Veazie Town Council | **Special Meeting** | **April 13th, 2016**
6:00pm

AGENDA

ITEM 1: Call to Order

ITEM 2: Secretary to do the Roll Call

ITEM 3: Pledge of Allegiance

ITEM 4: Comments from the Public

<u>New Business:</u>

ITEM 5: Fiberight Presentation

ITEM 6: Comments from the Public

ITEM 7: Adjournment

Tammy Perry	Chris Bagley	Robert Rice	Karen Walker	David King
5 Prouty Dr	16 Silver Ridge	1116 Buck Hill Dr	1002 Mutton Ln	1081 Main St
947-9624	cbagley@veazie.net	942-3064	947-0458	942-2376

Agenda Items
For April 13, 2016
Special Council Meeting

ITEM 5: Executive Director Greg Louder from MRC will make a presentation on the Fiberight Proposal which the MRC Board of Directors are supporting to replace our current agreement with PERC which is set to expire in 2018.

MRC
Municipal Review Committee, Inc.
ENSURING AFFORDABLE, LONG TERM, ENVIRONMENTALLY SOUND DISPOSAL OF MSW

www.MRCMaine.org

The MRC Plan For 2018
The building of a next-generation materials recovery and conversion facility, with recovery of recyclables and conversion of organics to biomethane, in-house power and heating needs and other high-value products. This will help us increase recycling, decrease the volume of disposal and save time, travel and money with a single facility to serve our processing needs.

Who's Involved:
MRC - Advocacy & Oversight
Fiberight - Innovative Technology Partner
Covanta - Strong Financial & Technical Backing

Where Will It Be Built:
Hampden, ME

Evaluating The Options

	MRC/Fiberight	PERC Plan
Tipping Fees	$70/ton	$84.36/ton
Rate Guarantee	Yes- In writing	No
Rebates/Revenue Sharing	Yes- In writing	No
Organics Program Cost	Yes- included	No-billed extra
Out-Of-State Waste	Not allowed	Allowed
MRC Oversight	Yes	No
MRRA Endorsed	Yes	No
Total Tonnages	68,500	300
Committed Towns	60	1

Community Benefits Of MRC's Recommended Solution

- Predictable cost and budgeting formula
- One-stop location for municipal solid waste (MSW), organics & single-stream recyclables
- No change required to current trash and/or recycling programs
- Communities joining before deadline share in facility revenue
- Plan does not rely on or allow out-of-state waste
- Organics program does not require households to sort separately from trash and recycling

Project Timeline

- **Spring 2016:** Communities sign joinder agreements before deadline
- **Summer 2016:** Land purchased, roads & utilities construction begins
- **Fall 2016:** Site work and facility construction begins
- **April 1, 2018:** Facility ready to receive MSW

QUESTIONS?

Please contact: **Greg Lounder**, Executive Director
Phone: 207-664-1700
Email: glounder@mrcmaine.org

MRC
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We're asking for your continued support.

Veazie has been a member of the Municipal Review Committee (MRC) since 1991 and benefits from its oversight, experience and advocacy as it pertains to trash, recycling and municipal solid waste best practices.

The current MSW disposal arrangement terminates in 2018 and given its economic model in 2018, will not be viable past then.

Therefore a new solution is needed.

After an eight year effort, we have selected a solution that aligns with the current and future collective needs of our members.

But to ensure this opportunity becomes reality, we need commitment from all individual member municipalities.

Veazie will save money by signing up with the MRC and sending your MSW to Fiberight for processing.

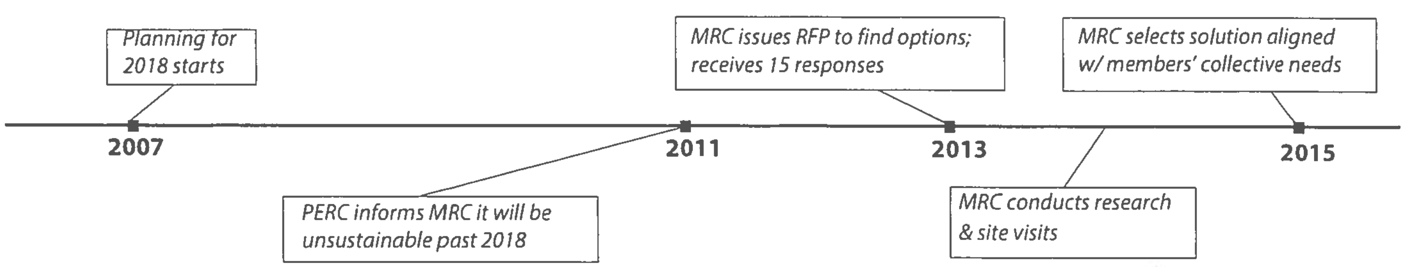
Who Is MRC?

MRC, the Municipal Review Committee, was formed by municipalities in 1991 and has played a critical role in ensuring our long-term, affordable and environmentally sound waste disposal ever since.

- 187 Communities
- Elected 9 Member Board
- 25 Year History

The Background

An eight year path to find the recommended solution for our future needs



MEMORANDUM

TO:	Greg Lounder, Executive Director, MRC
FROM:	George H. Aronson, Principal, CRMC /S/
RE:	Updated MRC Version of PERC Post-PPA Pro Forma
DATE:	16 February 2016

Per your direction and in response to inquiries from several towns, CRMC has reviewed further the economics of the PERC facility after the termination of the Power Purchase Agreement (PPA) in 2018. The analysis responds to the economic model results posted publicly by USA Energy on the Internet on the assumption that the PERC facility would process 200,000 tons per year of MSW. The model uses USA Energy's assumptions of tip fee revenues and electricity prices without adjustment, and incorporates USA Energy's allowances for non-operating income. The analysis is intended to incorporate generously plausible cost reductions associated with the lower level of tonnage being processed, but consistent with the history of actual operations and maintenance (O&M) costs actually experienced at the PERC facility. Costs are allocated between waste processing and boiler operations and electricity production, and between fixed and incremental costs, on the basis of past analyses performed by management staff at the PERC facility, with specific adjustments made as described below. The analysis and supporting information are provided in Exhibit A. Note the following regarding the analysis:

1. CRMC projects O&M costs for the PERC facility in 2018 (excluding non-operating costs) on the order of $22.9 million per year, as compared to $18.773 million per year in 2018 per USA Energy. PERC's O&M costs in 2015 were $26.58 million. CRMC does not accept that the PERC facility can cut both labor costs and O&M costs, many of which are fixed, by more than 30 percent on an ongoing basis as projected by USE Energy without a significant adverse impact on the performance of the facility, even with significant reductions in the amount of waste being processed. Note that the HDR Report, which had been commissioned and released by USA Energy, recommended that PERC *increase* its O&M spending after 2018 in order to sustain the condition of the facility. The projected cuts in budgeted O&M costs are of special concern if USA Energy would cycle the boilers as is its publicly stated intent. The HDR report did not evaluate a post 2018 operations plan that included processing and combusting less than 300,000 tons per year and cycling the boilers. Boiler cycling would go against standard practice in the waste-to-energy industry and could lead to substantial increases in O&M costs for the boilers and turbine and their components due to thermal cycle fatigue, accelerated creep and corrosion fatigue, and other factors.

2. USA Energy's plan to cycle the boilers would cause the PERC facility to increase its fuel oil consumption and costs. PERC must burn fuel oil each time a boiler is started up or shut down in order to maintain temperatures as required for complete combustion both (i) before waste

Municipal Review Committee

Exhibit A

PERC Facility Best Case Pro Forma Economics Post-2018

15-Feb-16

				2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Quantities													
MSW	***200,000***	Tons/y	0.0%	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
MRC towns	200,000	Tons/y	0.0%	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
In-state MSW		Tons/y	0.0%	-	-	-	-	-	-	-	-	-	-
Out-of-state MSW		Tons/y	0.0%	-	-	-	-	-	-	-	-	-	-
Electricity		MWh/y		109,025	109,025	109,025	109,025	109,025	109,025	109,025	109,025	109,025	109,025
Prices													
Tip fees													
Contract towns	$ 84.36	$/ton	2.0%	84	86	88	90	91	93	95	97	99	101
In-state MSW		$/ton	2.0%	-	-	-	-	-	-	-	-	-	-
Out-of-state MSW		$/ton	2.0%	-	-	-	-	-	-	-	-	-	-
Electricity	$ 48.27	$/MWh	2.0%	48	49	50	51	52	53	54	55	57	58
Revenues	*Same as USA Energy on-line pro forma*												
Tip fees													
MRC towns		$000/y		16,872	17,209	17,554	17,905	18,263	18,628	19,001	19,381	19,768	20,164
In-state MSW		$000/y		-	-	-	-	-	-	-	-	-	-
Out-of-state MSW		$000/y		-	-	-	-	-	-	-	-	-	-
Electricity		$000/y		5,263	5,368	5,476	5,585	5,697	5,811	5,927	6,046	6,166	6,290
Total				22,135	22,578	23,029	23,490	23,960	24,439	24,928	25,426	25,935	26,453
Expenses	*Based on 2011-2015 PERC actual operating costs and PERC-approved cost allocation and incremental cost factors*												
O&M - process													
Fixed expense	4,572	$000/y	2.0%	4,572	4,664	4,757	4,852	4,949	5,048	5,149	5,252	5,357	5,464
Variable expense	$ 26.10	$/ton	2.0%	5,220	5,325	5,431	5,540	5,651	5,764	5,879	5,997	6,117	6,239
O&M - power plant													
Fixed expense	7,475	$000/y	2.0%	7,475	7,625	7,777	7,933	8,092	8,254	8,419	8,587	8,759	8,934
Variable expense	$ 51.79	$/MWh	2.0%	5,646	5,759	5,874	5,992	6,111	6,234	6,358	6,486	6,615	6,748
Non-operating	1,726	$000/y	2.0%	1,726	1,761	1,796	1,832	1,869	1,906	1,944	1,983	2,023	2,063
Total		$000/y		24,641	25,133	25,636	26,149	26,672	27,205	27,749	28,304	28,870	29,448
Operating Gain (EBITDA)		$000/y		(2,506)	(2,556)	(2,607)	(2,659)	(2,712)	(2,766)	(2,822)	(2,878)	(2,936)	(2,994)
Loan interest		$000/y		(100)	(87)	(74)	(60)	(46)	(31)	(16)	-	-	-
Depreciation	Not shown	$000/y											
Net Income		$000/y		(2,606)	(2,643)	(2,681)	(2,719)	(2,758)	(2,798)	(2,838)	(2,878)	(2,936)	(2,994)
Depreciation	Not shown	$000/y											
Principal payments		$000/y		(317)	(329)	(342)	(356)	(370)	(385)	(401)	-	-	-
Capital expenditures	Assume financed	$000/y											
Net Cash Flow		$000/y		(2,922)	(2,972)	(3,023)	(3,075)	(3,129)	(3,183)	(3,238)	(2,878)	(2,936)	(2,994)
Debt assumptions				1	2	3	4	5	6	7	8	9	10
		Opening balance		2,500,000	2,183,476	1,854,291	1,511,939	1,155,892	785,604	400,504	-	-	-
Principal	2,500,000	Principal payment		(316,524)	(329,185)	(342,352)	(356,046)	(370,288)	(385,100)	(400,504)	-	-	-
Term (years)	7	Closing balance		2,183,476	1,854,291	1,511,939	1,155,892	785,604	400,504	-	-	-	-
Rate	4.0%	Interest payment		(100,000)	(87,339)	(74,172)	(60,478)	(46,236)	(31,424)	(16,020)	-	-	-
		Debt services		416,524	416,524	416,524	416,524	416,524	416,524	416,524	-	-	-

PERC Operating Expenses Before and After 2018	Posted PERC pro forma	MRC version of PERC pro forma	Variance	Percent Variance	PERC Actual 2015	PERC Actual 2014	PERC Actual 2013	PERC Actual 2012	PERC Actual 2011	PERC 2016 budget	2015 actual trended to 2016	5-year ACGR 2011-2015	5-year average 2011-2015	5-year maximum 2011-2015	5-year minimum 2011-2015
Fixed Expenses															
O&M fees	5,016,151														
ESOCO O&M fee	522,372														
O&M fee subtotal	5,538,523	8,137,511	(2,598,988)	-31.9%	7,930,285	7,859,664	7,700,171	7,186,481	6,970,675	8,365,000	8,137,511	2.6%	7,529,455	7,930,285	6,970,675
License fees	21,750	21,496	254	1.2%	19,977	20,139	21,863	21,679	13,849	26,000	21,496	7.6%	19,501	21,863	13,849
Electric power purchases	54,319	37,023	17,296	46.7%	39,574	76,206	97,649	24,869	55,226	118,800	37,023	-6.4%	58,705	97,649	24,869
Environmental compliance	102,700	148,656	(45,956)	-30.9%	148,656	95,093	104,519	81,259	81,212	178,700	148,656	12.9%	102,148	148,656	81,212
Equipment rentals	50,214	161,647	(111,433)	-68.9%	161,647	70,446	94,085	66,185	66,501	81,600	161,647	19.4%	91,773	161,647	66,185
Insurance - facility	394,431	370,473	23,958	6.5%	368,086	365,214	348,103	388,902	356,378	399,600	370,473	0.6%	365,337	388,902	348,103
Equipment maintenance	2,173,478	3,512,305	(1,338,827)	-38.1%	3,495,880	3,405,274	3,892,226	2,900,126	3,414,902	3,370,000	3,512,305	0.5%	3,421,682	3,892,226	2,900,126
Scheduled maintenance	159,278	325,128	(165,850)	-51.0%	325,128	223,454	874,386	646,177	601,160	600,000	325,128	-11.6%	534,061	874,386	223,454
Rolling stock maintenance	399,163	767,855	(368,692)	-48.0%	731,469	711,508	633,705	653,890	573,828	600,000	767,855	5.0%	660,880	731,469	573,828
Building/grounds maintenance	273,879	612,771	(338,892)	-55.3%	559,507	384,231	305,800	385,199	355,095	394,000	612,771	9.5%	397,966	559,507	305,800
Major maintenance/CMRA	2,219,375	3,416,929	(1,197,554)	-35.0%	2,997,093	3,568,147	4,119,392	3,274,104	3,125,910	3,805,000	2,971,973	-0.8%	3,416,929	4,119,392	2,997,093
Advertising/PR	11,204	7,434	3,770	50.7%	8,480	10,374	9,024	12,229	16,379	30,000	7,434	-12.3%	11,297	16,379	8,480
Real estate taxes	685,276	683,405	1,871	0.3%	671,739	634,515	615,566	622,420	616,326	720,000	683,405	1.7%	632,113	671,739	615,566
Accounting	45,683	59,310	(13,627)	-23.0%	57,155	42,289	53,600	49,590	47,500	60,000	59,310	3.8%	50,027	57,155	42,289
Legal expenses	43,453	47,530	(4,077)	-8.6%	58,502	60,960	94,045	151,123	165,277	180,000	47,530	-18.8%	105,981	165,277	58,502
Consultants	114,307	103,214	11,093	10.7%	125,543	160,361	(45,965)	121,791	334,252	240,000	103,214	-17.8%	139,196	334,252	(45,965)
Operating supplies	146,067	210,098	(64,031)	-30.5%	212,993	204,921	227,902	229,251	228,080	259,560	210,098	-1.4%	220,630	229,251	204,921
Telephone	10,470	9,143	1,327	14.5%	9,678	9,694	12,259	12,868	12,865	20,400	9,143	-5.5%	11,473	12,868	9,678
Travel	15,823	13,214	2,609	19.7%	13,167	14,651	10,018	9,854	12,934	24,000	13,214	0.4%	12,125	14,651	9,854
Training & education	36,154	59,230	(23,076)	-39.0%	59,230	33,476	34,576	34,434	31,643	76,400	59,230	13.4%	38,672	59,230	31,643
Freight	32,449	50,210	(17,761)	-35.4%	49,528	45,523	39,288	39,180	46,257	54,250	50,210	1.4%	43,955	49,528	39,180
Other	31,183	31,252	(69)	-0.2%	822	28,873	44,042	41,814	40,712	50,400	376	-54.2%	31,252	44,042	822
Subtotal	12,559,179	18,785,833	(6,226,654)	-33.1%	18,044,141	18,025,013	19,286,254	16,953,425	17,166,960	19,653,710	18,310,001	1.0%	17,895,159	19,286,254	16,953,425
Variable expenses															
City water/septic disposal	244,455	355,439	(110,984)	-31.2%	352,670	342,950	336,449	369,983	339,145	390,000	355,439	0.8%	348,239	369,983	336,449
Treatment chemicals	227,083	367,789	(140,706)	-38.3%	357,208	318,580	263,876	321,883	308,694	420,000	367,789	3.0%	314,048	357,208	263,876
Lime	487,586	652,576	(164,990)	-25.3%	675,029	716,691	732,851	797,017	799,427	921,901	652,576	-3.3%	744,203	799,427	675,029
Loader fuel, propane, heating oil	316,878	266,439	50,439	18.9%	280,815	444,555	438,617	418,386	365,204	402,000	266,439	-5.1%	389,515	444,555	280,815
Ash disposal	1,874,601	2,642,223	(767,622)	-29.1%	2,661,481	2,729,897	2,706,346	2,778,206	2,759,901	2,946,751	2,642,223	-0.7%	2,727,166	2,778,206	2,661,481
G&G disposal	1,924,930	2,798,497	(873,567)	-31.2%	2,810,527	2,783,249	2,565,299	2,684,332	2,871,460	2,707,126	2,798,497	-0.4%	2,742,974	2,871,460	2,565,299
Ferrous disposal	(83,492)	(91,312)	7,820	-8.6%	35,690	-	-	-	-	-			7,138	35,690	-
Non-ferrous disposal		-	-		-	-	-	-	-	-			-	-	-
Non-processibles disposal	1,606	-	1,606		0	-	-	-	-				-	-	-
Non-processibles grinding	374,299	750,296	(375,997)	-50.1%	676,822	538,353	627,533	395,837	404,281	796,625	750,296	10.9%	528,565	676,822	395,837
Supplemental fuel - wood	-	52,981	(52,981)	-100.0%	57,370	121,029	28,656	14,569	85,412	338,859	52,981	-7.7%	61,407	121,029	14,569
Supplemental fuel - fuel oil	516,221	1,261,309	(745,088)	-59.1%	630,654	825,156	813,405	810,117	1,200,864	944,221	554,435	-12.1%	856,039	1,200,864	630,654
Internal electric use - station load	-	-	-							-	-			-	-
Subtotal	5,884,167	9,056,236	(3,172,069)	-35.0%	8,538,266	8,820,460	8,513,032	8,590,330	9,134,388	9,867,483	8,440,674	-1.3%	8,719,295	9,134,388	8,513,032
Energy marketing expenses															
Energy consultant	50,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fed/state reg compliance	150,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency membership	25,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Power marketing fee	105,260	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EHV transmission service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal	330,260	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total operating expenses	18,773,606	27,842,069	(9,398,723)	-33.8%	26,582,407	26,845,473	27,799,287	25,543,755	26,301,348	29,521,193	26,750,675	0.2%	26,614,454	28,420,642	25,466,457
Tons processed	200,000	304,374	(104,374)	-34.3%	304,374	308,890	299,382	311,931	313,645						
$/ton processed	$ 93.87	$ 91.47	$ 2.39	2.6%	$ 87.33	$ 86.91	$ 92.86	$ 81.89	$ 83.86						

PENOBSCOT ENERGY RECOVERY COMPANY

Incremental Cost Analysis

02/15/16

304,374 tons/year
162,323 MWh/year

2015 actual

		Basis for Operations 2016	2.0% Escalated Basis 2018	Cost allocation ($) MSW processing	Cost allocation ($) Electricity generation	Cost allocation factors MSW processing	Cost allocation factors Electricity generation	Cost allocation per unit MSW processing ($/avg ton)	Cost allocation per unit Electricity generation ($/avg MWh)	Ratio of incremental cost to average cost MSW processing	Ratio of incremental cost to average cost Electricity generation	Incremental cost MSW processing ($/ton)	Incremental cost Electricity generation ($/MWh)
FIXED EXPENSES:													
Operations & Maintenance Fee		$ 8,137,511	$ 8,300,261	$ 3,877,096	$ 4,423,166	47%	53%	$ 12.74	$ 27.25	20%	20%	$ 2.55	$ 5.45
License Fees		$ 21,496	$ 21,925	$ 5,481	$ 16,444	25%	75%	$ 0.02	$ 0.10	0%	0%	$ -	$ -
Electric Power Purchases		$ 37,023	$ 37,763	$ -	$ 37,763	0%	100%	$ -	$ 0.23	0%	0%	$ -	$ -
Environmental Compliance		$ 148,656	$ 151,629	$ 60,652	$ 90,978	40%	60%	$ 0.20	$ 0.56	0%	0%	$ -	$ -
Equipment Rentals		$ 161,647	$ 164,880	$ 82,440	$ 82,440	50%	50%	$ 0.27	$ 0.51	0%	0%	$ -	$ -
Insurance-Facility		$ 370,473	$ 377,883	$ 148,448	$ 229,435	39%	61%	$ 0.49	$ 1.41	0%	0%	$ -	$ -
Equipment Maintenance		$ 3,512,305	$ 3,582,551	$ 2,023,947	$ 1,558,604	56%	44%	$ 6.65	$ 9.60	100%	100%	$ 6.65	$ 9.60
Scheduled Maintenance		$ 325,128	$ 331,631	$ -	$ 331,631	0%	100%	$ -	$ 2.04	0%	15%	$ -	$ 0.31
Rolling Stock Maintenance		$ 767,855	$ 783,212	$ 689,707	$ 93,505	88%	12%	$ 2.27	$ 0.58	100%	100%	$ 2.27	$ 0.58
Building/Ground Maintenance		$ 612,771	$ 625,026	$ 218,759	$ 406,267	35%	65%	$ 0.72	$ 2.50	0%	0%	$ -	$ -
Major Maintenance - CMRA		$ 3,416,929	$ 3,485,268	$ 1,024,057	$ 2,461,211	29%	71%	$ 3.36	$ 15.16	82%	68%	$ 2.77	$ 10.33
Advertising/P.R.		$ 7,434	$ 7,583	$ 3,792	$ 3,792	50%	50%	$ 0.01	$ 0.02	0%	0%	$ -	$ -
Real Estate Taxes		$ 683,405	$ 697,073	$ 243,976	$ 453,098	35%	65%	$ 0.80	$ 2.79	0%	0%	$ -	$ -
Accounting		$ 59,310	$ 60,496	$ 30,248	$ 30,248	50%	50%	$ 0.10	$ 0.19	0%	0%	$ -	$ -
Legal Expense		$ 47,530	$ 48,480	$ 24,240	$ 24,240	50%	50%	$ 0.08	$ 0.15	0%	0%	$ -	$ -
Consultants		$ 103,214	$ 105,278	$ 52,639	$ 52,639	50%	50%	$ 0.17	$ 0.32	0%	0%	$ -	$ -
Operating Supplies		$ 210,098	$ 214,300	$ 85,720	$ 128,580	40%	60%	$ 0.28	$ 0.79	100%	100%	$ 0.28	$ 0.79
Telephone		$ 9,143	$ 9,326	$ 4,663	$ 4,663	50%	50%	$ 0.02	$ 0.03	0%	0%	$ -	$ -
Travel		$ 13,214	$ 13,478	$ 6,739	$ 6,739	50%	50%	$ 0.02	$ 0.04	0%	0%	$ -	$ -
Training & Education		$ 59,230	$ 60,415	$ 15,104	$ 45,311	25%	75%	$ 0.05	$ 0.28	0%	0%	$ -	$ -
Freight		$ 50,210	$ 51,214	$ 20,486	$ 30,728	40%	60%	$ 0.07	$ 0.19	0%	0%	$ -	$ -
Other		$ 31,252	$ 31,877	$ 15,939	$ 15,939	50%	50%	$ 0.05	$ 0.10	0%	0%	$ -	$ -
TOTAL FIXED EXPENSES		$ 18,785,833	$ 19,161,550	$ 8,634,131	$ 10,527,418	46.0%	54.0%	$ 28.37	$ 64.85	51.2%	41.7%	$ 14.52	$ 27.06
					$ 19,161,550								
VARIABLE EXPENSES:													
City Water/Septic Disposal		$ 355,439	$ 362,548	$ 18,127	$ 344,420	5%	95%	$ 0.06	$ 2.12	0%	100%	$ -	$ 2.12
Treatment Chemicals		$ 367,789	$ 375,145	$ 93,786	$ 281,359	25%	75%	$ 0.31	$ 1.73	0%	100%	$ -	$ 1.73
Lime		$ 652,570	$ 665,627	$ -	$ 665,627	0%	100%	$ -	$ 4.10	100%	100%	$ -	$ 4.10
Loader Fuel, Propane, Heating Oil		$ 266,439	$ 271,767	$ 244,591	$ 27,177	90%	10%	$ 0.80	$ 0.17	0%	100%	$ -	$ 0.17
Ash Disposal		$ 2,642,223	$ 2,695,067	$ -	$ 2,695,067	0%	100%	$ -	$ 16.60	0%	100%	$ -	$ 16.60
O&G Disposal		$ 2,798,497	$ 2,854,467	$ 2,854,467	$ -	100%	0%	$ 9.38	$ -	100%	0%	$ 9.38	$ -
Ferrous Disposal		$ (91,312)	$ (93,138)	$ (93,138)	$ -	100%	0%	$ (0.31)	$ -	100%	0%	$ (0.31)	$ -
Non-Ferrous Disposal		$ -	$ -	$ -	$ -	100%	0%	$ -	$ -	100%	0%	$ -	$ -
Non-Proc Disposal		$ 750,296	$ 765,302	$ 765,302	$ -	100%	0%	$ 2.51	$ -	100%	0%	$ 2.51	$ -
Suppl. Fuel-Wood/RDF/TDF		$ 52,981	$ 54,040	$ -	$ 54,040	0%	100%	$ -	$ 0.33	0%	0%	$ -	$ -
Supplemental Fuel - Fuel Oil		$ 1,261,309	$ 1,286,535	$ -	$ 1,286,535	0%	100%	$ -	$ 7.93	0%	0%	$ -	$ -
TOTAL VARIABLE EXPENSES		$ 9,058,236	$ 9,237,360	$ 3,883,135	$ 5,354,226	43%	57%	$ 12.76	$ 32.99			$ 11.59	$ 24.73
TOTAL OPERATING EXPENSES		$ 27,842,069	$ 28,398,910	$ 12,517,266	$ 15,881,644	45%	55%	$ 41.12	$ 97.84	63%	53%	$ 26.10	$ 51.79
NON-OPERATING (INCOME) EXPENSE													
Investment Income	OH	$ (8,000)	$ (8,120)	$ (2,666)	$ (3,454)	44%	56%	$ (0.01)	$ (0.02)	0%	0%	$ -	$ -
Depreciation	Capital	$ 3,474,000	$ 3,543,480	$ 1,543,833	$ 1,999,647	44%	56%	$ 5.07	$ 12.32	0%	0%	$ -	$ -
Amortization - Financing	OH	$ 11,580	$ 11,812	$ 5,146	$ 6,665	44%	56%	$ 0.02	$ 0.04	0%	0%	$ -	$ -
Amortization - OID	OH	$ -	$ -	$ -	$ -	44%	56%	$ -	$ -	0%	0%	$ -	$ -
Bond Interest	OH	$ 75,890	$ 77,408	$ 33,725	$ 43,683	44%	56%	$ 0.11	$ 0.27	0%	0%	$ -	$ -
Bank Fees (Trustee fee)	OH	$ -	$ -	$ -	$ -	44%	56%	$ -	$ -	0%	0%	$ -	$ -
Interest (Accretion)	OH	$ 48,396	$ 49,364	$ 21,507	$ 27,857	44%	56%	$ 0.07	$ 0.17	0%	0%	$ -	$ -
FAME Fees	OH	$ -	$ -	$ -	$ -	44%	56%	$ -	$ -	0%	0%	$ -	$ -
Legal-Bank Relations	OH	$ -	$ -	$ -	$ -	44%	56%	$ -	$ -	0%	0%	$ -	$ -
Management Fees	OH	$ 929,280	$ 947,866	$ 412,969	$ 534,897	44%	56%	$ 1.36	$ 3.30	0%	0%	$ -	$ -
Other Non-Op Inc/Exp	OH	$ 690,000	$ 703,800	$ 306,633	$ 397,167	44%	56%	$ 1.01	$ 2.45	0%	0%	$ -	$ -
TOTAL NON-OPERATING EXPENSES		$ 5,223,146	$ 5,327,609	$ 2,321,147	$ 3,006,462	44%	56%	$ 7.63	$ 18.52			$ -	$ -
TOTAL EXPENSES		$ 33,065,215	$ 33,726,519	$ 14,838,413	$ 18,888,106	45%	55%	$ 48.75	$ 116.36			$ 26.10	$ 51.79

SUMMARY OF OPERATING EXPENSES AND INCREMENTAL COST ALGORITHM

			Approved Operating Budget 2016	Escalated Operating Budget 2018	Cost allocation ($) MSW processing	Cost allocation ($) Electricity generation	Cost allocation per unit MSW processing ($/avg ton)	Cost allocation per unit Electricity generation ($/avg MWh)	Fixed cost MSW processing ($/ton)	Fixed cost Electricity generation ($/MWh)	Incremental cost MSW processing ($/ton)	Incremental cost Electricity generation ($/MWh)
Tons/year	304,374	Fixed Expenses	$ 18,785,833	$ 19,161,550	$ 8,634,131	$ 10,527,418	$ 28.37	$ 64.85	$ 13.65	$ 37.79	$ 14.52	$ 27.06
MWh/year	162,323	Variable expenses	$ 9,058,236	$ 9,237,360	$ 3,883,135	$ 5,354,226	$ 12.76	$ 32.99	$ 1.17	$ 8.26	$ 11.59	$ 24.73
		Non-operating (inc) Expense	$ 5,223,146	$ 5,327,609	$ 2,321,147	$ 3,006,462	$ 7.63	$ 18.52	$ 7.63	$ 18.52	$ -	$ -
		Total expenses	$ 33,065,215	$ 33,726,519	$ 14,838,413	$ 18,888,106	$ 48.75	$ 116.36	$ 22.66	$ 64.57	$ 26.10	$ 51.79

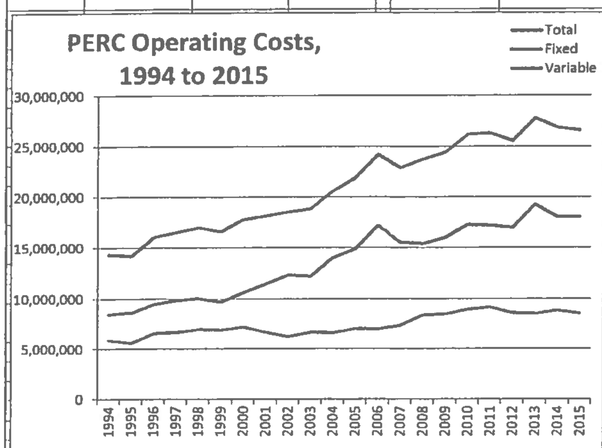
	Total Fixed Cost	Total Variable Cost	MSW Processing Fixed Cost	MSW Processing Variable Cost	Electricity generation Fixed Cost	Electricity generation Variable Cost	Fixed cost MSW processing ($/ton)	Fixed cost Electricity generation ($/MWh)	Incremental cost MSW processing ($/ton)	Incremental cost Electricity generation ($/MWh)
Fixed Expenses	$ 10,350,732	$ 8,810,817	4,215,857	4,418,274	6,134,876	4,392,543				
Variable expenses	$ 1,697,080	$ 7,540,281	356,504	3,526,630	1,340,575	4,013,650				
Non-operating (inc) Expense	$ 5,327,609	$ -	2,321,147	-	3,006,462	-	$ 21.08	$ 58.27	$ 14.52	$ 27.06
Total expenses	$ 17,375,421	$ 16,351,098	$ 6,893,508	$ 7,944,905	$ 10,481,913	$ 8,406,193	$ 1.78	$ 12.30	$ 11.59	$ 24.73
	$ 33,726,519		$ 14,838,413		$ 18,888,106		$ 11.61	$ 27.58	$ -	$ -
	52%	48%	46%	54%	55%	45%	$ 34.47	$ 96.14	$ 26.10	$ 51.79

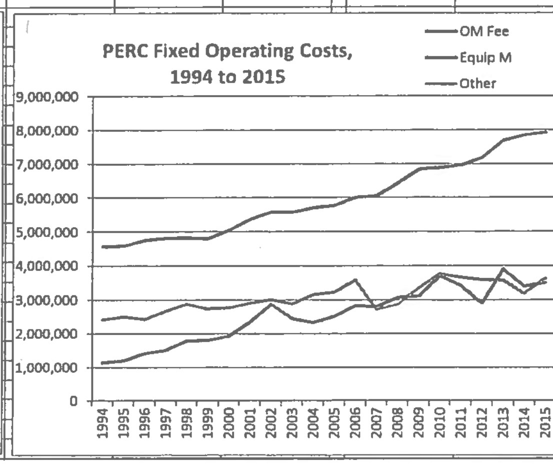
			Total Fixed Cost	Total Variable Cost	MSW Processing Fixed Cost	MSW Processing Variable Cost	Electricity generation Fixed Cost	Electricity generation Variable Cost	MSW All cost	Elec gen All cost
Tons/year	200,000									
MWh/year	109,025									
	16,204,194	Fixed Expenses	10,350,732	5,853,461	4,215,857	2,903,188	6,134,876	2,950,274	7,119,044	9,085,149
556,000	6,710,169	Variable expenses	1,697,080	5,013,089	356,504	2,317,301	1,340,575	2,695,789	2,673,805	4,036,384
23,470	22,914,363		12,047,812	10,866,551	4,572,361	5,220,488	7,475,451	5,646,062	9,792,850	13,121,513
	5,327,609	Non-operating (inc) Expense	5,327,609	-	2,321,147	-	3,006,462	-	2,321,147	3,006,462
	28,241,972	Total expenses	17,375,421	10,866,551	6,893,508	5,220,488	10,481,913	5,646,062	12,113,996	16,127,975
			28,241,972		12,113,996		16,127,975		28,241,972	

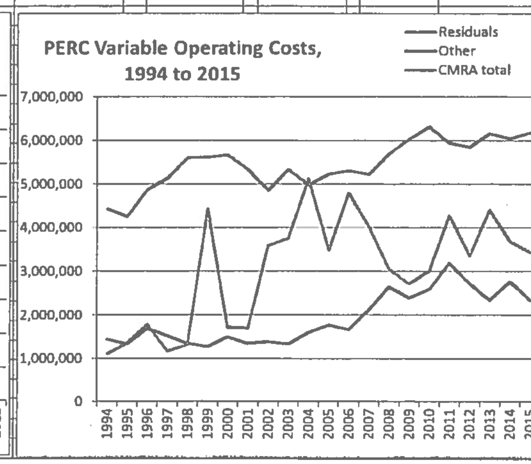
PERC O&M Costs

Data from PERC Monthly Performance Reports and Year-End Reports

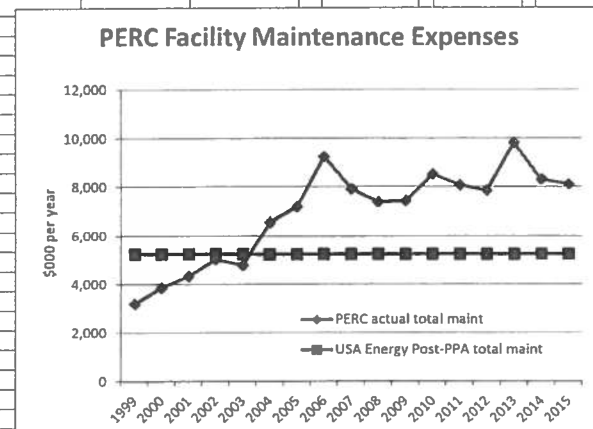
	Total operating expenses			Fixed expense					Variable expense						
					ESOCO labor	No SM,RS,BM	CMRA	W/o non-op				CMRA	CMRA		Total in
	Total	Fixed	Variable	Total	OM Fee	Equip M	Major Maint	Other	Total	Residuals	Other	capital	total	CPI-U	2015$
1994	14,319,805	8,438,496	5,881,309	8,438,496	4,565,748	1,148,630	300,058	2,424,061	5,881,309	4,436,171	1,445,138	805,732	1,105,790	149.4	22,806,733
1995	14,166,606	8,581,647	5,584,959	8,581,647	4,584,557	1,201,329	295,225	2,500,537	5,584,959	4,253,355	1,331,604	1,063,959	1,359,184	153.2	22,003,088
1996	16,034,709	9,461,347	6,573,362	9,461,347	4,757,977	1,413,034	864,783	2,425,552	6,573,362	4,879,690	1,693,672	918,308	1,783,091	157.8	24,178,573
1997	16,511,397	9,847,761	6,663,636	9,847,761	4,810,670	1,506,451	856,989	2,673,651	6,663,636	5,137,112	1,526,525	308,680	1,165,669	161.2	24,372,236
1998	16,999,209	10,046,144	6,953,065	10,046,144	4,822,168	1,783,427	555,384	2,885,165	6,953,065	5,604,607	1,348,458	767,120	1,322,504	163.6	24,724,186
1999	16,582,137	9,692,750	6,889,387	9,692,750	4,801,296	1,803,899	351,866	2,735,688	6,889,387	5,614,323	1,275,064	4,074,594	4,426,460	167.9	23,499,920
2000	17,790,738	10,604,366	7,186,372	10,604,366	5,042,498	1,926,022	869,216	2,766,630	7,186,372	5,677,465	1,508,906	852,893	1,722,109	173.7	24,370,853
2001	18,142,765	11,457,822	6,684,943	11,457,822	5,381,227	2,345,868	816,463	2,914,263	6,684,943	5,335,326	1,349,616	883,430	1,699,893	178.3	24,211,891
2002	18,556,061	12,306,235	6,249,826	12,306,235	5,591,751	2,876,312	819,823	3,018,349	6,249,826	4,860,126	1,389,700	2,770,073	3,589,896	181.0	24,394,044
2003	18,854,508	12,183,096	6,671,412	12,183,096	5,586,480	2,445,166	1,269,753	2,881,697	6,671,412	5,333,906	1,337,506	2,487,991	3,757,744	185.2	24,224,276
2004	20,583,333	13,990,020	6,593,313	13,990,020	5,720,322	2,334,718	2,776,441	3,158,539	6,593,313	4,988,288	1,605,025	2,348,466	5,124,907	189.9	25,790,949
2005	21,885,743	14,875,782	7,009,961	14,875,782	5,779,251	2,510,858	3,356,931	3,228,742	7,009,961	5,232,363	1,777,598	128,945	3,485,876	198.8	26,195,187
2006	24,203,513	17,217,837	6,985,676	17,217,837	6,014,591	2,819,635	4,800,556	3,583,054	6,985,676	5,308,347	1,677,329	-	4,800,556	202.9	28,383,957
2007	22,867,719	15,519,727	7,347,992	15,519,727	6,060,916	2,791,955	3,944,879	2,721,977	7,347,992	5,222,947	2,125,045	78,492	4,023,371	208.5	26,098,419
2008	23,730,824	15,381,983	8,348,841	15,381,983	6,440,507	3,070,563	2,997,265	2,873,648	8,348,841	5,699,829	2,649,012	57,975	3,055,240	218.8	25,809,276
2009	24,416,005	15,981,276	8,434,729	15,981,276	6,843,007	3,115,820	2,677,901	3,344,548	8,434,729	6,033,237	2,401,492	35,648	2,713,549	216.0	26,900,464
2010	26,176,088	17,262,400	8,913,688	17,262,400	6,883,024	3,708,423	2,916,333	3,754,620	8,913,688	6,318,098	2,595,590	96,988	3,013,321	218.4	28,513,540
2011	26,301,348	17,166,960	9,134,388	17,166,960	6,970,675	3,414,902	3,125,910	3,655,473	9,134,388	5,946,921	3,187,467	1,156,442	4,282,352	226.9	27,582,978
2012	25,543,755	16,953,425	8,590,330	16,953,425	7,186,481	2,900,126	3,274,104	3,592,714	8,590,330	5,858,376	2,731,954	86,353	3,360,457	231.4	26,265,449
2013	27,799,286	19,286,254	8,513,032	19,286,254	7,700,171	3,892,226	4,119,392	3,574,465	8,513,032	6,163,675	2,349,357	290,000	4,409,392	234.1	28,249,965
2014	26,845,501	18,025,041	8,820,461	18,025,041	7,859,684	3,405,274	3,568,147	3,191,936	8,820,461	6,051,499	2,768,961	115,559	3,683,706	238.0	26,835,802
2015	26,582,408	18,044,142	8,538,266	18,044,142	7,930,285	3,495,881	2,997,093	3,620,883	8,538,266	6,184,521	2,353,745	437,278	3,434,371	237.9	26,582,408
Growth															
5-yr	1.6%	4.5%	-4.2%	4.5%	15.2%	-5.7%	2.8%	-3.6%	-4.2%	-2.1%	-9.3%		14.0%	8.9%	-6.8%
10-yr	21.5%	21.3%	21.8%	21.3%	37.2%	39.2%	-10.7%	12.1%	21.8%	18.2%	32.4%		-1.5%	19.7%	1.5%
20-yr	49.4%	70.2%	18.8%	70.2%	57.3%	81.5%	244.8%	30.9%	18.8%	8.9%	56.0%		99.4%	37.0%	9.1%
94-99	15.8%	14.9%	17.1%	14.9%	5.2%	57.0%	17.3%	12.9%	17.1%	26.6%	-11.8%		300.3%	12.4%	3.0%
ACGR															
5-yr	0.3%	0.9%	-0.9%	0.9%	2.9%	-1.2%	0.5%	-0.7%	-0.9%	-0.4%	-1.9%		2.7%	1.7%	-1.4%
10-yr	2.0%	1.9%	2.0%	1.9%	3.2%	3.4%	-1.1%	1.2%	2.0%	1.7%	2.8%		-0.1%	1.8%	0.1%
20-yr	2.0%	2.7%	0.9%	2.7%	2.3%	3.0%	6.4%	1.4%	0.9%	0.4%	2.2%		3.5%	1.6%	0.4%
94-99	3.0%	2.8%	3.2%	2.8%	1.0%	9.4%	3.2%	2.4%	3.2%	4.8%	-2.5%		32.0%	2.4%	0.6%

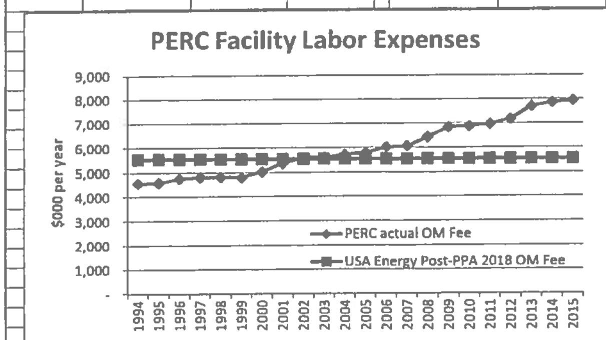


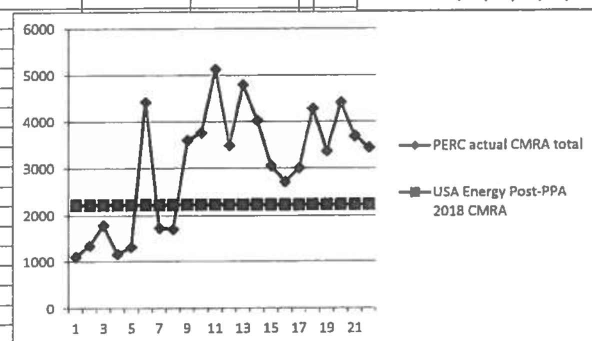




	PERC actual OM Fee	USA Energy Post-PPA 2018 OM Fee	PERC actual CMRA total	USA Energy Post-PPA 2018 CMRA	PERC actual total maint	USA Energy Post-PPA total maint
1994	4,565.75	5,539	1,105.79	2,219		
1995	4,584.56	5,539	1,359.18	2,219		
1996	4,757.98	5,539	1,783.09	2,219		
1997	4,810.67	5,539	1,165.67	2,219		
1998	4,822.17	5,539	1,322.50	2,219		
1999	4,801.30	5,539	4,426.46	2,219	3,206	5,225
2000	5,042.50	5,539	1,722.11	2,219	3,848	5,225
2001	5,381.23	5,539	1,699.89	2,219	4,341	5,225
2002	5,591.75	5,539	3,589.90	2,219	5,020	5,225
2003	5,586.48	5,539	3,757.74	2,219	4,790	5,225
2004	5,720.32	5,539	5,124.91	2,219	6,555	5,225
2005	5,779.25	5,539	3,485.88	2,219	7,172	5,225
2006	6,014.59	5,539	4,800.56	2,219	9,257	5,225
2007	6,060.92	5,539	4,023.37	2,219	7,914	5,225
2008	6,440.51	5,539	3,055.24	2,219	7,373	5,225
2009	6,843.01	5,539	2,713.55	2,219	7,416	5,225
2010	6,883.02	5,539	3,013.32	2,219	8,501	5,225
2011	6,970.68	5,539	4,282.35	2,219	8,071	5,225
2012	7,186.48	5,539	3,360.46	2,219	7,859	5,225
2013	7,700.17	5,539	4,409.39	2,219	9,826	5,225
2014	7,859.68	5,539	3,683.71	2,219	8,293	5,225
2015	7,930.29	5,539	3,434.37	2,219	8,109	5,225







Municipality Veazie

Use of Reserve Funds to Buy Down the Tipping Fee

Tip Fee Stabilization Fund@ $25M 109 ($000)

650	tons per year MSW
2.0%	per year CPI inflation
1x	escalation per year

650	tons per year MSW
2.0%	per year CPI inflation
1x	escalation per year

	MWP/USA Energy/PERC Tip Fees			MRC System Tip Fees			Variance: PERC vs. MRC			
	USA Energy Tip Fee	Disposal costs ($000)	Cumulative Disposal costs ($000)	MRC syster Tip Fee	Disposal costs ($000)	Cumulative Disposal costs ($000)	Tip Fee	Variance ($000)	Cumulative Variance ($000)	
2018	$ 84.36	55	55	$ 70.00	46	46	$ 14.36	9	9	Year 0
2019	$ 86.05	56	111	$ 71.40	46	92	$ 14.65	10	19	Year 1
2020	$ 87.77	57	168	$ 72.83	47	139	$ 14.94	10	29	Year 2
2021	$ 89.52	58	226	$ 74.28	48	188	$ 15.24	10	38	Year 3
2022	$ 91.31	59	285	$ 75.77	49	237	$ 15.54	10	49	Year 4
2023	$ 93.14	61	346	$ 77.29	50	287	$ 15.85	10	59	Year 5
2024	$ 95.00	62	408	$ 78.83	51	338	$ 16.17	11	69	Year 6
2025	$ 96.90	63	471	$ 80.41	52	391	$ 16.50	11	80	Year 7
2026	$ 98.84	64	535	$ 82.02	53	444	$ 16.83	11	91	Year 8
2027	$ 100.82	66	600	$ 83.66	54	498	$ 17.16	11	102	Year 9
2028	$ 102.83	67	667	$ 85.33	55	554	$ 17.50	11	114	Year 10
2029	$ 104.89	68	735	$ 87.04	57	610	$ 17.85	12	125	Year 11
2030	$ 106.99	70	805	$ 88.78	58	668	$ 18.21	12	137	Year 12
2031	$ 109.13	71	876	$ 90.55	59	727	$ 18.58	12	149	Year 13
2032	$ 111.31	72	948	$ 92.36	60	787	$ 18.95	12	161	Year 14
2033	$ 113.54	74	1,022	$ 94.21	61	848	$ 19.33	13	174	Year 15
	Total	1,022		Total	848		Total	174		
2.0%	NPV	860		NPV	714		NPV	146		
	MWP/USA Energy/PERC Tip Fees			MRC System Tip Fees			COMPARISON			

MRC system tip fees are lower
Reserves Balance: 109 ($000)
MRC system savings exceed amount in reserves
Savings are paid back in 9 years at $84.36 and 4.5 years at $104.36