The January 2012 PBD Partial Approval for JRL states, "the applicant concluded available capacity at Juniper Ridge Landfill would be depleted in 2017 at a 2.8% growth rate, and in 2018 at a zero growth rate." Using the average fill rate and available capacity provided in "Table 5 – Available Licensed MSW Disposal Capacity in Maine" of the Maine DEP's *Maine Materials Management Plan, 2014 State Waste Management and Recycling Plan Update & 2012 Waste Generation and Disposal Capacity Report*, January 2014 (the State Plan), the capacity would be depleted in 2021. Although there is uncertainty in when the licensed capacity would be reached between 2017 and 2021, JRL's licensed capacity cannot address the capacity needs of the MRC for the reasons described in **Exhibit 1A** to this filing.

Using the Definition of "Long-Term" Used in the PBD Evaluation to Arbitrarily Limit the Capacity in a PBD Approval

In the second page of the BGS and NEWSME letter, they state, "The DEP Commissioner approved a PBD for a partial expansion of JRL rather than the full expansion because the DEP's public benefit determination process establishes long-term disposal needs as 10 years. This same 10-year limit that has been applied to JRL should also apply to the MRC's PBD application." Based on our review of the January 2012 PBD Partial Approval for JRL, the reasons the commissioner used for the "partial approval" of 9.35 million cubic yards instead of a full

approval of 21.9 million cubic yards were related to, at least in part; (1) a comprehensive evaluation of the waste types and quantities; (2) the locations where the wastes originate from related to other landfill capacity both within State and out of State; (3) the necessity to meet the "the maximum practical extent" criterion for the various waste types; (4) the uncertainty of the amount of waste needing to be landfilled; (5) "outstanding issues related to Maine's solid waste management system" including, but limited to, "potential decreases in CDD processing residues," "observed changes in solid waste needing disposal," "potential sale of Juniper Ridge Landfill," "potential development of disposal capacity at other landfills," "extension of waste fees to residues from the processing of CDD," "potential statutory changes to the definition of 'waste generated within the State," and "operation of PERC past 2018;" (6) new and modified limits for various waste types; (7) the Finding of Fact that "the Department is not bound by the language of the OSA"; and (8) a new condition of approval to perform third party audits "focused on the nature and volume of processing residues being sent to Juniper Ridge Landfill."

In accordance with 38 M.R.S. §1305, municipalities "shall provide solid waste disposal services for domestic and commercial solid waste generated within the municipality." The purpose of the MRC's proposed integrated solid waste facility is to address the needs of its communities in accordance with §1305 and not to address the potential capacity needs from the various other waste streams originating from across the State and from out-of-state sources. The MRC can appreciate the difficulty in which the BGS and NEWSME are attempting to permit capacity, but this should not be compared to the MRC's capacity needs in any way. In fact, the MRC's proposal for 30 years is related to providing a secure disposal facility to coincide with a typical operational-life period for the proposed processing facility, and as described by the Legislature within their Declaration of policy (§1302), their preference for planning and implementation of solid waste management on a "regional" scale in order to achieve the necessary "economics of scale."

> "The Legislature further finds that needed municipal waste recycling and disposal facilities have not been developed in a timely and environmentally sound manner because of diffused responsibility for municipal waste planning, processing and disposal among numerous and overlapping units of local government. The Legislature also finds that direct state action is needed to assist municipalities in separating, collecting, recycling and disposing of solid waste, and that sound environmental policy and *economics of scale* dictate a preference for public solid waste management planning and implementation on a *regional* and state level."

38 MRS § 1302 [emphasis supplied].

As defined by 38 MRS §1310-AA(3)(A), "For purposes of this paragraph, ... 'long-term' means within the next 10 years." This reference to "long-term" as "10 years" appears to be for evaluation of capacity needs and not for setting a "10-year limit" as suggested by BGS and NEWSME. In fact, based on a review of previous PBD approvals, none of them appear to have a "10-year limit."

Characterization of Permitting Uncertainty and Time Requirements and Suggestion That These Should be Used in the PBD Evaluation Process

In the second page of the BGS and NEWSME letter, they suggest that uncertainty and time requirements for obtaining permit approvals for the JRL would be less than the MRC's proposed facility. Although the MRC recognizes the time required to obtain permit approvals is lengthy, the MRC may have sufficient time to perform the necessary permitting process with a PBD approval in September. For the reasons described in **Exhibit 1A**, the JRL does not and cannot meet the capacity needs of the MRC.