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May 13, 2025

Senator Denise Tepler
Representative Lori Gramlich
100 State House Station
Augusta, ME 04333

RE: Follow up to May 7 work session on LDs 297 and 1349

To the Members of the Joint Standing Committee on Environment and Natural Resources:

On behalf of our client, Casella Waste Systems, Inc. ("Casella"), I appreciate the opportunity to provide you with additional information in response to questions posed by the Committee on LDs 297 and 1349.

Termination of Biosolids Disposal Contracts

As noted in our letter of May 6th, Casella provides services to 36 wastewater districts throughout Maine for hauling and/or disposing of wastewater biosolids. For 34 of those districts, there is a contract between Casella and the district for a specific term. These contracts require the wastewater district to provide Casella with all of its biosolids, but do not require a minimum amount. Each contract has a severability clause that reads as follows:

Severability; Modification Required By Law. If any term or provision of this Agreement shall be found by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions thereof or hereof or the whole of this Agreement, but such term or provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the Intent and agreement of the parties herein set forth.

Termination is allowed only in four specific circumstances – rejection by the wastewater district of a rate adjustment, breach, material misrepresentation, or mutual written agreement. Assuming a wastewater district wished to prematurely terminate its contractual obligation, Casella would have a right to recover damages under the contract. Those decisions likely would be made on an individual basis.

Wastewater districts generally issue RFPs for biosolids disposal for a three to five year period. Biosolids haulers and processors in Maine (among them Agresource, Casella, RMI and Waste Management) formulate bids by building out a cost analysis for collecting and disposing the anticipated amount of biosolids over the proposed term. The bid includes costs for transportation, employees, guaranteed capacity commitments, back-up capacity commitments, logistics, and compliance. The winning bidder must make capital investments and, in some cases, enter into subsidiary contracts to ensure collection and disposal services can be provided for the specified time.

As with any contract, obligations are mutually binding upon both parties. That obligation is not relieved, much less removed, at any point during the period that the two parties are in privity of contract, absent specific language in the contract allowing for an early termination. During the biosolids crisis of 2023, Casella could not have reneged on those contracts without facing significant legal repercussions, irrespective of whether doing so would have been less expensive.

Host Community Benefits

Please see the attached documents that highlight some of the investments Casella has made in the communities around the Juniper Ridge Landfill, and the state at large.

Sincerely,



Newell A. Augur

Enclosures

cc: Melanie Loyzim, DEP Commissioner
Anya Trundy, DAFS Deputy Commissioner
Amanda Smith, Maine Environmental Water Association
Brad Sawyer, Maine Rural Water Association