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August 26, 2010

By Hand Delivery

Ms. Ann Cole, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

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COMMISSION
CLERK

Re: Docket 100385 - E U
Petition for Determination of Need for Expansion of an Existing Renewable Energy
Electrical Power Plant in Palm Beach County by Solid Waste Authority of Palm Beach
County

Dear Ms. Cole:

Enclosed for filing in on behalf of the Solid Waste Authority of Palm Beach County
please find an original and 15 copies of the following:

1. Direct Testimony of Marc C. Bruner - 07140-10
2. Direct Testimony of Daniel J. Pellowitz and Exhibit DJP-1 - 07141-10
3. Direct Testimony of Frank Seidman and Exhibit FS-1 - 07142-10

Please acknowledge receipt of the enclosed documents by stamping the extra copy of this
letter "filed" and returning the copy to me.

Thank you for your assistance with this filing and please do not hesitate to contact me if
you have any questions.

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Sincerely
Marsha E. Rule
Marsha E. Rule

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07141 AUG 26 0
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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DIRECT TESTIMONY

OF

DANIEL J. PELLOWITZ

ON BEHALF OF

THE SOLID WASTE AUTHORITY OF PALM BEACH COUNTY

IN RE:

MODIFICATION TO DETERMINATION OF NEED

Q. Would you please state your name, occupation and business address?

A. My name is Daniel J. Pellowitz. I'm the Assistant to the Executive Director of the Solid Waste Authority of Palm Beach County, with offices at 7501 North Jog Road, West Palm Beach, Florida 33412 (the "Authority").

Q. Briefly, what is your educational background and experience?

A. I hold a BS degree in Quantitative Business Analysis from Penn State University. I also hold an MBA from Florida Atlantic University. I have over 20 years of financial, analytical, strategic planning and managerial experience including over 19 years with the Authority, one of the largest and most successful integrated solid waste management systems in the nation.

I am responsible for assisting the Authority's Executive Director in administration and management matters; acting on his behalf in his absence; providing guidance in the development and implementation of Authority projects; coordinating interdepartmental activities; leading, developing and presenting financial and strategic analyses of solid waste management and recycling alternatives; and, reviewing and commenting on issues

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1 which may affect Authority functions. I have developed and/or updated numerous
2 models, plans and studies including the Integrated Solid Waste Management Plan. I have
3 performed dozens of financial feasibility studies covering all aspects of the Authority's
4 Integrated Solid Waste Management System including collection, transportation,
5 recycling, composting, landfilling, waste-to-energy and overall system financing. My
6 responsibilities include the monitoring, analysis, modification and updating as and when
7 appropriate of the Authority's programs for dealing with MSW processing and disposal
8 and planning for the changing MSW needs of the Authority in this dynamic process.

9
10 For the past 15 years I have been principally responsible for the Authority's waste
11 forecasting and landfill life projections which form the foundation of the Authority's
12 planning activities. More specifically, I performed the economic analyses leading to the
13 decision to increase waste-to-energy processing capacity as the most cost effective,
14 environmentally sound and fiscally responsible alternative available to meet the
15 Authority's waste processing and disposal obligations.

16
17 **Q. On whose behalf are you presenting this testimony?**

18 **A.** I am presenting this testimony on behalf of my employer the Solid Waste Authority of
19 Palm Beach County, Florida.

20
21 **Q. What is the purpose of your testimony?**

22 **A.** I support the Authority's petition for modification of its prior need determination (the
23 "Petition"). My testimony will describe the Authority's current and planned waste

1 management programs and will discuss the Authority's planning and implementation of a
2 critical expansion of its waste-to-energy ("WTE") capability as part of our overall
3 resource recovery and waste management operations. The Authority is well along in the
4 process of expanding its WTE and electric generating capacity by an additional amount
5 of approximately 123 megawatts that will include electric generation by both MSW and
6 landfill gas (the "Expanded Facility"). My testimony demonstrates that the Authority
7 must add the WTE component of the Expanded Facility to its operations no later than
8 2015 in order to continue to meet its legal obligation to process and dispose of solid
9 waste in Palm Beach County in an environmentally responsible manner.

10
11 **Q. Would you please describe the Authority's goals and operating principles?**

12 **A.** The Authority's system is designed and operated based on the principles of integrated
13 solid waste management. We strive to meet or to exceed the policies and goals of the
14 State of Florida and the United States Environmental Protection Agency ("EPA") with
15 respect to resource recovery and solid waste management. The Authority's programs are
16 designed to integrate solid waste transportation, processing, recycling, resource recovery
17 and disposal technologies while protecting the environment, achieving a 50% recycling
18 and waste reduction goal, and educating the public about solid waste management issues.
19 In other words, we strive to recycle what we can, burn what we can't recycle, and landfill
20 as little as possible. The Authority's systems and programs are designed to and do
21 accomplish these goals. Page 1 of Exhibit DJP-1 depicts the increasing amount of solid
22 waste processed by the Authority over the past 20-plus years, and shows the relative

1 amount that was recycled, burned and recovered or reduced through WTE processing, or
2 land-filled

3
4 **Q. Is there a need for the Expanded Facility in order for the Authority to be able to**
5 **meet its MSW processing and disposal obligations?**

6 **A.** Absolutely. As I discuss in more detail below, without the Expanded Facility, the
7 Authority runs the very real risk of failing to provide sufficient processing and disposal
8 capacity to meet its MSW processing and disposal obligations to the detriment of the
9 Citizens of Palm Beach County and the State as a whole. The Authority is obligated by
10 Chapter 2001-331, Laws of Florida, to process and dispose of a substantial and increasing
11 amount of MSW. If we cannot recycle it, we must burn it or bury it in a landfill. We
12 cannot currently burn more because our existing Renewable Energy Facility No. 1 (the
13 “Existing Facility”) is operating at full capacity. Although it would be possible, for a
14 short period of time, to landfill the MSW that otherwise would be burned to produce
15 electricity, this would quickly and prematurely exhaust our landfill capacity. The
16 Authority has been diligently attempting to site a new landfill to satisfy the County’s
17 disposal needs beyond the projected remaining life of the existing landfill, but after three
18 years of effort we have not yet succeeded. Accordingly, the Authority very clearly has a
19 pressing need for the increased capacity that will be provided by the Expanded Facility so
20 it can continue to responsibly meet its legal obligations.

21
22 **Q. Would you please describe the Authority’s current MSW processing and disposal**
23 **operations and infrastructure?**

1 A. At the Authority's processing and disposal site in northern Palm Beach County, the
2 Authority owns and operates the Existing Facility, the landfills, the Recovered Materials
3 Processing Facility, the Ferrous Processing Facility, the Compost Facility, the Biosolids
4 Pelletization Facility, the Vegetation Processing Facility, and the Household Hazardous
5 Waste Collection Facility.

6
7 With regard to our renewable energy capacity, the Authority's Existing Facility disposes
8 of a significant portion of the MSW stream by incineration, and in the process generates
9 steam that is used in a utility-class steam turbine-generator with a nominal rating of 62
10 megawatts. Annually, the Existing Facility processes approximately 850,000 tons of
11 MSW, incinerates approximately 620,000 tons of MSW, and produces in the range of
12 400,000 megawatt hours of net electric energy for delivery to the FPL system.

13
14 The Authority also utilizes landfill gas as a replacement for natural gas to dry and
15 pelletize wastewater treatment sludge at the Biosolids Pelletization Facility on the site.

16
17 The on-site and off-site facilities relied upon by the Authority in fulfilling its solid waste
18 management obligations include the following:

- 19
20 • Renewable Energy Facility No. 1 - The Existing Facility is an MSW fueled
21 refuse-derived fuel WTE facility. It has been operational for twenty years,
22 processing over 850,000 tons per year of solid waste into refuse-derived fuel that
23 is burned to produce renewable energy electricity.
24
25 • Landfill Operations - The Authority operates both a Class 1 and a Class 3 landfill.
26 With a total of over 50 million yards of airspace, the landfill is expected to
27 provide disposal capacity over a remaining useful life of only about 15 to 20 more

1 years. A 15 year useful life would be associated with the University of Florida's
2 "high" population projections and higher waste generation rates becoming a
3 reality. A 20 year useful life could be a possibility if more moderate population
4 growth were to occur. However, neither of these projections makes an allowance
5 for unexpected landfill consumption that could result from a major hurricane or
6 other natural disaster. These factors underscore the importance of implementing
7 the Expanded Facility. Given the difficulty in siting and developing landfills, as
8 is evidenced by the Authority's recent efforts, the Authority cannot presume that
9 developing a replacement landfill is a reasonable certainty.

- 10
11 • Recovered Materials Processing Facility – This facility receives, sorts, bales and
12 ships to market more than 120,000 tons annually of materials collected from
13 curbside and multi-family housing units and businesses. Materials include glass,
14 plastic, aluminum, ferrous cans, milk and juice cartons, newspaper, magazines,
15 residential mixed paper, unwanted mail, cardboard and office paper. This new
16 138,000 square foot facility has the capacity to process more than 300,000 tons
17 per year of recyclables.
- 18
19 • Ferrous Processing Facility – More than 30,000 tons per year of ferrous metal are
20 recovered at the Existing Facility, the Recovered Materials Processing Facility,
21 and the Landfill and prepared for market at the Ferrous Processing Facility.
- 22
23 • Compost Facility - This facility composts over 50,000 tons of vegetative mulch
24 with more than 60,000 tons of wastewater residuals from the East Central
25 Regional Wastewater Treatment Plant annually to produce compost that is
26 suitable for agricultural and horticultural uses. The facility provides a beneficial
27 outlet for processed vegetative waste and wastewater sludge thereby eliminating
28 the need to landfill or land apply the sludge.
- 29
30 • Biosolids Pelletization Facility – This facility processes wastewater residuals
31 utilizing a drying process that produces a pelletized product marketed to fertilizer
32 blenders. Constructed and operated by the Authority and five major wastewater

1 utilities, this facility has the capacity to eliminate the need to land apply over
2 150,000 tons of biosolids annually, thereby removing over 3,000 tons of
3 phosphorus per year from the Lake Okeechobee watershed. The sludge dryers are
4 fueled primarily with landfill gas from the adjacent landfill.

- 5
- 6 • Vegetative Waste Processing Facility - The Authority receives as much as
7 250,000 tons of clean yard waste per year, approximately 100,000 tons of which
8 is processed through a grinder at this facility. Approximately half of the mulch
9 produced is delivered to the Compost Facility. The balance of this material is
10 delivered to a private sector biomass-to-energy facility where it is processed into
11 boiler fuel or used as a soil amendment on agricultural fields.
- 12
- 13 • Household Hazardous Waste Collection Facility - The Authority provides a
14 county-wide household hazardous waste collection program through the main
15 facility on our processing and disposal site and satellite collection facilities at
16 each of our transfer stations. Materials and chemicals collected include motor oil,
17 fuel, paints, solvents, pesticides, herbicides, pool chemicals, fluorescent lamps,
18 batteries, electronics, and many other items.
- 19
- 20 • Transfer Stations - The Authority operates five transfer stations distributed
21 throughout Palm Beach County and a sixth is currently under construction.
22 Transfer stations facilitate the transfer of solid waste and recyclables from route
23 collection trucks to tractor trailers, at a ratio of approximately 5 to 1. The benefits
24 include enhanced collection efficiency, fewer trips to and shorter lines at our
25 disposal facilities, fewer road miles, lower fuel consumption and reduced CO₂
26 emissions. These transfer stations accept and haul more than 1.3 million tons of
27 solid waste and recyclables per year, amounting to approximately 70% of the
28 waste stream.

29 **Q. Will the relative proportions of MSW that is recycled, landfilled and burned remain**
30 **the same in the future?**

1 A. No. As shown on Page 1 of Exhibit DJP-1, our reliance on the landfill has been growing
2 because the MSW stream remaining after recycling, processing and composting greatly
3 exceeds the capacity of the Existing Facility, thus placing unsustainable demands on our
4 landfills. As shown on Pages 2 and 3 of Exhibit DJP-1, the Authority projects that this
5 trend will continue and the amount of un-combusted waste requiring landfill disposal will
6 grow. It is the Authority's intent - with the addition of the Expanded Facility - to reverse
7 that trend and reduce the volume of MSW going to the landfill. As shown on Page 5 of
8 Exhibit DJP-1, addition of the Expanded Facility will result in a more optimal balance of
9 resource recovery and volume reduction while producing electricity from a Florida
10 renewable energy resource.

11
12 **Q. Would you please elaborate on the importance of reducing demand on the**
13 **Authority's landfill capacity?**

14 A. Landfills are depletable resources that are negatively impacted by two primary factors -
15 population growth and increased waste generation. Landfill capacity and life is the
16 driving factor behind our planning and decision making. To that end, we perform annual
17 analyses of our landfill capacity that we call the Landfill Depletion Model. The model
18 helps us identify the points in time when decisions must be made and helps to evaluate
19 alternatives that impact landfill life. The model considers the dynamic interrelationships
20 between the available processing and disposal options, population projections and
21 population growth rates, per capita generation rates, recycling rates, diversion rates,
22 incineration capacity and reduction effectiveness, landfill compacted densities, and cover
23 material requirements and produces a projected date of landfill depletion. As shown on

1 Page 2 of Exhibit DJP-1, if we do not implement the Expanded Facility, and assuming
2 future waste generation tracks our medium projection, we project that our existing
3 landfill will be fully depleted by 2030. As previously discussed, higher than projected
4 population growth or MSW generation rates – including unexpected increases in waste
5 due to hurricanes or other natural disasters - would deplete available landfill capacity
6 much more rapidly.

7
8 **Q. Why doesn't the Authority simply increase its landfill capacity?**

9 **A.** As you might suspect, new (and existing to a lesser extent) landfills are subject to very
10 stringent siting, design, permitting, construction and operating constraints due to their
11 potential to cause significant environmental harm. Additionally, landfills consume large
12 areas of land which can be very expensive – and to some extent cost prohibitive - near
13 populated areas. Further, public opposition to landfills typically prevents landfills from
14 being located near existing or proposed development, forcing them farther away from
15 centers of population and into receding rural and agricultural areas. For these reasons,
16 the feasible potential sites for future landfill development by the Authority are located far
17 from the population centers of the County and the Authority's current integrated site at
18 which waste-to-energy, recycling, vegetation processing, and composting occur prior to
19 landfilling. Complicating matters further is the reality that the only available large tracts
20 of land in Palm Beach County suitably removed from existing or proposed development
21 are located within the Everglades Agricultural Area, much of which has been or is in the
22 process of being reserved for State and Federal everglades restoration projects.

1 The financial and environmental costs of transporting MSW over long distances in terms
2 of fuel consumption and greenhouse gas emissions add significantly to the economic and
3 environmental cost of landfilling and to the overall cost of solid waste management. The
4 transportation impacts were one of the most significant factors driving our decision to
5 construct the Expanded Facility adjacent to our Existing Facility on our existing campus.
6 Having said that, the Authority has endeavored, over the past four years to acquire
7 suitable property to construct new landfill space to carry the County for the next 50 years
8 or more into the future. At this point, there are no guarantees that our efforts will be
9 successful. But, as noted previously, landfilling alone is not the solution to a complex
10 MSW management and disposal problem. Landfills are a valuable resource that must be
11 conserved. Combinations of complementary processes and operations – including the
12 Expanded Facility – are necessary to meet the Authority’s waste disposal, recycling and
13 environmental preservation mandates and objectives.

14
15 Even if we were to discount the negative aspects of hauling MSW long distances – and in
16 some cases double-hauling – landfills in and of themselves are simply not a viable option
17 for solid waste management. In addition to the environmental detriment of hauling
18 MSW, natural decomposition of MSW in the landfill releases methane gas – a major
19 component of “landfill gas”. Methane is reputedly much more harmful as a greenhouse
20 gas than is carbon dioxide; in fact, the EPA estimates that it is 21 times more potent.
21 While we certainly collect and dispose of landfill gas in accordance with federal and state
22 regulations, the technology is such that a significant amount will inevitably escape to the
23 atmosphere. Importantly, volume reduction via combustion in the WTE facility produces

1 a more-or-less inert residue which, when disposed of by landfilling, does not release
2 methane gas into the atmosphere.

3
4 In the absence of the Expanded Facility, the Authority will need to increase landfill
5 capacity sometime in the next several decades. We would prefer not to, and have
6 determined that the Expanded Facility provides a cost-effective, environmentally
7 beneficial and financially feasible means to defer new landfill development into the long-
8 term future while meeting our obligations in an environmentally sound and timely
9 manner.

10
11 **Q. Would you please describe the Expanded Facility's contribution to the Authority's**
12 **Integrated Solid Waste Management Plan?**

13 **A.** The Existing Facility has been operating at or near design capacity for more than ten
14 years and the depletion of our landfill is in sight. As it did in the 1980's, the Authority
15 must take significant aggressive action to ensure that we have the systems and programs
16 in place to manage the County's waste for the next 20, 30 or 50 years. The Authority has
17 determined that expedited implementation of the Expanded Facility is the most
18 appropriate and significant action possible. The Expanded Facility will increase much-
19 needed MSW combustion and resulting volume reduction by increasing WTE capability,
20 accompanied by production of electricity fueled by recovered landfill gas.

21
22 The Expanded Facility will provide additional MSW combustion capacity of up to 3,000
23 tons per day. Combustion reduces the volume of MSW by approximately 90%, which in

1 turn significantly reduces landfilling of raw waste and extends the life of the landfill.
2 Further, as set forth in Florida's Energy, Climate Change, and Economic Security Act of
3 2008 (Section 403.7032, Florida Statutes), the solid waste used to produce renewable
4 energy counts toward the State's 75% goal of reducing the disposal of recyclable solid
5 waste by 75%. As shown on Page 4 of Exhibit DJP-1, the proportion of combusted
6 material to uncombusted material destined for the landfill will increase dramatically
7 when the Expanded Facility comes online in 2015. Our current projections indicate,
8 based on our medium projection, that construction of a 3,000 ton per day mass burn
9 Expanded WTE Facility in 2015 will extend the life of our landfill by 17 years.

10
11 **Q. Has the Authority considered any other ways to increase MSW processing capacity?**

12 **A.** Yes. We consider expansion of our existing processing and disposal operations on a
13 regular basis and have looked at this in great detail over the past few years. Besides our
14 substantial in-house expertise, we also enlisted the aid of consultants and experts
15 knowledgeable in MSW handling, processing, recycling and disposal to assist us in this
16 regard. Among other things, we carefully analyzed our MSW waste stream, conducted
17 surveys and projections of the composition of the MSW stream in the future. As a result
18 of this analysis, the Authority constructed a new expanded Recovered Materials
19 Processing Facility. This facility has enabled the Authority to expand its recycling
20 program to include ferrous metals, residential mixed paper and unwanted mail, thus
21 reducing the amount of waste that otherwise would be land-filled.

1 Moreover, in view of the significant quantity of MSW that cannot presently be
2 incinerated due to lack of available incineration capacity as well as the need to conserve
3 the Authority's valuable landfill capacity, an alternative that the Authority looked into
4 quite rigorously was the potential to "export" the Authority's remaining unprocessed
5 waste to an off-site landfill or other such facility for disposal. Other than the Expanded
6 Facility, this is the only alternative capable of reliably managing Palm Beach County's
7 high volume of waste without depleting the Authority's landfill. In fact, the Authority
8 has been approached on a number of occasions over the years with proposals to ship our
9 waste out of the County. We undertook a serious evaluation of the potential for waste
10 export early on in the current planning process. In the end, the export option that seemed
11 most feasible was to ship MSW to Waste Management Inc.'s Okeechobee Landfill.

12
13 However, our analyses indicated that in the best case, hauling waste to Okeechobee
14 would add some 63 travel miles per load and, over the initial 50 year period, impose \$1.3
15 billion in additional transportation cost, consume 74 million more gallons of fuel, and
16 produce an additional 1.6 billion pounds of CO². As significant as these economic and
17 environmental impacts would be, the business risks would be equally significant –
18 perhaps even more so for several reasons. First, the cost of transporting waste over
19 longer distances is heavily dependent on fuel and labor costs. Increased travel distance
20 creates greater exposure to disruptions in fuel supplies and fuel price spikes. Second, the
21 potential exposure to accidents is directly proportional to the distance traveled and the
22 amount of time spent on the road. Third, delays in shipping due to road closures,
23 accidents or other unforeseen incidents would result in higher waste inventories at our

1 transfer stations, which would create bottlenecks and long lines and perhaps encourage
2 illegal dumping. Fourth, disposal capacity may not be available indefinitely, which
3 would require us to seek other and potentially more costly alternatives in the future.
4 Finally, every change in law or regulation would create a “re-opener” that would present
5 economic and business risk. Without our own disposal option, we would not be in an
6 advantageous position with respect to contracting with private sector landfill operators.

7 The Authority has created a sound, efficient and economical system that maintains
8 ownership, and just as importantly, control over its waste management systems. This
9 approach reduces risk, increases reliability, retains or creates jobs in the County, and
10 keeps money in the County. This is not to say that we don’t recognize that there may
11 from time-to-time be strategic advantages to working with other partners when mutually
12 agreeable and consistent with the Authority’s objectives. For example, we have an
13 ongoing waste exchange agreement with the private sector firm Waste Management
14 through which MSW from Martin County is delivered to our Existing Facility and an
15 equal quantity of our MSW is delivered from the Delray Transfer Station to the Waste
16 Management affiliate’s Wheelabrator facility in north Broward County. This
17 arrangement results in a mutual reduction in hauling distances and accompanying fuel
18 and transportation expenses. We also have a “standby” agreement with Waste
19 Management for the delivery of waste to their landfills if needed.

20
21 For the reasons discussed above, however, waste export out of the County is simply not a
22 viable MSW disposal plan for the Authority and certainly does not constitute a viable
23 alternative to the Expanded Facility.

1 **Q. Did the Authority consider any other alternatives to the Expanded Facility?**

2 **A.** We looked at a several other things conceptually, but due to the large volumes of MSW
3 with which we deal, the composition of the MSW stream and the markets for recycled
4 materials, none were identified as suitable for the Authority's crucial need to dispose of
5 large quantities of MSW in a reliable manner. As previously stated, we recently
6 constructed a new Recovered Materials Recycling Facility, which in addition to
7 providing sufficient capacity for the foreseeable future, has enabled the Authority to
8 accept additional materials in the recycling program, including ferrous cans, residential
9 mixed paper and unwanted mail. That said, experience indicates that the amount of
10 recyclable material as a percentage of the MSW stream remains relatively constant, and
11 in fact may be diminishing due to market factors such as reduced newspaper circulation.
12 Moreover, our recycling and materials recovery operations already operate at high
13 efficiencies removing the vast majority of targeted recyclable materials. As a result, it is
14 simply not feasible or realistic to expect volume reduction of MSW from improvements
15 in residential recycling, commercial recycling, metals recovery, composting and
16 vegetative waste processing comparable to that which the Expanded Facility can provide.
17 Granted there may be some incremental gains, but overall the impact of such
18 improvements on our MSW disposal needs will be insufficient to significantly reduce
19 projected future landfill consumption to the extent desired.

20
21 In the time-frame and on the scale that the Authority needs to expand its MSW
22 processing capability, the only alternative to the Expanded Facility that could handle the
23 volumes involved and provide the necessary volume reduction would be incineration

1 without energy recovery. However, that concept would be inconsistent with the State's
2 policy of resource recovery, contrary to the Authority's goals, a waste of a valuable
3 renewable energy resource, and costly to the State and its citizens.

4
5 The bottom line of the Authority's analysis and expert opinion is that realistically
6 available alternatives will not meet the Authority's demonstrated need for increased
7 waste management and disposal capacity. After several years of study, analysis and
8 other efforts by the Authority, its consultants and staff, it is clear that the Authority must
9 add the Expanded Facility to its operations no later than 2015 in order meet Palm Beach
10 County's long-term disposal obligations and to conserve valuable landfill space.

11
12 **Q. Has the current economic downturn affected the amount of MSW the Authority**
13 **currently receives, or the amount it is projecting to receive in the future?**

14 **A.** With regard to current waste receipts, the answer is yes. For the year ended September
15 30, 2009 incoming deliveries of garbage and trash - our two largest waste streams and
16 those that are primarily targeted for combustion - were down approximately 13%
17 compared to the year ended September 30, 2007. Data for the current year indicates that
18 the waste stream is stabilizing. As previously addressed, the Authority uses the Landfill
19 Depletion Model to estimate landfill depletion based on projections of future waste
20 deliveries. As this analysis is performed annually, the Authority has evaluated the trend
21 in waste deliveries and the revised population projections from the University of Florida
22 as well as other factors and incorporated these trends in the projections of future waste
23 generation. Based on these projections, and after an evaluation of multiple combustion

1 unit and facility sizing scenarios in February 2010, the Authority Board approved the
2 sizing of the facility at 3,000 tons per day.
3

4 **Q. Would delay in adding the Expanded Facility cause adverse consequences?**

5 **A.** Yes, it most certainly would. Delaying the Expanded Facility would have significant
6 adverse impacts on the Authority's ability to dispose of MSW by more rapidly depleting
7 the remaining landfill capacity; to comply with its legal obligations to dispose of MSW;
8 to add a much needed source of renewable energy to Florida's electric utility fuel mix;
9 and, would deprive the local economy of hundreds of millions of dollars of investment in
10 plant and equipment and the hiring of hundreds of worker to construct and operate the
11 Expanded Facility.
12

13 The Authority and citizens of Palm Beach County will be forced to site, finance and
14 implement less reliable, less desirable and less environmentally friendly means of MSW
15 processing and disposal in contravention of the State solid waste disposal policy and the
16 specific responsibilities and goals of the Authority. The State and its citizens would be
17 forced to accept the negative consequences of disposing of MSW via landfill where it
18 will consume valuable real estate, will decompose to release methane gas – a significant
19 green house gas – and potentially result in other negative impacts. Moreover, the long
20 term costs associated with operating a new landfill – including the cost of hauling MSW
21 over fairly long distances – will be more costly to the Authority and the citizens.
22

1 Finally, to consider a new landfill as a substitute for the Expanded Facility, it must be
2 assumed that the Authority will be able to locate, finance, purchase and permit suitable
3 real property; and, be able to construct and begin commercial operation of a new landfill
4 in a timely manner – a highly risky assumption that would not be confidently predictable.
5

6 **Q. How is the Authority funded and how does the Authority intend to cover the capital**
7 **and operating costs of the Expanded Facility?**

8 **A.** The Authority is responsible for MSW and recycling collection in unincorporated Palm
9 Beach County; and, for disposal of all MSW produced in the County. The Authority
10 provides solid waste and recycling collection through private haulers that are issued
11 exclusive franchises through a competitive bid process conducted every five years in
12 accordance with Chapter 2001-331, Laws of Florida. The collection enterprise is funded
13 by a Mandatory Collection Special Assessment assessed against every residential unit in
14 the County and billed on the annual property tax bill. Commercial customers are billed
15 directly by the franchise hauler.
16

17 The primary funding mechanism for solid waste disposal is the Non-ad Valorem Special
18 Assessment charged on the annual property tax bill to the owner of every property in the
19 County. The Assessment is a system of user fees based on a property's potential to
20 generate waste as determined by waste generation studies. While residential units are
21 assessed for 100% of the cost of disposal, commercial properties are billed partially
22 through the assessment and partially through tipping fees. This "split assessment" is
23 intended to provide an incentive for businesses to control the amount of waste they
24 generate and to encourage recycling. In addition to the Assessment and commercial

1 tipping fees, system revenues include tipping fees for materials that aren't assessed (such
2 as building debris, tires, vegetation and wastewater sludge); revenues from the sale of
3 electricity; revenues from recycling; interest income; and, other revenues from other
4 miscellaneous sources.

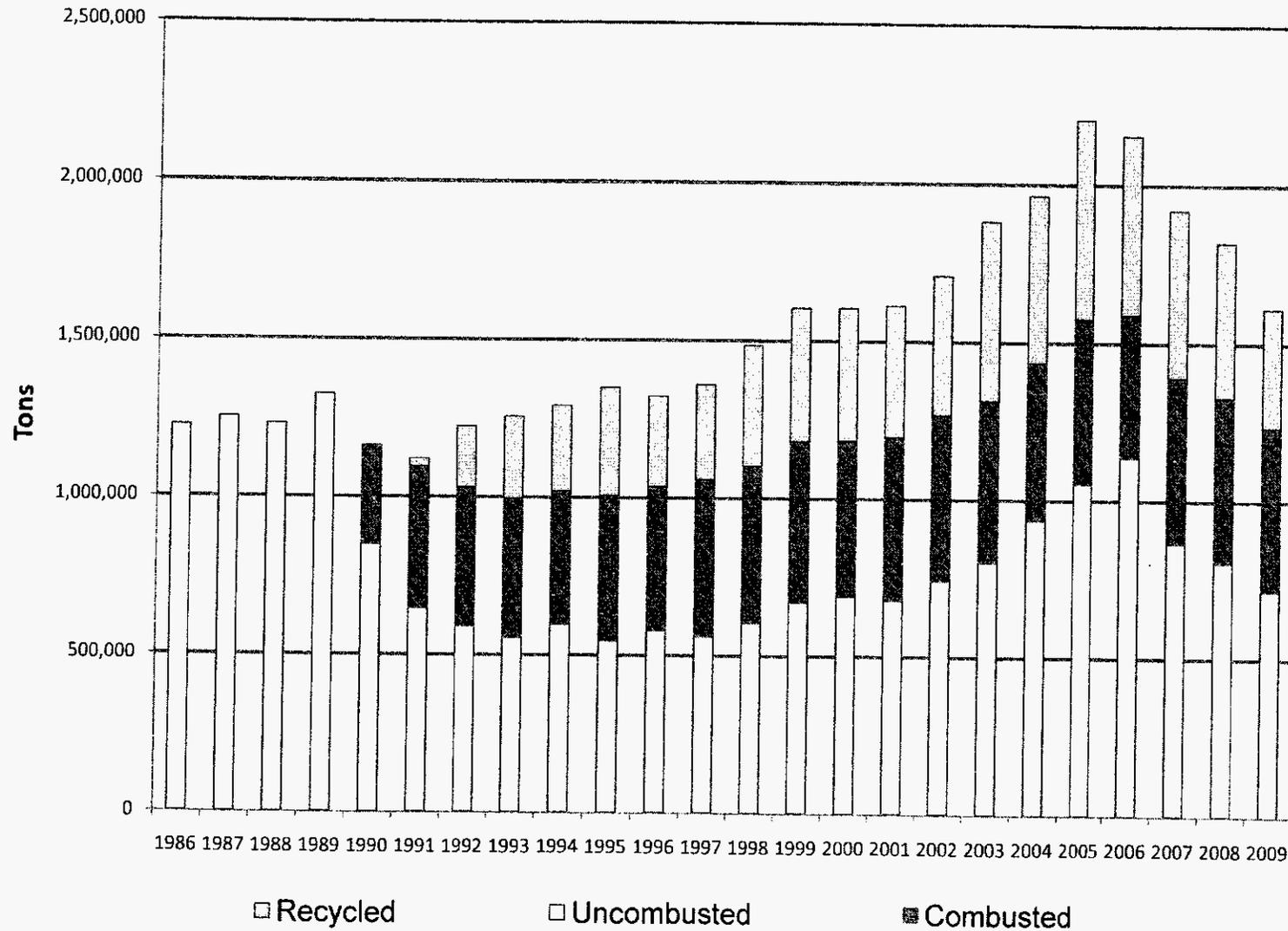
5
6 The Authority's Indenture of Trust dictates the Authority's fund structure and also
7 establishes minimum requirements for revenues in total and the Assessment specifically.
8 Among other things, the Indenture establishes minimum debt service coverage (annual
9 net revenue divided by annual debt service must equal at least 1.10) and minimum
10 Disposal Assessment (the Disposal Assessment must at least equal debt service)
11 requirements. Each year, the Authority establishes and adopts a budget for the upcoming
12 fiscal year and through this process determines the required assessment rates. The
13 Budget and rate schedule are approved and adopted by the Board and in accordance with
14 the Indenture, approved by the Consulting Engineer.

15
16 The Authority has performed financial feasibility studies to project the impact of the
17 Expanded Facility on future budgets and rates, and based in part on those projections and
18 in consideration of the environmental benefits previously discussed, the Board has
19 determined that the Expanded Facility is the most economical solution to achieve the
20 Authority's objectives.

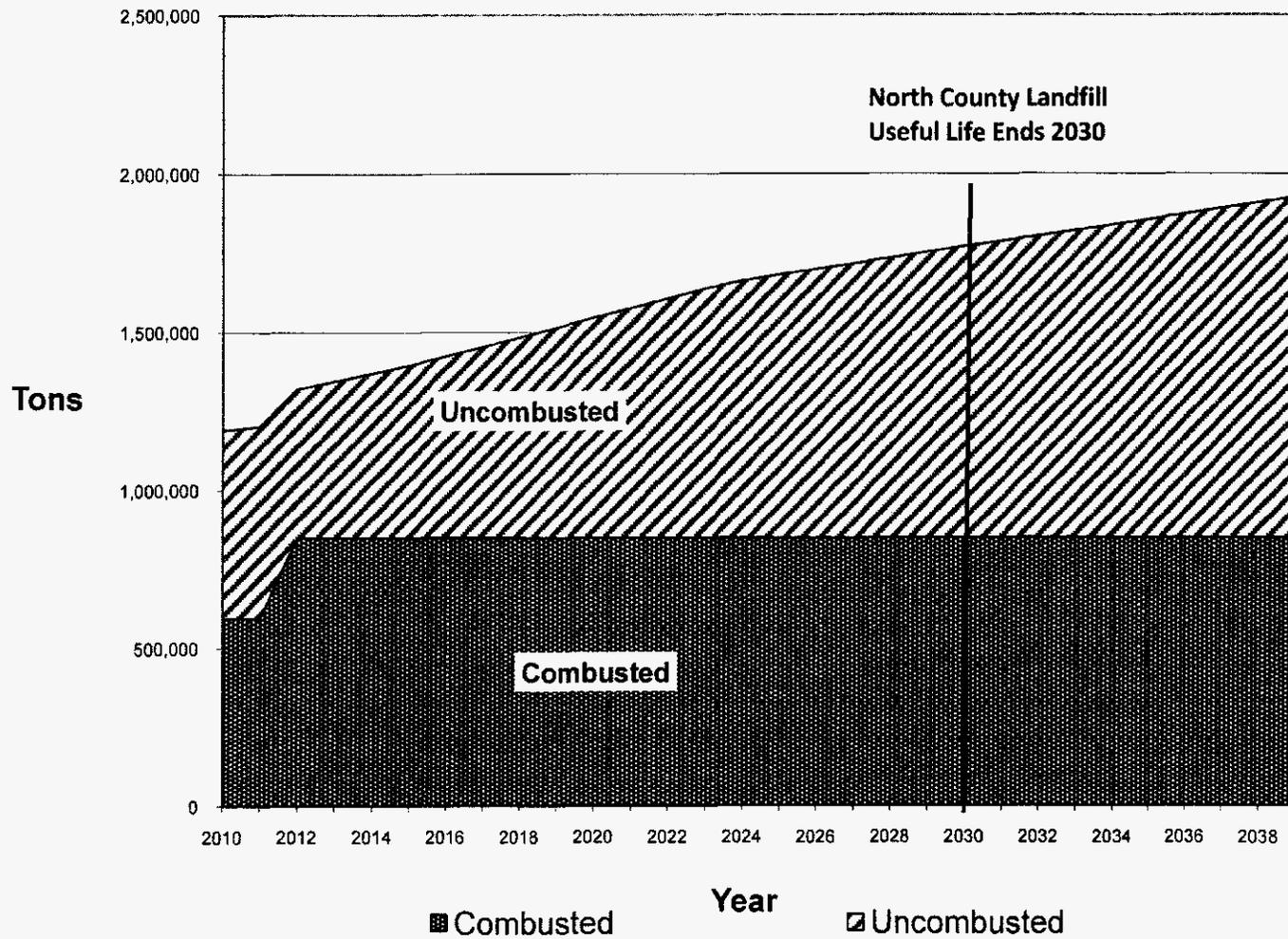
21
22 **Q. Does this conclude your direct testimony?**

23 **A.** Yes it does.

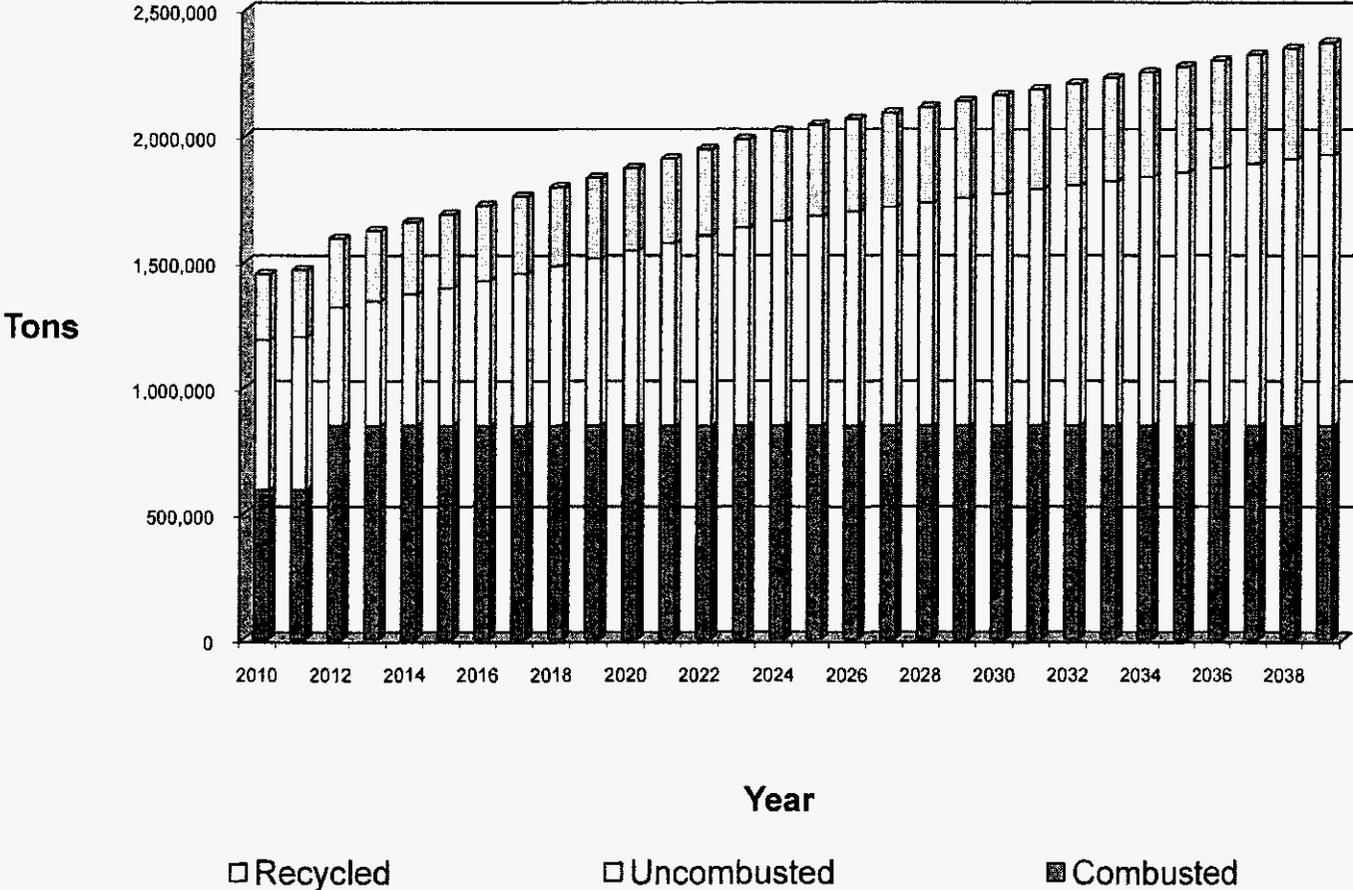
Historic Waste Separation



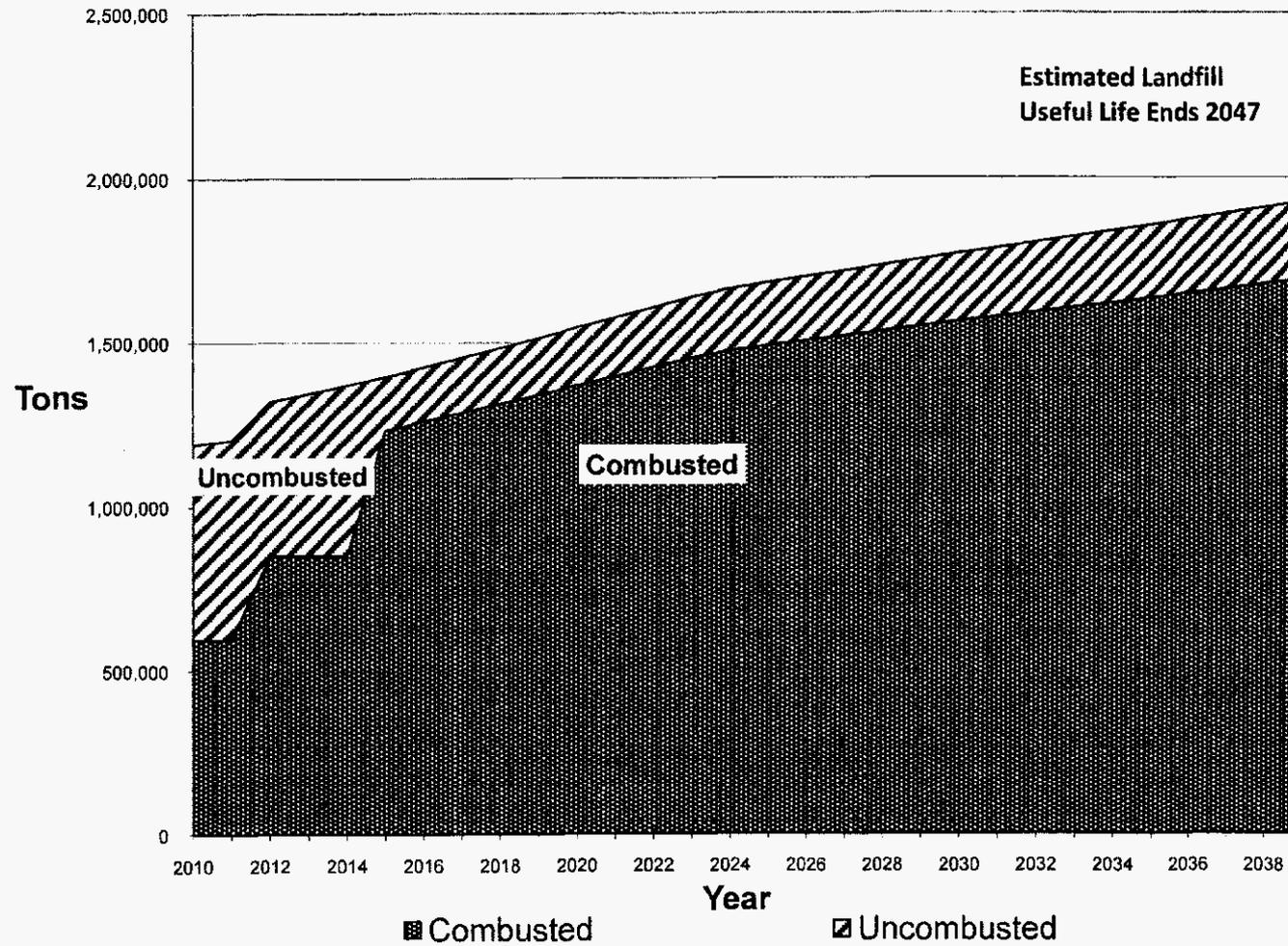
Projected Waste Disposition Without Expanded Facility



Projected Waste Separation Without Expanded Facility



Projected Waste Disposition With Expanded Facility



Projected Waste Separation With Expanded Facility

