



## Penobscot Energy Recovery Company

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ESOCO ORRINGTON, LLC.  
Plant Operator

### ***Frequently Asked Questions from Regional Meetings Waterville 1/26/16, Brewer 1/27/16 & Thomaston 1/28/16***

#### ***What kind of shape is the PERC facility in and how long can it keep running?***

The plant is in great shape. We have invested over \$110 million dollars in it over the past 10 years, and our employees have done a great job operating and maintaining it. HDR, Inc. an international engineering firm did a thorough evaluation of the plant last year and said that it's good to operate for at least another 20 years. They praised our employees as a "highly trained and seasoned crew" and noted their longevity and comprehensive knowledge of the plant's operations.

#### ***What about the technology? Is it still good?***

Absolutely, and we've got 28 years of operating history to prove it. There are more than 20 waste-to-energy plants like PERC in the planning stage, under construction or just coming online and 84 WTE plants operating in 23 states. Ours is still the best technology available for keeping post-recycled waste out of landfills and generating renewable power.

#### ***Can PERC be financially viable after its above-market contract with Emera ends in 2018?***

Yes. We have been planning for post-2018 for many years. We've created a detailed financial model, and we would be happy to share it with you.

What most people don't realize is that our power contract has been both a blessing and a curse. Yes, we have made good money on the contract – much of which has been rebated back to Emera and the towns we serve – but we also have had to run the plant at full capacity almost all the time. In addition, under the current contract we get the same price for every kilowatt, regardless of the time of year, or whether it was produced in the middle of the day or the middle of the night.

Once we are free of that contract in 2018 we can operate at lower volumes of waste, and we can time our power generation to sell electricity when rates are at their highest. Moreover, we will no longer need out-of-state waste to meet our power contract when volumes are low in Maine (after seasonal residents and summer visitors have gone home).

Also very important – our debt on the construction of the plant will be totally paid off in 2018.

#### ***So, can PERC operate with less tonnage?***

Yes. The plant design, equipment, and personnel are fully able to operate with less tonnage and still be in full compliance with all of its environmental permits. Our financial models are based on operating with about 200,000 of trash a year, about 90 - 100,000 from municipal waste and the rest from commercial sources.

***Will adjusting power production during the day negatively affect the equipment at the plant?***

No. We have two boilers, and we can operate only one if we need to. We will keep both warm and ready all the time – it’s called “hot functional” – so it’s not like we will be repeatedly switching between hot and cold, which would not be good. We generate our own power to run the plant, so there is always a need to be making steam.

***Is PERC asking Charter Municipalities to use their Tipping Fee Stabilization Fund to cover any of the plant’s costs?***

No. That’s your money, and you can use it however you want. Each municipality owns their share of the Fund, which is being held in trust for them by the MRC. You can use it to write down your future tipping fees – a likely savings of about \$20/ton for ten years – or you can buy a new fire truck – whatever makes sense for your municipality.

***Will Equity Charter Municipalities continue to receive a portion of any profits PERC make as part of their ownership interest in the plant?***

Yes. Equity Charter Municipalities collectively own 23% of PERC. That won’t change after 2018, even if they sign onto the MRC/Fiberight plan – although such towns will essentially be committing to building a new \$80 million plant to compete with one they already own.

***Will PERC require a guaranteed tonnage (GAT), a put-or-pay obligation, flow control or a penalty for under-delivery of MSW?***

No, none of those things are in our agreements – not one. We are simply asking that a municipality that contracts with us deliver to PERC the MSW under its control, after recycling and composting. If you sign a contract with us and then decide to send half your MSW somewhere else, that’s problem. But if you decide to adopt a more aggressive recycling that will result in less MSW coming to PERC, just give us a heads-up – there’s no penalty.

***Will PERC’s tipping fee change over the term of the contact?***

The fee under both our 10- and 15-year contract will change only once a year, in line with the annual change in the Consumer Price Index, which can go up, down, or stay the same. We used to split the annual CPI increase into four quarterly increases, but that is confusing to folks so we will now go with just one annual increase.

***What if for some reason PERC can’t take our MSW?***

PERC has a contract with Casella to directly bypass this waste to the Juniper Ridge Landfill for disposal at \$60 per ton. PERC will pass that price on to the municipalities if they are directed to use JRL because PERC is down for maintenance or some unforeseen problem.

***Isn’t Juniper Ridge going to run out of capacity in a few years?***

All landfills in the state are facing capacity issues, but JRL, which is owned by the state and operated by Casella, is the only one that has an application pending with the Maine DEP to expand its capacity. We are confident that this application will be approved well before JRL runs out of capacity.

***How do you respond to those who say PERC was a “leap of faith” when it was first proposed 30 years ago and the Fiberight proposal is no different today?***

There’s a big difference. Waste to energy plants like PERC had been around for 10 years when PERC was first proposed. It was proven technology, and the last 30 years have certainly demonstrated that it works. Except for a small demonstration project in Virginia, there is no Fiberight plant operating anywhere in North America, so the one proposed for Maine would be the very first – and a very risky gamble.