BCM Environmental & Land Law, PLLC
Solutions for Northern New England

January 3, 2024

Via Email
New Hampshire Department of Environmental Services

Michael Wimsatt
Director, Waste Management Division
michael.wimsatt@des.nh.gov

Jaime Colby
Supervisor, Engineering and Permitting Section
Jaime.M.Colby@des.nh.gov

Re: NHDES File Number: 2023-66600 Solid Waste Standard Permit Application; Subject Properties: Dalton Tax Map 406, Lots 2.1, 2.3, 2.4, 2.5, 3, and 3A and Bethlehem Tax Map 406, Lots 1 and 2 ("Application")

Dear Director Wimsatt and Ms. Colby,

I write in continued representation of North Country Alliance for Balanced Change ("NCABC"). On October 31, 2023, Granite State Landfill, LLC, a subsidiary of Casella Waste Systems, Inc., ("GSL" or "Applicant") submitted a new application for a Standard Permit for Solid Waste Landfill ("Application") to the Solid Waste Management Bureau ("Bureau") of the New Hampshire Department of Environmental Services ("Department") for its proposed landfill on the private road of Douglas Drive in Dalton, New Hampshire ("Landfill" or "Proposal"). Please make this letter part of your record in this matter.

For the reasons that follow, NCABC respectfully requests the Department exercise its discretion to deny the permit application pursuant to RSA 149-M:9 because the Applicant has amply demonstrated it severely lacks sufficient reliability, expertise, integrity, competence to be qualified for a new solid waste permit. With the severe lack of qualification this letter demonstrates, anything but denying the Application would be an abuse of the Department's discretion.

Reservation of Rights to Suspend Department Review

As you know, by my letter dated November 28, 2023, NCABC requested the Department suspend its review of the Application, which the Department denied by response letter dated December 7, 2023. NCABC remains committed to its position that it is premature for the Department to continue its review of the Application for the reasons stated in its November 28, 2023 letter, namely, that new administrative rules and lawsuits are pending (though NCABC acknowledges the New Hampshire Supreme Court did

recently issue a decision in one pending consolidated docket). NCABC reserves the right to pursue that position and may proceed with further action on it.

Executive Summary:
Applicant's Extensive Environmental Noncompliance Means Ineligible for New Landfill

As the Department continues its review, NCABC submits this letter in support of the Department denying the Application because ***the Applicant's dismal performance history, replete with material violations of environmental laws, disqualifies it from being eligible to receive a permit for a new solid waste facility***.

In Section X of its Application, GSL certifies, among other things, that they, their officers, directors, partners, etc., have not "owned or operated any hazardous or solid waste facility which has been the subject of an administrative or judicial enforcement action for a violation of environmental statutes or rules during the 5 years before the date of the application." N.H. Admin. R. Env-Sw 303.14(b)(3). ***GSL is wrong***.

See the Compliance Statement on the next page.

According to the Application, GSL is a wholly owned subsidiary of Casella Waste Systems, Inc. ("Casella"), which formed this entity for the purpose of pursuing this Proposal. Legally, Casella and its subsidiaries, officers, directors, and partners must be included in this Compliance Certification. Of note, through the passage of Senate Bill 211 in the 2023 session, lawmakers recently expanded the scope of an applicant's performance history, even adding a criminal background check, for the express purpose of ensuring applicants have "the reliability, the expertise, the integrity, and the competence to safely operate their facility."

As described in detail in this letter, more than ***ten*** such violations have been known and documented in the past five years through the northeast, and many more have been documented beyond the five-year lookback. It is possible that other violations have occurred but have not been documented, as is evidenced in civil actions either currently being pursued against Casella, or which have been settled.

COMPLIANCE STATEMENT

The applicant shall certify that each of the statements listed in (1)-(8) below are true for each of the following individuals and entities:

- ☒ **the applicant, and**
- ☒ **the facility owner, and**
- ☒ **the facility operator, and**
- ☒ **all individuals and entities holding 10% or more of the applicant's debt or equity, and**
- ☒ **all of the applicant's officers, directors, and partners, and**
- ☒ **all individuals and entities having managerial, supervisory or substantial decision making authority and responsibility for the management of facility operations or the activity(s) for which approval is being sought**

(1)	No individual or entity listed above has been convicted of or plead guilty or no contest to a felony in any state or federal court during the 5 years before the date of the application.
(2)	No individual or entity listed above has been convicted of or plead guilty or no contest to a misdemeanor for a violation of environmental statutes or rules in any state or federal court during the 5 years before the date of the application.
(3)	No individual or entity listed above has owned or operated any hazardous or solid waste facility which has been the subject of an administrative or judicial enforcement action for a violation of environmental statutes or rules during the 5 years before the date of the application.
(4)	No individual or entity listed above has been the subject of any administrative or judicial enforcement action for a violation of environmental statutes and rules during the 5 years before the date of the application.
(5)	All hazardous and solid waste facilities owned or operated in New Hampshire by any individual or entity listed above are in compliance with either:
(a)	All applicable environmental statutes, rules, and DES permit requirements; or
(b)	A DES approved schedule for achieving compliance therewith.
(6)	All individuals and entities listed above are in compliance with all civil and criminal penalty provisions of any outstanding consent agreement, settlement, or court order to which DES is a party.
(7)	All individuals and entities listed above have paid, or are in compliance with the payment schedule for any administrative fine assessed by DES/
(8)	All individuals and entities listed above are in compliance with all terms and conditions under every administrative order, court order or settlement agreement relating to programs implemented by DES.

Signature of the applicant certifying the above statements are true for each of the applicable individuals and entities:

Applicant Name (Print Clearly or Type) Granite State Landfill, LLC

Applicant Signature

Date 10/5/23

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New Hampshire Law Allows New Solid Waste Permits Only to Those Who Can Demonstrate Sufficient Reliability, Expertise, Integrity, and Competence

Pursuant to N.H. Admin. R. Env-Sw 303.13, an applicant for a standard solid waste facility permit must submit a compliance ***certification*** or, if unable to make such certification, submit a compliance ***report***.

To make a compliance *certification*, an applicant must certify:

1. as to the applicant, the owner, the facility operator, all individuals and entities holding 10% or more of the applicant's debt or equity, all of the applicant's officers, directors, and partners, all individuals and entities having managerial or supervisory or substantial decision-making authority and responsibility for the

management of facility operations or the activity(s) for which approval is being sought. N.H. Admin. R. 303.14(a);

a. has not "owned or operated any hazardous or solid waste facility which has been the subject of an administrative or judicial enforcement action for a violation of environmental statutes or rules during the 5 years before the date of the application." Env-Sw 303.14(b)(3);

b. has not "been the subject of any administrative or judicial enforcement action for a violation of environmental statutes and rules during the 5 years before the date of the application." N.H. Admin. R. Env-Sw 303.14(b)(4); and

c. that "[a]ll hazardous and solid waste facilities owned or operated in New Hampshire … are in compliance with … [a]ll applicable environmental statutes, rules, and department permit requirements" or in compliance with a Department "approved schedule for achieving compliance therewith." N.H. Admin. R. Env-Sw 303.14(b)(5).

With the Application being filed on October 31, 2023, the key 5-year lookback period these laws speak to would be between November 1, 2018 and October 31, 2023.

If an applicant is not qualified to submit the compliance certification based on the provisions above, it would instead need to submit a compliance report pursuant to N.H. Admin. R. Env-Sw 303.15. As part of the compliance report, an applicant must provide "an explanation as to why the department should not find [each circumstance of violation] to be grounds for denying the requested approval pursuant to the provisions of RSA 149-M:9, IX or X." New law RSA 149-M:9, IX(a) specifically empowers the Department to deny a permit application when an applicant "fails to demonstrate sufficient reliability, expertise, integrity, and competence to operate a solid waste facility."

Applicant's Many Violations of Environmental Laws in Past Five Years

Casella's many violations within the past five years demonstrate its insufficient reliability, expertise, integrity, and competence to operate any of its facilities, never mind an additional facility. Notably, in the 5-year period leading to this application, Casella violated environmental laws on multiple occasions at its Bethlehem, New Hampshire facility (operated by one of its subsidiaries). Casella also violated environmental laws at its Southbridge, Massachusetts and Seneca (Ontario County), New York facilities.

The Applicant should have, but failed to, report all of the following violations in its Application. In particular, it should not have checked the box wrongfully certifying that it was in compliance. Instead, it should have disclosed all of the following, and any other

violations that may be applicable, and must have provided "an explanation as to why the department should not find [each circumstance of violation] to be grounds for denying the requested approval pursuant to the provisions of RSA 149-M:9, IX or X." Having failed to disclose even a single violation, the Applicant provided no such explanation.

1. Solid waste facility in Bethlehem, New Hampshire owned and operated by Casella subsidiary North Country Environmental Services, Inc. (NCES):

    a. Inadequate Daily Cover:

        i. The Department issued a Letter of Deficiency dated October 31, 2019 for "inadequate daily cover," meaning waste was exposed in two locations instead of covered which violated N.H. Admin. R. Env-Sw 806.03(a)(1)–(7); 806.03(c), and the Approved Operating Plan of Record required (see Exhibit A);

        ii. The Department issued another Letter of Deficiency dated February 1, 2021, for daily cover deficiency, this time in violation of several conditions of the modified Solid Waste Facility Permit and N.H. Admin. R. Env-Sw 1005.01(d). The letter also served as a Letter of Compliance documenting Casella had subsequently remedied the violation (see Exhibit B);

    b. Operating outside the permitted area of landfill:

        i. The Department first issued a Notice of Findings dated February 18, 2021, stating its preliminary finding that NCES had exceeded the landfill capacity under the current operating approval (see Exhibit C, ¶ 15);

        ii. The Department issued a Letter of Deficiency April 23, 2021, for failure to operate only within the vertical and lateral limits of the landfill, in violation of the conditions of the permit and N.H. Admin. R. Env-Sw 806.02(b) (see Exhibit C, ¶ 20);

        iii. The Department finalized an Administrative Order dated July 16, 2021, addressing:

            1. Violation of N.H. Admin. R. Env-Sw 806.02(b) and the modified Permit (placing waste outside the permitted vertical limits of the landfill at the Facility);

2. Violation of N.H. Admin. R. Env-Sw 1005.09 and the modified Permit (failing to notify the Department of its violations and modified Permit);

3. Violation of N.H. Admin. R. Env-Sw 1005.01(b) and the modified Permit (operating the landfill in a manner inconsistent with the design limitations of the facility); and

4. Violation of N.H. Admin. R. Env-Sw 1105.04(a) and the modified Permit (failing to operate the facility in compliance with the Solid Waste Rules, and the terms and conditions of the modified Permit).

(See Exhibit C).

c. On July 21, 2021, the Department issued a Letter of Deficiency related to a leachate spill. The LOD addressed, among other things:

i. Failure to provide leak-tight leachate storage units;

ii. Failure to operate and maintain the facility in a manner that controls to the greatest extent practicable spills, and assures compliance with the facility permit, Solid Waste (citing N.H. Admin. R. Env-Sw 1005.01; 05), and RSA 149-M; and

iii. Failure to provide necessary details in an incident report in violation of N.H. Admin. R. Env-Sw 1005.09(c).

(See Exhibit D).

2. Solid waste facility in Southbridge, Massachusetts (owned and operated by Casella subsidiary Southbridge Recycling & Disposal Park, Inc.):

a. On or about October 31, 2018, the Massachusetts Department of Environmental Protection (MassDEP) issued an Administrative Consent Order with Penalty in the amount of $85,323 for violations of solid waste and air pollution control regulations and the permit that regulators observed during six different days of inspections (see Exhibit E); and

b. The October 31, 2018, action was followed up by MassDEP through Demand Actions issued on December 6, 2018 and May 1, 2019. On May 19, 2021, MassDEP issued a Final Administrative Consent Order with Penalty in the amount of $100,000 (see Exhibit F).

3. Solid waste facility in Seneca, New York owned and operated by Casella subsidiary New England Waste Services of NY, Inc.:

    a. On or about November 3, 2022, the New York State Department of Environmental Conservation (DEC) issued a consent order for violations from 2015 to 2022 of the DEC Division of Materials Management, Division of Air Resources, and Division of Water rules and regulations affecting air and water quality, solid waste operations, and overall quality of life for the community and imposition of a $500,000 fine. The order was related to inadequate leachate storage causing releases which contaminated stormwater and 225 documented exceedances of the one-hour ambient air quality standard for hydrogen sulfide (see Exhibit G).

Applicant's Other Violations of Environmental Laws

Notably, beyond the 5-year lookback, and outside of the strict purview of enforcement actions, other legal actions against the Applicant also indicate that the Applicant lacks sufficient reliability, expertise, integrity, and competence to be permitted to operate a new solid waste facility.

1. Solid waste facility in Bethlehem, New Hampshire owned and operated by Casella subsidiary North Country Environmental Services, Inc. (NCES):

    a. In August of 1997, the Department notified NCES it had violated reporting regulations and the Groundwater Management and Release Detection Permit by failing to timely submit monitoring data and failure to timely re-apply for permits (see Exhibit H).

    b. In May of 2001, the Department issued a Notice of Proposed License Action to suspend the solid waste operator certification of Casella Vice President of Permits, Compliance & Engineering Larry Lackey for one year for submitting false information for certification renewal (see Exhibit I);

    c. In November of 2007, the New Hampshire Attorney General issued a consent decree with NCES settling violations of unlawful disposal of asbestos waste from 1999 to 2002 from the Mountain View Grand Hotel with Casella to pay a fine of $100,000 (see Exhibit J).

2. Solid waste facility in Newbury, Vermont owned and operated by Casella subsidiary Newbury Waste Management, Inc. ("Newbury"):

a. After a multi-year enforcement action, in settlement of claims alleging that Newbury, among other things, released leachate, operated without the required permit, and failed to cover waste, Newbury agreed to pay $68,500 in 1994 (see Exhibit K).

3. Solid waste facility in Wellsboro, Pennsylvania owned and operated by Casella subsidiary Casella Waste Management of Pennsylvania ("Casella"):

   a. In 2005, Pennsylvania Department of Environmental Protection (DEP) permanently revoked Casella's transfer station permit because of repeated violations of Pennsylvania Solid Waste Management Act and its DEP permit.

   b. Casella had accumulated 112 violations since August 1997 and had been fined three times.

   c. DEP Regional Director Robert Yowell said, "They have shown that they simply cannot comply with our regulatory requirements, and that's inexcusable."

   d. Violations included exceeding the limit of waste allowed to be accepted per day, not keeping proper operational records, accepting a disallowed type of waste, and operating an unpermitted facility.

   e. The Pennsylvania Attorney General's Office also conducted a criminal investigation.

   f. Casella appealed.

   g. In a global settlement, DEP and Casella agreed that:
      i. Casella would voluntarily cease operations of its facility temporarily, relocate its hauling company, develop a Management and Operation Plan for the facility, and could resume operating the facility under certain circumstances.
      ii. Casella would receive a permit modification related to the weighing of bag waste from individual customers.
      iii. Casella would receive a misdemeanor fine in the amount of $35,000 plus make a $15,000 contribution to a non-profit environmental organization.
      iv. Casella would pay a civil penalty in the amount of $400,000.

   (See Exhibits L and M.)

4. Solid waste facility in Hardwick, Massachusetts owned and operated by Hardwick Landfill, Inc. ("Hardwick"):

    a. On March 1, 2005, Massachusetts Department of Environmental Protection fined Hardwick $18,000 plus $1,000 per day until operational landfill issues were resolved related to unacceptable waste, odor, and stormwater controls (see Exhibit N).

5. Solid waste facility in Southbridge, Massachusetts (owned and operated by Casella subsidiary Southbridge Recycling & Disposal Park, Inc.):

    a. At least seven other violations occurred at this facility prior to the 5-year lookback. One included a penalty of more than $24,000 (see Exhibit O); and

    b. In settlement of claim of wetlands violation from a collapsed stockpile, Casella subsidiary agreed to pay a $200,000 civil penalty (see Exhibit P).

6. Civil actions:

    a. In settlement of a September 2019, class action lawsuit over odor violations that allegedly diminished the value of private property associated with Casella's Seneca, New York landfill, Casella agreed to pay $750,000 into a settlement fund and another $900,000 for odor-control measures at the landfill (see Exhibit Q);

    b. In January 2022, Casella settled a lawsuit by public interest organizations and their members associated with Clean Water Act violations at the Bethlehem, New Hampshire facility. The suit, originally filed in May 2018 in U.S. District Court in Concord, alleged that a drainage channel owned by the defendants collects leachate and contaminated groundwater from the Landfill and discharges it into the river, in violation of the federal Clean Water Act. (See Exhibit R); and

    c. In October, 2023, three public interest organizations filed a letter with the Vermont Agency of Natural Resources alleging that Casella subsidiary New England Waste Services of Vermont, Inc. ("Waste Services") violated laws and its permit. Namely, they allege that Waste Services constructed and is operating a facility to treat leachate contaminated with PFAS without Waste Services having followed the processes required by law, processes which would have afforded both public participation, Agency review, and established a model for this type of remediation. (See Exhibit S)

Labor Practices

Please note this analysis leaves aside the numerous other legal problems Casella has experienced that may bear on performance history, both governmental enforcement actions and civil actions, related to Casella's labor and employment practices.

Conclusion

The Department must take into serious consideration whether Casella demonstrates the kind of reliability, expertise, integrity, and competence needed to operate a new solid waste facility in New Hampshire, a facility which would persist for decades to come.

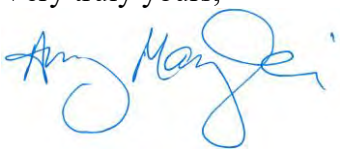
GSL did not disclose this information as required by Env-Sw 303.15, but instead falsely claimed they are and have been complying for the last five years. Given the extensive noncompliance noted above, it is hard to believe the Applicant had a good faith belief it was in compliance per Env-Sw 303.14.

The record of Casella and its subsidiaries is clear and unambiguous. The record shows repeatedly and consistently throughout the decades, and across multiple states, that they cannot and do not have the capacity to operate their facilities in compliance with environmental laws. That being the entire purpose of the performance history portion of RSA 149-M, the Applicant is simply not qualified by law to be approved for a new permit.

The North Country Alliance for Balanced Change, therefore, respectfully requests the Department exercise its discretion to deny the Application pursuant to RSA 149-M:9.

Thank you for your attention to this matter.

Very truly yours,



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Enclosures
cc: Clients
Town of Dalton Conservation Commission and Zoning Board, town.clerk@townofdalton.com; adminassistant@townofdalton.com
Town of Dalton Selectboard, selectmen@townofdalton.com

Town of Dalton Planning Board, planningboard@townofdalton.com
Town of Littleton Selectboard, selectmen@townoflittleton.org
Town of Bethlehem Selectboard c/o Town Administrator Mary Moritz admin@bethlehemnh.org
Town of Carroll Selectboard, selectmen@townofcarroll.org
Town of Whitefield Selectboard c/o Judy Ramsdell, Administrative Assistant administrativeassistant@whitefieldnh.org
North Country Council, mmoren@nccouncil.org; nccinc@nccouncil.org
Ammonoosuc River Local Advisory Committee, Richard Walling, Chair, onthefarm21@gmail.com

Exhibit A

The State of New Hampshire
Department of Environmental Services

Robert R. Scott, Commissioner

October 31, 2019

CERTIFIED MAIL
7018 2290 0001 5884 7390
RETURN RECEIPT REQUESTED

LETTER OF DEFICIENCY
No. WMD LOD 19-132

North Country Environmental Services, Inc.
1855 Route 100
Hyde Park, VT 05655
Email: john.gay@casella.com

ATTN: John Gay, E.I., Engineering Manager

SUBJECT: **North Country Environmental Services, Inc. Landfill**
581 Trudeau Road, Bethlehem, NH
Solid Waste Permit No. DES-SW-SP-03-002

Inadequate Daily Cover

Dear Mr. Gay:

The New Hampshire Department of Environmental Services (NHDES) issues this Letter of Deficiency (LOD) to notify North Country Environmental Services, Inc. (NCES) that NHDES has identified a compliance deficiency concerning operation of the NCES landfill in Bethlehem, NH, and to request that NCES take specific action to address the deficiency. The deficiency was identified during a focused inspection of the facility on August 15, 2019, as described in the attached inspection report. The purpose of the inspection was to determine the facility's compliance status relative to select provisions of the New Hampshire Solid Waste Rules, Env-Sw 100 et seq., (Rules) related to working face cover requirements, specifically the requirements in Env-Sw 806.03, as well as the Approved Operating Plan of Record (dated October 2016).

NHDES hereby requests that NCES address the deficiency identified below, in the manner specified below.

(1) Failure to apply and maintain cover materials as required

At the time of the inspection on August 15, 2019, which began prior to the commencement of daily operations at the facility, NHDES personnel observed exposed waste at two separate working faces.

Exhibit A

Env-Sw 806.03(a) requires that an approved cover material be applied over all sides and working faces of a landfill in a manner and at a frequency required to achieve the performance objectives specified in Env-Sw 806.03(a)(1) through (7). In addition, landfills receiving municipal solid waste (MSW) are required to place cover material over all exposed waste no less frequently than at the end of each operating day, pursuant to Env-Sw 806.03(c). Further, Section 3.7.3, *Landfill Cover*, of the Approved Operating Plan of Record also requires that soil or a NHDES approved Alternative Daily Cover (ADC) material be applied to the working face at the conclusion of each working day.

NHDES notes that NCES personnel stated that nuisance wildlife was responsible for much of the exposed waste observed on August 15, 2019. While NHDES agrees that wildlife may be responsible for some of the exposed waste observed at the time of inspection, Env-Sw 806.03(a)(2) also requires cover material be applied in a manner and at a frequency required to minimize the potential to attract and harbor vectors.

Requested Response Actions:

NHDES requests that NCES ensure that adequate and compliant cover materials are applied and maintained at the facility at all times, in compliance with the Rules and the facility's Approved Operating Plan of Record.

NHDES requests that within 30 days of this letter of deficiency, NCES provide to its landfill operators training on the cover requirements in Env-Sw 806.03 and the Approved Operating Plan of Record. Within 7 days after the training, provide to NHDES documentation of attendees, training agenda, and the date and length of the training.

In addition, NCES personnel stated that they are working with various state and federal agencies to address nuisance wildlife (i.e., vectors). NHDES requests that within 30 days of this letter of deficiency, NCES submit to NHDES a plan identifying specific measures that NCES will take to control vectors to the greatest extent practicable, and an associated implementation schedule.

Please address all matters related to this Letter of Deficiency to:

Tyler J. Davidson, Waste Management Specialist
NHDES/WMD
P.O. Box 95, Concord, NH 03302-0095
Telephone: 603-271-2927
Email: tyler.davidson@des.nh.gov

A copy of the New Hampshire Solid Waste Rules, Env-Sw 100 et seq., is available on the NHDES website at http://des.nh.gov/organization/commissioner/legal/rules/index.htm or by

Exhibit A

contacting the Public Information Center at (603) 271-2975. Statutes are available via the State of NH website, www.nh.gov.

We appreciate NCES' cooperation in addressing the deficiency noted herein. Issuance of this LOD and your response to the requested corrective actions does not limit or otherwise preclude NHDES from taking enforcement action pursuant to RSA 149-M with regards to the noted deficiency.

Thank you for your prompt attention to this matter.

Sincerely,

Pamela Hoyt-Denison

Pamela Hoyt-Denison, P.E., Administrator
Waste Programs
Waste Management Division
Tel: (603) 271-2945
Email: pamela.hoyt-denison@des.nh.gov

encl. Solid Waste Facility Inspection Report, dated August 15, 2019

cc: NHDES Legal Unit

ec: Kevin Roy, NCES, *email: kevin.roy@casella.com*
Gabe Boisseau, Chair-Board of Selectmen, Town of Bethlehem, *Email: selectman3@bethlehemnh.org*
Town Clerk, Town of Bethlehem, *Email: townclerk@bethlehemnh.org*
April Hibberd, Administrative Assistant, Town of Bethlehem, *Email: admin@bethlehemnh.org*

NEW HAMPSHIRE DEPARTMENT OF Environmental Services	**SOLID WASTE FACILITY INSPECTION REPORT**	**New Hampshire Department of Environmental Services** **Waste Management Division** **P.O. Box 95, 29 Hazen Drive** **Concord, NH 03302-0095** **Phone: 603-271-2925 Fax: 603-271-2456**

Facility/ Site Information			
Facility Permit No.	DES-SW-SP-03-002		
Name	North Country Environmental Services, Inc. (NCES) Landfill		
Physical Address	581 Trudeau Road, Bethlehem, NH 03574		
Mailing Address	1855 VT Route 100, Hyde Park, VT 05655		
Contact	Name	Title	Telephone
Unannounced	N/A	N/A	N/A
Facility Type / Waste Accepted		Other Permit No. / Date Issued	
Landfill (see permit for waste types accepted)		N/A	

Visit Information			
Date of Inspection	August 15, 2019	NHDES Staff Conducting Site Inspection	Robert Bishop, NHDES Tyler Davidson, NHDES Don Watson, NHDES
Time Arrival / Departure	5:45 a.m. – 8:15 a.m.	Weather	Partly cloudy, 50s – 60s°F
Purpose of Inspection	Assess compliance with select Solid Waste Rules, specifically Env-Sw 806.03, Landfill Cover During Operations, and NCES' Approved Operating Plan of Record, dated October 2016.		
Photos Taken: _X_ Yes ___No (If yes, see photo log, Attachment A) Samples Collected: __ Yes _X_ No (If yes, see sample collection log)			

PARTICIPANTS (Name/Title of others present)

Bruce Grover, Operations Manager, NCES
Stephen Allen, Environmental Technician, NCES

FACILITY/ SITE DESCRIPTION

NCES Landfill is an active commercial municipal solid waste landfill. The landfill was operating (receiving waste) on the day of the inspection.

ACTIVITIES AND OBSERVATIONS

The following is a summary of activities and general observations made by NHDES staff during inspection of the NCES landfill on August 15, 2019. Additional observations related to NHDES' assessment of compliance for select Solid Waste Rules and Approved Operating Plan of Record are provided in attachments to this report. A log of photographs taken by NHDES, as well as copies of select photographs referenced in this report, are included in Attachment B.

NHDES staff Robert Bishop, Tyler Davidson, and Don Watson arrived at the facility at 5:45 a.m., before the

facility opened. The gate was opened by the first arriving NCES staff person shortly after NHDES's arrival, at which time NHDES staff entered the facility. NCES personnel informed NHDES that the NCES Operations Manager would arrive on-site shortly.

NCES Operations Manager Bruce Grover arrived on-site at approximately 6:00 a.m. NHDES personnel introduced themselves and explained that the purpose of the visit was to inspect the facility for compliance with select Solid Waste Rules, specifically those rules related to daily cover. NHDES requested to see all working faces at the site prior to the commencement of daily operations. Mr. Grover stated that there were two working faces at the site: one in Stage IV/Phase II, and one in Stage V/Phase II. Mr. Grover then escorted NHDES personnel to the working face located in Stage IV/Phase II.

NHDES personnel arrived at the working face located in the southern portion of Stage IV/Phase II at approximately 6:05 a.m. Photographs P8150001 through P8150008 reflect the conditions associated with the working face at the time of inspection. NHDES personnel noted that daily cover at this working face comprised two (2) temporary tarps placed directly over waste. On the northern edge of the tarps, NHDES personnel observed a mixture of soil and exposed waste (see Photograph P8150005). Mr. Bishop notified Mr. Grover that the daily cover in this area was inadequate. Mr. Grover noted that the facility has been having problems with wildlife, in particular bears, scavenging the working faces at night and compromising the integrity of the daily cover. Mr. Grover then briefly discussed some of the wildlife control measures in place at the facility, which include wildlife propane cannons.

At approximately 6:27 a.m., NHDES personnel detected a distinct landfill gas-type odor while standing in the vicinity of Stage IV/Phase II. Mr. Grover attributed the odor to the landfill gas flaring system, which led to a brief discussion of the facility's landfill gas system maintenance procedures. Mr. Grover stated that the landfill gas collection system was without vacuum on the previous day (August 14, 2019). Mr. Bishop inquired as to how often landfill gas extraction wells were monitored and adjusted, and Mr. Grover stated that landfill gas extraction well monitoring and adjustment rounds are ideally conducted two times per month. Mr. Bishop inquired further as to the frequency of odor complaints to the facility in recent days; Mr. Grover stated that a resident of Main Street (U.S. Route 302) complained of a sludge odor the week prior to the inspection. Mr. Grover stated that the sludge odor complaint was likely legitimate, but was unable to be confirmed by NCES personnel when they responded to the site of the complaint.

At approximately 6:30 a.m., NCES personnel removed the daily cover tarps from the working face in the southern portion of Stage IV/Phase II. Photographs P8150017 through P8150019 depict the condition of the working face following removal of the daily cover tarps. NHDES noted an overt odor upon removal of the daily cover tarps.

At approximately 6:45 a.m., NCES and NHDES personnel traveled to the working face located in the southern portion of Stage V/Phase II. The conditions of this working face at the time of inspection are shown in Photographs P8150021 through P8150025. Mr. Grover stated that the last filling at this working face occurred approximately one week prior to the date of inspection, but that it had been approximately one month since filling in this area had occurred on a regular basis. Mr. Grover stated that a combination of daily and intermediate cover was being used in this area. During inspection of the working face in Stage V/Phase II, NHDES personnel observed exposed waste throughout the area.

At approximately 6:50 a.m., NCES personnel removed a layer of cover material on the southern edge of the Stage V/Phase II working face to create room in which to deposit a load of sludge, as seen in Photograph P8150025. An overt odor was noted at this time, and was attributed by NHDES personnel to the disturbance of cover material and waste. Following the inspection of both working faces, NHDES personnel traveled the perimeter road of the landfill, and returned to the facility office at approximately 7:15 a.m.

At the facility office, NHDES personnel met with Mr. Grover and Environmental Technician Stephen Allen.

NHDES personnel requested to review odor complaint logs from the past calendar year, and NCES personnel produced the requested records. During the review of odor complaint logs, NHDES personnel noted that, for many of the odor complaints, the NCES Facility Odor and Noise Complaint Forms indicated that there were no contemporaneous waste excavations, and that the odor control misting system was in operation.

During the records review, NHDES personnel simultaneously interviewed NCES personnel regarding their odor complaint response procedures and odor control measures at the facility. Mr. Allen reported that he conducts routine odor surveillance loops on the way to the facility in the morning. Mr. Allen stated that when conducting the odor surveillance loops, he drives a route that includes most of the locations of repeated odor complaints (Swazey Lane, Peppersass Lane) with a vehicle window down to detect odors, and stops at a few select locations to further assess whether odors are present. Mr. Allen stated that, when responding to odor complaints, only occasionally are NCES personnel able to confirm that an odor is present at the reporting location, and that verified odor complaints are rarely connected to work taking place at the facility. Mr. Allen mentioned that a couple of previous complaints originating on Main Street (U.S. Route 302) were attributed to a sludge load that had been dumped at the facility. Mr. Allen further noted that the vague nature of some of the odor complaints makes it difficult to attribute odors to any particular landfill activity. Mr. Grover then described some of the odor control measures in place at the facility. Specifically, Mr. Grover noted that the odor control misting system is used almost daily, and particularly when construction activities expose waste. When asked about odor control pellets, Mr. Grover stated that they are used in really strong odor situations, for example when a leachate seep is being repaired. Mr. Grover also described the bar sprayer at the facility that is used on an as-needed basis, which sprays a deodorizing solution on the empty bed of trucks following the tipping of a load containing sludge.

At approximately 8:15 a.m., NHDES personnel concluded the records review and departed the site. After leaving the site, NHDES personnel traveled area roads to assess the presence of landfill odors, the results of which are outlined below:

- 8:15 a.m.: Traversed Trudeau Road – No Odors Detected
- 8:19 a.m.: Traversed Swazey Lane to Peppersass Lane – No Odors Detected
- 8:24 a.m.: Traversed Peppersass Lane – No Odors Detected
- 8:28 a.m.: Departed Peppersass Lane – Traversed U.S. Route 302 East – No Odors Detected
- 8:40 a.m.: Stopped at 3738 Main Street (Wayside Inn) – No Odors Detected

At approximately 8:45 a.m., NHDES personnel departed the site vicinity.

COMPLIANCE ASSESSMENT

NHDES performed an assessment of NCES' compliance with select requirements of the New Hampshire Solid Waste Rules, specifically Env-Sw 806, as well as the Approved Operating Plan (dated October 2016). This assessment is based on NHDES' observations during an on-site inspection on August 15, 2019, and discussions with NCES personnel during the on-site inspection on August 15, 2019.

NHDES' assessment and determination of compliance relative to selected Solid Waste Rules is provided in Attachment B. NHDES' assessment and determination of compliance relative to selected sections of the Approved Operating Plan of Record is provided in Attachment C.

In summary, NHDES determined that, on the date of the visit, NCES was not in compliance with the selected Solid Waste Rules or the Approved Operating Plan of Record that relate to landfill cover during operations.

ATTACHMENTS

Attachment A – Photograph Log
Attachment B – Assessment of Compliance: Env-Sw 806
Attachment C – Assessment of Compliance: Approved Operating Plan of Record

NEW HAMPSHIRE DEPARTMENT OF Environmental Services

Waste Management Division

Solid Waste Management Bureau

29 Hazen Drive, Concord, NH 03301 (603) 271-2925 Fax (603) 271-2456

Attachment A - Photograph Log

Facility Information	
Facility Permit No.	DES-SW-SP-03-002
Name	North Country Environmental Services, Inc. (NCES) Landfill
Physical Address Inspected	581 Trudeau Road, Bethlehem, NH 03574

Photograph Information			
Date of Photographs	August 15, 2019	Photographer	Tyler Davidson
Camera Used	Olympus Stylus TG-870		
Photograph Number	Description		
P8150001	Overview of the southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking west. The tarps present in the center of the photograph are the approximate location of a working face.		
P8150002	Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking west. Exposed waste is visible along the northern edge of the daily cover tarp.		
P8150003	Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking west.		
P8150004	Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking north.		
P8150005	Southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking west. Exposed waste is visible beyond the northern edge of the daily cover tarp.		

Photograph Number	Description
P8150006	Southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking south. Pile of soil cover mixed with debris present in the center of the photograph; pile of soil cover present in the background of the photograph.
P8150007	Representative photograph of the tarp used as daily cover in the southern portion of Stage IV/Phase II, as viewed from the west and looking upslope in an easterly direction.
P8150008	Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered, as viewed from the west and looking upslope in an easterly direction. Pile of soil cover mixed with debris present in the center of the photograph; pile of soil cover present on the right of the photograph.
P8150009	Southern slope of Stage IV/Phase II, as viewed from the north and looking downslope in a southerly direction.
P8150010	Southern slope of Stage IV/Phase II. Looking west.
P8150011	Southern slope of Stage IV/Phase II, as viewed from the south and looking upslope in a northerly direction. A pile of soil cover is present on the right of the photograph.
P8150012	Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered, as viewed from the south and looking upslope in a northerly direction. The western and southern edges of a tarp being used as daily cover are visible in the photograph.
P8150013	Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered, as viewed from the south and looking upslope in a northerly direction. The eastern edge of a tarp being used as daily cover is visible in the photograph.

Attachment A - Photograph Log
North Country Environmental Services, Inc., Bethlehem, NH
Inspection August 15, 2019

Photograph Number	Description
P8150014	Southern portion of Stage IV/Phase II, as viewed from the east and looking in a westerly direction.
P8150015	Overview of the Stage V/Phase II construction area, as viewed from the south and looking in a northerly direction.
P8150016	Overview of the Stage V/Phase II construction area, as viewed from the south and looking in a northeasterly direction.
P8150017	Overview of the working face in the southern portion of Stage IV/Phase II following the removal of the daily cover tarps, as viewed from the north and looking in a southerly direction.
P8150018	Working face in the southern portion of Stage IV/Phase II following the removal of the daily cover tarps, as viewed from the north and looking in a southerly direction.
P8150019	Working face in the southern portion of Stage IV/Phase II following the removal of the daily cover tarps, as viewed from the north and looking in a southwesterly direction.
P8150020	Photograph showing a representative sample of a soil/processed C&D mixture.
P8150021	Working face located in the western portion of Stage V/Phase II, as viewed from the south and looking in a northerly direction.
P8150022	Overview of the working face in the western portion of Stage V/Phase II, as viewed from the west and looking in an easterly direction.
P8150023	Working face located in the western portion of Stage V/Phase II, as viewed from the west and looking upslope in an easterly direction.

Attachment A - Photograph Log
North Country Environmental Services, Inc., Bethlehem, NH
Inspection August 15, 2019

Photograph Number	Description
P8150024	Working face in the western portion of Stage V/Phase II, as viewed from the west and looking upslope in an easterly direction.
P8150025	Working face in the western portion of Stage V/Phase II, as viewed from the south. NCES personnel removed a limited layer of cover material on the southern edge of the Stage V/Phase II working face to create room in which to deposit a load of sludge.
P8150026	Leachate pump house located in the northwestern portion of the landfill site (adjacent to Stage IV/Phase I), as viewed from the north.
P8150027	Overview of the working face located in the southern portion of Stage IV/Phase II, as viewed from the southernmost access road, looking upslope in a northerly direction.

P8150001: Overview of the southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking west. The tarps present in the center of the photograph are the approximate location of a working face.

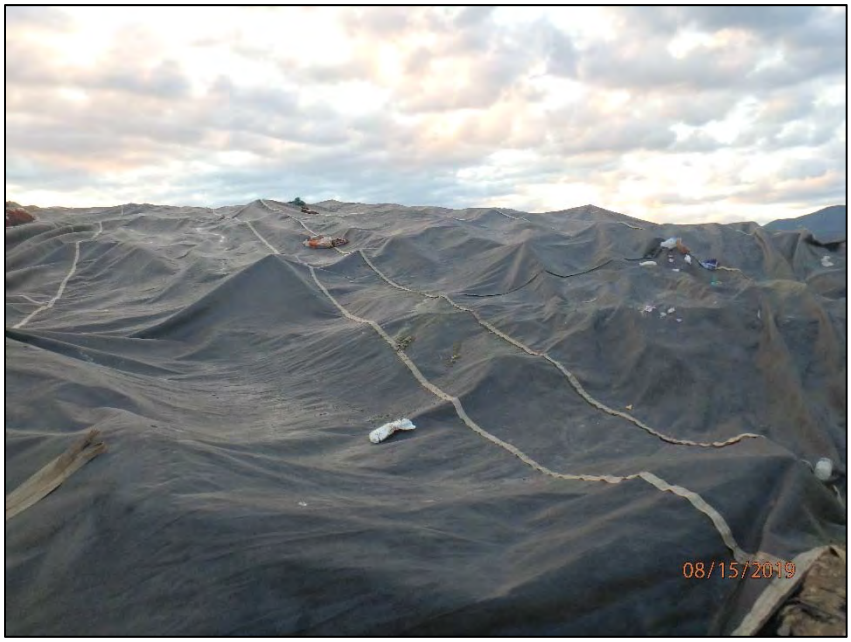
P8150002: Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking west. Exposed waste is visible along the northern edge of the daily cover tarp.

P8150003: Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking west.

P8150004: Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking north.

P8150005: Southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking west. Exposed waste is visible beyond the northern edge of the tarp.

P8150006: Southern portion of Stage IV/Phase II, prior to the working face being uncovered. Looking south. Pile of soil cover mixed with debris present in the center of the photograph; pile of soil cover present in the background of the photograph.



P8150007: Representative photograph of the tarp used as daily cover in the southern portion of Stage IV/Phase II, as viewed from the west and looking upslope in an easterly direction.

P8150008: Working face in the southern portion of Stage IV/Phase II, prior to the working face being uncovered, as viewed from the west and looking upslope in an easterly direction. Pile of soil cover mixed with debris present in the center of the photograph; pile of soil cover present on the right of the photograph.

P8150017: Overview of the working face in the southern portion of Stage IV/Phase II following the removal of the daily cover tarps, as viewed from the north and looking in a southerly direction.

P8150018: Working face in the southern portion of Stage IV/Phase II following the removal of the daily cover tarps, as viewed from the north and looking in a southerly direction.

P8150019: Working face in the southern portion of Stage IV/Phase II following the removal of the daily cover tarps, as viewed from the north and looking in a southwesterly direction.

P8150021: Working face located in the western portion of Stage V/Phase II, as viewed from the south and looking in a northerly direction.

P8150022: Overview of the working face in the western portion of Stage V/Phase II, as viewed from the west and looking in an easterly direction.

P8150023: Working face located in the western portion of Stage V/Phase II, as viewed from the west and looking upslope in an easterly direction.

P8150024: Working face in the western portion of Stage V/Phase II, as viewed from the west and looking upslope in an easterly direction.

P8150025: Working face in the western portion of Stage V/Phase II, as viewed from the south. Prior to this photograph, NCES personnel removed a limited layer of cover material on the southern edge of the Stage V/Phase II working face to create room in which to deposit a load of sludge.

NEW HAMPSHIRE DEPARTMENT OF Environmental Services

Waste Management Division

Solid Waste Management Bureau

29 Hazen Drive, Concord, NH 03301 (603) 271-2925 Fax (603) 271-2456

Attachment B
Assessment of Compliance:
Env-Sw 806 – Operating Requirements

North Country Environmental Services, Inc. Landfill
581 Trudeau Rd, Bethlehem, NH
Solid Waste Permit #DES-SW-SP-03-002
August 15, 2019

This document presents NHDES' assessment and determination of North Country Environmental Services, Inc.'s (NCES') compliance with selected provisions of the New Hampshire Solid Waste Rules, Part Env-Sw 806, *Operating Requirements*, specifically Env-Sw 806.03, Landfill Cover During Operations, for its landfill located at 581 Trudeau Road in Bethlehem, New Hampshire. This assessment was performed in conjunction with an assessment of compliance with select portions of the facility's Approved Operating Plan of Record (see Attachment C). This assessment is based on NHDES' observations during an on-site inspection on August 15, 2019, and discussions with NCES personnel during the on-site inspection on August 15, 2019.

NHDES assessed compliance with selected provisions of the New Hampshire Code of Administrative Rules, Part Env-Sw 806. The provisions assessed are provided herein for reference in *italic* type.

PART Env-Sw 806 OPERATING REQUIREMENTS

Env-Sw 806.01 Applicability

(a) The operating requirements in this part shall apply to all landfills, except:
(1) Existing landfills which ceased operating prior to October 29, 1997 and do not resume operations on or after October 29, 1997;
(2) Permit-exempt landfills identified in Env-Sw 302.03 or Env-Sw 810;
(3) Permit-by-notification landfills having an active life of 90 days or less;
(4) Research and development permit facilities as provided by Env-Sw 312.02(b); and
(5) Emergency permit facilities as provided by Env-Sw 313.02(b).

Assessment: NCES' solid waste permit #DES-SW-SP-03-002 requires that the facility be operated in compliance with the NH Solid Waste Rules Env-Sw 100-2000, as applicable. Part Env-Sw 806 applies to landfills, with certain exceptions listed in Env-Sw 806.01(a). The NCES

facility is a landfill and does not meet one of the listed exceptions. Therefore, Env-Sw 806 applies to the NCES facility. No compliance determination required.

Env-Sw 806.03 Landfill Cover During Operations

(a) An approved cover material shall be applied over all sides and working faces of the landfill in a manner and at a frequency required to achieve the following performance objectives:

(1) Minimize the dispersal of offensive odors;
(2) Minimize the potential to attract and harbor vectors;
(3) Control drainage in accordance with Env-Sw 805.06, Env-Sw 805.09, Env-Sw 806.05, and Env-Sw 806.06;
(4) Control unsightly conditions and windblown waste;
(5) Reduce the potential for fire;
(6) Provide stability; and
(7) Assist in the proper development of final grades, as set forth in the facility's approved fill sequencing plans.

Assessment: NHDES staff visited the two working faces of the landfill prior to the commencement of daily operations at the site. One working face was located in the southern portion of Stage IV/Phase II, and the other was located in the southern portion of Stage V/Phase II.

Upon inspection of the working face located in the southern portion of Stage IV/Phase II, NHDES personnel noted that daily cover at this working face comprised two (2) temporary tarps placed over the working face. NHDES notes that the tarps are an approved alternate daily cover (ADC) material pursuant to Env-Sw 806.03(d)(2), and the facility's Approved Operating Plan. On the northern edge of the tarps, NHDES personnel observed a mixture of soil and exposed waste, as depicted in Photograph P8150005. NCES personnel stated that the facility has been having problems with wildlife, in particular bears, scavenging the working faces at night and compromising the integrity of the daily cover.

NHDES personnel also inspected the working face located in the southern portion of Stage V/Phase II. NCES staff stated that the last filling at this working face occurred approximately one week prior to the inspection, but that it had been approximately one month since filling in this area had occurred on a regular basis. As such, NCES personnel stated that a combination of daily and intermediate cover was being used in this area. During the inspection, NHDES personnel observed that soil, an approved cover material, was being used as daily/intermediate cover in this area. Additionally, NHDES personnel observed exposed waste throughout the area, as shown in Photographs P8150021 through P8150025.

Based on the information and observations gathered during the August 15, 2019 inspection, NHDES confirmed that approved cover materials are being applied to working faces of the

landfill, but observed that the cover materials are not being applied in a manner required to achieve the performance objectives outlined in Env-Sw 806.03(a).

Determination: Not in compliance with Env-Sw 806.03(a).

Env-Sw 806.03 Landfill Cover During Operations

(c) At landfills receiving MSW[1], cover material shall be placed over all exposed waste no less frequently than at the end of each operating day.

Assessment: NHDES personnel observed exposed waste during inspection of the working face located in the southern portion of Stage IV/Phase II (see Photographs P8150001 through P8150008), as well as the working face located in the southern portion of Stage V/Phase II (see Photographs P8150021 through P8150025).

Determination: Not in Compliance with Env-Sw 806.03(c).

[1] Municipal Solid Waste

NEW HAMPSHIRE DEPARTMENT OF Environmental Services

Waste Management Division

Solid Waste Management Bureau

29 Hazen Drive, Concord, NH 03301 (603) 271-2925 Fax (603) 271-2456

Attachment C
Assessment of Compliance:
Approved Operating Plan of Record

North Country Environmental Services, Inc. Landfill
581 Trudeau Rd, Bethlehem, NH
Solid Waste Permit #DES-SW-SP-03-002
August 15, 2019

This document presents NHDES' assessment and determination of North Country Environmental Services, Inc.'s (NCES') compliance with selected provisions of its Approved Operating Plan of Record – specifically Section 3.7.3, *Landfill Cover* – for its landfill located at 581 Trudeau Road in Bethlehem, New Hampshire. This assessment was performed in conjunction with an assessment of compliance with select provisions of the New Hampshire Solid Waste Rules (see Attachment B). This assessment is based on NHDES' observations during an on-site inspection on August 15, 2019, and discussions with NCES staff during the on-site inspection on August 15, 2019.

NCES' solid waste permit #DES-SW-SP-03-002 requires that the facility be operated in compliance with the approved operating plan of record. NHDES assessed compliance with selected provisions of the Approved Operating Plan of Record. The provisions of the Approved Operating Plan of Record that were assessed are provided herein for reference in *italic* type.

3.7 Waste Management Following Receipt (Fill Sequence Plan)

Assessment of compliance with Section 3.7 of the Approved Operating Plan was limited to the following provisions for daily cover:

3.7.3 Landfill Cover

Daily cover consisting of soil or a NHDES approved Alternative Daily Cover (ADC) material is to be applied to the working face at the conclusion of each working day. Twelve inches of intermediate cover soil or NHDES approved alternative is to be applied in areas where active filling will not occur for a period of one month or more.

The purpose of the daily and intermediate cover is to limit odors from the site, limit the potential to attract vectors, promote drainage of surface water, limit windblown

litter, reduce the potential for fire, provide stability, and to serve as subgrade for the capping system. Soil cover material is to be applied and graded to direct runoff away from the filled area and limit leachate production. Silt fences and/or hay bales, or stone check dams are to be used as necessary to filter suspended soil particles from within the runoff from areas which have received soil cover.

ADC is often superior to soil covers as they eliminate the use of natural resources. ADC must serve all the cover material functions identified above and may be used only after gaining approval from the NHDES.

Assessment and Determination: (Daily Cover)

See assessment and determination for daily cover in Attachment B.

Exhibit B

The State of New Hampshire
Department of Environmental Services

Robert R. Scott, Commissioner

February 1, 2021

VIA EMAIL AND
CERTIFIED MAIL
7015 3010 0000 1292 9428
RETURN RECEIPT REQUESTED

Letter of Deficiency No. WMD-LOD-21-002
and
Letter of Compliance

North Country Environmental Services, Inc.
1855 VT Route 100
Hyde Park, VT 05655
Email: john.gay@casella.com

Attn: John Gay, E.I., Engineering Manager

SUBJECT: DAILY COVER DEFICIENCY– STAGE VI CONSTRUCTION AREA; Permit No. DES-SW-SP-03-002; North Country Environmental Services, Inc. (NCES) landfill, 581 Trudeau Road, Bethlehem, NH

Dear Mr. Gay:

The New Hampshire Department of Environmental Services (NHDES) issues this combined Letter of Deficiency (LOD) / Letter of Compliance (LOC) to officially notify NCES, and document for record, that NHDES identified a compliance deficiency at the above referenced landfill during an inspection on October 28, 2020, which NCES corrected in the days following. More specifically, on October 28, 2020 NHDES conducted a focused daily cover inspection in the area of the working face in Stage V and in the Stage VI construction area, to determine compliance with the requirement to cover all exposed waste at the end of each operating day, as specified in Conditions (14)(d), (14)(e) and (16)(b) of the facility's modified Solid Waste Facility Permit No. DES-SW-SP-003-002, effective October 9, 2020 (Permit). See attached inspection report for details. The report includes photographs and the compliance assessment.

As noted in the inspection report, NHDES inspected both the area of the working face and an area under construction on the morning of October 28, 2020, before daily operations and construction activities had commenced. No compliance deficiency was identified in the area of the working faced relative to the placement of daily cover pursuant to Condition (16)(b). However, NHDES staff did observe exposed waste in a trench that had been excavated in the Stage VI construction area along an interface with Stage V. Because the observation was made prior to commencement of construction on October 28, 2020, NHDES concludes that NCES failed to place cover materials in this area at the end of the prior construction day, contrary to the requirements of Conditions 14(d) and (14)(e) of the Permit. Specifically, Conditions 14(d) and (14)(e) specify that NCES must cover all waste exposed during construction at the end of each operating day. During the October 28, 2020 inspection, NHDES staff informed NCES staff of the deficiency and the need for corrective action.

During a November 4, 2020 construction site visit, NHDES staff observed that the trench, where the exposed waste was observed on October 28, 2020, had been backfilled. The daily field report by NHDES

Exhibit B

staff documenting this observation is attached. No further action by NCES in response to the noted deficiency is required at this time. For record, this letter serves as both a Letter of Deficiency and Letter of Compliance for the deficiency that existed on October 28, 2020.

Covering all exposed waste at the end of each operating day, whether in facility operating areas or construction areas, is a practicable means for controlling litter, insects, odors, vectors, leachate production, and fires, pursuant to the operating requirements of Env-Sw 1005.01(d). For that reason, the Permit specifies that exposed waste in the construction area is subject to the same cover requirements as in operating areas. NHDES expects operators of permitted landfills to be diligent in their efforts to always apply cover over all exposed waste at the end of each day. It is the responsibility of NCES to ensure that its operators and contractors comply without exception.

NHDES may inspect the facility again to determine whether it is maintaining full compliance with permit requirements and applicable rules. Further, issuance of this letter does not limit NHDES from seeking monetary penalties for the noted deficiency, either administratively pursuant to RSA 149-M or by referral to NHDOJ. NHDES has the right to pursue appropriate enforcement actions for the deficiency noted in this letter as well as any deficiencies noted identified during other inspections of your facility.

A copy of the New Hampshire Solid Waste Rules, Env-Sw 100 et seq. is available on the NHDES website at http://des.nh.gov/organization/commissioner/legal/rules/index.htm or by contacting the Public Information Center at (603) 271-2975. Statutes are available via the State of NH website, www.nh.gov.

Sincerely,

Pamela Hoyt-Denison

Pamela Hoyt-Denison, P.E., Administrator
Solid Waste Management Bureau
Waste Management Division
Tel.: (603) 271-2945
Email: *pamela.f.hoyt-denison@des.nh.gov*

Encl: 10/28 Inspection Report, with photos (Attachment A) and Compliance Assessment & Determination (Attachment B)
Field Report – construction site visit 11/04/2020

ec: Kevin Roy, NCES, *kevin.roy@casella.com*
Gabe Boisseau, Chair-Board of Selectmen, Town of Bethlehem, *email: selectman3@bethlehemnh.org*
Town Clerk, Town of Bethlehem, *email: townclerk@bethlehemnh.org*
April Hibberd, Administrative Assistant, Town of Bethlehem, *email: admin@bethlehemnh.org*

Exhibit C

Exhibit C

The State of New Hampshire

DEPARTMENT OF ENVIRONMENTAL SERVICES

Robert R. Scott, Commissioner

North Country Environmental Services, Inc.
P.O. Box 866
Rutland, VT 05702

Re: Solid Waste Management Facility
581 Trudeau Road, Bethlehem, NH
Facility Permit No. DES-SW-PN-15-005

ADMINISTRATIVE ORDER
NO. 21-010 WMD

July 16, 2021

A. INTRODUCTION

This Administrative Order is issued by the Department of Environmental Services to North Country Environmental Services, Inc. under the authority of RSA 149-M:15. This Administrative Order is effective upon issuance.

B. PARTIES

1. The New Hampshire Department of Environmental Services ("NHDES") is a duly-constituted administrative agency of the State of New Hampshire, having its principal office at 29 Hazen Drive in Concord, New Hampshire.

2. North Country Environmental Services, Inc. ("NCES") is a foreign corporation registered to do business in New Hampshire having a mailing address of P.O. Box 866, Rutland, VT 05702.

C. STATEMENTS OF FACTS AND LAW

1. RSA chapter 149-M authorizes the NHDES to regulate the management and disposal of solid waste. Per RSA 149-M:7 the Commissioner of NHDES has adopted NH CODE ADMIN. RULES Env-Sw 100-2100 (the "Solid Waste Rules") to implement this program.

2. NCES owns and operates a solid waste management facility on property located at 581 Trudeau Road in Bethlehem, New Hampshire; more particularly described on Bethlehem Tax Map 419, as Lot Nos. 1, 2, 21, 22, 24, and 25 (the "Facility").

3. Per RSA 149-M:9, I, no person shall construct, operate, or initiate closure of a public or private facility without first obtaining a permit from the NHDES.

4. NHDES issued Solid Waste Facility Permit No. DES-SW-SP-03-002 to NCES on March 13, 2003, authorizing the development and operation of Stage IV of the landfill at the Facility (the "Permit").

5. On August 15, 2014, NHDES issued a Record of Modification to the Permit, authorizing the expansion, development, and operation of the landfill at the Facility referencing Stage IV, and Stage V. This modification to the Permit included approval of certain revisions to the facility

operating plan; authorization of future construction and operation of a vertical and lateral expansion of the landfill, referred to as Stage V; and specified closure and post-closure requirements for the entire landfill, comprised of Stages I-V.

6. The approved footprint and final grades of the landfill at the Facility, encompassing Stage I through Stage V, are defined in Condition (3) of Section IV of the Permit, as modified on August 15, 2014.

7. NCES was required to operate Stage V of the landfill at the Facility in accordance with RSA chapter 149-M, the Solid Waste Rules, and the facility limits specified in Condition (3); per Condition (8) of Section IV of the Permit, as modified on August 15, 2014.

8. Per Env-Sw 1105.04(a), a facility shall operate in compliance with RSA chapter 149-M, all requirements in the solid waste rules, and the terms and conditions of the permit.

9. Prior to commencing operation of Stage V of the landfill at the Facility NCES was required to obtain operating approval as specified in Env-Sw 1105.03, per Condition (9)(c) of Section IV of the Permit, as modified on August 15, 2014.

10. Per Env-Sw 1105.03(c), the "returned copy of the notice [of intent to operate] shall constitute approval to commence operations as specified in the notice and in accordance with the approved operating plan."

11. Per Env-Sw 1105.03(d), the approval "to commence operations shall be subject to terms and conditions as necessary to assure that the facility operates in accordance with the approved plans and specifications, all applicable rules and regulations, and the terms and conditions of the permit."

12. On December 23, 2015, NHDES issued operating approval to NCES authorizing operations in the Stage V, Phase I airspace. NHDES issued operating approval of Stage V, Phase II in 2017.

13. On October 9, 2020, NHDES issued a Record of Modification to the Permit, providing conditional approval to vertically and laterally expand the landfill at the Facility to increase its permitted disposal capacity by over one million cubic yards of air space. The expansion, referred to as Stage VI, is located to the south and east of the existing landfill footprint (Stages I – V) – as well as over previously permitted portions of Stages I – IV of the landfill at the Facility.

14. Prior to commencing operation of Stage VI, or any phase or portion thereof, of the landfill at the Facility NCES was required to obtain operating approval as specified in Env-Sw 1105.03, per Condition (15)(c) of Section IV of the Permit, as modified on October 9, 2020.

15. On February 18, 2021, NHDES sent a Notice of Findings ("NOF") to NCES regarding facility capacity (Stages I-V). In the NOF, NHDES noted that it had reviewed the 2019 annual facility report, and supplements; the monthly facility reports for 2020; and the monthly facility report for January 2021; for the landfill at the Facility. NHDES stated that the purpose of the review was to determine compliance with the capacity limitations of the landfill at the Facility set out in Conditions (3) and (8) of the Permit, as modified on August 15, 2014; for development of Stage V, in accordance with the operating approval issued on December 23, 2015. In the NOF, NHDES reached a preliminary finding that NCES had exceeded the landfill capacity under the current

operating approval; and requested additional information from NCES, before NHDES made a final determination.

16. On February 19, 2021, NCES responded to the NOF in a letter in which NCES stated that the "pertinent issue [is] whether NCES has remained within its permitted grades." NCES stated that "[b]ased on a site survey conducted on January 4, 2021 and engineering analysis, NCES's Stage I-V remaining capacity is approximately 141,000 cubic yards."

17. On February 24, 2021, NHDES acknowledged receipt of NCES' initial response and expressed its understanding that NCES would "submit documentation supporting the remaining capacity figures reported in [its] response, on or before March 5, 2021."

18. On March 3, 2021, NCES submitted to NHDES a letter that included an engineer's capacity analysis. In the analysis, the engineer concluded that NCES had capacity remaining within the landfill at the Facility. The documentation included topographic surveys from June 2020, October 2020, and January 2021, as well as a cut/fill figure, titled *January 4, 2021 Site Survey Volume Remaining*, comparing the January 2021 grades with the permitted vertical limits of the landfill. The cut/fill figure shows the elevation of materials placed exceeds the permitted vertical limits by up to 16 feet.

19. On March 19, 2021, NHDES issued operating approval to NCES authorizing Stage VI, Phase I operations within the landfill at the Facility.

20. On April 23, 2021, NHDES issued Letter of Deficiency ("LOD") No. WMD 21-009 to NCES, for *failure to operate only within the permitted vertical and lateral limits of the landfill.* In the LOD, NHDES requested that NCES take the following specific actions:

a. immediately cease placing waste outside the vertical limits of the landfill;

b. relocate waste to areas within the permitted vertical and lateral limits of the landfill;

c. submit to NHDES an incident report, within five working days, that includes the information required by Env-Sw 1005.09(b) *[sic]*, and a plan and schedule for completing waste relocation to within the permitted limits approved for operation; and

d. submit to NHDES weekly written updates on progress relocating the waste, and status of implementing measures to reduce, eliminate, and prevent a recurrence of the violation.

21. Per Env-Sw 1005.09(a), the permittee shall report to NHDES all incidents or situations at the facility which involve an imminent and substantial risk to human health, safety or the environment or which constitute a violation of the solid waste rules or the facility permit.

22. Per Env-Sw 1005.09(b), reports pursuant to Env-Sw 1005.09(a) shall be verbally made to NHDES by the permittee as soon as practicable.

23. Env-Sw 1005.09(c), the permittee shall submit a written report pursuant to Env-Sw 1005.09(a) within five working days of the time the permittee becomes aware of the incident or situation and include certain specified information.

24. Per Env-Sw 806.02(b), wastes shall be placed only within the permitted vertical and lateral limits of the landfill.

25. NHDES received a response to LOD #WMD 21-009, from NCES dated April 30, 2021. In its response, NCES asserted that it was not operating outside of the *final permitted limits* of the landfill at the Facility. NCES cited significant settling of waste between current operations and final limits of waste at closure. NCES also cited Env-Sw 1005.01(a) in its response to the LOD.

26. Env-Sw 1005.01(a) states "[a] facility shall not exceed the capacity limits specified in its permit or, in the case of a permit-exempt facility, the capacity limits specified by the exemption, if any."

27. Env-Sw 1005.01(b) states "[a] facility shall operate in a manner consistent with the design limitations of the facility and associated equipment."

28. To date, NHDES has no record of receiving the written report of the incident requested in the LOD. NHDES has no record of receiving weekly reports of efforts by NCES to come into compliance with the Permit, as modified.

29. The Facility is subject to the requirements of RSA chapter 149-M; the Solid Waste Rules; and the Permit, as modified.

D. Determination Of Violations

1. NCES violated Env-Sw 806.02(b); and the Permit, as modified; by placing waste outside the permitted vertical limits of the landfill at the Facility; as identified in Condition (3) of the modification dated August 15, 2014, and Conditions (10) and (11) of the modification dated October 9, 2020.

2. NCES violated Env-Sw 1005.09; and the Permit, as modified; by failing to notify NHDES of the violations of the Solid Waste Rules; and the Permit, as modified.

3. NCES violated Env-Sw 1005.01(b); and the Permit, as modified; by operating the landfill in a manner inconsistent with the design limitations of the Facility.

4. NCES violated Env-Sw 1105.04(a); and the Permit, as modified; by failing to operate the Facility in compliance with the Solid Waste Rules, and the terms and conditions of the Permit, as modified.

E. Order

Based on the above findings and determinations, NHDES hereby orders NCES as follows:

1. NCES shall immediately cease placing waste outside the permitted vertical and lateral limits of the landfill.

2. **Within 30 days of the date of this Order,** NCES shall:

   a. conduct a survey of the landfill at the Facility, and submit to NHDES a comparison of the existing grades to the permitted vertical and lateral limits approved for operation; and

   b. submit to NHDES an incident report that includes the information required by Env-Sw 1005.09(c), including a plan and schedule for relocating all waste to within the permitted limits approved for operation.

3. **Within 120 days of the date of this Order**, NCES shall complete the relocation of waste to areas within the permitted vertical and lateral limits, approved for operation, of the landfill at the Facility. During waste relocation activities, NCES shall implement effective odor controls pursuant to the approved odor control plan identified in Condition (14)(d) of Section IV of the Permit, as modified on October 9, 2020. NCES shall conduct waste relocation activities, **at all times**, in a manner that controls to the greatest extent practicable dust, litter, insects, odors, vectors, spills, the production of leachate, fire hazards including spontaneous combustion, the generation of methane and other hazardous or explosive gases, noise and nuisances.

4. **From the date of this Order through December 2022,** NCES shall conduct quarterly surveys of the landfill at the Facility; and NCES shall submit to NHDES a comparison of the existing grades to the permitted vertical and lateral limits approved for operation, **by the 15th of the month** following each quarter.

5. NCES shall send all correspondence, data, reports, and other submissions made in connection with this Administrative Order, **other than appeals**, to NHDES as follows: Laurel Pushee, Solid Waste Management Bureau, Waste Management Division, P.O. Box 95, Concord, NH 03302-0095 ~ Fax: 603-271-2456 ~ Email: laurel.c.pushee@des.nh.gov.

F. Appeal

Any person aggrieved by this Order may appeal the Order to the New Hampshire Waste Management Council ("Council") by filing an appeal that meets the requirements specified in RSA 21-O:14 and the rules adopted by the Council, Env-WMC 200. The appeal must be filed **directly with the Council within 30 days** of the date of this decision and must set forth fully **every ground** upon which it is claimed that the decision complained of is unlawful or unreasonable. Only those grounds set forth in the notice of appeal can be considered by the Council.

Information about the Council, including a link to the Council's rules, is available at http://nhec.nh.gov/ (or more directly at http://nhec.nh.gov/waste/index.htm). Copies of the rules also are available from the NHDES Public Information Center at (603) 271-2975.

G. Other Provisions

Please note that RSA 149-M:15, and RSA 149-M:16, provide for administrative fines, civil penalties, and criminal penalties for the violations noted in this Order, as well as for failing to comply with the Order itself. NCES remains obligated to comply with all applicable requirements, in particular RSA 149-M, the Solid Waste Rules, and the Permit. NHDES will continue to monitor compliance with applicable requirements and will take appropriate action if additional violations are discovered.

NHDES will take all necessary and feasible steps to assist companies and other entities affected by the outbreak of COVID-19, including those with employees who are unable to work because of illness or the need to care for a family member, those which have temporarily closed or reduced their hours, those unable to access necessary resources because of shortages, or any other company experiencing hardship because of the outbreak of COVID-19. All extension requests of any deadline set out in this Order, due to the COVID-19 pandemic, will be carefully considered. Approval of such requests will not be unreasonably withheld.

This Order is being recorded in the chain of title in the Grafton County Registry of Deeds so as to automatically transfer with the Property when the Property is transferred.

COPY

Robert R. Scott, Commissioner
Department of Environmental Services

cc: NHDES Legal Unit
CT Corporation System, *registered agent*, 2 ½ Beacon Street, Concord, NH 03301-4447 (*cert. mail*)

ec: Public Information Officer, NHDES PIP Office
K. Allen Brooks, Chief, AGO-Environmental Protection Bureau
Bethlehem Select Board, Town Clerk, and Administrative Assistant
Laurel Pushee, Solid Waste Management Bureau, WMD/NHDES
John Gay, NCES
Kevin Roy, NCES

Exhibit D

The State of New Hampshire
Department of Environmental Services

Robert R. Scott, Commissioner

July 21, 2021

CERTIFIED MAIL
7015 3010 0000 1292 9572
RETURN RECEIPT REQUESTED

LETTER OF DEFICIENCY
No. WMD LOD 21-023

North Country Environmental Services, Inc.
P.O. Box 9
Bethlehem, NH 03574
Email: john.gay@casella.com

SUBJECT: **North Country Environmental Services, Inc. Landfill, 581 Trudeau Rd., Bethlehem, NH**
Solid Waste Permit No. DES-SW-SP-03-002

Operating Deficiency – Leachate Release (May 1 - 3, 2021)

Dear Mr. Gay:

The New Hampshire Department of Environmental Services (NHDES) issues this Letter of Deficiency (LOD) to notify North Country Environmental Services, Inc. (NCES) that NHDES has identified compliance deficiencies, discussed below, concerning operation of the above-referenced solid waste facility.

On May 3, 2021, NCES reported a leachate spill or release from the facility's leachate storage units located outside the waste deposition area. Leachate was reportedly released through an open conduit from UST A to a valve box that is no longer in service (Valve Box 401). From the valve box, leachate reportedly traveled through an open conduit westward into soil, and overtopped the valve box to flow over the ground surface to the adjacent stormwater pond (Stormwater Pond No. 4). NHDES received a written incident report on May 7, 2021, and a "leachate management system audit" memorandum on June 10, 2021 as well as a follow-up letter to the audit on June 25, 2021.

NHDES hereby requests NCES address the deficiencies described below, in the manner specified in ***bold italic type***.

(1) Failure to provide leak-tight leachate storage units

NHDES understands that NCES has taken temporary measures to cap the conduit from UST A to the subject valve box, and has removed the valve box and westward running conduits.

Requested Response Action:
NHDES requests that NCES review by August 1, 2021 as-built construction plans and the field condition of the leachate storage system for the entire facility to identify any conduits at the facility, inclusive of the conduit from UST A to the location of the former valve box, that are no longer in use. By September 1, 2021, complete the decommissioning, by removal or grouting, of any such conduits identified to create the leak-tight system required pursuant to Env-Sw 805.06(g)(3)a.

Exhibit D

Provide a description and "as-built" drawing(s) of all conduit decommissioning by October 1, 2021.

(2) Failure to operate and maintain the facility in a manner that controls to the greatest extent practicable spills, and assures compliance with the facility permit, Solid Waste Rules and RSA 149-M

NCES reported that the leachate release was due to the Stage IV, Phase II pump failing to receive a wireless radio signal that the leachate tank storage system was full and the pump should stop operating. As such, the pump continued to send leachate to the on-site leachate tank storage system, resulting in the system overtopping and releasing leachate. Further, NCES verbally reported to NHDES during our meeting on May 3, 2021 that it had been having problems with proper operation of the wireless communication system for several weeks.

Further, the "leachate management system audit" report received by NHDES on June 10, 2021, which focused on an audit of the supervisory control and data acquisition (SCADA) system, identified that multiple interlocks and other controls that would prevent spills are not present.

The incident and reporting indicates a failure to operate and maintain the leachate management system in a manner that controls to the greatest extent practicable spills pursuant to Env-Sw 1005.01(d)(6); to maintain the facility to assure compliance with the permit and the Solid Waste Rules pursuant to Env-Sw 1005.01(e); to execute facility repairs and correct, abate, and remediate facility operating problems in a timely manner pursuant to Env-Sw 1005.01(f); and to operate the facility in compliance with RSA 149-M, the Rules, and the permit pursuant to Env-Sw 1105.04(a).

NCES committed to a timeline for addressing the results of the audit in its letter dated June 24, 2021 and received by NHDES on June 25, 2021. A copy of NCES' letter is enclosed for reference.

Requested Response Action:
NHDES requests that NCES take the actions described in its June 24, 2021 letter to address the audit results, in accordance with the schedule provided in the June 24, 2021 letter, and provide monthly updates, as indicated in Item (3) below, on its progress addressing the results of the audit. With the final status report, provide record "as-built" drawings of any system modifications made.

(3) Incident report lacks necessary details

NCES submitted a written incident report on May 7, 2021 pursuant to Env-Sw 1005.09(a).

For the quantity and types of wastes involved in the incident and clean-up activities pursuant to Env-Sw 1005.09(c)(4)b., the report states that the volume of leachate pumped after the tanks were reported full is approximately 154,000 gallons. This is an incomplete response because it lacks information required by Env-Sw 1005.09(c) on the quantity of liquids and sediments removed from the stormwater pond, inclusive of the forebay, aftbay and level spreader, and the quantity of soils excavated in and around the subject valve box, the westward running conduits and other areas where the ground surface was surficially excavated ("scraped") to remove potentially impacted soils.

Exhibit D

For the assessment required pursuant to Env-Sw 1005.09(c)(4)d., the report states that the leachate was contained onsite and therefore posed "no risk to human health or safety or impact off property." This is an incomplete response and does not include an assessment of "actual or potential hazards to the environment, safety and human health." NHDES anticipates that such an assessment will include a review of the actual or potential hazards posed by leachate, the possible exposure routes (e.g., inhalation, ingestion, dermal contact) for humans and the environment, and conclude whether an actual or potential hazard was posed to the environment, safety and human health, inclusive of the health and safety of site workers.

For the measures proposed to be taken to reduce, prevent or eliminate a recurrence of the incident pursuant to Env-Sw 1005.09(c)(5), the report states that the permittee would conduct a supervisory control and data acquisition (SCADA) system analysis, report data from sediment samples already collected, complete removal of sediments from the forebay of the stormwater pond and collect confirmatory soil samples, and ensure that vendors "check in" with landfill staff before leaving the site. This is an incomplete response because the proposed measures do not address near or short-term measures, such as temporary operating procedures while there is unreliable communication with the Stage IV Phase II pump, and removing liquids and sediments from the stormwater pond aftbay and level spreader. The proposed measures also do not address long-term measures, such as a permanent resolution to the wireless communication issue, evaluating and decommissioning existing leachate infrastructure, and/or otherwise changing leachate management practices.

Requested Response Action:
NHDES requests that NCES submit an amended incident report, containing the missing information identified above, by August 1, 2021, and provide monthly updates (on the first of each month, starting on August 1, 2021) on the status of addressing leachate infrastructure and management practices until such time as the measures identified pursuant to Env-Sw 1005.09(c)(5), inclusive of those identified in Items (1) and (2) above, have been in place for at least one month. With the final status report, provide record "as-built" drawings of any system modifications made. Note that the permittee is not relieved from seeking permit modifications when required pursuant to Env-Sw 300.

Please address all matters related to this Letter of Deficiency to:

Debra Sonderegger, Enforcement Coordinator
NHDES/WMD
P.O. Box 95
Concord, NH 03302-0095
Fax: 603-271-2456
Email: debra.a.sonderegger@des.nh.gov
Telephone: (603) 271-0674

A copy of the New Hampshire Solid Waste Rules, Env-Sw 100 et seq. is available on the NHDES website at http://des.nh.gov/organization/commissioner/legal/rules/index.htm or by contacting the Public Information Center at (603) 271-2975. Statutes are available via the State of NH website, www.nh.gov.

Exhibit D

Thank you in advance for giving this Letter of Deficiency immediate attention. Failure to respond as requested may result in enforcement action pursuant to RSA 149-M with regard to the noted deficiencies. Potential enforcement actions include issuance of an administrative order or referral to the New Hampshire Department of Justice (NHDOJ) for enforcement. Also, please be advised that issuance of this Letter of Deficiency and your response actions do not limit NHDES from seeking monetary penalties for the noted deficiencies, either administratively pursuant to RSA 149-M or by referral to NHDOJ.

Your cooperation is appreciated.

Sincerely,

Sarah Yuhas Kirn, P.G., Assistant Director
Waste Management Division
Tel.: (603) 848-8641
Email: sarah.l.yuhaskirn@des.nh.gov

encl. June 24, 2021 letter from NCES to NHDES

ec: Kevin Roy, NCES, *email:* kevin.roy@casella.com
Gabe Boisseau, Chair-Board of Selectmen, Town of Bethlehem, *email:* selectman3@bethlehemnh.org
Town Clerk, Town of Bethlehem, *email:* townclerk@bethlehemnh.org
Tim Fleury, Administrative Assistant, Town of Bethlehem, *email:* admin@bethlehemnh.org
NHDES Legal Unit

north country ENVIRONMENTAL SERVICES
A Casella Company

1855 Route 100 • Hyde Park, VT 05655 p. 802.223.7045

June 24, 2021

Ms. Jamie M. Colby, PE
NH Department of Environmental Services
Solid Waste Management Bureau
P.O. Box 95, 29 Hazen Drive
Concord, New Hampshire 03301

RE: North Country Environmental Services, Inc.
Landfill Facility - Bethlehem, NH
Incident Report
Permit # DES-SW-SP-03-002

Dear Ms. Colby,

North Country Environmental Services, Inc writes to provide a follow up to the Leachate Management System Audit that was performed by Sanborn, Head & Associates, Inc. (SHA) and summarized in a Memorandum dated June 9, 2021. We have reiterated the findings and recommendations from SHA below in normal print with the current status of improvement in **bold print**.

1. Finding – The Flare Condensate Knockout Pot transfer pump does not have an UST A high level float or level transducer high-high level alarm interlock to prevent condensate flow to UST A (like the three pumps stations).

   Recommendation – Install an interlock circuit for the Flare Condensate Knockout pump to prevent the Flare Condensate Knockout Pump from pumping when an UST A high-level float or high-level transducer alarm is initiated.

   Reprogramming of the master control panel to provide an interlock signal will be completed during the week of June 28, 2021.

2. Finding – The North Condensate Knockout Structure transfer pump is connected to an independent controller and not the master control panel. An interlock for the pump should be connected to the master panel to prevent flow when the high-level alarm conditions are activated at UST B.

   Recommendation – Install an interlock circuit for a condensate pump at the master panel. This will prevent the North Condensate Knockout Pot Pump from pumping when a UST B high-level float or high-level transducer alarm is activated.

   A switching relay is required and will be installed during the week of June 28, 2021.

3. Finding - AST Leak Alarm located in the secondary tank of the AST does not prevent UST B from pumping to the AST.

   Recommendation – Add an interlock control at the master panel for the AST secondary level alarm to prevent UST B from transferring leachate to the AST when a leak is detected in the secondary containment space of the AST.

Reprogramming of the master control panel to add the interlock signal will be completed during the week of June 28, 2021.

4. Finding – The UST A pump does not appear to be sized appropriately or is fouled. This is based on the observation of the pump that conveys leachate from UST A to UST B operating continuously while not keeping up with flow rates from the three landfill stages supplying leachate to UST A.

   Recommendation – Inspect the existing pump and possibly increase the pump size so transfer of leachate to UST B matches or exceeds the flow rate from the three upstream pump stations.

   NCES will have a new pump installed by July 23, 2021.

5. Finding – The Stage III leachate manhole was buried. It was unearthed by NCES personnel and opened by Gates Electric for inspection.

   Recommendation – The manhole cover should be raised to grade so that the manhole is easily accessible for testing.

   NCES will install a manhole riser on the Stage III manhole during the week of June 28, 2021.

6. Finding – The Leachate Loadout volume batch controller does not have a reset when a partial load is transferred to the tanker truck. If the tanker driver does not activate the emergency stop switch upon a partial load removal the loadout pump could activate when a truck is not present.

   Recommendation – Install a stop timer in the control logic or a stand-alone reset switch so that loadout pump does not activate without a tanker truck present.

   NCES intends to have our electrician install a rundown timer as well as a proximity switch as an added level of protection for overfill by July 23, 2021.

7. Finding – The Former Evaporator Leak Detection Manhole float switch was not connected to the master panel.

   Recommendation – Evaluate if this manhole is still needed and remove the manhole if it is not. If the manhole is needed it should be equipped with a leak detection switch.

   NCES will have the manhole removed during the week of June 28, 2021.

8. Finding – The Stage III Leak Detection Manhole switch was not connected to the master panel.

   Recommendation – Connect the Stage III Leak Detection Manhole to the master control panel.

   The switch was connected to the control system; however, the programming required a minor adjustment to recognize the signal. The reprogramming will be completed during the week of June 28, 2021.

9. Finding – Stage IV Phase II radio signal loss.

Recommendation – Disable the pump run enable interlock switch from the master control panel upon loss of radio signal and/or hard wire the locations together via the RS-485 network.

The radio signal was repaired on May 26, 2021 and was confirmed to be operating correctly. NCES will have the Stage IV Phase II control panel hard wired to the master panel by August 6, 2021.

10. Finding – The existing Hand/Off/Auto switches from leachate source pumps do not have a HAND switch position safety interlock.

    Recommendation – Apply a HAND switch power timer via control logic and add a hand power interlock relay to disable potential long term inadvertent HAND switch pump run operation from any leachate pump station.

    Reprogramming of the control panels to add an interlock signal when pumps are in the "hand" position on switching will be completed during the week of June 28, 2021.

11. Finding – Valve Box 403 gravity drains to UST A. The leak detection float in Valve Box 403 only activates a light on the control panel and does not interlock the UST B or AST Loadout pumps.

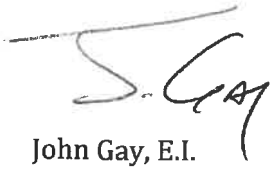
    Recommendation – Update control interlock to prevent pumping from UST B and AST to Valve Box 403.

    The switch was connected to the control system; however, the programming requires a minor adjustment to recognize the signal. The reprogramming will be completed during the week of June 28, 2021.

Should you have any questions please do not hesitate to contact me at 802-236-5973.

Sincerely,

NORTH COUNTRY ENVIRONMENTAL SERVICES, INC.



John Gay, E.I.
Permits, Compliance & Engineering

c. Kevin Roy, NCES
Russell Anderson, NCES
Samuel Nicolai, NCES
Brian Oliver, NCES

Exhibit E

PRESS RELEASE

Southbridge Recycling & Disposal Park Assessed $85,323 Penalty by MassDEP for Violating Solid Waste, Air Pollution Control Regulations

FOR IMMEDIATE RELEASE:
10/31/2018

Massachusetts Department of Environmental Protection

MEDIA CONTACT

Edmund Coletta, MassDEP – Director of Public Affairs

Phone
617-292-5737 (tel:6172925737)

Online
edmund.coletta@state.ma.us
(mailto:edmund.coletta@state.ma.us)

BOSTON – The Massachusetts Department of Environmental Protection (MassDEP) has assessed a penalty of $85,323 on the Southbridge Recycling & Disposal Park, Inc. (SRDP) for violating solid waste and air pollution control regulations at the Southbridge Landfill.

MassDEP inspected the Southbridge Landfill on June, 14, July 23, August 3 and 9, and October 7 and 9, 2018 and observed violations of the Solid Waste Management regulations, including offsite odors, incomplete containment berms, incomplete cover of solid waste, failure to maintain adequate erosion controls, failure to notify MassDEP of problems with the landfill's gas collection system, failure to prevent contact

stormwater from discharging to groundwater, and failure to follow through with the Air Operating Permit process.

In a recently negotiated consent order, SRDP agreed to comply with the applicable regulations and pay a penalty of $85,323. The company will also pay for a qualified third-party consulting engineer to be present at the landfill during the last two hours of operation on all days when waste related activities occur. The consulting engineer will be onsite to monitor SRDP operations to help ensure all protocols and permit conditions are complied with. Following each day's activities, the third-party consulting engineer will report their findings to SRDP, the Town of Southbridge and MassDEP.

"Landfill operation have caused odors in the surrounding neighborhoods that are in violation of the company's operating permits," **said Mary Jude Pigsley, director of MassDEP's Central Regional Office in Worcester.** "The third party consultant will help alert SRDP and MassDEP when those protocols are not followed."

MassDEP is responsible for ensuring clean air and water, safe management and recycling of solid and hazardous wastes, timely cleanup of hazardous waste sites and spills, and the preservation of wetlands and coastal resources. For more information regarding the MassDEP and its mission, please visit the agency's **webpage** (/orgs/massachusetts-department-of-environmental-protection).

###

Media Contact

Edmund Coletta, MassDEP – Director of Public Affairs

Phone

617-292-5737 (tel:6172925737)

Online

edmund.coletta@state.ma.us (mailto:edmund.coletta@state.ma.us)

Massachusetts Department of Environmental Protection

MassDEP ensures clean air, land and water. We oversee the safe management and recycling of solid and hazardous wastes. We ensure the timely cleanup of hazardous waste sites and spills. And we work to preserve the state's wetlands and coastal resources.

Exhibit F

COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF ENERGY & ENVIRONMENTAL AFFAIRS
DEPARTMENT OF ENVIRONMENTAL PROTECTION
ONE WINTER STREET, BOSTON, MA 02108 617-292-5500

May 19, 2021

In the Matter of
Southbridge Recycling & Disposal Park, Inc.

Docket No. 2019-020
DEP Enforcement Document
No. 00007154

FINAL DECISION

In May 2019, the Petitioner Southbridge Recycling & Disposal Park, Inc. filed this appeal challenging a Demand for Payment of $136,500.00 in Stipulated Penalties ("Stipulated Penalties Demand") that the Central Regional Office of the Massachusetts Department of Environmental Protection ("MassDEP" or "the Department") issued to the Petitioner on May 1, 2019 for purportedly violating the provisions of an Administrative Consent Order With Penalty, Enforcement Document Number 00005853 that the Petitioner signed with the Department on October 24, 2018 ("the 2018 Consent Order") to address the Petitioner's purported environmental violations at the Southbridge Sanitary Landfill located at 165 Barefoot Road in Southbridge, Massachusetts ("the Landfill"). These purported environmental violations took place at the Landfill from December 2, 2016 through October 14, 2018.

By agreement of the parties, litigation of Petitioner's appeal of the Stipulated Penalties Demand has been suspended or stayed for more than one year (since October 2019) so that they could attempt settlement of the appeal by written agreement of the parties. During this period, the parties have conducted extensive settlement discussions and their efforts have been

successful because currently pending before me for review pursuant to 310 CMR 1.01(8)(c), is a proposed Settlement Agreement that the Petitioner and the Department have executed to settle the Petitioner's appeal of the Stipulated Penalties Demand. The Settlement Agreement is in the form of an Administrative Consent Order With Penalty and Notice of Non-Compliance ("the 2021 Consent Order") that was executed by: (1) John W. Casella, the Petitioner's President and Clerk, on February 11, 2021 and (2) Mary Jude Pigsley, Regional Director of the Department's Central Regional Office, on February 12, 2021.

After reviewing the 2021 Consent Order, I find that it is reasonable and furthers the statutory and regulatory interests of:

(1) G.L. c. 111, §§ 142A-142O;

(2) the Department's Air Pollution Regulations at 310 CMR 6.00, 310 CMR 7.00, and 310 CMR 8.00;

(3) G.L. c. 111, §§ 150-150A1/2;

(4) the Department's Site Assignment Regulations for Solid Waste Facilities at 310 CMR 16.00; and

(5) the Department's Solid Waste Management Regulations at 310 CMR 19.00.

Accordingly, I issue this Final Decision approving and incorporating the 2021 Consent Order. Pursuant to the 2021 Consent Order, I issue the following Orders:

1. In accordance with ¶ 32 of the 2021 Consent Order, the effective date of the 2021 Consent Order is the date of this Final Decision.

2. In accordance with ¶ 15.a of the 2021 Consent Order, effective immediately the

Petitioner[1] shall ensure that the third-party odor inspector that it retains to respond to odor complaints at the Landfill does the following:

(a) follows the Odor Protocol attached to and incorporated into the 2021 Consent Order as Appendix A;

(b) documents odor complaints and conducts odor inspections in accordance with the requirements set forth in Appendix A;

(c) uses the Odor Complaint Intake form attached to and incorporated into the 2021 Consent Order as Appendix C to document complaints received regarding odors from the Landfill; and

(d) uses the Odor Complaint Inspection Report form attached to and incorporated into the 2021 Consent Order as Appendix D to document its observations of odors from the Landfill.

3. In accordance with ¶ 15.b of the 2021 Consent Order, the effective date of the modification to the Corrective Action Design Permit (No. X281549) issued by the Department to the Petitioner on February 5, 2020, which is attached to the 2021 Consent Order as Appendix E ("modification to the CAD2 permit"), is the date of this Final Decision.

4. In accordance with ¶ 15.b of the 2021 Consent Order, all odor complaints regarding the Landfill that are received during the closure phase of the Landfill shall be addressed according to the provisions of paragraph IV.M. of the modification to the CAD2 permit, notwithstanding any provision of any previous permit issued to the Petitioner, including but not limited to paragraph W.V. of the Authorization to Operate permit for phase VII Cell 7.4 Stage II (No. X271880) issued by the Department to the Petitioner on February 21, 2017.

5. In accordance with ¶ 16 of the 2021 Consent Order, effective immediately:

(a) all Department inspectors will use the Odor Complaint Inspection Report

[1] In the 2021 Consent Order, the Petitioner is referred to as "Respondent" or "SRDP." 2021 Consent Order, ¶ 2. Hence, when the term "the Petitioner" is used in this Final Decision it means the Respondent or SRDP as set forth in the 2021 Consent Order.

form attached to and incorporated into the 2021 Consent Order as Appendix D to document their observations of odors from the Landfill; and

(b) the Department shall apply the criteria set forth in the Odor Protocol attached to and incorporated into the 2021 Consent Order as Appendix B in making any determination that a violation under the 2018 Consent Order has occurred as a result of Landfill odors detected at the Landfill perimeter or at a complainant's location.

6. In accordance with ¶ 16 of the 2021 Consent Order, the 2021 Consent Order addresses Southbridge Sanitary Landfill-specific conditions only and is not intended to limit or restrict the Department's decisions with regard to actions at other landfills.

7. In accordance with ¶ 17 of the 2021 Consent Order, the 2018 Consent Order is supplemented by the terms set forth in ¶¶ 15 and 16 of the 2021 Consent Order as discussed above in ¶¶ 2-6 but is otherwise unaltered and remains in full force and effect.

8. In accordance with ¶¶ 21 and 28 of the 2021 Consent Order, the Petitioner shall pay to the Commonwealth the sum of One Hundred Thousand dollars ($100,000.00) within thirty (30) days after the issuance of this Final Decision as a civil administrative penalty for the alleged violations set forth in Part II of the 2021 Consent Order (¶¶ 3-11 of 2021 Consent Order). Paragraph 21 of the 2021 Consent Order shall not be construed or operate to bar, diminish, adjudicate, or in any way affect, any legal or equitable right of the Department to assess the Petitioner additional civil administrative penalties, or to seek any other relief, with respect to any future violation of the 2018 Consent Order, any provision of 2021 Consent Order, or any law or regulation.

9. In accordance with ¶ 28 of the 2021 Consent Order and G.L. c. 21A, § 16, if the Petitioner fails to pay in full any civil administrative penalty as required by the 2021 Consent Order as set forth above, the Petitioner will be liable to the Commonwealth for up to three (3)

times the amount of the civil administrative penalty, together with costs, plus interest on the balance due from the time such penalty became due and attorney's fees, including all costs and attorney's fees incurred in the collection thereof. The rate of interest will be the rate set forth in G.L. c. 231, § 6C.

10. In accordance with ¶¶ 12, 13, and 22 of the 2021 Consent Order, G.L. c. 30A, and 310 CMR 1.01(8)(c), this appeal is dismissed with the parties waiving whatever rights they may have to further administrative review before the Department as well as any appeal to Court. This waiver does not extend to any other order issued by the Department.

Martin J. Suuberg
Commissioner

SERVICE LIST

Petitioner: Southbridge Recycling & Disposal Park, Inc.

Legal representatives:
Roy P. Giarrusso, Esq.
Edward C. Cooley, Esq.
Curtis A. Connors, Esq.
Michael S. Campinell, Esq.
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The Department:
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8 New Bond Street
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One Winter Street
Boston, MA 02108
e-mail: MacDara.Fallon@mass.gov;

cc: Leslie DeFilippis, Paralegal/OGC

Exhibit G

STATE OF NEW YORK: DEPARTMENT OF ENVIRONMENTAL CONSERVATION

In the Matter of Violations of New York State Environmental Conservation Law Articles 17, 19, and 27, Parts 200, 201, 257, 360 and 750 of Title 6 of the Official Compilation of Codes, Rules and Regulations of the State of New York, and permits issued thereunder,

ORDER ON CONSENT

Case No. R8-2018-0507-144

by

County of Ontario,

New England Waste Services of N.Y., Inc.,

and

Casella Waste Services of Ontario, LLC,

Respondents.

WHEREAS:

JURISDICTION

1. The New York State Department of Environmental Conservation ("Department") is an executive agency of the State of New York with jurisdiction over the environmental policy and programs of the State set forth in the New York State Environmental Conservation Law ("ECL"), and Title 6 of the Official Compilation of Codes, Rules and Regulations of the State of New York ("6 NYCRR"), including:

    a. the construction and operation of solid waste management facilities in the State of New York, and for enforcement of any permit the Department issues thereunder pursuant to Title 7 of ECL Article 27 and the regulations promulgated thereunder at 6 NYCRR Part 360 ("Part 360");

    b. conservation and control of its air resources, pursuant to ECL Article 19 and the rules and regulations promulgated thereunder at 6 NYCRR Part 257; and

    c. the control and prevention of water pollution; for enforcement of the regulations promulgated under ECL Article 17 at 6 NYCRR Part 700 et seq.,

including Part 750; and for enforcement of any State Pollutant Discharge Elimination System ("SPDES") permit the Department issues thereunder.

2. Pursuant to ECL §3-0301, the Department is charged with the responsibility and authority to promote and coordinate the management of water, land, fish, wildlife and air resources of New York State to assure their protection, enhancement, provisions, allocation and balanced utilization.

3. Pursuant to ECL Article 71, the Department is authorized to impose penalties and other appropriate sanctions for any violations of Articles 17, 19, and 27 of the ECL, and the regulations promulgated and permits issued thereunder.

PARTIES

4. The County of Ontario ("Respondent County") is a municipality in the State of New York, and a person as defined in ECL §1-0303(18), ECL 17-0105(1), ECL 19-0107(1), and 6 NYCRR 360-1.2(b)(117).

5. Respondents New England Waste Services of N. Y., Inc. (NEWSNY) and Casella Waste Services of Ontario, LLC, a NEWSNY assignee, are the present operators of the Landfill under a long term lease agreement with Ontario County, and are jointly and severally liable with Respondent County for the aforesaid violations and for compliance with this Order. Hereinafter, all three Respondents shall be together known as "Respondents".

PERMITS

6. Pursuant to its authority under Title 7 of ECL Article 27 and Part 360, the Department issued Ontario County a solid waste management permit (DEC Permit Number 8-3244-00004/00001) ("Part 360 Permit") authorizing construction and operation of the Ontario County Landfill ("Landfill"), DEC Facility Number 35S11, which is Respondent County's mixed solid waste landfill located at 1879 Route 5&20 in the Town of Seneca, County of Ontario, State of New York. The Permit has been in full force and effect at all times mentioned herein.

7. Pursuant to its authority under Article 17, Titles 7 and 8, and Article 70 of the ECL, the Department issued SPDES Multi-Sector General Permit for Stormwater Discharges Associated with Industrial Activities, No. GP-0-12-001 ("GP-0-12-001"), effective at all times mentioned herein prior to March 1, 2018, and its replacement, SPDES Multi-Sector General Permit for Stormwater Discharges Associated with Industrial Activities, No. GP-17-004 ("GP-17-004"), effective at all times mentioned herein on and after March 1, 2018. The Landfill has been covered by and subject to each of these permits, respectively, under SPDES Identification Number NYR00C382, during their respective effective periods at all times mentioned herein.

8. Pursuant to its authority under ECL Article 19 and Part 201, the Department issued Respondent County an Article 19 Air Pollution Control Title V Permit, Permit ID No. 8-3244-00004/00007, Facility DEC ID No. 8324400004, effective December 2, 2014 and a December 1, 2019 expiration date (Title V Permit). A Renewal Application for the Title V Permit was submitted to the Department by Respondent County on May 31, 2019 providing for extension of the Title V Permit, as of December 2, 2019, pursuant to the State Administrative Procedures Act §401(2).

VIOLATIONS

9. Respondents violated Part 360, the Part 360 Permit, ECL 17-0501, 6 NYCRR 703.2, GP-0-12-001, and GP-17-004 at the Landfill, as is detailed in the Department Notices of Violation (NOVs) listed in **Exhibit A** under "DMM NOVs" and hereby incorporated in their entirety into this Order on Consent (Order), including the following violations:

   a. the Landfill failed to construct stormwater swales, vegetate slopes, properly grade slopes, and maintain stormwater ponds on April 4, 2017 and November 2, 2017;

   b. solid waste was released into the environment on January 6, 2018 and April 4, 2018;

   c. the Landfill had inadequate daily cover from February 26, 2018 through March 1, 2018;

   d. leachate was observed leaving the lined footprint of the Landfill on fourteen days between April 14, 2017 and April 1, 2022;

   e. the Landfill's leachate lagoons did not have adequate freeboard on five occasions between October 20, 2021 and November 3, 2021; and

   f. the Landfill failed to install LFG infrastructure per its O&M plan, odor control plan, and DEC approved engineering approvals. Laterals were not installed: on the floor of stage IX-C2 (one of four), at 860-foot elevation (two of four), at 890-foot elevation (three of four), and at 920-foot elevation (two of four).

10. Respondents violated ECL Sections 17-0803, 6 NYCRR 750-2.1(e), and GP-0-12-001 as follows:

   a. between January 2015 and December 2021,the Landfill reported 18 violations of effluent limits on its DMRs and had 9 failures to report sampling results of a required parameter. These included 1 exceedance of a toxic parameter, 17 exceedances of non-toxic parameters, 2 failures to report a toxic parameter, and 7 failures to report non-toxic parameters. These violations are further detailed in **Exhibit B** - Summary of Effluent Limit

Exceedances which is attached hereto and hereby incorporated into this Order; and

b. on August 10, 2018, Department staff identified 2 instances of substantial failure to implement required best management practices (BMPs) and 8 instances of non-substantial failures to implement required BMPs.

11. Respondents violated Parts 200.6, 257.1.4(a), 257-5.3, prior Part 257-10, and the Title V Permit, as is detailed in Exhibit A under "Air NOVs" and hereby incorporated in their entirety into this Order, when the Landfill exceeded the one-hour ambient air quality standard of 0.010 parts per million, as measured by the Jerome meter, for hydrogen sulfide on:

a. July 12, 2019;

b. 41 occasions between September 15, 2019 and January 5, 2020;

c. 48 occasions between January 5, 2020 and March 22, 2020; and

d. 135 occasions between March 26, 2020 and March 13, 2022.

AGREEMENT TO ENTER ORDER

12. Respondents, through their representatives where one was appointed, and the Department have conferred and have agreed to execute this Order in settlement of Respondents' civil liability for the violations described herein. This Order resolves all violations known to the Department through the effective date of this Order.

WAIVER

13. Respondents affirmatively waive the right to a hearing in this matter, consent to the issuance of this Order without further notice, and agree to be bound by the provisions, terms and conditions of this Order.

NOW, being duly advised and having considered this matter, IT IS ORDERED THAT:

I. PENALTY. Relative to and in settlement of the violations described in this Order, Respondents are hereby assessed, jointly and severally, a civil penalty in the amount of $500,000. Of this total penalty amount,

a. $250,000 is to be paid by Respondents, jointly and severally, by certified check to the City of Geneva (City), within 15 days of the effective date of the Order, to be used by the City to complete an environmental benefit project (EBP). The EBP to be completed by the City is a capital

improvement to the City's Marsh Creek Waste Water Treatment Plant, specifically, the addition of a biofiltration system.

Respondents may not use the EBP funds to reduce their tax liability.

b. $220,000 is a payable penalty, for which Respondents are jointly and severally liable, that must be paid at the time the signed and notarized Order is submitted to the Department, by electronic payment at http://www.dec.ny.gov/about/61016.html#On-Line, or by check made payable to the order of the "New York State Department of Environmental Conservation" with the case number of this Order on Consent written in the memo section of the check, which shall be sent together with the enclosed invoice to:

New York State Department of Environmental Conservation
Division of Management and Budget Services
625 Broadway, 10th Floor
Albany, NY 12233-4900

The Order on Consent shall be sent to:

New York State Department of Environmental Conservation
Office of General Counsel, Region 8
6274 East Avon-Lima Road
Avon, NY 14414
Attention: Dusty Renee Tinsley, Esq.

Any submissions other than those addressed by this paragraph shall be made as directed in paragraph IV., "Communications", below.

c. Relative to and in settlement of the violations described in this Order, and to aid in ensuring Respondents' compliance with the terms and conditions of this Order, Respondents are hereby assessed, jointly and severally, an additional civil penalty in the amount of $30,000. This is in addition to the penalties otherwise assessed pursuant to the terms of this Order and shall be suspended and not payable provided Respondents fully and in a timely fashion comply with all the deadlines and requirements of this Order. If Respondents fail in any respect to comply with this Order, the full amount of this suspended penalty will become due and payable within fifteen (15) days following receipt by Respondents of a written notice of noncompliance and demand by the Department in accordance with Order paragraph III, "Communications", at III, below.

II. COMPLIANCE ACTION. Respondents must implement all compliance actions set forth in the attached compliance actions schedule, attached as "Schedule A", by the deadlines indicated therein. Schedule A is hereby incorporated into and

made an enforceable part of this Order. Should representatives of the Department and Respondents have good faith differences of opinion about the sufficiency or interpretation of submissions pursuant to Schedule A, Respondents and the Department shall use best efforts to resolve any differences cooperatively. The Department anticipates a return to compliance upon the completion of the requirements in Schedule A, and ongoing continued compliance under all applicable environmental laws and regulations.

III. COMMUNICATIONS.

a. This paragraph does not apply to payment of the penalty assessed at paragraph I , "Penalty", above, or to submission of the Order on Consent, which are instead addressed at the aforesaid paragraph I.

b. All written communications required by this Order shall be transmitted by United States Postal Service, by private courier service, by hand delivery, or by electronic mail.

c. Communication from Respondents shall be sent to:

Mackenzie Osypian
New York State Department of Environmental Conservation
Division of Materials Management, Region 8
6274 East Avon-Lima Road
Avon, NY 14414
mackenzie.osypian@dec.ny.gov

Michele A. Kharroubi
New York State Department of Environmental Conservation
Division of Air Resources, Region 8
6274 East Avon-Lima Road
Avon, NY 14414
michele.kharroubi@dec.ny.gov

Luke W. Scannell
New York State Department of Environmental Conservation
Division of Water, Region 8
6274 East Avon-Lima Road
Avon, NY 14414
luke.scannell@dec.ny.gov

Dusty Renee Tinsley, Esq.
New York State Department of Environmental Conservation
Office of General Counsel, Region 8
6274 East Avon-Lima Road
Avon, NY 14414

dusty.tinsley@dec.ny.gov

Two hard copies (unbound) of any plan, report, manual, or similar document is required, as well as an electronic copy.

d. Communication from the Department to Respondents, **including any demand for payment of the suspended penalty**, shall be sent to:

Thomas S. West
The West Firm, PLLC
677 Broadway, 8th Floor
Albany, New York 12207
twest@westfirmlaw.com

Jeffrey C. Stravino
Hodgson Russ LLP
140 Pearl Street, Suite 100
Buffalo, NY 14202
jstravino@hodgsonruss.com

Shelley E. Sayward
SVP & General Counsel
25 Greens Hill Lane, Rutland, VT 05701
p. 802-772-2215 • c. 802-345-2597
e. shelley.sayward@casella.com • w. casella.com

IV. STANDARD PROVISIONS. Respondents must further comply with the Standard Provisions attached to this Order, which constitute material and integral terms and conditions of this Order and are hereby incorporated into this Order by reference.

Date: 10/13/2022
Avon, New York

BASIL B. SEGGOS, Commissioner
New York State Department of
Environmental Conservation

By: _____
Timothy P. Walsh, MPA, PE
Regional Director

CONSENT BY RESPONDENT

[R8-2018-0507-144]

Respondent, **County of Ontario,** hereby consents to the issuance of the foregoing order without further notice, waives its right to a hearing herein, and agrees to be bound by the terms, provisions, and conditions contained herein.

County of Ontario

By [Signature]: Christopher P. DeBolt

Name [Print]: Christopher P. DeBolt

Title: County Administrator

Date: 9/21/22

Email: Christopher.DeBolt@ontariocountyny.gov

Acknowledgment

STATE OF NEW YORK)
) ss:
COUNTY OF Ontario)

On the 21st day of September, in the year 2022 before me, the undersigned, personally appeared Christopher P. DeBolt, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

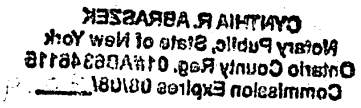
Cynthia R Abraszek
Notary Public

CYNTHIA R. ABRASZEK
Notary Public, State of New York
Ontario County Reg. 01#AB6346115
Commission Expires 08/08/2024

If you are unable to secure notarization, you must sign the statement below.
In signing this document, I acknowledge under penalty of perjury that I understand the contents and purpose of this document; the signature above is my own and I signed willingly. I have also submitted state-issued identification verifying my identity. I am aware that any false statement made herein is punishable as a class A misdemeanor pursuant to section 210.45 of the Penal Law of the State of New York.

_____
Signature

_____
Printed name


CYNTHIA R. ABRASZEK
Notary Public, State of New York
Ontario County Reg. 01RA6063176
Commission Expires 08/08/

CONSENT BY RESPONDENT

[R8-2018-0507-144]

Respondent, **New England Waste Services of N.Y., Inc.**, hereby consents to the issuance of the foregoing order without further notice, waives its right to a hearing herein, and agrees to be bound by the terms, provisions, and conditions contained herein.

New England Waste Services of N.Y., Inc.

By [Signature]: Edmond R Colletta

Name [Print]: Edmond R. Colletta

Title: VP

Date: 9/27/22

Email: ned.colletta@casella.com

Acknowledgment

STATE OF ~~NEW YORK~~ VERMONT)
) ss:
COUNTY OF RUTLAND)

On the 27th day of September, in the year 2022, before me, the undersigned, personally appeared Edmond R. Colletta, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Phillip E Haymond
Notary Public

If you are unable to secure notarization, you must sign the statement below.
In signing this document, I acknowledge under penalty of perjury that I understand the contents and purpose of this document; the signature above is my own and I signed willingly. I have also submitted state-issued identification verifying my identity. I am aware that any false statement made herein is punishable as a class A misdemeanor pursuant to section 210.45 of the Penal Law of the State of New York.

_____
Signature

_____
Printed name

CONSENT BY RESPONDENT

[R8-2018-0507-144]

Respondent, **Casella Waste Services of Ontario, LLC,** hereby consents to the issuance of the foregoing order without further notice, waives its right to a hearing herein, and agrees to be bound by the terms, provisions, and conditions contained herein.

Casella Waste Services of Ontario, LLC

By [Signature]: Edmond R Coletta

Name [Print]: Edmond R. Coletta

Title: VP

Date: 9/27/22

Email: ned.coletta@casella.com

Acknowledgment

STATE OF ~~NEW YORK~~ VERMONT)
) ss:
COUNTY OF RUTLAND)

On the 27th day of September, in the year 2022, before me, the undersigned, personally appeared Edmond R. Coletta, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Public

If you are unable to secure notarization, you must sign the statement below.
In signing this document, I acknowledge under penalty of perjury that I understand the contents and purpose of this document; the signature above is my own and I signed willingly. I have also submitted state-issued identification verifying my identity. I am aware that any false statement made herein is punishable as a class A misdemeanor pursuant to section 210.45 of the Penal Law of the State of New York.

Signature

Printed name

Exhibit A

Order Summary of Notices of Violation
Ontario County Landfill
DEC administrative enforcement case number R8-2018-0507-144

DMM NOVs dated:

September 6, 2017
January 19, 2018
March 26, 2018
April 16, 2018
September 11, 2018
October 9, 2018
February 12, 2019
September 1, 2021
October 22, 2021
November 2, 2021
November 18, 2021
January 6, 2022
February 28, 2022
March 23, 2022

Air NOVs dated:

July 18, 2019
January 17, 2020
April 10, 2020
March 22, 2022

DOW NOVs dated:

August 24, 2018
May 4, 2022

EXHIBIT B

ORDER SUMMARY OF NUMERIC EFFLUENT LIMIT EXCEEDANCES
Ontario County Landfill
DEC administrative enforcement case number R8-20180507-144

YEAR	OUTFALL	PARAMETER EXCEEDED	SPDES LIMIT (mg/L)	DMR REPORTED RESULT (mg/L)
2015	001	Total Suspended Solids	88	165
2015	001	Benzoic Acids	0.12	Failed to Report
2015	001	p-Cresol	0.025	Failed to Report
2015	001	Zinc, Total	0.2	0.21
2015	002	BOD, 5-Day	140	Failed to Report
2015	002	Total Nitrogen	6	Failed to Report
2015	002	pH	Jun 9	Failed to Report
2015	002	Total Phenolics	0.026	Failed to Report
2015	002	Total Suspended Solids	88	Failed to Report
2015	002	Terpineol	0.033	Failed to Report
2015	002	Zinc, Total	0.2	Failed to Report
2015	008	Total Suspended Solids	88	148
2015	009	Total Suspended Solids	88	124
2016	001	Total Suspended Solids	88	178
2016	002	Total Suspended Solids	88	298
2016	009	Total Suspended Solids	88	177
2017	001	Total Suspended Solids	88	105
2017	009	Total Suspended Solids	88	560
2017	009	Total Nitrogen	6	7.22
June 2019	001A	Total Suspended Solids	88	110
June 2019	006A	Total Suspended Solids	88	158
June 2019	009A	Total Suspended Solids	88	900
Dec 2019	009A	Total Suspended Solids	88	556
June 2021	007A	Total Suspended Solids	88	1040
Dec 2021	001A	Total Suspended Solids	88	729
Dec 2021	007A	Total Suspended Solids	88	1480
Dec 2021	009A	Total Suspended Solids	88	2820

ORDER SCHEDULE A
Ontario County Landfill
DEC administrative enforcement case number R8-2018-0507-144

1. All submissions required by this Schedule A must be to the Department in the manner indicated by Paragraph III ("Communications") of the Order.

2. This Schedule A imposes requirements and deadlines in addition to those of the SPDES permit; it is not to be construed to nullify any SPDES permit requirement, or to extend any SPDES permit timeframe; provided, however, the deadlines herein supersede any inconsistent deadlines imposed by items A, B, C and D on page three of the Department's Notice of Violation dated August 24, 2018 related to the SPDES permit.

3. Within 60 days from the effective date of the Order, and annually thereafter, Respondents must remove the sediment from any existing storm water ditches, check dams, culverts, swales, and forebays of the landfill storm water infrastructure system for Phase III of the landfill that contain sediment in an amount that impairs the design capacity of the structure. Respondents must remove enough sediment to ensure that design capacity is completely restored.

4. Within 60 days from the effective date of the Order, Respondents must repair all existing storm water ditch berms and Landfill anchor trench berms of the Phase III Landfill, including any necessary reconstruction and stabilization of these berms.

5. Within 60 days from the effective date of the Order, and annually thereafter, Respondents must repair all the washed-out areas and eroded sections of the storm water swales on all side slopes of Phase III of the Landfill, and must establish vegetative cover on these berms.

6. Respondents hereby each consent to and waive any right each Respondent might have to object to the Department's enforcement as requirements under the solid waste management Permit ~~of~~ or DEC the addendums to the O&M Manual submitted and approved by DEC under this Order.

7. Within 60 days from the effective date of the Order, Respondents must update the O&M Manual for the Landfill to include the following language: "Commencing immediately, Permittee must increase the monitoring of all the landfill gas (LFG) collectors located in Phase III of the Landfill - not only those currently subject to 40 CFR 63 Subpart AAAA monitoring - from one time every month to a minimum of two times every month with at least ten days between each such event, for at least the following parameters: pressure, temperature, and oxygen content. Permittee must keep a log listing the date of the reading taken at each LFG collector, the reading taken for each of the fore-mentioned parameters, and any corrective action taken as a result of a reading, including corrective action required under 40 CFR 63 Subpart AAAA. Permittee must continue such LFG collector monitoring until the Department

provides written approval to return to monthly monitoring. This LFG collector monitoring is in addition to the monthly monitoring required by 40 CFR 63 Subpart AAAA for LFG collectors subject to that Rule."

8. Within 60 days from the effective date of the Order, Respondents must submit an updated leachate storage evaluation which includes, but is not limited to: a timeline for the submittal of the storage tank design, the anticipated installation date, a construction completion date of April 28, 2023, and submittal of a complete construction certification report to the Department no later than 15 days after the date of construction completion.

9. Within 60 days from the effective date of the Order, Respondents must submit, for Department review and approval, a written addendum to the O&M Manual for the Landfill adding the following language: "Horizontal gas collectors will be installed in the waste mass at a horizontal spacing of not more than 100 feet and a vertical spacing of not more than 20 feet."

10. Between September 1, 2022 and December 31, 2022, Respondents must complete a 2022 cleaning and inspection of the leachate lagoons.

11. Within 60 days from the effective date of the Order, Respondents must complete the treatment of leachate impacted stormwater contained in stormwater retention pond 1A, stormwater retention pond 1B, and 8A temp pond. If treatment cannot be completed successfully, Respondent must remove the impacted liquids for offsite disposal no later than December 31, 2022.

12. Within 60 days from the effective date of the Order, Respondents must submit to the Department for review and approval, a report documenting the treatment of the stormwater retention pond 1A and stormwater retention pond 1B verifying that they are no longer impacted by leachate.

13. Within 60 days from the effective date of the Order, Respondents must establish vegetative cover on all outside slopes and disposal areas that have not received waste within the last six months. Vegetative cover must be maintained at 80% coverage, at the Department's discretion. Any time vegetative cover falls below 80%, Respondents must undertake reseeding to obtain 80% vegetative cover.

14. Respondents must conduct monthly checks of all areas of the Landfill cover that are not yet subject to the requirements under 40 CFR 63 Subpart AAAA. Corrective action measures must commence within five days of discovery of the violation with corrective action being completed within 30 days of discovery. Respondents must maintain a log on-site, and provide for Department inspection, detailing when checks are conducted, who conducted the checks, what was observed during the checks, and any corrective actions taken during or following checks. Respondents must submit to Department staff a summary report of the monthly checks to the Department semiannually.

15. Respondents must conduct checks of all gas collectors in Stage 9C until such time that these gas collectors become subject to 40 CFR 63 Subpart AAAA and any new gas collectors installed in areas not applicable to 40 CFR 63 Subpart AAAA twice a month, with at least 10 days between each monitoring event, to confirm negative pressure. If a collector is found to be under positive pressure, Respondents must take action to correct the exceedance within 5 days of the exceedance. Respondents must keep monthly inspection records on site, and provide them for Department staff inspection upon request, including the following information: when checks are conducted, who conducted the checks, what was observed during the checks, and any corrective actions made during or following checks. Respondents must submit a summary report of collectors no longer functioning and collectors requiring corrective action to the Department semiannually.

16. Respondents must conduct quarterly surface scans of Stages 8A, 9C and newer areas being filled (other than the working face or dangerous slopes/conditions) until such time that these areas become subject to the surface scan requirements in 40 CFR 63 Subpart AAAA. Respondents must document corrective actions of any readings over 200 ppm methane and maintain records of all corrective actions taken resulting from readings over 200 ppm methane. These records must be available for Department inspection upon request. Respondents must rescan any areas where corrective actions were taken as a result of the previous months scan the following month to confirm that the corrective actions taken were successful. Respondents must maintain documentation of rescans and confirmation of whether prior corrective actions were or were not successful. If prior corrective actions were not successful, Respondents must take further corrective action until a rescan demonstrates that corrective action was successful.

17. Annually, between the months of April and October when there is no snow cover, Respondents must evaluate the areas of the Landfill without final cap for potential fugitive emissions not already addressed via the compliance monitoring conducted per 40 CFR 63.1958. The annual evaluation shall include an assessment of all available monitoring data collected under emissions monitoring programs and methodologies as required by state and federal regulation, or as otherwise required by the Department under Respondents' corresponding permits and this consent order. Additional emissions monitoring shall be used to supplement the available data as necessary. Additional monitoring may include but is not limited to; supplemental SEM following EPA Method 21 monitoring methodology, utilization of alternative emissions detection technology such as drones, aircraft, satellite, or fixed on-site detection equipment, or other technologies available and approved by the Department. Prior to the implementation and use of any additional monitoring methodology, the Respondents shall submit a proposal to the Department for its review and approval. The annual evaluation, including any additional monitoring, shall be submitted to the Department no later than 60 days after the date of completion. The annual evaluation shall also include proposed recommendations for improving emissions controls such as operational changes, expansion of the gas collection system, or other engineering corrective actions.

18. Respondents must continue with the Acrulog continuous ambient air monitoring according to the facility's Hydrogen Sulfide Sampling and Monitoring Plan until at least October 31, 2023. Based on a review of the monitoring results, the Department will determine whether continuation of Acrulog continuous ambient air monitoring is necessary. If so, Department staff will notify the facility of the necessary continued air monitoring and any parameters for the same, including duration.

19. Respondents must continue with the Jerome monitoring according to the facility's Hydrogen Sulfide Sampling and Monitoring Plan. Respondent may submit a request, for Department staff approval, to cease ongoing Jerome monitoring once there are 4 consecutive weeks of no H2S exceedances with both the Jerome and Acrulog data at the Landfill.

20. Respondents must continue with improvements to the dewatering and gas collections systems including rebalancing the wellfield and prioritizing productive dewatering pumps. If a new gas collector needs to be dewatered a pump must be installed within 120 days of the gas collector being installed. Respondents must maintain pump supplies on-hand to prevent dewatering delays due to supply chain issues. ~~On or before~~ DCT Within 60 days from the effective date of the Order, Respondents must update the O&M Manual to address the dewatering system to include: a statement that the OCLF dewatering system must remain in operation; that Respondents must notify the Department within 24-hours of any significant disruption to the dewatering system resulting in the system being down for more than 24-hours; and that Respondents must provide an update on any disruption causing the system to be down for more than 24 hours in writing and within 7 days to the Department.

Standard Provisions

Access. For the purpose of monitoring or determining compliance with this Order, employees and agents of the Department shall be provided access to any facility, site, or records owned, operated, controlled or maintained by Respondent, in order to inspect and/or perform such tests as the Department may deem appropriate, to copy such records, or to perform any other lawful duty or responsibility.

Binding Effect. The provisions, terms, and conditions of this Order shall be deemed to bind Respondent, its heirs, its employees, servants, agents, successors and assigns, and all persons, firms, and corporations acting subordinate thereto.

Communications. Except as otherwise specified in this Order, any reports, submissions, and notices herein required shall be made to the Regional Director of the Region 8 office of the Department, located at 6274 East Avon-Lima Road, Avon, New York 14414.

Default of Payment. The penalty assessed in the Order on Consent constitutes a debt owed to the State of New York. Failure to pay the assessed penalty, or any part thereof, in accordance with the schedule contained in the Order on Consent, may result in referral to the New York State Attorney General for collection of the entire amount owed (including the assessment of interest, and a charge to cover the cost of collecting the debt), or referral to the New York State Department of Taxation and Finance, which may offset by the penalty amount any tax refund or other monies that may be owed to you by the State of New York. Any suspended and/or stipulated penalty provided for in this Order on Consent will constitute a debt owed to the State of New York when and if such penalty becomes due.

Effective Period of this Order and Termination. This Order shall take effect when it is signed by the Commissioner of the Department or the Commissioner's designee, and shall expire when all the requirements imposed by the Order are completed to the Department's satisfaction.

Entirety of Order. The provisions of this Order constitute the complete and entire Order issued to the Respondent, concerning resolution of the violations identified in this Order. Terms, conditions, understandings or agreements purporting to modify or vary any term hereof shall not be binding unless made in writing and subscribed by the party to be bound, pursuant to the "Modifications" provision. No informal oral or written advice, guidance, suggestion or comment by the Department regarding any report, proposal, plan, specification, schedule, comment or statement made or submitted by the Respondent shall be construed as relieving the Respondent of his/her obligations to obtain such formal approvals as may be required by this Order.

Failure, Default, and Violation of Order. The failure of Respondent to comply with any provision of this Order shall constitute a default and a failure to perform an obligation under this Order and shall be deemed to be a violation of both this Order and the ECL. In addition, Respondent's failure to comply fully and in timely fashion with any provision, term, or condition of this Order shall constitute a default and a failure to perform an obligation under this Order and under the ECL and shall constitute sufficient grounds for revocation of any permit, license, certification, or approval issued to the Respondent by the Department.

Force Majeure. If Respondent cannot comply with a deadline or requirement of this Order on Consent, because of natural disaster, war, terrorist attack, strike, riot, judicial injunction, or other, similar unforeseeable event which was not caused by the negligence or willful misconduct of Respondent and which could not have been avoided by the Respondent through the exercise of due care, Respondent shall apply in writing to the Department within a reasonable time after obtaining knowledge of such fact and request an extension or modification of the deadline or requirement. Respondent shall include in such application the measures taken by Respondent to prevent and/or minimize any delays. Failure to give such notice constitutes a waiver of any claim that a delay is not subject to penalties. Respondent shall have the burden of proving that an event is a defense to a claim of non-compliance with this Order on Consent pursuant to this subparagraph.

Indemnification. Respondent shall indemnify and hold the Department, the State of New York, and their representatives, employees, agents and contractors harmless for all claims, suits, actions, damages and costs of every nature and description arising out of resulting from the fulfillment or attempted fulfillment of this Order by the Respondent, its employees, servants, agents, successors (including successors in title) and assigns.

Modifications. No change in this Order shall be made or become effective except as specifically set forth by written order of the Commissioner, being made either upon written application of Respondent, or upon the Commissioner's own findings after notice and opportunity to be heard have been given to Respondent. Respondent shall have the burden of proving entitlement to any modification requested pursuant to this Standard Provision or the "Force Majeure" provision, *supra*. Respondent's requests for modification shall not be unreasonably denied by the Department, which may impose such additional conditions upon Respondent as the Department deems appropriate.

Multiple Respondents. If more than one Respondent is a signatory to this Order, use of the term "Respondent" in these Standard Provisions shall be deemed to refer to each Respondent identified in the Order.

Not a Permit or Permit Modification. This Order on Consent is not a permit, or a modification of any permit, under any federal, State, or local laws or regulations. Unless otherwise allowed by statute or regulation, Respondent is responsible for achieving and maintaining complete compliance with all applicable federal, State, and local laws, regulations, and permits. Respondent's compliance with this Order on Consent shall be no defense to any action commenced pursuant to any laws, regulations, or permits, except as set forth herein.

Reservation of Rights. Nothing contained in this Order shall be construed as barring, diminishing, adjudicating or in any way affecting any right of the Department to seek natural resource damages from Respondent or others; or to directly perform, to engage others to perform on its behalf, or to direct others including Respondent to perform, any additional measures that are authorized by law to protect human health, safety or the environment, including the summary abatement powers of the Department, either at common law or as granted pursuant to statute or regulation.

Scope of Settlement and Violations Addressed. This Order shall be in full settlement of all claims for civil and administrative penalties that have been or could be asserted by the Department against Respondent, their trustees, officers, employees, successors and assigns for the above-referenced violations. This Order shall not be construed as being in settlement of events regarding which the Department lacks knowledge or which occur after the effective date of this Order.

Service. If Respondent is represented by an attorney with respect to the execution of this Order, service of a duly executed copy of this Order upon Respondent's attorney by ordinary mail shall be deemed good and sufficient service.

Exhibit H

Exhibit H

State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES
6 Hazen Drive, P.O. Box 95, Concord, NH 03302-0095
(603) 271-2900 FAX (603) 271-2456

August 22, 1997

Mr. Larry B. Lackey, P.E.
North Country Environmental Services, Inc.
16 State Street
Montpelier, VT 05602

SUBJECT: BETHLEHEM - NORTH COUNTRY ENVIRONMENTAL SERVICES LANDFILL: MONITORING DATA FOR DETENTION PONDS; CONSTRUCTION AND MONITORING DATA FOR MW-701; AND APRIL 1997 WATER-QUALITY MONITORING RESULTS (DES #870433)

Dear Mr. Lackey:

The Department of Environmental Services (Department) has reviewed the subject reports. Data on the detention ponds and MW-701 were received on July 23, 1997, and data on the April monitoring results were received on July 28. As you know, the April monitoring results were due June 15, over 40 days before they actually arrived. The Department reminds North Country Environmental Services (NCES) that timely submission of required documents is necessary to remain in compliance with the terms of the Groundwater Management and Release Detection Permit (Permit). Please be certain that the information arrives on time in the future.

The Department is particularly concerned about the presence of VOCs in detention ponds No. 2 and No. 3, and the presence of lead and chromium in all three ponds. However, we will reserve further comments until we have reviewed the July analyses. The Department anticipates receiving the July results within the next 25 days.

The analytical data for MW-701 for two sampling rounds (April and June) did not include Safe Drinking Water Act metals as requested. These analyses must be done promptly, with two analyses completed by early November. Please be advised that the Department may have additional comments following review of the July results.

The Department is concerned about the analytical results for VOCs for MW-406U and L. Sanborn, Head & Associates (SHA) suggest that the April samples for MW-406L and MW-406U may have been reversed. Perhaps there is a possibility of mislabeling those samples with samples from the 600-series wells. More important, the Department is extremely concerned by the manner in which the reported information was handled. As required by the Groundwater Protection Rules and the Permit, this matter should have been reported to the Department within 10 days of your knowledge of the results. The correct course of action was to immediately resample the appropriate wells. The decision by NCES to wait until the July sampling round was not in keeping with the manner the Department would have handled the situation if it had been properly advised of the findings. The Department insists that NCES follow the rules in the future. Line graphs for each VOC that has been detected in MW-405U and L and MW-406U and L are to be included in the September summary.

The cover letter with the Permit Revision, dated January 3, 1996, requested "that information from the material descriptions in logs of the monitoring wells in the 400 and 600 series be used to update the geologic cross sections that were included in the March 1987 report by GZA GeoEnvironmental, Inc . . . These updated cross sections can be included in the next annual report in September 1996." The cross sections were not included in that annual report and are to be included in the September 1997 report. The data from MW-701 shall also be used.

The existing Groundwater Management and Release Detection Permit expires on November 8, 1997. As you know, Condition 2 of that Permit requires that an application to renew the Permit be submitted 90 days prior to the expiration date. NCES' failure to meet this requirement represents an outstanding obligation as well as a permit violation. The application for permit renewal must include a thorough review of water quality conditions over the previous 5-year period. The annual September summary for this year may be incorporated in the 5-year review provided that the Department receives the application for permit renewal by September 30, 1997.

NCES presently holds NPDES Baselline Industrial Storm Water Permit No. NH R00A283 (not NH R004283) which expires on September 9, 1997. Under EPA rules, NCES will have to file a Notice of Intent (enclosed) for a NPDES Mulit-Sector Permit before that date. Additional information may be obtained from Thelma Hamilton (EPA, Region I Storm Water Coordinator) at (617) 565-3569, or calling the EPA Consultant at (202) 260-7786 and specifying that NCES needs copies of the general rules, rules for Sector L, and the fact sheet (all from the Federal Register).

The items in the preceding paragraphs reflect a need for NCES to become more proactive with respect to operating in compliance with the terms of the Groundwater Management and Release Detection Permit. Should you have questions, please contact me at the Department at (603) 271-2925.

Sincerely,

John Cotton

John Cotton, Hydrogeologist
Waste Management Division

enclosure

JEC/neo/l:\gwlib\conman\solwaste\87043314

cc: John Regan, HWRB
Richard Reed, SWMB
Pamela Sprague, P&DRS
Robert Watts, NCES
Town of Bethlehem, Board of Selectmen
HWRB File

Exhibit I

State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES
6 Hazen Drive, P.O. Box 95, Concord, NH 03302-0095
(603) 271-3503 FAX (603) 271-2867

Exhibit I

Larry B. Lackey
3202 South Road
Williston, VT 05495

NOTICE OF PROPOSED
LICENSE ACTION
No. LA 01-04

ATTACHMENT
A

May 15, 2001

I. Introduction

This Notice of Proposed License Action is issued by the Department of Environmental Services, Waste Management Division ("the Division") to Larry B. Lackey, pursuant to RSA 541-A:30 and Env-Wm 3307.02. The Division is proposing to refuse to renew, or alternatively to suspend for a period of 5 years, the level IV Solid Waste Operator Certification # 000907, held by Larry B. Lackey, based on the violation alleged below. **This notice contains important procedural information. Please read the entire notice carefully.**

II. Parties

1. The Department of Environmental Services, Waste Management Division is an administrative agency of the State of New Hampshire, having its principal office at 6 Hazen Drive, Concord, NH.

2. Larry B. Lackey is an individual having a mailing address of 3202 South Road, Williston, VT 05495.

III. Summary of Facts and Law Supporting Proposed Action

1. RSA 149-M: 6, XIII authorizes the Department of Environmental Services ("DES") to establish and administer a solid waste operator certification program. Pursuant to RSA 149-M: 7, VI, the Commissioner of DES has adopted Env-Wm 3300 to administer the program.

2. Env-Wm 3306.02 requires that in order to renew an operator certification, "each applicant shall participate in an operator training update program prior to filing the application for solid waste operator certification renewal."

3. Env-Wm 3307 authorizes DES to revoke or suspend a solid waste operator's certification for "good cause."

4. "Good cause" pursuant to Env-Wm 3307.03 includes, but is not limited to, falsifying attendance at operator training and/or update training.

5. Larry B. Lackey holds a level IV Solid Waste Operator Certification, #000907. Mr. Lackey is Vice President of Permits, Compliance & Engineering, for Casella Waste Management, Inc., 3 Pitkin Court, Montpelier, Vermont. Casella Waste Management Inc. owns and operates the North Country Environmental Services (NCES) Landfill, at Trudeau Rd., in Bethlehem, NH.

6. As a condition of his certification renewal, Mr. Lackey registered to attend an operator update training scheduled April 10, 2001. The expiration date on Mr. Lackey's certification is May 3, 2001.

7. In advance of the April 10th training, a "certificate of attendance" for the update training had been prepared for Mr. Lackey. The certificates are generated based on the training pre-registration list. A "certificate of attendance" is the documentation required to accompany an application for certification renewal, in order to demonstrate that the applicant has attended the required update training. The certificates are made available on a table, in alphabetical order, as operators exit the update training.

8. Mr. Lackey did not attend the update training on April 10, 2001.

9. Enclosed with a letter dated April 20,2001, Mr. Lackey submitted a copy of his "certificate of attendance" for the April 10, 2001 update training. When Division personnel phoned Mr. Lackey on April 30, 2001 to inquire how he came into possession of the certificate of attendance since he had not attended the training, Mr. Lackey admitted that he did not attend the training, and that an NCES employee who had attended the training, Mr. Lenny Wing, picked up the certificate of attendance from the table.

10. Mr. Lackey stated that he would attend the next workshop. Division personnel informed him that the next update training was scheduled for May 2, 2001, at the City of Keene's Recycling Center, Keene, NH. Mr. Lackey did not attend the May 2nd training.

IV. Violations Alleged

1. Mr. Lackey submitted false information as part of his Solid Waste Operator Certification renewal application. Mr. Lackey signed a declaration at the bottom of the renewal application, stating that the information provided in the application was true.

2. Mr. Lackey knew or should have known that attending an operator update training is a condition of renewing his Solid Waste Operator Certification.

V. Proposed Action

1. Based on the violations identified in IV, above, the Division believes that Mr. Lackey has failed to meet the requirements for renewing his level IV Solid Waste Operator Certification #000907 and that good cause exists to revoke Mr. Lackey's level IV Solid Waste Operator Certification #000907. DES therefore proposes to refuse to renew the certification or, alternatively, to suspend the certification for 5 years.

Exhibit I

VI. Hearing, Response, Proposed Settlement

Larry B. Lackey has the right to a hearing to contest the Division's allegations before the proposed license action is taken. The hearing would be a formal adjudicative proceeding pursuant to RSA 541-A:30, at which Mr. Lackey and any witnesses he may call would have the opportunity to present testimony and evidence as to why the proposed action should not be taken. All testimony at the hearing would be under oath and would be subject to cross-examination. If Mr. Lackey wishes to have a hearing, one will be scheduled promptly.

Mr. Lackey may waive his right to a hearing. If Mr. Lackey waives the hearing, the Division is willing to settle this matter by suspending his certification for 1 (one) year, during which time he will be required to repeat the two-day Solid Waste Operator Training and Certification Course and successfully complete the requisite written examination. Mr. Lackey should notify the Division of his decision by filling out and returning the enclosed form by June 15, 2001.

If anyone has any questions or would like to schedule a meeting regarding this matter, please contact Patricia A. Hannon, Program Coordinator, Solid Waste Operator Training and Certification Program, at 603-271-2928.

Philip J. O'Brien, Ph.D., Director
Waste Management Division
Department of Environmental Services

Certified Mail #7099 3400 0002 9770 5404

Enclosure

cc: John Casella, Casella Waste Management, Inc.
Richard Reed, SW Compliance Bureau Administrator
Gretchen Rule, DES Enforcement Coordinator
Patricia Hannon, Program Coordinator, WMD/DES
File

Exhibit I

RETURN THIS PAGE BY JUNE 15, 2001

APPEARANCE

___ I, Larry B. Lackey, desire a hearing in accordance with Env-Wm 3307.02 regarding my solid waste operator certification.

_____ _____
Signature Date

WAIVER OF HEARING

___ I, Larry B. Lackey, certify that I understand my rights to a hearing regarding the suspension of my solid waste operator certification and that I hereby waive those rights.

_____ _____
Signature Date

Please return to:

Solid Waste Operator Training & Certification Program
Attn: Patricia Hannon, Program Coordinator
Department of Environmental Services
6 Hazen Drive
Concord, NH 03301

Exhibit J

Exhibit J

THE STATE OF NEW HAMPSHIRE
Merrimack County Superior Court

163 N. Main Street
P. O. Box 2880
Concord, NH 03301 2880
603 225-5501

NOTICE OF DECISION

MAUREEN D SMITH ESQ
OFFICE OF ATTORNEY GENERAL
33 CAPITOL ST
CONCORD NH 03301

07-E-0495 State of NH v. North Country Environmental Services, Inc.

Enclosed please find a copy of the Court's Order dated 11/24/2007 relative to:

Consent Decree

11/26/2007

William McGraw
Clerk of Court

cc: Bryan K. Gould, Esq.

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS. SUPERIOR COURT

STATE OF NEW HAMPSHIRE

v.

NORTH COUNTRY ENVIRONMENTAL SERVICES, INC.

Docket No. _____

CONSENT DECREE

A. INTRODUCTION

1. Petitioner, the New Hampshire Department of Environmental Services, (hereinafter "Department") by and through its counsel, the Attorney General (together with the Department, the "State"), and the Defendant, North Country Environmental Services, Inc. (hereinafter "NCES"), through its counsel. Brown, Olson & Gould, P.C., hereby agree to the terms and conditions set forth in this Consent Decree (hereinafter "Decree"), as ordered by the Superior Court of Merrimack County, in settlement of the alleged solid waste violations asserted by the State in the Petition for Permanent Injunction and Civil Penalties ("Petition") filed with the Court simultaneously with this Consent Decree. The Petition is attached as Exhibit A hereto.

2. This Consent Decree resolves the violations alleged in the State's Petition through the date of entry of the Decree; in particular, alleged violations of New Hampshire's Solid Waste Management Act, RSA 149-M, and rules and permits issued thereunder. The Petition seeks injunctive relief in the form of NCES's compliance with applicable laws, rules and permits, as well as affirmative action to identify and cure deficiencies in operating procedures. The Petition also seeks imposition of civil penalties to the maximum extent authorized by RSA 149-M.

2.

3. The State alleges in the Petition that NCES violated RSA 149-M, administrative rules duly adopted by the Department under RSA 149-M, and permits and approvals issued by the Department. In particular, the State alleges that NCES failed to comply with rules, permits and approved plans and to implement adequate solid waste inspection procedures designed to exclude prohibited wastes from the NCES landfill located in Bethlehem, New Hampshire. See Exhibit A. The State seeks both injunctive relief and civil penalties for the alleged violations.

4. NCES acknowledges that it is required to comply with all applicable State solid waste management laws, rules, permits and approvals in conducting solid waste disposal operations at the NCES landfill.

5. This Decree represents the compromise of a disputed claim, and NCES does not admit, and nothing in this Decree is deemed an admission of, any allegation contained in the Petition. The State and NCES, wishing to avoid the expense of protracted litigation, agree without adjudication of the facts or law, that settlement of this matter in the manner set forth herein is in the public interest and that entry of this Decree is an appropriate resolution of this matter. The parties consent to entry of this Decree.

NOW THEREFORE, it is hereby ORDERED, ADJUDGED and DECREED as follows:

B. JURISDICTION AND VENUE

6. This Court has jurisdiction over the parties and this action pursuant to 149-M:38, II and V (2005). Venue is proper in Merrimack County as this is a transitory action.

7. For purposes of this Decree and the underlying Petition, including any further action to enforce the terms of this Decree, Defendant waives any and all objections to the Court's subject matter or personal jurisdiction.

C. PENALTY AND SUPPLEMENTAL ENVIRONMENTAL PROJECTS

8. In addition to the injunctive relief set forth in section D of this Decree and payment of attorneys' fees under paragraph 9 herein, NCES shall:

a. Within thirty (30) days of the effective date of this Decree, make a cash payment of fifty thousand dollars ($50,000) to the State in the form of a certified check drawn in the name of "Treasurer – State of New Hampshire." This payment shall be delivered by hand to the Office of the Attorney General, 33 Capitol Street, Concord, NH 03301, Attention: Maureen D. Smith, Senior Assistant Attorney General;

b. Within thirty (30) days of the effective date of this Decree, make a cash payment of fifty thousand dollars ($50,000) to the Hubbard Brook Research Foundation ("Foundation"). The payment shall be made by certified check made out to the "Hubbard Brook Research Foundation" and forwarded to the attention of David Sleeper, Executive Director, 16 Buck Road, Hanover, NH 03755. The payment shall be accompanied by written notice that the payment is being made as a result of a state enforcement action regarding the NCES landfill and a copy of such notice shall be provided to the Attorney General's Office, Attn: Maureen D. Smith. The Department has determined that the Foundation's initiatives on environmental education in New Hampshire's public schools and on environmentally sensitive methods of economic development of the state's northern forests will provide an environmental benefit to the citizens of northern Grafton County and southern Coos County; and

c. Perform or contract at its own expense for the performance of the closure of the solid waste landfill (the "Troy Mills Landfill") located adjacent to the Troy Mills Superfund Site in Troy, New Hampshire (the "Closure Project"). The State agrees that NCES's responsibilities with regard to the Closure Project at the Troy Mills Landfill, which it neither owns nor operates, is limited to the scope of work as set forth in Exhibit B hereto. NCES agrees to coordinate with the Department and the Attorney General in obtaining any necessary permits and approvals for the Closure Project. NCES also agrees to coordinate with the Department in planning and performance of the Closure Project. The State agrees, prior to performance of the Closure Project, to negotiate and execute, in a form reasonably acceptable to NCES, a covenant not to sue NCES and/or any of its parents, subsidiaries, affiliates, officers, directors, employees, agents, contractors, subcontractors, representatives, successors, and/or assigns with respect to existing conditions or contamination associated with the site of the Closure Project.

9. NCES shall reimburse the State for attorneys' fees in this matter by way of a certified check in the amount of sixteen thousand five hundred sixty one dollars and fifty cents ($16,561.50) drawn in the name of "Treasurer, State of New Hampshire" and delivered by hand to the Office of the Attorney General, 33 Capitol Street, Concord, NH 03301, Attention: Maureen D. Smith, Senior Assistant Attorney General. The cash payment shall be received within thirty (30) days of the effective date of this Decree. This amount shall be used by the Attorney General's Office for public protection purposes, as determined at the discretion of the Attorney General.

10. NCES shall pay interest on any late payment, which interest shall accrue at a rate of 10% per annum (RSA 336:1). NCES shall not take any federal or state tax deductions for payments under paragraphs 8b and 8c herein.

D. INJUNCTIVE RELIEF

11. Compliance Related Project: Within thirty (30) days of the effective date of this Decree, NCES shall contract with a professional engineering firm licensed in the State of New Hampshire (hereinafter "consultant") to perform and prepare, at NCES's expense, an evaluation and preparation of written recommendations in the form of a "Waste Control Evaluation Report," which shall assess and make recommendations on the following:

a. Adequacy of NCES's waste assessment/inspection and acceptance/rejection procedures.

b. Modifications to NCES's operational plan and permit to optimize identification and rejection (non-acceptance) of prohibited wastes.

c. Procedures that NCES should adopt to verify that recommendations are being implemented.

12. Consultant's Report. A report shall be produced within thirty (30) days of NCES's contracting with the consultant, which report shall contain, at a minimum, the following:

a. Assessment of waste acceptance procedures, customer compliance with restrictions on acceptable waste, and NCES personnel attention to waste characterization.

b. Recommendations for procedures to improve inspection, identification and rejection of prohibited waste; and

c. Recordkeeping and other methods for improving exclusion of prohibited wastes.

13. Submission and Revision of Report. The consultant's report, in both electronic and paper version, shall be simultaneously forwarded to NCES and to the Department. The report may be posted on the Department's website to allow members of the public an opportunity to review the report and to provide written comment. Within a reasonable time of its receipt of the consultant's report, the Department may request, in its discretion, revisions to the report's conclusions and recommendations. The parties agree to discuss, promptly and in good faith, any issues raised by NCES or the consultant with respect to any of the Department's revisions and to cooperate to address and resolve such issues. The report will be modified to reflect the Department's revisions (with any changes resulting from any discussions among the Department, NCES, and the consultant), and the consultant shall then prepare a final "Waste Control Evaluation Report" which shall be submitted in both electronic and paper version to the Department within thirty (30) days of receipt of the Department's final revisions.

14. NCES's Obligations Following Issuance of Final Report. Within thirty (30) days of issuance of the final "Waste Control Evaluation Report," NCES shall incorporate its recommendations into its operational procedures and shall seek to amend its operating plan to conform to the recommendations. NCES shall also seek to amend the Terms and Conditions of Standard Permit No. DES-SW-SP-03-002 to require annual reports to the State on its implementation of and adherence to the recommendations of the "Waste Control Evaluation Report." All such recommendations shall be incorporated into future applications for standard permits and operating approvals.

15. Stipulated Penalties. NCES shall pay a stipulated penalty of one hundred dollars ($100) per day for late submissions under this Decree.

E. EFFECT OF AGREEMENT

16. This Decree and all obligations assumed hereunder shall apply to and be binding upon North Country Environmental Services, Inc., and its successors and assigns.

17. The Department and the Attorney General release and covenant not to sue or to take any administrative action against NCES or its successors and assigns for, and only with respect to, the violations alleged in the Petition and violations of environmental statutes, rules, or permits or NCES's operating plan at the Landfill that could have been asserted through the effective date of this Decree on the basis of the specific material facts alleged in the Petition, including, without limitation, NCES's alleged acceptance of asbestos-containing material from the renovation of the Mountain View Grand Hotel in Whitefield, New Hampshire. This covenant not to sue shall take effect upon full and timely payment of all amounts payable under Section C of this Decree. The State expressly reserves any and all legal and equitable remedies, sanctions and penalties that might be available to enforce the provisions of this Decree for failure to comply with the requirements herein.

18. If the cash payments required under this Decree are not paid in accordance with the schedule set forth herein, then with respect to such payments, this Decree shall be considered an enforceable judgment for purposes of post judgment collection statutes, court rules and other applicable authorities.

19. It is the intention of the parties that this Decree be entered and enforced as an Order of the Court pursuant to all the power of the Court at law and equity, including, without

limitation, the contempt power. NCES hereby waives any objection to the jurisdiction of the Merrimack Superior Court if the State seeks to enforce this Decree.

F. MISCELLANEOUS PROVISIONS

20. The State's failure to enforce any provision of this Decree after any breach or default shall not be deemed a waiver of its right to enforce each and all of the provisions of this Decree upon any further breach or default.

21. NCES shall not assert or refile any third party claims for damages, indemnity or other civil remedies pertaining to the violations alleged in the Petition or to NCES's obligations under this Decree, including without limitation claims asserted in the Coos County Superior Court matter entitled *North Country Environmental Services, Inc. v. Kevin M. Craffey, et al.*, Case No. #07-C-05, which has been voluntarily dismissed and closed.

22. This Decree contains the entire agreement of the parties, and supersedes all prior written agreements and all prior and contemporaneous oral or written agreements between the parties with respect to the subject matter hereof. Any material modifications hereof must be agreed to in writing between NCES and the State, through the Attorney General's Office, and filed with the Court. Such modifications become effective when approved by the Court. The parties may agree in writing without Court approval on non-material modifications, such as modifications to schedules established by this Decree, with no effect on statutory, regulatory or permitted obligations. Such non-material modifications become effective upon execution by both parties.

23. The effective date of this Decree shall be the date upon which it is entered as an Order of the Court.

24. This Decree shall be construed in accordance with the laws of the State of New Hampshire.

25. Upon approval and entry of this Decree, the Decree shall constitute a final judgment under state and federal law, and in any proceeding under Title 11 of the United States Code, any cash penalties set forth herein shall constitute an allowed claim with the priority specified in 11 U.S.C. §726(a)(2).

26. The docket in this case may be marked as closed after ninety (90) days of the Court's approval of this Decree. The Court shall retain jurisdiction of this matter for purposes of enforcement of the Decree and shall reopen the case upon motion by either party for enforcement of its terms.

CONSENTED TO:

THE STATE OF NEW HAMPSHIRE

By its attorneys,

KELLY A. AYOTTE
ATTORNEY GENERAL

By: Maureen D. Smith

Maureen D. Smith
Senior Assistant Attorney General
Environmental Protection Bureau
33 Capitol Street
Concord, New Hampshire 03301
Tel: (603) 271-3679

NORTH COUNTRY ENVIRONMENTAL SERVICES, INC.

By: _____

Duly Authorized

BY ITS COUNSEL
BROWN, OLSON & GOULD, P.C.

By: Bryan K. Gould

Bryan K. Gould, Esq.
2 Delta Drive, Suite 301
Concord, NH 03301
Tel: (603) 225-9716

The Court finds that this Consent Decree is a reasonable and fair settlement of the State's alleged violations under RSA 149-M and adequately protects the public interest. Dated and entered this 24th day of Nov., 2007.

SO ORDERED

Dated: Nov. 24, 2007

Presiding Justice

Exhibit A

STATE OF NEW HAMPSHIRE

MERRIMACK, SS. SUPERIOR COURT

State of New Hampshire Department of Environmental Services

v.

North Country Environmental Services, Inc.

Docket No. _____

PETITION FOR PRELIMINARY AND PERMANENT INJUNCTION AND CIVIL PENALTIES

NOW COMES the State of New Hampshire Department of Environmental Services, by and through counsel, the Attorney General's Office ("State"), and petitions this Court for preliminary and permanent injunctive relief and assessment of civil penalties against North Country Environmental Services, Inc. ("NCES"), as follows:

A. INTRODUCTION

1. This is an action against NCES for violation of the State's Solid Waste Management Act, RSA 149-M, and implementing rules, relating to permits and procedures for preventing improper disposal of prohibited waste at the NCES landfill located in Bethlehem, New Hampshire (hereinafter "the landfill"). The State petitions this Court for injunctive relief and civil penalties under the authority of RSA 149-M:15, IV and VI (2005).

B. PARTIES

2. The petitioner, New Hampshire Department of Environmental Services ("Department"), with principal offices at 29 Hazen Drive, Concord, New Hampshire 03301, is the State agency responsible for the administration and enforcement of state statutes and rules relating to disposal and management of solid waste under the Solid Waste Management Act, RSA 149-M, and rules adopted under its authority at *NH Code Admin. Rules* Chapter Env-Sw 100 *et seq.* (*formerly* Env-Wm 100 *et seq.*)(hereinafter "Env-Sw").

3. Respondent NCES is a Virginia corporation registered with the New Hampshire Secretary of State to do business in New Hampshire, with a principal office address of P.O. Box 866, Rutland, VT 05702.

C. JURISDICTION AND VENUE

4. This Court has jurisdiction over the parties and this action pursuant to 149-M:38, II and V (2005). Venue is proper in Merrimack County as this is a transitory action.

D. FACTUAL ALLEGATIONS

5. NCES owns and operates a private, commercial landfill located on Trudeau Road in Bethlehem, New Hampshire.

6. RSA 149-M gives the Department authority to regulate management and disposal of solid waste through the administration of rules and a permit system.

7. Under RSA 149-M:7, the Commissioner of the Department is responsible for promulgating rules and criteria for solid waste disposal facilities. Under 149-M:9, every solid waste disposal facility requires a permit before it can be constructed, operated, or closed. Facilities must operate within the scope of the permit issued by the Department.

8. During the time period relevant to this action, NCES held a solid waste permit for the landfill (No. DES-SW-SP-03-002) and was subject to the rules promulgated by the Department.

9. Under Env-Sw 1005(d), NCES, which is a Level IV facility under the rules (*see* Env-Sw 1602.08) must operate and maintain the facility in accordance with all requirements under the solid waste rules and the facility permit.

10. Furthermore, Env-Sw 1005.06(a) requires NCES to operate and maintain the facility in a manner that is protective of the environment, public health and safety.

11. The facility permit requires NCES to establish an "Operational Plan" specifying procedures for customer education, training landfill operations staff, and inspections of incoming waste loads. This plan is intended to guide facility employees on compliance with the permit and to prevent prohibited wastes from being disposed of at the facility.

12. NCES' permit prohibits acceptance of asbestos waste.

13. Env-Sw 102.14 defines "asbestos waste" as any solid waste that contains more than one percent asbestos by weight.

21. At all relevant times, NCES knew of the Mountain View renovation project and knew that waste from the project was being transported to the landfill. NCES accepted and disposed of all waste material brought to the landfill from the hotel, with the exception of some tires and metal waste.

22. At no time did NCES detect, sample, or satisfactorily examine the content of waste loads. On information and belief, asbestos was deposited and buried at the Bethlehem landfill.

23. During the relevant time period, NCES did not take adequate steps to determine the content of waste that came from the Mountain View Hotel. NCES did not initiate steps once it learned of the criminal action against Kevin Craffey, and others regarding illegal asbestos related activities.

24. NCES' approved operational plan within the facility permit requires that the facility inspect 5% of the incoming waste loads every day.

25. According to the landfill employees, "at least four waste loads every day," are randomly inspected regardless of how many loads enter the landfill.

26. NCES' approved plans within the facility permit require the landfill compactor operator to "observe the waste as the vehicles discharge their load onto the working face" and "as refuse is spread at the working face … look for unacceptable materials."

27. According to the landfill employees, the compactor operator at the Bethlehem landfill visually checks whether the waste is composed of acceptable materials.

28. According to the landfill employees, normal waste discharges and observations took about five to ten minutes, while random inspections took a few minutes longer.

29. According to the landfill employees, much of the waste transported to the NCES facility is bagged, and therefore the compactor operator is unable to see what type of waste is being disposed of in the landfill.

30. According to the landfill employees, the compactor operator was not instructed to read and had not read the Operational Plan.

31. On information and belief, the facility manager did not regularly observe, monitor, or otherwise manage random inspections that took place at the landfill.

32. According to the landfill employees, a C&D recycling facility that occasionally processed waste from the Bethlehem facility notified NCES in 2001 that it found non-friable asbestos in a load of C&D.

33. According to NCES employees, that company offered to conduct a training session for NCES employees on recognizing asbestos waste, which took place in 2001.

34. On information and belief, the recycling facility training was the only training the staff at NCES received on recognizing asbestos waste.

35. According to NCES' facility manager, he did not know how to recognize most forms of asbestos waste during the relevant time period.

36. On information and belief, NCES' management took no further steps to address the landfill's procedures for ensuring that the landfill did not mistakenly

accept prohibited wastes, even after learning that Mountain View Hotel asbestos waste may have been disposed of at the landfill.

37. On information and belief, at no point during the relevant time period did NCES or its employees detect or otherwise discover the presence of asbestos in waste being deposited and buried at the landfill.

38. During all relevant time periods, NCES and its employees did not take adequate steps to determine whether asbestos had, or was, continuing to enter the landfill from the hotel.

39. Env-Sw 1005.01(e) requires that NCES employees regularly inspect, monitor, and maintain the facility to assure compliance with the solid waste rules.

40. NCES did not regularly inspect, monitor, and maintain the facility to ensure that asbestos was not being deposited at the facility.

41. Env-Sw 1005.01(f) requires that NCES employees repair, correct, abate, and remediate facility operating problems in a timely manner so that they continue to comply with their permit.

42. Permit No. DES-SW-SP-00-003 further requires that NCES participate in "customer education; training landfill operations staff; posting signs at the facility; and inspections of incoming waste loads." NCES failed properly train its staff in identifying asbestos.

Exhibit J

COUNT I
VIOLATION OF THE SOLID WASTE MANGEMENT RULES AND OF THE PERMIT

43. The State incorporates by reference the allegations set forth in paragraphs 1 through 42.

44. Under the Solid Waste Rules and Permit No.: DES-SW-SP-03-002, NCES is not permitted to accept asbestos waste for disposal and must take steps to ensure that asbestos is not accepted for disposal.

45. NCES failed to comply with the Solid Waste Rules and the facility permit.

46. Under RSA 149-M:15, IV, NCES is subject to civil penalties of up to $25,000 for each violation and for each day of a continuing violation.

COUNT II
FAILURE TO COMPLY WITH THE OPERATING PLAN

47. The State incorporates by reference the allegations set forth in paragraphs 1 through 46.

48. Env-Sw 1005.11(a) requires that a "facility operating plan shall provide sufficient detail to allow the certified operator and other trained facility personnel to operate the facility in compliance with RSA 149-M, the permit and the solid waste rules without further explanation or guidance."

49. NCES failed to provide sufficient guidance to allow facility personnel to operate the landfill in compliance with the permit.

50. NCES failed to ensure that its employees read the Operating Plan and were aware of its requirements.

51. NCES failed to ensure that its employees were complying with the terms of the operating plan.

52. Under RSA 149-M:15, IV, NCES is subject to civil penalties of up to $25,000 for each violation and for each day of a continuing violation.

COUNT III
FAILURE TO INSPECT WASTE AND REJECT ASBESTOS IN COMPLIANCE WITH THE PERMIT

53. The State incorporates by reference the allegations set forth in paragraphs 1 through 52.

54. Env-Sw 1105.09(a)-(c) states: (a) Only authorized wastes, as specified in the permit, shall be accepted by a facility; (b) Incoming wastes shall be inspected and, if necessary, sampled and analyzed to assure the facility accepts authorized waste only; and (c) Unauthorized waste shall be rejected by the facility.

55. The inspections carried out by NCES were insufficient to assure that the facility only accepted authorized waste as required by the rules and the permit.

56. Under RSA 149-M:15, IV, NCES is subject to civil penalties of up to $25,000 for each violation and for each day of a continuing violation.

COUNT IV
FAILURE TO REMEDIATE FACILITY OPERATING PROBLEMS IN A TIMELY MANNER

57. The State incorporates by reference the allegations set forth in paragraphs 1 through 56.

58. Env-Sw 1005.01 (f) requires that "[t]he permittee shall execute facility repairs and correct, abate and remediate facility operating problems in a timely manner and as directed by the department in conformance with the solid waste rules."

59. NCES did not "correct, abate and remediate facility operating problems in a timely manner" to conform to the solid waste rules' requirement that the landfill not accept prohibited wastes.

60. Under RSA 149-M:15, IV, NCES is subject to civil penalties of up to $25,000 for each violation and for each day of a continuing violation.

COUNT V
FAILURE TO OPERATE AND MAINTAIN THE FACILITY IN A MANNER PROTECTIVE OF THE ENVIRONMENT, PUBLIC HEALTH, AND SAFETY

61. The State incorporates by reference the allegations set forth in paragraphs 1 through 60.

62. Env-Sw 1005.06(a) requires NCES to operate and maintain the facility in a manner that is protective of the environment, public health and safety.

63. NCES' failure to properly carry out the terms of its permit does not constitute compliance with this provision.

64. Under RSA 149-M:15, IV, NCES is subject to civil penalties of up to $25,000 for each violation and for each day of a continuing violation.

E. REQUEST FOR RELIEF

NOW THEREFORE, the State respectfully requests that this honorable Court grant the following relief:

A. Injunctive relief in the form of NCES complying with New Hampshire's Solid Waste Management Act, RSA 149-M; Solid Waste Management Rules; and permits used by the Department.

B. Injunctive relief requiring NCES to identify and cure deficiencies in NCES' Facility Permit, Operational Plan, employee training, and its facility management.

C. The maximum amount of civil penalties allowed by RSA 149-M.

D. Such other relief deemed just and appropriate.

Respectfully submitted,

STATE OF NEW HAMPSHIRE
DEPARTMENT OF
ENVIRONMENTAL SERVICES

By its attorneys,

KELLY A. AYOTTE
ATTORNEY GENERAL

Date: 11/19/07

Maureen D. Smith
Senior Assistant Attorney General
Lindi von Mutius (Rule 36)
Environmental Protection Bureau
33 Capitol Street
Concord, New Hampshire 03301-6397
(603) 271-3679

EXHIBIT B

Scope of Work for Troy Mills Solid Waste Landfill Closure Project

NCES or its designated affiliate (either of which, the "Contractor") will perform the closure of the Troy Mills Solid Waste Landfill in accordance with this Scope of Work. The work will be performed within the approximately three-acre landfill area, hereinafter referred to as "Cover Area."

Contractor will initially install silt fence to define the project boundaries and control run-off. Contractor shall minimize to the extent possible the amount of disturbed areas and shall avoid disturbance of areas previously remediated. Contractor will grade the Cover Area to obtain a minimum 2% grade. Contractor will consult with and obtain the approval of the N.H. Department of Environmental Services with respect to the materials it will use to create the final closure grades. Contractor will deliver Short Paper Fiber (SPF) to the site to be used for a minimum one-foot thick vegetative and cover layer. The SPF will be worked with onsite soils to ensure proper placement. Above the cover layer will be a minimum six-inch SPF/Onsite Soil/Soil Amended vegetative growth layer. The sole purpose of this layer will be to establish appropriate vegetation to protect the area from erosion. Contractor will grade and apply a minimum six-inch vegetative layer as described above to the sloped area to the northeast of the Cover Area where existing exposed wastes exist. (The approximate size of this area is 3,000 square feet.) Before exiting, Contractor will seed and mulch all areas disturbed by Contractor as part of this project. Contractor will prepare and supply as-builts with the following: photographic log of construction activities, documentation of materials placed, survey of materials placed, and final survey of site grading plan. Documentation will include weekly construction meeting minutes.

Exhibit K

STATE OF VERMONT

JUDICIARY DEPARTMENT

ENVIRONMENTAL LAW DIVISION

Secretary, Vermont Agency of Natural Resources,	}	
v.	}	Docket No. E93-042
Newbury Waste Management, Inc., John Casella, and Douglas Casella, Respondents.	}	

ORDER

Respondents are represented by Michael B. Rosenberg, Esq., Martin K. Miller, and Frederick S. Lane III, Esq. The Secretary is represented by Ginny McGrath, Esq. and Mark Ollmann, Esq. The group Save Everyone's Wells River (SEWeR) has party status in this matter under 10 V.S.A. §8012(d), has participated in this case through Mr. Boots Wardinski, and is represented now by Warren Kaplan, Esq., pro hac vice, and by John H. Downs, Esq.

The parties have submitted the attached Assurance of Discontinuance signed by Respondent John Casella for himself and for Respondent Newbury Waste Management, Inc. on July 15, 1993, by Respondent Douglas Casella on July 18, 1993, by Commissioner Jack Long for the Secretary on July 19, 1994, and filed with the Environmental Law Division (the Court) in court on July 19, 1994, in settlement of the above-captioned case in this Court.

First, SEWeR has argued that once the Secretary has issued an administrative order under §8008 and the respondent has brought the order to this court for judicial review, the Secretary may not thereafter settle the dispute with an assurance of discontinuance under §8007, but must issue an amended administrative order embodying the settlement. SEWeR argues essentially that the Secretary must elect her remedy between a §8008 administrative order and a §8007 assurance of discontinuance. However, §8007(a) allows the Secretary to accept an assurance "as an alternative to administrative or judicial proceedings." Since judicial proceedings in this court can only occur after an administrative order has been

issued, this election-of-remedies theory would make the reference to judicial proceedings in §8007(a) meaningless, contrary to the principles of statutory construction. Therefore, §8007(a) must mean that the Secretary may accept an assurance from a respondent at any stage prior to or during an enforcement proceeding.

In all judicial proceedings there is a strong public policy favoring the settlement of disputes without litigation. Dutch Hill Inn, Inc. v. Patten, 131 Vt. 187, 192 (1973); Citizens for a Better Environment v. Gorsuch, 718 F.2d 1117, 1126 (1983). A court should not seek to retain a dispute in court if the parties to that dispute are able to resolve it. Of course, this policy does not limit a court in satisfying itself that any such settlement is just and that its terms are not unconscionable. Petition of Telesystems Corp., 148 Vt. 411, 413 (1987); United States v. Hooker Chemicals and Plastics Corp., 540 F. Supp. 1067, 1083 (1982). See, also, State of Vt. Agency of Natural Resources v. Mountain Valley Marketing, Inc., Docket No. E90-007 (Vt. Envtl. L.Div., June 19, 1991), slip op. at 9; Secretary, Vermont Agency of Natural Resources v. Upper Valley Regional Landfill Corp., Docket No. E91-047 (Vt. Envtl. L. Div., July 29, 1992) slip op. at 2-4.

This policy is reflected in 10 V.S.A. §8007(c). Unlike the de novo determination the court must make when performing judicial review of an administrative order, 10 V.S.A. §§8012(b) and 8010(b), the standard for the court under § 8007(c) is to sign an assurance of discontinuance as a court order, which may later be vacated if the court finds it to be "insufficient to carry out the purposes" of the Uniform Environmental Enforcement Act, 10 V.S.A. Chapter 201. Those purposes are found in the legislative findings, 10 V.S.A. §8001. To avoid later having to vacate an assurance entered as a court order, it is prudent for the court to consider whether the assurance is insufficient to carry out the statutory purposes, before signing it as a court order. Section 8007(c) shows a statutory preference favoring the court's acceptance of assurances of discontinuance, and places the burden on the opponents of the assurance affirmatively to show that the assurance is insufficient to carry out the purposes of the statute. Compare, In re Classification of Ranch Brook, 146 Vt. 602, 606 (1986) (burden on party desiring reclassification affirmatively to show that the current classification is against the public interest).

While there is no statutory provision for a hearing prior to the court's entry of an

assurance as a court order, and only the Attorney General has authority to move to vacate the order once it is entered, §8007(c), we have previously ruled that it is well within this court's discretion to hold such a hearing to assist the court in its decision whether to accept any assurance as a court order. 4 V.S.A. §1002; V.R.C.P. 1. Section 8012(d) parties neither can cause a hearing to be held on an assurance nor can they appeal from the entry of an assurance as a court order. However, in a proceeding in which the Secretary has issued an administrative order, in which §8012(d) parties have been admitted into the proceeding on that order, and in which a hearing is held prior to this court's signature of the assurance as a court order, the §8012(d) parties may present evidence and legal argument to aid the court in its consideration of the assurance[1]. Secretary, Vermont Agency of Natural Resources v. Upper Valley Regional Landfill Corp., Docket No. E91-047 (Vt. Envtl. L. Div., July 29, 1992) slip op. at 4; Compare the procedure followed in United States v. Hooker Chemicals and Plastics Corp., 540 F. Supp. 1067, 1083 (1982).

The court heard evidence and argument from the parties, including SEWeR, on July 21, 1994, as to why the assurance of discontinuance should or should not be entered as an order of the court. SEWeR raised four main points in opposition to the court's acceptance of the assurance: that the penalty amount of $68,500 is insufficient to deter repeated violations (§8001(5)), that Respondents' admission to only one violation is insufficient to deter repeated violations (§8001(5)), that the assurance fails to provide for remediation of present groundwater contamination and is thereby insufficient to protect the environment and human health (§8001(1)), and that the assurance should contain a stipulated mechanism for its own enforcement, including attorneys' fees. We address SEWeR's points in reverse order.

First, there is no need for any assurance of discontinuance to contain a stipulated mechanism for its own enforcement, including attorneys' fees, for it to be sufficient to carry out the statutory purposes. Both 10 V.S.A. Chapter 201 and 211 provide for future enforcement of assurances, including penalties under Chapter 211 beyond the $100,000 limit of Chapter 201, and for the state to recover its costs of enforcement, including its costs of

[1] This court has not yet and does not now decide whether, if the court or the Attorney General calls for a hearing to be held on an assurance of discontinuance, a person not already a party may apply for §8012(d) party status in that hearing.

litigation. 10 V.S.A. §§8010(b)(7) and 8221(b)(6). To the extent that SEWeR intended the proposed attorneys' fees provision to apply to SEWeR or to other §8012(d) parties, we must note that there is at present no mechanism under Vermont's enforcement statutes for so-called "citizen suits" or third-party enforcement. Whether the role of §8012(d) parties should be expanded beyond that provided by the statute remains a matter for consideration by the Legislature, not this Court.

The assurance does provide for remediation of groundwater contamination from the present time to at least twenty years into the future. Paragraphs E, F, and G set out a comprehensive groundwater and surface water monitoring program, including monitoring for iron, manganese, and certain volatile organic compounds specifically of concern to SEWeR. Paragraph H reserves to the Secretary the right at any time to require Respondents to take further remedial action regarding groundwater or surface water, and Paragraph K assures Respondents' present and future financial responsibility for such measures. 10 V.S.A. §8007(a)(2).

The court cannot find that Respondents' admission of a single violation is insufficient to deter repeated violations in this case. It is within the bounds of acceptable settlement strategy to drop charges, even in criminal cases, to achieve an agreed settlement. There may be other factors such as the time and expense of continued litigation or the uncertainty of the outcome that govern the decision of a prosecuting agency to agree to a defendant's admission of fewer violations than charged, or to accept a settlement in which a defendant does not admit to any of the violations. In this case the Respondents have admitted to the overall or major violation charged in the administrative order. Their public admission of a violation in the assurance enhances both the specific deterrence of these Respondents and deterrence of others within the general regulated community.

SEWeR emphasized its argument that the penalty of $68,500 is insufficient to deter these Respondents from repeated violations, and presented evidence of the earlier allegations of violation at the Newbury facility and evidence of several other cases in which Respondent John Casella or his related corporations had settled or been found in violation of various regulatory requirements in New York State and in Vermont. SEWeR does not claim that $100,000 would have been a sufficient penalty but that $68,500 is not. Nor has

SEWeR shown why a settlement penalty set at two-thirds of the penalty originally sought is not sufficient to carry out the deterrence or even-handed-enforcement purposes of the statute. Rather, SEWeR argues that the past history of the Respondents, and especially that of John Casella, suggests that a penalty should be substantially larger than $100,000 in order to deter Respondents from repeated violations. In connection with this argument, SEWeR contends that the penalty limitation of $100,000 in a proceeding on a §8008 administrative order does not limit a penalty permitted by §8007 to be contained in an assurance of discontinuance settling such an administrative order proceeding. However, this court interprets the statute as containing the same $100,000 penalty limit in an assurance of discontinuance as on penalties imposed in an administrative or judicial proceeding. If the Secretary is limited to a total penalty of $100,000 when issuing an administrative order, and the court is similarly limited in a penalty imposed "anew" after the hearing on the merits of an administrative order, then the penalty which may be accepted by the Secretary in lieu of those administrative or judicial proceedings cannot be higher than the $100,000 limit. Moreover, from a practical point of view, a compromise or settlement amount should not be expected to be larger than the maximum penalty which could have been imposed at the conclusion of litigation. A plaintiff ordinarily gives up some of its monetary claim in return for the certainty of the settlement result, rather than obtaining both a settlement and more money than it had originally claimed in the litigation.

After consideration of the evidence and argument, the Court cannot conclude that the attached Assurance of Discontinuance is in any way insufficient to carry out the purposes of 10 V.S.A. Chapter 201. Consequently, the attached Assurance of Discontinuance is HEREBY ENTERED AS AN ORDER of this Court, pursuant to 10 V.S.A. 8007(c) and V.R.C.P. 76(b), as a final order in this matter.

Also on July 19, 1994, a Stipulation of Dismissal With Prejudice was filed by the Secretary and Respondents, effective upon the signing of the Assurance of Discontinuance as a court order and that the order not thereafter be vacated. Accordingly, based upon the stipulation and today's entry of the assurance as an order of the court, the January 1993 and September 1993 Administrative Orders and all other claims or potential claims between the Secretary and Respondents with regard to the Newbury facility, except according to the

terms of the Assurance Court Order, are hereby DISMISSED WITH PREJUDICE. If this order should be vacated in the future, the parties may move for this dismissal also to be vacated and the case to be restored to its prior status.

Done at Montpelier, Vermont, this 22nd day of July, 1994.

Meredith Wright
Environmental Judge

Exhibit L

Exhibit L

https://www.tiogapublishing.com/news/operation-permit-for-wellsboro-transfer-station-revoked-by-dep/article_ab118db1-2ab8-54e2-9d1d-fc33b89a3b8c.html

Operation permit for Wellsboro transfer station revoked by DEP

Mar 2, 2005

Environmental Protection Regional Director Robert Yowell today announced the department is permanently revoking Casella Waste Management of Pennsylvania's Wellsboro transfer station permit effective March 17 because the company repeatedly violated the Pennsylvania Solid Waste Management Act and its DEP permit.

"DEP will not tolerate Casella's persistent violations at this transfer station," Yowell said. "The company has accumulated 112 violations since August 1997. They have been fined three times. They have shown that they simply cannot comply with our regulatory requirements, and that's inexcusable."

A DEP investigation that began in 2003 revealed that Casella regularly was exceeding the maximum 75 tons of waste per day that the transfer station was allowed to accept, and had been doing so since 1999.

Records show that Casella accepted as much as 241 tons of waste in a single day. In addition, DEP investigators discovered that Casella did not keep daily operational records properly.

In May 2001, Casella submitted to DEP a major permit modification to increase the transfer station's daily tonnage to 450 tons per day, and to accept residual waste in roll-offs and transfer that to trailers.

However, a January 2002 inspection by DEP at the transfer stat found that Casella already was accepting excessive quantities of waste, accepting unapproved idual waste and operating an unpermitted transfer facility in Potter County. DEP fined the com ny $34,681, and Casella withdrew the permit application.

"When a company continues knowingly to break the law even a paying a significant civil penalty, it becomes quite clear that DEP must take stronger enforcement action, and that is exactly what we have done here," Yowell said.

Exhibit M

10-K 1 a06-14010_110k.htm ANNUAL REPORT PURSUANT TO SECTION 13 AND 15(D) Exhibit M

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

**FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended April 30, 2006

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 000-23211

CASELLA WASTE SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**03-0338873**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
25 Greens Hill Lane, Rutland, VT	**05701**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(802) 775-0325**

Securities registered pursuant to Section 12(b) of the Act: **None.**

Securities registered pursuant to Section 12(g) of the Act:
Class A common stock, $.01 per share par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by checkmark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the common equity held by non-affiliates of the registrant, based on the last reported sale price of the registrant's Class A common stock on the NASDAQ Stock Market at the close of business on October 31, 2005 was $305,459,441. The Company does not have any non-voting common stock outstanding.

There were 24,250,185 shares of Class A common stock, $.01 par value per share, of the registrant outstanding as of May 31, 2006. There were 988,200 shares of Class B common stock, $.01 par value per share, of the registrant outstanding as of May 31, 2006.

Documents Incorporated by Reference

Items 10, 11, 12, 13 and 14 of Part III (except for information required with respect to executive officers of the Company, which is set forth under Part I — Business - "Executive Officers and Other Key Employees of the Company" and with respect to certain equity compensation plan information which is set forth under Part III-" Equity Compensation Plan Information") have been omitted from this Annual Report on Form 10-K, because the Company expects to file with the Securities and Exchange Commission, not later than 120 days after the close of its fiscal year, a definitive proxy statement. The information required by Items 10, 11, 12, 13 and 14 of Part III of this report, which will appear in the definitive proxy statement, is incorporated by reference into this Annual Report on Form 10-K.

CASELLA WASTE SYSTEMS, INC.
ANNUAL REPORT ON FORM 10-K

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PART I

Forward Looking Statements

This Form 10-K and other reports, proxy statements, and other communications to stockholders, as well as oral statements by our officers or our agents, may contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act, with respect to, among other things, our future revenues, operating income, or earnings per share. Without limiting the foregoing, any statements contained in this Form 10-K that are not statements of historical fact may be deemed to be forward-looking statements, and the words "believes", "anticipates", "plans", "expects", and similar expressions are intended to identify forward-looking statements. There are a number of important factors of which we are aware that may cause our actual results to vary materially from those forecasted or projected in any such forward-looking statement, certain of which are beyond our control. Our failure to successfully address any of these factors could have a material adverse effect on our results of operations.

ITEM 1. BUSINESS

Casella Waste Systems, Inc. is a vertically-integrated regional solid waste services company that provides collection, transfer, disposal and recycling services to residential, industrial and commercial customers, primarily in the eastern United States. We believe we are currently the number one or number two provider of solid waste collection services in approximately 80% of the areas served by our collection divisions. As of May 31, 2006, we owned and/or operated nine Subtitle D landfills, two landfills permitted to accept construction and demolition materials, 39 solid waste collection operations, 33 transfer stations, 39 recycling facilities, one waste-to-energy facility and a 50% interest in a joint venture that manufactures, markets and sells cellulose insulation made from recycled fiber.

Overview of Our Business

Background. Casella Waste Systems, Inc. was founded in 1975 as a single truck operation in Rutland, Vermont and subsequently expanded to include operations in New Hampshire, Maine, upstate New York, northern Pennsylvania and eastern Massachusetts. In

1993, we initiated an acquisition strategy to take advantage of anticipated reductions in available landfill capacity in Vermont and surrounding states due to increasing environmental regulation and other market forces driving consolidation in the solid waste services industry. In 1995, we expanded our operations from Vermont and New Hampshire to Maine with the acquisition of the companies comprising New England Waste Services of ME, Inc., and in January 1997 we established a market presence in upstate New York and northern Pennsylvania through our acquisition of Superior Disposal Services, Inc.'s business.

In 1997, we raised $50.2 million from the initial public offering of shares of our Class A common stock. In 1998, we raised an additional $41.3 million through a follow-on public offering of an additional 1.6 million shares of Class A common stock. In August 2000, we sold 55,750 shares of our Series A redeemable convertible preferred stock to Berkshire Partners LLC, an investment firm, and other investors for $55.8 million.

In December 1999, we acquired KTI, an integrated provider of waste processing services, for aggregate consideration of $340.0 million. Following our acquisition of KTI, through 2002, we focused on the integration of KTI and the divestiture of non-core KTI assets.

From 2003 to date, we have focused on building our disposal capacity within our footprint, using our partnership model. We believe we have been successful, because we added Hardwick at the end of fiscal year 2003 and Southbridge in Massachusetts, Ontario in upper New York State and Juniper Ridge (formerly West Old Town) in Maine, all in fiscal year 2004, Chemung County landfill in New York in fiscal year 2006, as well as expanded our annual permit limits and overall capacity at our other sites that we own or operate. In fiscal year 2004 and 2005 we were successful in securing an increase of our permitted volume capacity at our Hakes and Waste USA landfill facilities and our Hyland landfill facility received a necessary local approval for the future expansion of the site (subject to receipt of permits).

In late September 2005 we commenced operations at the Chemung County Landfill, after executing a twenty-five year operating, management and lease agreement with Chemung County, New York. The landfill is permitted to accept 120,000 tons per year of municipal solid waste. We have also assumed operations of the solid waste transfer station and recycling facility. We made initial payments of $4.9 million related to this transaction. In January 2006, we assumed the closure contract for the Worcester, Massachusetts landfill. Purchase consideration was comprised of forgiveness of receivables and assumption of certain liabilities amounting to $4.6 million. In December, 2005, through an agreement with the Town of Colebrook, NH, we began accepting non hazardous waste to shape, cap, and close that Town's landfill site. Approximately 600,000 tons of capacity has been created through this project and the project is expected to last approximately three years.

The annual tons disposed in our landfills have increased from 1.8 million tons in fiscal year 2004 to 2.9 million tons in fiscal year 2006, and total permitted and permittable capacity has increased from 29.6 tons at May 1, 2003 to 86.7 million tons at April 30, 2006. We have also closed on 37 tuck-in acquisitions during that time. From May 1, 1994 through April 30, 2006, we acquired 227 solid waste collection, transfer, recycling and disposal operations. In fiscal year 2006 we acquired 15 solid waste hauling and recycling operations.

Our objective in building disposal capacity is to increase our vertical integration within our footprint to optimize our control of the waste stream from collection through disposal, thereby providing an economic benefit. Internalization of waste refers to the amount of waste that our collection companies collect that is ultimately disposed of in one of our disposal facilities. As a result of our success in building disposal capacity our internalization increased to 56.6% in fiscal year 2006 from 53.2% in fiscal year 2004.

On September 19, 2005 we acquired Blue Mountain Recycling, LLC which has two single-stream recycling facilities in Philadelphia and Montgomeryville, Pennsylvania and a small recyclable material transfer station in Upper Dublin, Pennsylvania. Blue Mountain also has a processing agreement with RecycleBank LLC, an incentive-based recycling service that gives homeowners credits for recycling which can be used with participating merchants.

We continue to be focused on selectively pursuing accretive acquisitions with the goal of increasing route density and landfill internalization through tuck-in opportunities and by acquiring or agreeing to operate strategically located landfills. We have also focused on measuring return on net assets as a metric to aligning performance with these stated objectives.

Solid Waste Operations

Our solid waste operations comprise a full range of non-hazardous solid waste services, including collection operations, transfer stations, material recycling facilities and disposal facilities.

Collections. A majority of our commercial and industrial collection services are performed under one-to-three-year service agreements, with prices and fees determined by such factors as collection frequency, type of equipment and containers furnished, the type, volume and weight of solid waste collected, distance to the disposal or processing facility and cost of disposal or processing. Our residential collection and disposal services are performed either on a subscription basis (i.e., with no underlying contract) with individuals, or through contracts with municipalities, homeowner associations, apartment building owners, or mobile home park operators.

Transfer Stations. Our transfer stations receive, compact and transfer solid waste collected primarily by various collection operations, for transport to disposal facilities by larger vehicles. We believe that transfer stations benefit us by: (1) increasing the size of the wastesheds which have access to our landfills; (2) reducing costs by improving utilization of collection personnel and equipment; and (3) helping us build relationships with municipalities and other customers by providing a local physical presence and enhanced local service capabilities.

Material Recycling Facilities. Our material recycling facilities, or MRFs, receive, sort, bale and resell recyclable materials originating from the municipal solid waste stream, including newsprint, cardboard, office paper,

containers and bottles. Through FCR, we operate 20 MRFs in geographic areas not served by our collection divisions or disposal facilities and 4 in geographic areas served by our collection divisions. Revenues are received from municipalities and customers in the form of processing, tipping fees and commodity sales. These MRFs are large-scale, high-volume facilities that process recycled materials delivered to them by municipalities and commercial customers under long-term contracts. We also operate MRFs as an integral part of our core solid waste operations, which generally process recyclables collected from our various residential collection operations. This latter group is concentrated primarily in Vermont, as the public sector in other states within our core solid waste services market area has generally maintained primary responsibility for recycling efforts.

Disposal Facilities. We dispose of solid waste at our landfills and at our waste-to-energy facility.

Landfills. The following table (in thousands) reflects landfill capacity and airspace changes, as measured in tons, as of April 30, 2004, 2005 and 2006, for landfills we operated during the years then ended:

	April 30, 2004			April 30, 2005			April 30, 2006		
	Estimated Remaining Permitted Capacity in Tons (1)	Estimated Additional Permittable Capacity in Tons (1)(2)	Estimated Total Capacity	Estimated Remaining Permitted Capacity in Tons (1)	Estimated Additional Permittable Capacity in Tons (1)(2)	Estimated Total Capacity	Estimated Remaining Permitted Capacity in Tons (1)	Estimated Additional Permittable Capacity in Tons (1)(2)	Estimated Total Capacity
Balance, beginning of period	7,313	22,314	29,627	15,307	50,337	65,644	25,681	56,008	81,689
Acquisitions(3)	9,609	28,353	37,962	—	—	—	1,243	3,288	4,531
New expansions pursued(4)	—	225	225		16,830	16,830		2,182	2,182
Permits granted(5)	97	—	97	11,453	(11,453)	—	349	(349)	—
Airspace consumed	(1,840)	—	(1,840)	(2,527)	—	(2,527)	(2,889)	—	(2,889)
Changes in engineering estimates	128	(555)	(427)	1,448	294	1,742	(308)	1,448	1,140
Balance, end of period	15,307	50,337	65,644	25,681	56,008	81,689	24,076	62,577	86,653

(1) We convert estimated remaining permitted capacity and estimated additional permittable capacity from cubic yards to tons by assuming a compaction factor equal to the historic average compaction factor applicable to the respective landfill over the last three fiscal years. In addition to a total capacity limit, certain permits may place a daily and/or annual limit on capacity.

(2) Represents capacity which we have determined to be "permittable" in accordance with the following criteria: (i) we control the land on which the expansion is sought; (ii) all technical siting criteria have been met or a variance has been obtained or is reasonably expected to be obtained; (iii) we have not identified any legal or political impediments which we believe will not be resolved in our favor; (iv) we are actively working on obtaining any necessary permits and we expect that all required permits will be received; and (v) senior management has approved the project.

(3) The increase in fiscal year 2006 acquired airspace capacity is due to our new Chemung landfill operating contract.

(4) The increase in fiscal year 2005 is primarily due to a determination of additional permittable airspace capacity at our Hyland, Juniper Ridge and Waste USA landfills. The increase in fiscal year 2006 is due to a determination of additional permittable airspace capacity at our Southbridge and Clinton County landfills. This caption does not include certain expansion capacity which we are seeking at our NCES landfill. Because expansion capacity at our NCES landfill has been the subject of litigation, the capacity associated with the litigation, 1.1 million tons with an estimated useful life of 8.5 years, has been omitted.

(5) The increase in permitted airspace capacity in fiscal 2005 is associated with permits granted at our Ontario, Juniper Ridge and Waste USA landfill facilities.

NCES. The North Country Environmental Services ("NCES") landfill located in Bethlehem, New Hampshire serves the wastesheds of New Hampshire and certain contiguous Vermont, Maine and Massachusetts wastesheds. Since the purchase of this landfill in 1994, we have experienced opposition from the local town through enactment of restrictive local zoning and planning ordinances. In each case, in order to access additional capacity, we have been required to assert our rights through litigation in the New Hampshire court system. In August 2005, we received approval for additional capacity within the original 51

acres, which we expect to last into fiscal year 2010. In addition, although we received state approval for an additional use of approximately 1.1 million tons, outside the original 51 acres, our right to use that capacity has been limited by both a ruling of the New Hampshire Supreme Court, which remains subject to litigation as a result of a partial remand of certain outstanding issues back to the trial court, and the adoption of an ordinance by the Town in March 2005 prohibiting expansion outside the original 51 acres, which is also the subject of on-going litigation.

Waste USA. The Waste USA landfill is located in Coventry, Vermont and serves the major wastesheds throughout Vermont. The landfill is permitted to accept residential and commercially produced municipal solid waste, including pre-approved sludges, and construction and demolition debris. Since our purchase of this landfill in 1995, we have expanded the capacity of this landfill which we expect to last through approximately fiscal year 2029. In fiscal year 2005, the annual permit was increased from 240,000 to 370,000 tons.

Clinton County. The Clinton County landfill, located in Schuyler Falls, New York, is leased from Clinton County pursuant to a 25-year lease which expires in 2021. The landfill serves the principal wastesheds of Clinton, Franklin, Essex, Warren, Washington, and Saratoga Counties in New York, and certain selected contiguous Vermont wastesheds. Permitted waste accepted includes municipal solid waste, construction and demolition debris, and special waste which is approved by regulatory agencies. The facility is currently in the final stages of a multi-year landfill expansion permitting process which, if successful, would provide considerable additional volume beyond the current terms of the lease agreement. We have entered into extended agreements with the Town and County applicable to this additional volume.

Pine Tree. The Pine Tree landfill is located in Hampden, Maine. It is permitted to accept construction and demolition material, ash, front-end processing residues from the waste-to-energy facilities within the State of Maine and related sludges and special waste that is approved by regulatory agencies. In addition, it is permitted to accept municipal solid waste that is by-pass waste from the Maine Energy Recovery Company, Limited Partnership ("Maine Energy") and Penobscot Energy Recovery Company ("PERC") waste-to-energy facilities, as well as municipal solid waste that is in excess of the processing capacities of other waste-to-energy facilities within the State of Maine.

Hardwick. The Hardwick landfill, which was acquired in March 2003, located in Hardwick, Massachusetts, is permitted to accept municipal solid waste, construction and demolition material and certain difficult-to-manage wastes. The facility currently is permitted to accept up to 400 tons per day of municipal solid waste with an annual permitted capacity of 82,800 tons of municipal solid waste. The Hardwick landfill is located on an 18-acre of waste footprint. In addition, we have options to purchase approximately 253 additional acres that are adjacent to the landfill. We estimate that at its current permit limits, the facility has approximately five years of operating life, to the extent certain challenged rulings by the Zoning Enforcement Officer do not impede continued development in such areas of the landfill.

Juniper Ridge (formerly West Old Town). On February 5, 2004, we completed transactions with the State of Maine and Georgia-Pacific, pursuant to which the State of Maine took ownership of the landfill located in West Old Town, Maine formerly owned by Georgia Pacific and we became the operator of that facility under a 30 year operating and services agreement between us and the State of Maine. The Maine DEP permitted 10 million cubic yards of capacity in April 2004. The site is located on a 780-acre parcel of property with 68 acres currently dedicated for waste disposal. The site has sufficient acreage within the 780 acres to permit the additional airspace required for the term of the 30 year operating and services agreement. The site is currently permitted to take construction and demolition wastes, municipal waste incinerator residues, treat plant sludge, oil spill debris, fossil fuel combustor ash, and miscellaneous special waste from within the state of Maine. There are no annual tonnage limitations at Juniper Ridge landfill.

Southbridge. On November 25, 2003, we acquired Southbridge Recycling and Disposal Park, Inc. ("Southbridge Recycling and Disposal"). Southbridge Recycling and Disposal has a contract with the Town of Southbridge, Massachusetts to maintain and operate a 13-acre construction and demolition recycling facility and a 52-acre landfill permitted to accept residuals from the recycling facility and a limited amount of municipal solid waste. The contract has a remaining term of 10 years and is renewable by us for four additional five-year terms or until the landfill has reached full capacity, whichever is greater. The landfill has currently permitted volume of

approximately 3.9 million tons and is authorized to accept up to 180,960 tons per year, consisting of 156,000 tons of construction and demolition material and 24,960 tons of municipal solid waste.

Maine Energy Waste-to-Energy Facility. We own a waste-to-energy facility, Maine Energy, which generates electricity by processing non-hazardous solid waste. This waste-to-energy facility provides us with important additional disposal capacity and generates power for sale. The facility receives solid waste from municipalities under long-term waste handling agreements and also receives raw materials from commercial and private waste haulers and municipalities with short-term contracts, as well as from our collection operations. Maine Energy is contractually required to sell all of the electricity generated at its facility to Central Maine Power, an electric utility, and guarantees 100% of its electric generating capacity to CL Power Sales One, LLC. Our use of the facility is subject to permit conditions, some of which are opposed by local authorities. See "—Regulation."

Hyland. The Hyland landfill, located in Angelica, New York, serves certain Western region wastesheds located throughout western New York. The facility is permitted to accept all residential and commercial municipal solid waste, construction and demolition debris and special waste which is approved by regulatory agencies. The facility is located on a 600-acre property, which represents considerable additional expansion capabilities. In 1999, as part of a long-term settlement with the Town of Angelica, we entered into an agreement requiring a permissive referendum to expand beyond a pre-agreed footprint. During the 2004 local elections, the town passed the required permissive referendum related to the future expansion of the site. The technical permitting process is nearly complete. The permit modification is for an additional 38 acres, representing in excess of 6.8 million tons of additional capacity.

Ontario. We have entered into a 25-year operation, management and lease agreement with the Ontario County Board of Supervisors for the Ontario County Landfill, which is located in the Town of Seneca, New York. We commenced operations on December 8, 2003. This landfill serves the central New York wasteshed and is strategically situated to accept long haul volume from both Eastern and downstate markets. The site consists of a 387-acre landfill permitted to accept 624,000 tons per year of municipal solid waste. During fiscal 2005 we received a permit modification for an additional 3.9 million tons. Additional potential expansions amount to an estimated 7.2 million tons.

Hakes. The Hakes construction and demolition landfill, located in Campbell, New York, is permitted to accept only construction and demolition material. The landfill serves the principal rural wastesheds of western New York. We believe that the site has permittable capacity of 3.8 million tons, based on existing regulatory requirements and local community support. The lead permitting agency, NYSDEC, has accepted the final supplemental environmental impact statement and all permits should be issued in fiscal year 2007. We have entered into a revised long-term host community agreement related to the expansion of the facility. In November 2003 we were successful in securing an increase of our permitted volume capacity from 417 to 1,000 tons per day.

Chemung. We have entered into a 25-year operation, management and lease agreement with Chemung County for certain facilities located within the county utilized in the collection, management and disposal of solid waste including the Chemung County Landfill, which is located in the Town of Chemung, New York. We commenced operations on September 19, 2005. This landfill serves the central and southern tier New York wastesheds and is strategically situated to accept long haul volume from both Eastern and downstate markets. The site consists of a 221- acre landfill permitted to accept 120,000 tons of municipal solid waste and 20,000 tons of construction and demolition material per year. The landfill has further expansion capabilities of an additional 25 acres and an estimated 5.1 million tons.

Closure Projects

In April 2005, we started operations at the Worcester, MA landfill, a closure project with approximately 3.5 million tons of available capacity as of April 30, 2006. In January 2006, we assumed the closure contract for this landfill. Purchase consideration was comprised of forgiveness of receivables and assumption of certain liabilities amounting to $4.6 million. In addition, in December, 2005, through an agreement with the Town of Colebrook, NH, we began accepting non hazardous waste to shape, cap, and close that Town's landfill site. Approximately 600,000 tons of capacity has been created through this project and is expected to last approximately

three years. The Worcester and Colebrook landfills are not included in the above table of remaining landfill capacity. In addition, we own and/or operated six unlined landfills and one lined landfill which are not currently in operation. All of the unlined landfills have been closed and capped to applicable environmental regulatory standards by us.

Operating Segments

We manage our solid waste operations on a geographic basis through four regions, which we have designated as the North Eastern, South Eastern, Central and Western regions and which each comprise a full range of solid waste services, and FCR, which comprises our larger-scale non-solid waste recycling and our brokerage operations (See Note 19 to our Consolidated Financial Statements included under Item 8 of this Form 10-K for a summary of revenues, profitability and total assets of our five operating segments).

Within each geographic region, we organize our solid waste services around smaller areas that we refer to as "wastesheds." A wasteshed is an area that comprises the complete cycle of activities in the solid waste services process, from collection to transfer operations and recycling to disposal in either landfills or waste-to-energy facilities, some of which may be owned and operated by third parties. We typically operate several divisions within each wasteshed, each of which provides a particular service, such as collection, recycling, disposal or transfer. Each of these divisions is managed as a separate profit center, but operates interdependently with the other divisions within the wasteshed. Each wasteshed generally operates autonomously from adjoining wastesheds.

Through its 24 material recycling facilities and 1 transfer station, FCR services 31 anchor contracts, which are long-term commitments of five years or greater which guarantee the delivery of all recycled residential recyclables to FCR. These contracts may include a minimum volume guarantee by the municipality. We also have service agreements with individual towns and cities and commercial customers, including small solid waste companies and major competitors that do not have processing capacity within a specific geographic region. The 24 FCR material recycling facilities process recyclables collected from approximately 3.0 million households, representing a population of approximately 10.4 million people.

The following table provides information about each solid waste region and FCR (as of May 31, 2006 except revenue information, which is for the fiscal year ended April 30, 2006).

	North Eastern Region	South Eastern Region	Central Region	Western Region	FCR Recycling
Revenues (in millions)	$109.9	$88.4	$117.8	$101.1	$89.8
Solid waste collection operations	7	7	12	13	—
Transfer stations	3	4	14	11	1
Recycling facilities	5	2	5	3	24
Subtitle D landfills	Pine Tree Juniper Ridge	Hardwick	NCES Waste USA Clinton County	Hyland Ontario Chemung	—
Other disposal facilities(1)	Maine Energy	Southbridge	—	Hakes	—

(1) The Maine Energy facility is a waste-to-energy facility. The Southbridge disposal facility is permitted to accept construction and demolition material and a limited amount of municipal solid waste. In April 2005, we started operations at the Worcester, MA landfill, a closure project with approximately 3.5 million tons of available capacity as of April 30, 2006. In December, 2005, through an agreement with the Town of Colebrook, NH, we began accepting non hazardous waste to shape, cap, and close that Town's landfill site. Approximately 600,000 tons of capacity has been created through this project and is expected to last approximately three years.

North Eastern region. The North Eastern region consists of wastesheds located in Maine. These wastesheds generally have been affected by the regional constraints on disposal capacity imposed by the public policies of New Hampshire, Maine and Massachusetts which have, over the past 10 years, either limited new landfill development or precluded development of additional capacity from existing landfills. Consequently, the North Eastern region relies

more heavily on non-landfill waste-to-energy disposal capacity than our other regions. Maine Energy is one of four waste-to-energy facilities in the North Eastern region.

We entered the State of Maine in 1996 with our purchase of the assets comprising New England Waste Services of ME, Inc. in Hampden, Maine, which included the Pine Tree landfill. Our acquisition of KTI in 1999 significantly improved our disposal capacity in this region as the acquisition included the Maine Energy waste-to-energy facility and provided an alternative internalization option for our solid waste assets in eastern Massachusetts. In 2004, we obtained the right to operate the Juniper Ridge landfill under a 30 year agreement with the State of Maine. Our major competitor in the State of Maine is Waste Management, Inc., and we also compete with smaller local competitors.

South Eastern region. We entered eastern Massachusetts in fiscal year 2000 with the acquisition of assets that were divested by Allied Waste Industries, Inc. and through the acquisition of smaller independent operators. In this region, we rely to a large extent on third party disposal capacity. We believe we have a greater opportunity to increase our internalization rates and operating efficiencies in the South Eastern region through our ownership of the Hardwick landfill, which is currently permitted to accept 400 tons per day of municipal solid waste, and through the Southbridge landfill which is annually permitted to accept 156,000 tons of construction and demolition material and 24,960 tons of municipal solid waste. Our primary competitors in eastern Massachusetts are Waste Management, Inc., Allied Waste Industries, Inc., and smaller independent operators.

Central region. The Central region consists of wastesheds located in Vermont, north and south western New Hampshire and eastern New York. The portion of New York served by the Central region includes Clinton (operation of the Clinton County landfill), Franklin, Essex, Warren, Washington, Saratoga, Rennselaer and Albany counties. Our Waste USA landfill in Coventry, Vermont is one of only two permitted Subtitle D landfills in Vermont, and our NCES landfill in Bethlehem, New Hampshire is one of only six permitted Subtitle D landfills in New Hampshire. In the Central region, there are a total of 13 permitted Subtitle D landfills.

The Central region has become our most mature operating platform, as we have operated in this region since our inception in 1975. We have achieved a high degree of vertical integration of the waste stream in this region, resulting in stable cash flow performance. In the Central region, we also have a market leadership position. Our primary competition in the Central region comes from Waste Management, Inc. and Allied Waste Industries, Inc. in the larger population centers (primarily southern New Hampshire and Eastern New York) and from smaller independent operators in the more rural areas. As our most mature region, we believe that future operating efficiencies will be driven primarily by improving our core operating efficiencies, increased recycling capabilities such as single stream processing, and providing enhanced customer service.

Western region. The Western region consists of wastesheds in upstate New York (which includes Ithaca, Elmira, Oneonta, Lowville, Potsdam, Geneva, Auburn, Buffalo, Jamestown and Olean). We entered the Western region with our acquisition of Superior Disposal Services, Inc.'s business in 1997 and have expanded in this region largely through tuck-in acquisitions and internal growth. Our collection operations include leadership positions in nearly every rural market in the Western region outside of larger metropolitan markets such as Syracuse, Rochester and Albany.

While we have achieved strong market positions in this region, we remain focused on increasing our vertical integration through the acquisition or privatization and operation of additional disposal capacity in the market. As compared to our other operating regions, the Western region, where we own the Hyland and Hakes landfills and operate the Ontario and Chemung County landfills, presently contains an excess of disposal capacity as a result of the proliferation during the 1990s of publicly-developed Subtitle D landfills. As a result, we believe that opportunities exist for us to enter into long-term leasing arrangements and other strategic partnerships with county and municipal governments for the operation and/or utilization of their landfills, similar to our long-term leases for the Ontario and Chemung County landfills. We expect that successful implementation of this strategy will lead to improved internalization rates.

Our primary competitors in the Western region are Waste Management, Inc. and Allied Waste Industries, Inc. in the larger urban areas and smaller independent operators in the more rural markets.

FCR Recycling. FCR Recycling is one of the largest processors and marketers of recycled materials in the eastern United States, comprising 24 material recycling facilities that process and then market recyclable materials that municipalities and commercial customers deliver to it under long-term contracts. Nine of FCR's facilities are leased, eight are owned and seven are under operating contracts. In fiscal year 2006, FCR processed and marketed approximately 1.2 million tons of recyclable materials. FCR's facilities are principally located in key urban markets, including Connecticut; North Carolina; New Jersey; Florida; Tennessee; Georgia; Michigan; New York; South Carolina; Massachusetts; Wisconsin; Maine; and Pennsylvania.

A significant portion of the material provided to FCR is delivered pursuant to 31 anchor contracts, which are long-term contracts. The anchor contracts generally have an original term of five to ten years and expire at various times between 2007 and 2028. The terms

of each of the contracts vary, but all of the contracts provide that the municipality or a third party delivers materials to our facility. In approximately one-fourth of the contracts, the municipalities agree to deliver a guaranteed tonnage and the municipality pays a fee for the amount of any shortfall from the guaranteed tonnage. Under the terms of the individual contracts, we charge the municipality a fee for each ton of material delivered to us. Some contracts contain revenue sharing arrangements under which the municipality receives a specified percentage of the revenues from the sale by us of the recovered materials.

FCR derives a significant portion of its revenues from the sale of recyclable materials. The purchase and sale prices of recyclable materials, particularly newspaper, corrugated containers, plastics, ferrous and aluminum, can fluctuate based upon market conditions. We use long-term supply contracts with customers with floor price arrangements to reduce the commodity risk for certain recyclables, particularly newspaper, cardboard, plastics, aluminum and metals. Under such contracts, we obtain a guaranteed minimum price for the recyclable materials along with a commitment to receive additional amounts if the current market price rises above the floor price. The contracts are generally with large domestic companies that use the recyclable materials in their manufacturing process, such as paper, packaging and consumer goods companies. In fiscal year 2006, 45% of the revenues from the sale of recyclable materials of the residential recycling segment were derived from sales under long-term contracts with floor prices. We also hedge against fluctuations in the commodity prices of recycled paper and corrugated containers in order to mitigate the variability in cash flows and earnings generated from the sales of recycled materials at floating prices. As of April 30, 2006, we were party to 36 commodity hedge contracts. These contracts expire between May 2006 and November 2008.

As part of our acquisition of KTI, we had acquired brokerage businesses which were focused on domestic and export markets. In September 2002, we transferred our export brokerage operations to employees who had been responsible for managing that business. Effective April 1, 2004, the transfer of those export brokerage operations were reflected as a sale for total consideration of approximately $5.0 million. The gain on the sale amounted to approximately $1.1 million. In June 2003, we transferred our domestic brokerage operations and a commercial recycling business to employees who managed those businesses. The brokerage businesses derived all of their revenues from the sale of recyclable materials, predominately old newspaper, old corrugated cardboard, mixed paper and office paper. The brokers in the brokerage operation were required to identify both the buyer and the seller of the recyclable materials before committing to broker the transaction, thereby minimizing pricing risk, and were not permitted to enter into speculative trading of commodities.

During the second quarter of fiscal 2005, we completed the sale of the assets of Data Destruction Services, Inc. (Data Destruction) for cash sale proceeds of $3.0 million. This shredding operation had been historically accounted for as a component of continuing operations as part of the FCR Recycling region up until its sale. The transaction required discontinued operations treatment under SFAS No. 144, therefore the operating results of Data Destruction have been reclassified from continuing to discontinued operations in fiscal 2004 and 2005. Also in connection with the discontinued accounting treatment, the loss (net of tax) from the sale amounting to $0.1 million has been recorded and classified as a loss on disposal of discontinued operations.

Effective August 1, 2005, we transferred our Canadian recycling operation to a former employee who had been responsible for managing that business. Consideration for this transaction was in the form of a note receivable

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amounting up to $1.3 million which is payable within six years of the anniversary date of the transaction to the extent of free cash flow generated from the operations.

GreenFiber Cellulose Insulation Joint Venture

We are a 50% partner in US GreenFiber LLC (“GreenFiber”), a joint venture with Louisana-Pacific. GreenFiber, which we believe is the largest manufacturer of high quality cellulose insulation for use in residential dwellings and manufactured housing, was formed through the combination of our cellulose operations, which we acquired in our acquisition of KTI, with those of Louisiana-Pacific. Based in Charlotte, North Carolina, GreenFiber has a national manufacturing and distribution capability and sells to contractors, manufactured home builders and retailers, including Home Depot, Inc. GreenFiber has fourteen manufacturing facilities, located in Atlanta, Georgia; Charlotte, North Carolina; Delphos, Ohio; Elkwood, Virginia; Norfolk, Nebraska; Phoenix, Arizona; Sacramento, California; Tampa, Florida; Denver, Colorado; Albany, New York; Waco, Texas; St. Louis, IL; and Salt Lake City, UT. GreenFiber utilizes a hedging strategy to help stabilize its exposure to fluctuating newsprint costs, which generally represent approximately 62% of its raw material costs, and is a major purchaser of FCR Recycling fiber material produced at various facilities. GreenFiber, which we account for under the equity method, had revenues of $178.7 million for the twelve months ended April 30, 2006. For the same period, we recognized equity income from GreenFiber of $5.9 million.

Competition

The solid waste services industry is highly competitive. We compete for collection and disposal volume primarily on the basis of the quality, breadth and price of our services. From time to time, competitors may reduce the price of their services in an effort to expand market share or to win a competitively bid municipal contract. These practices may also lead to reduced pricing for our services or the loss of business. In addition, competition exists within the industry not only for collection, transportation and disposal volume, but also for potential acquisition candidates.

The larger urban markets in which we compete are served by one or more of the large national solid waste companies that may be able to achieve greater economies of scale than us, including Waste Management, Inc. and Allied Waste Industries, Inc. We also compete with a number of regional and local companies that offer competitive prices and quality service. In addition, we compete with operators of alternative disposal facilities, including incinerators, and with certain municipalities, counties and districts that operate their own solid waste collection and disposal facilities. Public sector facilities may have certain advantages over us due to the availability of user fees, charges or tax revenues and tax-exempt financing.

The insulation industry is highly competitive and labor intensive. In our cellulose insulation manufacturing activities, GreenFiber, our joint venture with Louisiana-Pacific Corporation, competes primarily with manufacturers of fiberglass insulation such as Owens Corning, CertainTeed Corporation and Johns Manville. These manufacturers have significant market shares and are substantially better capitalized than GreenFiber.

Marketing and Sales

We have a coordinated marketing and sales strategy, which is formulated at the corporate level and implemented at the divisional level. We market our services locally through division managers and direct sales representatives who focus on commercial, industrial, municipal and residential customers. We also obtain new customers from referral sources and our general reputation. Leads are developed from new building permits, business licenses and other public records. Additionally, each division generally advertises in the yellow pages and other local business print media that cover its service area.

Maintenance of a local presence and identity is an important aspect of our marketing plan, and many of our managers are involved in local governmental, civic and business organizations. Our name and logo, or, where appropriate, that of our divisional operations, are displayed on all of our containers and trucks. Additionally, we attend and make presentations at municipal and state conferences and advertise in governmental associations' membership publications.

We market our commercial, industrial and municipal services through our sales representatives who visit customers on a regular basis and make sales calls to potential new customers. These sales representatives receive a significant portion of their compensation based upon meeting certain incentive targets. We emphasize providing quality service and customer satisfaction, and believe that our focus on quality service will help retain existing and attract additional customers.

Employees

As of May 31, 2006, we employed approximately 2,900 people, including approximately 600 professionals or managers, sales, clerical, data processing or other administrative employees and approximately 2,300 employees involved in collection, transfer, disposal, recycling or other operations. Approximately 132 of our employees are covered by collective bargaining agreements. We believe relations with our employees to be satisfactory.

Risk Management, Insurance and Performance or Surety Bonds

We actively maintain environmental and other risk management programs which we believe are appropriate for our business. Our environmental risk management program includes evaluating existing facilities, as well as potential acquisitions, for environmental law compliance and operating procedures. We also maintain a worker safety program, which encourages safe practices in the workplace. Operating practices at all of our operations are intended to reduce the possibility of environmental contamination and litigation.

We carry a range of insurance intended to protect our assets and operations, including a commercial general liability policy and a property damage policy. A partially or completely uninsured claim against us (including liabilities associated with cleanup or remediation at our facilities), if successful and of sufficient magnitude, could have a material adverse effect on our business, financial

condition and results of operations. Any future difficulty in obtaining insurance could also impair our ability to secure future contracts, which may be conditioned upon the availability of adequate insurance coverage.

Effective July 1, 1999, we established a captive insurance company, Casella Insurance Company, through which we are self-insured for worker's compensation and, effective May 1, 2000, automobile coverage. Our maximum exposure in fiscal 2006 under the worker's compensation and automobile plan is $1.0 million and $0.8 million, respectively, per individual event, after which reinsurance takes effect.

Municipal solid waste collection contracts and landfill closure and post-closure obligations may require performance or surety bonds, letters of credit or other means of financial assurance to secure contractual performance. While we have not experienced difficulty in obtaining these financial instruments, if we were unable to obtain these financial instruments in sufficient amounts or at acceptable rates we could be precluded from entering into additional municipal solid waste collection contracts or obtaining or retaining landfill operating permits.

Customers

We provide our collection services to commercial, industrial and residential customers. A majority of our commercial and industrial collection services are performed under one-to-three-year service agreements, and fees are determined by such factors as collection frequency, type of equipment and containers furnished, the type, volume and weight of the solid waste collected, the distance to the disposal or processing facility and the cost of disposal or processing. Our residential collection and disposal services are performed either on a subscription basis (i.e., with no underlying contract) with individuals, or through contracts with municipalities, homeowners associations, apartment owners or mobile home park operators.

Maine Energy is contractually required to sell all of the electricity generated at its facilities to Central Maine Power, an electric utility, pursuant to a contract that expires in 2012, and guarantees 100% of its electricity generating capacity to CL Power Sales One, LLC, pursuant to a contract that expires in 2007.

FCR provides recycling services to municipalities, commercial haulers and commercial waste generators within the geographic proximity of the processing facilities. We also acted as a broker of recyclable materials, principally to paper and box board manufacturers in the United States, Canada, the Pacific Rim, Europe, South America and Asia, until these businesses were sold as described above.

Our cellulose insulation joint venture, GreenFiber, sells to contractors, manufactured home builders and retailers.

Raw Materials

Maine Energy received approximately 22% of its solid waste in fiscal year 2006 from 19 Maine municipalities under long-term waste handling agreements. Maine Energy also receives raw materials from commercial and private waste haulers and municipalities with short-term contracts, as well as from our own collection operations.

In fiscal year 2006, FCR received approximately 51% of its material under long-term agreements with municipalities. These contracts generally provide that all recyclables collected from the municipal recycling programs shall be delivered to a facility that is owned or operated by us. The quantity of material delivered by these communities is dependent on the participation of individual households in the recycling program.

The primary raw material for our insulation joint venture is newspaper. In fiscal year 2006, GreenFiber received approximately 13% of the newspaper used by it from FCR. It purchased the remaining newspaper from municipalities, commercial haulers and paper brokers. The chemicals used to make the newspaper fire retardant are purchased from industrial chemical manufacturers located in the United States and South America.

Seasonality

Our transfer and disposal revenues have historically been lower during the months of November through March. This seasonality reflects the lower volume of waste during the late fall, winter and early spring months primarily because:

- the volume of waste relating to construction and demolition activities decreases substantially during the winter months in the northeastern United States; and

- decreased tourism in Vermont, New Hampshire, Maine and eastern New York during the winter months tends to lower the volume of waste generated by commercial and restaurant customers, which is partially offset by increased volume in the winter ski industry.

Because certain of our operating and fixed costs remain constant throughout the fiscal year, operating income is therefore impacted by a similar seasonality. In addition, particularly harsh weather conditions typically result in increased operating costs.

The recycling segment experiences increased volumes of newspaper in November and December due to increased newspaper advertising and retail activity during the holiday season. GreenFiber experiences lower sales from April through July due to lower retail activity.

Regulation

Introduction

We are subject to extensive and evolving federal, state and local environmental laws and regulations which have become increasingly stringent in recent years. The environmental regulations affecting us are administered by the United States Environmental Protection Agency ("EPA") and other federal, state and local environmental, zoning, health and safety agencies. Failure to comply with such requirements could result in substantial costs, including civil

and criminal fines and penalties. Except as described in this Form 10-K, we believe that we are currently in substantial compliance with applicable federal, state and local environmental laws, permits, orders and regulations. We do not currently anticipate any material environmental costs to bring our operations into compliance, although there can be no assurance in this regard in the future. We expect that our operations in the solid waste services industry will be subject to continued and increased regulation, legislation and regulatory enforcement actions. We attempt to anticipate future legal and regulatory requirements and to carry out plans intended to keep our operations in compliance with those requirements.

In order to transport, process, incinerate, or dispose of solid waste, it is necessary for us to possess and comply with one or more permits from federal, state and/or local agencies. We must review these permits periodically, and the permits may be modified or revoked by the issuing agency.

The principal federal, state and local statutes and regulations applicable to our various operations are as follows:

The Resource Conservation and Recovery Act of 1976, as amended ("RCRA")

RCRA regulates the generation, treatment, storage, handling, transportation and disposal of solid waste and requires states to develop programs to ensure the safe disposal of solid waste. RCRA divides solid waste into two groups, hazardous and non-hazardous. Wastes are generally classified as hazardous if they (1) either (a) are specifically included on a list of hazardous wastes, or (b) exhibit certain characteristics defined as hazardous, and (2) are not specifically designated as non-hazardous. Wastes classified as hazardous under RCRA are subject to more extensive regulation than wastes classified as non-hazardous, and businesses that deal with hazardous waste are subject to regulatory obligations in addition to those imposed on handlers of non-hazardous waste.

Among the wastes that are specifically designated as non-hazardous are household waste and "special" waste, including items such as petroleum contaminated soils, asbestos, foundry sand, shredder fluff and most non-hazardous industrial waste products.

The EPA regulations issued under Subtitle C of RCRA impose a comprehensive "cradle to grave" system for tracking the generation, transportation, treatment, storage and disposal of hazardous wastes. Subtitle C regulations impose obligations on generators, transporters and disposers of hazardous wastes, and require permits that are costly to obtain and maintain for sites where those businesses treat, store or dispose of such material. Subtitle C requirements include detailed operating, inspection, training and emergency preparedness and response standards, as well as requirements for manifesting, record keeping and reporting, corrective action, facility closure, post-closure and financial responsibility. Most states have promulgated regulations modeled on some or all of

the Subtitle C provisions issued by the EPA, and in many instances the EPA has delegated to those states the principal role in regulating businesses which are subject to those requirements. Some state regulations impose different, additional obligations.

We currently do not accept for transportation or disposal hazardous substances (as defined in CERCLA, discussed below) in concentrations or volumes that would classify those materials as hazardous wastes. However, we have transported hazardous substances in the past and very likely will transport and dispose of hazardous substances in the future, to the extent that materials defined as hazardous substances under CERCLA are present in consumer goods and in the non-hazardous waste streams of our customers.

We do not accept hazardous wastes for incineration at our waste-to-energy facility. We typically test ash produced at our waste-to-energy facility on a regular basis; that ash generally does not contain hazardous substances in sufficient concentrations or volumes to result in the ash being classified as hazardous waste. However, it is possible that future waste streams accepted for incineration could contain elevated volumes or concentrations of hazardous substances or that legal requirements will change, and that the resulting incineration ash would be classified as hazardous waste.

Leachate generated at our landfills and transfer stations is tested on a regular basis, and generally is not regulated as a hazardous waste under federal or state law. In the past, however, leachate generated from certain of our landfills has been classified as hazardous waste under state law, and there is no guarantee that leachate generated from our facilities in the future will not be classified under federal or state law as hazardous waste.

In October 1991, the EPA adopted the Subtitle D regulations under RCRA governing solid waste landfills. The Subtitle D regulations, which generally became effective in October 1993, include location restrictions, facility design standards, operating criteria, closure and post-closure requirements, financial assurance requirements, groundwater monitoring requirements, groundwater remediation standards and corrective action requirements. In addition, the Subtitle D regulations require that new landfill sites meet more stringent liner design criteria (typically, composite soil and synthetic liners or two or more synthetic liners) intended to keep leachate out of groundwater and have extensive collection systems to carry away leachate for treatment prior to disposal. Regulations generally require us to install groundwater monitoring wells at virtually all landfills we operate, to monitor groundwater quality and, indirectly, the effectiveness of the leachate collection systems. The Subtitle D regulations also require facility owners or operators to control emissions of landfill gas (including methane) generated at landfills exceeding certain regulatory thresholds. State landfill regulations must meet these requirements or the EPA will impose such requirements upon landfill owners and operators in that state. Each state also must adopt and implement a permit program or other appropriate system to ensure that landfills within the state comply with the Subtitle D regulatory criteria. Various states in which we operate or in which we may operate in the future have adopted regulations or programs as stringent as, or more stringent than, the Subtitle D regulations.

The Federal Water Pollution Control Act of 1972, as amended (“Clean Water Act”)

The Clean Water Act regulates the discharge of pollutants into the “waters of the United States” from a variety of sources, including solid waste disposal sites and transfer stations, processing facilities and waste-to-energy facilities (collectively, “solid waste management facilities”). If run-off or collected leachate from our solid waste management facilities, or process or cooling waters generated at our waste-to-energy facility, is discharged into streams, rivers or other surface waters, the Clean Water Act would require us to apply for and obtain a discharge permit, conduct sampling and monitoring and, under certain circumstances, reduce the quantity of pollutants in such discharge. A permit also may be required if that run-off, leachate, or process or cooling water is discharged to a treatment facility that is owned by a local municipality. Numerous states have enacted regulations, which are equivalent to those issued under the Clean Water Act, but which also regulate the discharge of pollutants to groundwater. Finally, virtually all solid waste management facilities must comply with the EPA’s storm water regulations, which regulate the discharge of impacted storm water to surface waters.

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (“CERCLA”)

CERCLA established a regulatory and remedial program intended to provide for the investigation and remediation of facilities where or from which a release of any hazardous substance into the environment has occurred or is threatened. CERCLA has been interpreted to impose retroactive strict, and under certain circumstances, joint and several, liability for investigation and cleanup of facilities on current owners and operators of the site, former owners and operators of the site at the time of the disposal of the hazardous substances, as well as the generators of the hazardous substances and certain transporters of the hazardous substances. In addition, CERCLA imposes liability for the costs of evaluating and addressing damage to natural resources. The costs of CERCLA

investigation and cleanup can be very substantial. Liability under CERCLA does not depend upon the existence or disposal of "hazardous waste" as defined by RCRA, but can be based on the existence of any of more than 700 "hazardous substances" listed by the EPA, many of which can be found in household waste. In addition, the definition of "hazardous substances" in CERCLA incorporates substances designated as hazardous or toxic under the Federal Clean Water Act, Clear Air Act and Toxic Substances Control Act. If we were found to be a responsible party for a CERCLA cleanup, the enforcing agency could hold us, under certain circumstances, or any other responsible party, responsible for all investigative and remedial costs, even if others also were liable. CERCLA also authorizes EPA to impose a lien in favor of the United States upon all real property subject to, or affected by, a remedial action for all costs for which a party is liable. CERCLA provides a responsible party with the right to bring a contribution action against other responsible parties for their allocable share of investigative and remedial costs. Our ability to get others to reimburse us for their allocable share of such costs would be limited by our ability to identify and locate other responsible parties and prove the extent of their responsibility and by the financial resources of such other parties.

The Clean Air Act of 1970, as amended ("Clean Air Act")

The Clean Air Act, generally through state implementation of federal requirements, regulates emissions of air pollutants from certain landfills based upon the date the landfill was constructed and the annual volume of emissions. The EPA has promulgated new source performance standards regulating air emissions of certain regulated pollutants (methane and non-methane organic compounds) from municipal solid waste landfills. Landfills located in areas where levels of regulated pollutants exceed certain thresholds may be subject to even more extensive air pollution controls and emission limitations. In addition, the EPA has issued standards regulating the disposal of asbestos-containing materials under the Clean Air Act.

The Clean Air Act regulates emissions of air pollutants from our waste-to-energy facility and certain of our processing facilities. The EPA has enacted standards that apply to those emissions. It is possible that the EPA, or a state where we operate, will enact additional or different emission standards in the future.

All of the federal statutes described above authorize lawsuits by private citizens to enforce certain provisions of the statutes. In addition to a penalty award to the United States, some of those statutes authorize an award of attorney's fees to private parties successfully advancing such an action.

The Occupational Safety and Health Act of 1970, as amended ("OSHA")

OSHA establishes employer responsibilities and authorizes the Occupational Safety and Health Administration to promulgate occupational health and safety standards, including the obligation to maintain a workplace free of recognized hazards likely to cause death or serious injury, to comply with adopted worker protection standards, to maintain certain records, to provide workers with required disclosures and to implement certain health and safety training programs. Various of those promulgated standards may apply to our operations, including those standards concerning notices of hazards, safety in excavation and demolition work, the handling of asbestos and asbestos-containing materials, and worker training and emergency response programs.

State and Local Regulations

Each state in which we now operate or may operate in the future has laws and regulations governing the generation, storage, treatment, handling, processing, transportation, incineration and disposal of solid waste, water and air pollution and, in most cases, the siting, design, operation, maintenance, closure and post-closure maintenance of solid waste management facilities. In addition, many states have adopted statutes comparable to, and in some cases more stringent than, CERCLA. These statutes impose requirements for investigation and remediation of contaminated sites and liability for costs and damages associated with such sites, and some authorize the state to impose liens to secure costs expended addressing contamination on property owned by responsible parties. Some of those liens may take priority over previously filed instruments. Furthermore, many municipalities also have ordinances, laws and regulations affecting our operations. These include zoning and health measures that limit solid waste management activities to specified sites or conduct, flow control provisions that direct the delivery of solid wastes to specific facilities or to facilities in specific areas, laws that grant the right to establish franchises for collection services and then put out for bid the right to provide collection services, and bans or other restrictions on the movement of solid wastes into a municipality.

Certain permits and approvals may limit the types of waste that may be accepted at a landfill or the quantity of waste that may be accepted at a landfill during a given time period. In addition, certain permits and approvals, as well as certain state and local regulations, may limit a landfill to accepting waste that originates from specified geographic areas or seek to restrict the importation of

out-of-state waste or otherwise discriminate against out-of-state waste. Generally, restrictions on importing out-of-state waste have not withstood judicial challenge. However, from time to time federal legislation is proposed which would allow individual states to prohibit the disposal of out-of-state waste or to limit the amount of out-of-state waste that could be imported for disposal and would require states, under certain circumstances, to reduce the amounts of waste exported to other states. Although such legislation has not been passed by Congress, if this or similar legislation is enacted, states in which we operate landfills could limit or prohibit the

importation of out-of-state waste. Such actions could materially and adversely affect the business, financial condition and results of operations of any of our landfills within those states that receive a significant portion of waste originating from out-of-state.

Certain states and localities may, for economic or other reasons, restrict the export of waste from their jurisdiction, or require that a specified amount of waste be disposed of at facilities within their jurisdiction. In 1994, the U.S. Supreme Court rejected as unconstitutional, and therefore invalid, a local ordinance that sought to limit waste going out of the locality by imposing a requirement that the waste be delivered to a particular facility. However, it is uncertain how that precedent will be applied in different circumstances. For example, in 2002, the U.S. Supreme Court decided not to hear an appeal of a federal Appeals Court decision that held that the flow control ordinances directing waste to a publicly owned facility are not per se unconstitutional and should be analyzed under a standard that is less stringent than if waste had been directed to a private facility. The less stringent standard was applied to the facts of that case by the U.S. District Court, which ruled in March 2005 in favor of upholding the flow control regulations in Oneida and Herkimer Counties in New York. The ruling was again appealed to the federal Appeals Court, which upheld the ruling. A petition for certiorai was filed with the Supreme Court and remains pending. Additionally, certain state and local jurisdictions continue to seek to enforce such restrictions and, in certain cases, we may elect not to challenge such restrictions. Further, some proposed federal legislation would allow states and localities to impose flow restrictions. Those restrictions could reduce the volume of waste going to landfills or transfer stations in certain areas, which may materially adversely affect our ability to operate our facilities and/or affect the prices we can charge for certain services. Those restrictions also may result in higher disposal costs for our collection operations. In sum, flow control restrictions could have a material adverse effect on our business, financial condition and results of operations.

There has been an increasing trend at the federal, state and local levels to mandate or encourage both waste reduction at the source and waste recycling, and to prohibit or restrict the disposal in landfills of certain types of solid wastes, such as yard wastes and leaves, beverage containers, newspapers, household appliances and batteries. Regulations reducing the volume and types of wastes available for transport to and disposal in landfills could affect our ability to operate our landfill facilities.

Our waste-to-energy facility has been certified by the Federal Energy Regulatory Commission as a “qualifying small power production facility” under the Public Utility Regulatory Policies Act of 1978, as amended (“PURPA”). PURPA exempts qualifying facilities from most federal and state laws governing electric utility rates and financial organization, and generally requires electric utilities to purchase electricity generated by qualifying facilities at a price equal to the utility’s full “avoided cost.”

Our waste-to-energy business is dependent upon our ability to sell the electricity generated by our facility to an electric utility or a third party such as an energy marketer. Maine Energy currently sells electricity to an electric utility under a long-term power purchase agreement. When that agreement expires, or if the electric utility were to default under the agreement, there is no guarantee that any new agreement would contain a purchase price as favorable as the one in the current agreement.

With regard to the odor control system at our waste-to-energy facility in Biddeford, Maine involving the redirection of our air emissions through scrubbers and scrubber vents, we applied to the City of Biddeford for approval of an increase in the height of our scrubber vents and a change in our odor control chemicals. The vent height increase needed approval by both the Planning Board and the Zoning Board of Appeals (“ZBA”). The City Council opposed our proposal and it was denied by the Biddeford Zoning Board of Appeals. We appealed the ZBA denial to York County Superior Court. By order of the Court dated June 2, 2005, the parties are scheduled to report to the Court by May 31, 2006 whether to seek a further continuance in light of ongoing settlement negotiations or to set a date for oral argument. On June 8, 2006, the Maine Superior Court approved a consent order by which the court vacated the Board of Appeals denial of the stack height increase, vacated all prior Planning Board decisions regarding the operation and maintenance of the Maine Energy odor control system, and authorized Maine Energy to increase the height of the three scrubber stacks from 120 feet above grade to 148 feet above grade without further review or approval by the City of Biddeford.

Based on the results of the testing that we performed to evaluate the effectiveness of Maine Energy's odor control system, the City of Biddeford alleged to DEP in October 2002 that emissions of volatile organic compounds ("VOCs") from the odor control system exceeded DEP air license limits. In cooperation with DEP, Maine Energy agreed to voluntarily perform several rounds of testing to quantify and speciate emissions of VOCs from the scrubber stacks, using appropriate analytical methods. As a result, we may be subject to enforcement action by DEP and we may incur additional material costs to comply with applicable control technology requirements. On December 3, 2003, the City of Biddeford sued Maine Energy in federal court under federal and state law alleging that we are emitting VOCs without appropriate permits or appropriate control technology and that we constitute a public nuisance. The complaint sought an unspecified amount of civil penalties, damages, injunctive relief and attorney's fees. On June 2, 2004, the complaint was dismissed without prejudice while settlement negotiations take place. On or about May 25, 2004 Maine Energy received a revised 60-day Notice of Intent to Sue under the Clean Air Act from the Cities of Biddeford and Saco. The Cities' Notice states that they intend to refile suit under the Clean Air Act, based on the alleged violations identified by their Notice, in the event that the ongoing settlement negotiations do not resolve the claims.

In April 2003, we obtained a permit from the MADEP to increase the operating capacity of our solid waste transfer station located in Holliston, Massachusetts. We are seeking the necessary local approvals required under that permit. Some local residents have alleged that the transfer station is not being operated in conformance with state and local wetlands laws and certain local approvals, first issued in the 1970s. We have taken steps to identify, respond to and address those allegations, as appropriate. We are also evaluating its indemnification rights against the former owner/operator of the transfer station under the agreement by which we acquired the transfer station. We offer no prediction as to the likely outcome of these matters, and there can be no assurance that these matters would not have a material adverse effect on our financial position or results of operations.

On March 2, 2005, our subsidiary Casella Waste Management of Pennsylvania, Inc. ("CWMPA") was issued an Administrative Order by the Pennsylvania Department of Environmental Protection ("DEP") revoking CWMPA's transfer station permit for its 75-ton-per-day transfer station located in Wellsboro, Pennsylvania and ordering that the site be closed. The DEP based its decision on certain alleged violations related to recordkeeping and site management over a five year period. On March 10, 2005, CWMPA appealed the Order to the State's Environmental Hearing Board ("EHB"). The Pennsylvania Attorney General's Office also conducted a criminal investigation of the allegations. On March 17, 2005, CWMPA and the DEP mutually agreed to a Supersedeas Order approved by the EHB which superseded the March 2, 2005 DEP Order, stating that CWMPA agreed to (i) voluntarily cease operations at the transfer station until May 16, 2005; (ii) relocate its hauling company before May 16, 2005; and (iii) develop a Management and Operation Plan for the transfer station by May 16, 2005. On May 17, 2005, the EHB judge extended the Supersedeas Order until June 10, 2005 and authorized the transfer station to resume operations upon completion of the relocation of the hauling company and receipt of a permit modification related to the weighing of bag waste from individual customers. CWMPA satisfied the conditions and recommenced operations at the transfer station on May 20, 2005. On June 9, 2005, CWMPA and the DEP filed a stipulation with the EHB withdrawing and voiding the March 2, 2005 Order revoking the permit, while reserving the DEP's right to seek civil penalties and our right to defend against any such penalties. On March 9, 2006, we reached an agreement with the Attorney General's Office that resolved its investigation with a misdemeanor fine in the amount of $35,000 plus a $15,000 contribution to a non-profit environmental organization. We have reached a settlement in principal with the DEP whereby we expect to pay a civil penalty in the amount of $400,000. We plan to finalize the settlement in June 2006.

On March 10, 2005, the Zoning Enforcement Officer ("ZEO") for the Town of Hardwick, Massachusetts rendered an opinion that a portion of the current Phase II footprint of our Hardwick Landfill is on land on Lot 1 that is not properly zoned. On April 7, 2005, we appealed the opinion to the Hardwick Zoning Board of Appeals ("ZBA"). On July 13, 2005, the ZBA denied our appeal. On August 1, 2005, we appealed the ZBA's decision to the Massachusetts Land Court. We proposed a plan to implement an interim closure of the affected Lot 1 which included relocation of waste from an unlined area on Lot 2 (a lot unaffected by the decision) to the affected Lot 1. The ZEO issued a letter prohibiting us from relocating waste onto Lot 1. We appealed the ZEO decision to the ZBA and the ZBA denied the appeal on November 29,

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2005. We appealed the ZBA decision to the Land Court and had it consolidated with the other appeal filed with the Land Court. On January 18, 2006, the Massachusetts Attorney General approved new general bylaw articles of the town which, among other things, prohibit the use of construction and demolition debris as grading, shaping or closure materials. Such articles may have an adverse impact on our ability to relocate some or all of the waste onto the affected lot.We and the Town executed a Host Community Agreement on June 7, 2005, which provides the Town with certain immediate benefits and will provide certain deferred benefits upon receipt of approvals for the rezoning of the existing landfill area and an expansion area, which we expect to apply for in the future. On November 16, 2005, the adjacent town of Ware adopted regulations restricting truck traffic in a manner that affects certain routes into

the landfill. On December 20, 2005, we filed an action challenging the regulations and seeking a preliminary injunction. On December 30, 2005, the Court denied the preliminary injunction. We are continuing to pursue its challenge to the Ware regulations and the case has entered the discovery phase. On May 22, 2006, the ZEO for the Town of Hardwick, Massachusetts rendered an opinion that the current Phase II footprint of our Hardwick Landfill is on land on Lot 2 that is not properly zoned. The May 22, 2006 order contradicts two prior rulings by the ZEO, which stated that Lot 2 is grandfathered and exempt from zoning. On May 26, 2006, the ZEO stayed his May 22, 2006 order pending our appeal and resolution of any such appeal by the Zoning Board of Appeals.

Executive Officers and Other Key Employees of the Company

Our executive officers and other key employees and their respective ages as of May 31, 2006 are as follows:

Name	Age	Position
Executive Officers		
John W. Casella	55	Chairman, Chief Executive Officer and Secretary
James W. Bohlig	59	President, Chief Operating Officer and Director
Richard A. Norris	62	Senior Vice President, Chief Financial Officer and Treasurer
Charles E. Leonard	51	Senior Vice President, Solid Waste Operations
Other Key Employees		
Donald A. Wallgren	64	Senior Vice President of Permitting, Compliance, Engineering & Construction
Timothy A. Cretney	42	Regional Vice President
Christopher M. DesRoches	48	Vice President, Selection and Training
Sean P. Duffy	46	Regional Vice President
Joseph S. Fusco	42	Vice President, Communications
William Hanley	52	Vice President, Sales and Marketing
Larry B. Lackey	45	Vice President, Vice President, Permitting, Compliance and Engineering
Brian G. Oliver	44	Regional Vice President
Alan N. Sabino	46	Regional Vice President
David L. Schmitt	55	Vice President, General Counsel
Gary R. Simmons	56	Vice President, Fleet Management
Michael J. Wall	46	Regional Vice President

John W. Casella has served as Chairman of our Board of Directors since July 2001 and as our Chief Executive Officer since 1993. Mr. Casella served as President from 1993 to July 2001 and as Chairman of the Board of Directors from 1993 to December 1999. In addition, Mr. Casella has been Chairman of the Board of Directors of Casella Waste Management, Inc. since 1977. Mr. Casella is also an executive officer and director of Casella Construction, Inc., a company owned by Mr. Casella and Douglas R. Casella. Mr. Casella has been a member of numerous industry-related and community service-related state and local boards and commissions including the Board of Directors of the Associated Industries of Vermont, The Association of Vermont Recyclers, Vermont State Chamber of Commerce and the Rutland Industrial Development Corporation. Mr. Casella has also served on various state task forces, serving in an advisory capacity to the Governors of Vermont and New Hampshire on solid waste issues. Mr. Casella holds an Associate of Science in Business Management from Bryant & Stratton University and a Bachelor of Science in Business Education from Castleton State College. Mr. Casella is the brother of Douglas R. Casella, a member of our Board of Directors.

James W. Bohlig has served as our President since July 2001 and as Chief Operating Officer since 1993. Mr. Bohlig also served as Senior Vice President from 1993 to July 2001. Mr. Bohlig has served as a member of our Board of Directors since 1993. From 1989 until he joined us, Mr. Bohlig was Executive Vice President and Chief Operating Officer of Russell Corporation, a general contractor and developer based in Rutland, Vermont. Mr. Bohlig is a licensed professional engineer. Mr. Bohlig holds a Bachelor of Science in Engineering and Chemistry from the U.S. Naval Academy, and is a graduate of the Columbia University Executive Program in Business Administration.

Richard A. Norris has served as our Senior Vice President, Chief Financial Officer and Treasurer since July 2001. He joined us in July 2000 as Vice President and Corporate Controller. From 1997 to July 2000, Mr. Norris served as Vice President and Chief Financial Officer for NexCycle, Inc., a processor of secondary materials. From 1986 to 1997, he served as Vice President of Finance, US

Operations for Laidlaw Waste Systems, Inc. Mr. Norris is qualified as a Chartered Accountant in both Canada and the United Kingdom. Mr. Norris graduated from Leeds University with a Bachelor of Arts in German.

Charles E. Leonard has served as our Senior Vice President, Solid Waste Operations since July 2001. From December 1999 until he joined us, he acted as a consultant to several corporations, including Allied Waste Industries, Inc. From November 1997 to December 1999, he was Regional Vice President for Service Corporation International, a provider of death-care services. From September 1988 to January 1997, he served as Senior Vice President, US Operations for Laidlaw Waste Systems, Inc. From June 1978 to July 1988, Mr. Leonard was employed by Browning-Ferris Industries in various management positions. Mr. Leonard is a graduate of Memphis State University with a Bachelor of Arts in Marketing.

Donald A. Wallgren has served as our Senior Vice President of Permitting, Compliance, Engineering & Construction since May 2006. From 1997 until he joined us, he served as an environmental consultant for both international government projects and a variety of environmental projects in the U.S. He worked for Waste Management, Inc. from 1979 to 1997 including serving as the Vice President and Chief Environmental Officer of the Company. He worked for the U.S. Dept. of Interior and U.S. EPA from 1969 to 1979. Mr. Wallgren is a licensed professional engineer, and has an MBA from Northern Illinois University and a Bachelor of Civil Engineering (Environmental Specialty) from the University of Minnesota.

Timothy A. Cretney has served as our Western Regional Vice President since May 2002. From January 1997 to May 2002 he served as Regional Controller for our Western region. From August 1995 to January 1997, Mr. Cretney was Treasurer and Vice President of Superior Disposal Services, Inc., a waste services company which we acquired in January 1997. From 1992 to 1995, he was General Manager of the Binghamton, New York office of Laidlaw Waste Systems, Inc. and from 1989 to 1992 he was Central New York Controller of Laidlaw Waste Systems. Mr. Cretney holds a B.A. in Accounting from State University of New York College at Brockport.

Christopher M. DesRoches has served as our Vice President, Selection and Training since June 1, 2005. From November 1996 to June 2005, Mr. DesRoches served as our Vice President, Sales and Marketing. From January 1989 to November 1996, he was a regional vice president of sales for Waste Management, Inc. Mr. DesRoches is a graduate of Arizona State University.

Sean P. Duffy has served as our FCR Regional Vice President since December 1999. Since December 1999, Mr. Duffy has also served as Vice President of FCR, Inc., which he co-founded in 1983 and which became a wholly-owned subsidiary of ours in December 1999. From May 1983 to December 1999, Mr. Duffy served in various capacities at FCR, including, most recently, as President. From May 1998 to May 2001, Mr. Duffy also served as President of FCR Plastics, Inc., a subsidiary of FCR, Inc.

Joseph S. Fusco has served as our Vice President, Communications since January 1995. From January 1991 through January 1995, Mr. Fusco was self-employed as a corporate and political communications consultant. Mr. Fusco is a graduate of the State University of New York at Albany.

William Hanley has served as our Vice-President, Sales and Marketing since June 1, 2005. From 2001 until 2005, Mr. Hanley served as Vice-President, General Sales Manager of Waste Industries, USA. From 1994-2001, he held various sales management positions for Waste Management, Inc and predecessor companies. Mr. Hanley is a graduate of Clarion State University with a Bachelor of Science in Business Administration.

Larry B. Lackey has served as our Vice President, Permitting, Compliance and Engineering since 1995. From 1993 to 1995, Mr. Lackey served as our Manager of Permits, Compliance and Engineering. From 1984 to 1993, Mr. Lackey was an Associate Engineer for Dufresne-Henry, Inc., an engineering consulting firm. Mr. Lackey is a graduate of Vermont Technical College.

Brian G. Oliver has served as our North Eastern Regional Vice President since June 2004. From April 1998 to June 2004 he served as our Eastern Regional Controller. From June 1996 to April 1998, Mr. Oliver served as Division Controller of two Vermont operations. Mr. Oliver holds a Bachelor of Science in Business Administration from Bryant College and also holds a Masters degree from St. Michael’s College.

Alan N. Sabino has served as our Central Regional Vice President since July 1996. From 1995 to July 1996, Mr. Sabino served as a Division President for Waste Management, Inc. From 1985 to 1994, he served as Region Operations Manager for Chambers Development Company, Inc., a waste management company. Mr. Sabino is a graduate of Pennsylvania State University.

David L. Schmitt has served as our Vice President and General Counsel since May, 2006. Prior to that, Mr. Schmitt was President of his privately held consulting firm, and further served from 2002 until 2005 as Vice President and General Counsel of BioEnergy International, LLC, a project development firm specializing in the production of ethanol and CO2, as well as the recovery of methane from solid waste landfills. He further served from 1995 until 2001, as Senior Vice President, General Counsel and Secretary of Bradlees, Inc., a large box retailer in the northeast United States, and from 1986 through 1990, as Vice President and General Counsel of Wheelabrator Technologies Inc., a multi-faceted corporation specializing in the development, ownership and operation of large scale refuse-to-energy waste disposal and power facilities, as well as other alternate fuel facilities. He is admitted to the Bar of Pennsylvania, and earned a Bachelor of Arts degree from The Pennsylvania State University, and his Juris Doctor from Duquesne University School of Law.

Gary R. Simmons has served as our Vice President, Fleet Management since May 1997. From December 1996 to May 1997, Mr. Simmons was the owner of GRS Consulting, a waste industry consulting firm. From 1995 to December 1996, Mr. Simmons served as National and Regional Fleet Service Manager for USA Waste Services, Inc., a waste management company. From 1977 to 1995, Mr. Simmons served in various fleet maintenance and management positions for Chambers Development Company, Inc.

Michael J. Wall has served as our South Eastern Regional Vice President since June 2004. From 2002-2004, Mr. Wall served as Director of Operations for Waste Management, Inc. in Massachusetts. From 1998-2002, Mr. Wall served as a Division Manager for Waste Management, Inc. overseeing operations in Central New York and Eastern Massachusetts. From 1993-1998, Mr. Wall held the position of Group Sales Manager for USA Waste Services, Inc. From 1983-1993, Mr. Wall held various sales management positions throughout the Northeast for Browning Ferris Industries. Mr. Wall is a graduate of New England College of New Hampshire.

Available Information

Our internet website is http://www.casella.com. We make available, through our website free of charge, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We make these reports available through our website at the same time that they become available on the Securities and Exchange Commission's website.

ITEM 1A. RISK FACTORS

The following important factors, among others, could cause actual results to differ materially from those indicated by forward-looking statements made in this Annual Report on Form 10-K and presented elsewhere by management from time to time.

The Company's increased leverage may restrict its future operations and impact its ability to make future acquisitions.

The Company has substantial indebtedness. The payment of interest and principal due under this indebtedness has reduced, and may continue to reduce, funds available for other business purposes, including capital expenditures and acquisitions. In addition, the aggregate amount of indebtedness has limited and may continue to limit the Company's ability to incur additional indebtedness, and thereby may limit its acquisition program.

The Company's leverage may further increase as the Company will be required to redeem its outstanding Series A redeemable preferred stock on August 11, 2007, if it is not otherwise repurchased by the Company prior to that time. The aggregate redemption price is expected to be approximately $75.1 million. The Company would need to incur more debt or raise equity to effect this redemption.

The Company may not be successful in making acquisitions of solid waste assets, including developing additional disposal capacity, or in integrating acquired businesses or assets, which could limit the Company's future growth.

The Company's strategy envisions that a substantial part of the Company's future growth will come from making acquisitions of traditional solid waste assets or operations and acquiring or developing additional disposal capacity. These acquisitions may include

"tuck-in" acquisitions within the Company's existing markets, assets that are adjacent to or outside the Company's existing markets, or larger, more strategic acquisitions. In addition, from time to time the Company may acquire businesses that are complementary to the Company's core business strategy. The Company may not be able to identify suitable acquisition candidates. If the Company identifies suitable acquisition candidates, the Company may be unable to negotiate successfully their acquisition at a price or on terms and conditions favorable to the Company. Furthermore, the Company may be unable to obtain the necessary regulatory approval to complete potential acquisitions.

The Company's ability to achieve the benefits it anticipates from acquisitions, including cost savings and operating efficiencies, depends in part on the Company's ability to successfully integrate the operations of such acquired businesses with the Company's operations. The integration of acquired businesses and other assets may require significant management time and company resources that would otherwise be available for the ongoing management of the Company's existing operations.

In addition, the process of acquiring, developing and permitting additional disposal capacity is lengthy, expensive and uncertain. For example, the Company is currently involved in litigation with the Town of Bethlehem, New Hampshire relating to the expansion of a landfill owned by the Company's wholly owned subsidiary, North Country Environmental Services, Inc. Moreover, the disposal capacity at the Company's existing landfills is limited by the remaining available volume at the Company's landfills and annual, quarterly and/or daily disposal limits imposed by the various governmental authorities with jurisdiction over the Company's landfills. The Company typically reaches or approximates the Company's daily, quarterly and annual maximum permitted disposal capacity at the majority of the Company's landfills. If the Company is unable to develop or acquire additional disposal capacity, the Company's ability to achieve economies from the internalization of the Company's waste stream will be limited and the Company may be required to increase the Company's utilization of disposal facilities owned by third parties, which could reduce the Company's revenues and/or the Company's operating margins.

The Company's ability to make acquisitions is dependent on the availability of adequate cash and the attractiveness of the Company's stock price.

The Company anticipates that any future business acquisitions will be financed through cash from operations, borrowings under the Company's senior secured credit facility, additional tax-exempt financing, the issuance of shares of the Company's Class A common stock or subordinated notes and/or seller financing. The Company may not have sufficient existing capital resources and may be unable to raise sufficient additional capital resources on terms satisfactory to the Company, if at all, in order to meet the Company's capital requirements for such acquisitions.

The Company also believes that a significant factor in the Company's ability to close acquisitions will be the attractiveness to the Company and to persons selling businesses to the Company of the Company's Class A common stock as consideration for potential acquisition candidates. This attractiveness may, in large part, be dependent upon the relative market price and capital appreciation prospects of the Company's Class A common stock compared to the equity securities of the Company's competitors. The trading price of the Company's Class A common stock on the NASDAQ National Market has limited the Company's willingness to use the Company's equity as consideration and the willingness of sellers to accept the Company's shares and as a result has limited, and could continue to limit, the size and scope of the Company's acquisition program.

Environmental regulations and litigation could subject the Company to fines, penalties, judgments and limitations on the Company's ability to expand.

The Company is subject to potential liability and restrictions under environmental laws, including those relating to transport, recycling, treatment, storage and disposal of wastes, discharges to air and water, and the remediation of contaminated soil, surface water and groundwater. The waste management industry has been and will continue to be subject to regulation, including permitting and related financial assurance requirements, as well as to attempts to further regulate the industry through new legislation. The Company's waste-to-energy facility is subject to regulations limiting discharges of pollution into the air and water, and the Company's solid waste operations are subject to a wide range of federal, state and, in some cases, local environmental, odor and noise and land use restrictions. For example, the Company's waste-to-energy facility in Biddeford, Maine is affected by zoning restrictions and air emissions limitations in its efforts to implement a new odor control system. If the Company is not able to comply with the requirements that apply to a particular facility or if the Company operates without necessary approvals, the Company could be subject to civil, and possibly criminal, fines and penalties, and the Company may be required to spend substantial capital to bring an operation into compliance or to temporarily or permanently discontinue activities, and/or take corrective actions, possibly including removal of landfilled materials, regarding an operation that is not permitted under the law. The Company may not have sufficient insurance coverage for the

Company's environmental liabilities. Those costs or actions could be significant to the Company and impact the Company's results of operations, as well as the Company's available capital.

Environmental and land use laws also impact the Company's ability to expand and, in the case of the Company's solid waste operations, may dictate those geographic areas from which the Company must, or, from which the Company may not, accept waste. Those laws and regulations may limit the overall size and daily waste volume that may be accepted by a solid waste operation. If the Company is not able to expand or otherwise operate one or more of the Company's facilities because of limits imposed under environmental laws, the Company may be required to increase the Company's utilization of disposal facilities owned by third parties, which could reduce the Company's revenues and/or operating margins.

The Company has historically grown and intends to continue to grow through acquisitions, and the Company has tried and will continue to try to evaluate and limit environmental risks and liabilities presented by businesses to be acquired prior to the acquisition. It is possible that some liabilities, including ones that may exist only because of the past operations of an acquired business, may prove to be more difficult or costly to address than the Company anticipates. It is also possible that government officials responsible for enforcing environmental laws may believe an issue is more serious than the Company expects, or that the Company will fail to identify or fully appreciate an existing liability before the Company becomes legally responsible to address it. Some of the legal sanctions to which the Company could become subject could cause the Company to lose a needed permit, or prevent the Company from or delay the Company in obtaining or renewing permits to operate the Company's facilities or harm the Company's reputation.

The Company's operating program depends on the Company's ability to operate and expand the landfills and transfer stations the Company owns and leases and to develop new landfill and transfer sites. Localities where the Company operates generally seek to regulate some or all landfill and transfer station operations, including siting and expansion of operations. The laws adopted by municipalities in which the Company's landfills and transfer stations are located may limit or prohibit the expansion of the landfill or transfer station as well as the amount of waste that the Company can accept at the landfill or transfer station on a daily, quarterly or annual basis and any effort to acquire or expand landfills and transfer stations typically involves a significant amount of time and expense. For example, expansion at the Company's North Country Environmental Services landfill, outside the original 51 acres, will be prohibited as a result of a recent decision by the New Hampshire Supreme Court unless the Company prevails in certain remanded issues under zoning laws or the Town revises its local ordinance prohibiting expansions. The Company may not be successful in obtaining new landfill or transfer station sites or expanding the permitted capacity of any of the Company's current landfills and transfer stations. If the Company is unable to develop additional disposal capacity, the Company's ability to achieve economies from the internalization of the Company's wastestream will be limited and the Company will be required to utilize the disposal facilities of the Company's competitors.

In addition to the costs of complying with environmental laws and regulations, the Company incurs costs defending against environmental litigation brought by governmental agencies and private parties. The Company is, and also may be in the future, a defendant in lawsuits brought by parties alleging environmental damage, personal injury, and/or property damage.

The Company's operations would be adversely affected if the Company does not have access to sufficient capital.

The Company's ability to remain competitive and sustain its operations depends in part on cash flow from operations and the Company's access to capital. The Company currently funds its cash needs primarily through cash from operations and borrowings under the Company's senior secured credit facility. However, the Company may require additional equity and/or debt financing for debt repayment and equity redemption obligations and to fund the Company's growth and operations. In addition, if the Company undertakes more acquisitions or further expands the Company's operations, the Company's capital requirements may increase. The Company may not have access to the amount of capital that the Company requires from time to time, on favorable terms or at all.

The Company's results of operations could continue to be affected by changing prices or market requirements for recyclable materials.

The Company's results of operations have been and may continue to be affected by changing purchase or resale prices or market requirements for recyclable materials. The Company's recycling business involves the purchase and sale of recyclable materials, some of which are priced on a commodity basis. The resale and purchase prices of, and market demand for, recyclable materials, particularly waste paper, plastic and ferrous and aluminum metals, can be volatile due to numerous factors beyond the Company's control. Although the Company seeks to limit the Company's exposure to fluctuating commodity prices through the use of hedging agreements

and long-term supply contracts with customers, these fluctuations have in the past contributed, and may continue to contribute, to significant variability in the Company's period-to-period results of operations.

The Company's business is geographically concentrated and is therefore subject to regional economic downturns.

The Company's operations and customers are principally located in the eastern United States. Therefore, the Company's business, financial condition and results of operations are susceptible to regional economic downturns and other regional factors, including state regulations and budget constraints and severe weather conditions. In addition, as the Company expands in the Company's existing markets, opportunities for growth within these regions will become more limited and the geographic concentration of the Company's business will increase.

Maine Energy may be required to make a payment in connection with the payoff of certain obligations and limited partner loans earlier than the Company had anticipated and which may exceed the amount of the liability the Company recorded in connection with the KTI acquisition.

Under the terms of waste handling agreements among the Biddeford-Saco Waste Handling Committee, the cities of Biddeford and Saco, Maine, and the Company's subsidiary Maine Energy, Maine Energy will be required, following the date on which the bonds that financed Maine Energy and certain limited partner loans to Maine Energy are paid in full, to pay a residual cancellation payment to the respective municipalities party to those agreements equal to a certain percentage of the fair market value of the equity of the partners in Maine Energy. In connection with the Company's merger with KTI, the Company estimated the fair market value of Maine Energy as of the date the limited partner loans are anticipated to be paid in full, and recorded a liability equal to the applicable percentage of such amount. The obligation has been estimated by management at $5.3 million. Management believes the possibility of material loss in excess of this amount is remote. The Company's estimate of the fair market value of Maine Energy may not prove to be accurate, and in the event the Company has underestimated the value of Maine Energy, the Company could be required to recognize unanticipated charges, in which case the Company's operating results could be harmed.

In connection with these waste handling agreements, the cities of Biddeford and Saco have lawsuits pending in the State of Maine seeking the residual cancellation payments and alleging, among other things, the Company's breach of the waste handling agreement for the Company's failure to pay the residual cancellation payments in connection with

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the KTI merger, failure to pay off limited partner loans in accordance with the terms of the agreement and processing amounts of waste above contractual limits without issuance of proper notice. The complaint seeks damages for breach of contract and a court order requiring the Company to provide an accounting of all relevant transactions since May 3, 1996. The Company is currently engaged in settlement negotiations with the cities of Biddeford and Saco, however, at this stage it is impossible to predict whether a settlement will be reached. If the plaintiffs are successful in their claims against the Company and damages are awarded, the Company's operating income in the period in which such a claim is paid would be impacted.

The Company may not be able to effectively compete in the highly competitive solid waste services industry.

The solid waste services industry is highly competitive, has undergone a period of rapid consolidation and requires substantial labor and capital resources. Some of the markets in which the Company competes or will likely compete are served by one or more of the large national or multinational solid waste companies, as well as numerous regional and local solid waste companies. Intense competition exists not only to provide services to customers, but also to acquire other businesses within each market. Some of the Company's competitors have significantly greater financial and other resources than the Company. From time to time, competitors may reduce the price of their services in an effort to expand market share or to win a competitively bid contract. These practices may either require the Company to reduce the pricing of the Company's services or result in the Company's loss of business.

As is generally the case in the industry, some municipal contracts are subject to periodic competitive bidding. The Company may not be the successful bidder to obtain or retain these contracts. If the Company is unable to compete with larger and better capitalized companies, or to replace municipal contracts lost through the competitive bidding process with comparable contracts or other revenue sources within a reasonable time period the Company's revenues would decrease and the Company's operating results would be harmed.

In the Company's solid waste disposal markets the Company also competes with operators of alternative disposal and recycling facilities and with counties, municipalities and solid waste districts that maintain their own waste collection, recycling and disposal

operations. These entities may have financial advantages because user fees or similar charges, tax revenues and tax-exempt financing may be more available to them than to the Company.

The Company's GreenFiber insulation manufacturing joint venture with Louisiana-Pacific Corporation competes with other parties, principally national manufacturers of fiberglass insulation, which have substantially greater resources than GreenFiber does, which they could use for product development, marketing or other purposes to the Company's detriment.

The Company's results of operations and financial condition may be negatively affected if the Company inadequately accrues for capping, closure and post-closure costs.

The Company has material financial obligations relating to capping, closure and post-closure costs of the Company's existing owned or operated landfills and will have material financial obligations with respect to any disposal facilities which the Company may own or operate in the future. Once the permitted capacity of a particular landfill is reached and additional capacity is not authorized, the landfill must be closed and capped, and post-closure maintenance started. The Company establishes accruals for the estimated costs associated with such capping, closure and post-closure obligations over the anticipated useful life of each landfill on a per ton basis. In addition to the landfills the Company currently operates, the Company owns six unlined landfills and one lined landfill, which are not currently in operation. The Company has provided and will in the future provide accruals for financial obligations relating to capping, closure and post-closure costs of the Company's owned or operated landfills, generally for a term of 30 years after final closure of a landfill. The Company's financial obligations for capping, closure or post-closure costs could exceed the amount accrued and reserved or amounts otherwise receivable pursuant to trust funds established for this purpose. Such a circumstance could result in significant unanticipated charges.

Fluctuations in fuel costs could affect the Company's operating expenses and results.

The price and supply of fuel is unpredictable and fluctuates based on events beyond the Company's control, including

among others, geopolitical developments, supply and demand for oil and gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries and regional production patterns. Because fuel is needed to run the Company's fleet of trucks, price escalations for fuel increase the Company's operating expenses. In fiscal year 2006, the Company used approximately 8.4 million gallons of diesel fuel in the Company's solid waste operations. Effective May 1, 2003, the Company implemented a fuel surcharge program, based on a fuel index, to recover fuel cost increases arising from price volatility. This program was revised effective May 1, 2005 to cover oil and lubricants as well as fuel. The surcharge has been passed on to all customers where their contracts permit.

The Company could be precluded from entering into contracts or obtaining permits if the Company is unable to obtain third party financial assurance to secure the Company's contractual obligations.

Public solid waste collection, recycling and disposal contracts, obligations associated with landfill closure and the operation and closure of the Company's waste-to-energy facility may require performance or surety bonds, letters of credit or other means of financial assurance to secure the Company's contractual performance. If the Company is unable to obtain the necessary financial assurance in sufficient amounts or at acceptable rates, the Company could be precluded from entering into additional municipal solid waste collection contracts or from obtaining or retaining landfill management contracts or operating permits. Any future difficulty in obtaining insurance could also impair the Company's ability to secure future contracts conditioned upon the contractor having adequate insurance coverage.

The Company may be required to write-off capitalized charges or intangible assets in the future, which could harm the Company's earnings.

Any write-off of capitalized costs or intangible assets reduces the Company's earnings and, consequently, could affect the market price of the Company's Class A common stock. In accordance with generally accepted accounting principles, the Company capitalizes certain expenditures and advances relating to the Company's acquisitions, pending acquisitions, landfills and development projects. From time to time in future periods, the Company may be required to incur a charge against earnings in an amount equal to any unamortized capitalized expenditures and advances, net of any portion thereof that the Company estimates will be recoverable, through sale or otherwise, relating to (1) any operation that is permanently shut down or has not generated or is not expected to generate sufficient cash flow, (2) any pending acquisition that is not consummated, (3) any landfill or development project that is not expected to

be successfully completed, and (4) any goodwill or other intangible assets that are determined to be impaired. The Company has incurred such charges in the past.

The Company's revenues and the Company's operating income experience seasonal fluctuations.

The Company's transfer and disposal revenues have historically been lower during the months of November through March. This seasonality reflects the lower volume of waste during the late fall, winter and early spring months primarily because:

• the volume of waste relating to construction and demolition activities decreases substantially during the winter months in the north eastern United States; and

• decreased tourism in Vermont, Maine and eastern New York during the winter months tends to lower the volume of waste generated by commercial and restaurant customers, which is partially offset by increased volume from the winter ski industry.

Since certain of our operating and fixed costs remain constant throughout the fiscal year, operating income is therefore impacted by a similar seasonality. In addition, particularly harsh weather conditions typically result in increased operating costs.

The Company's recycling business experiences increased volumes of newspaper in November and December due to increased newspaper advertising and retail activity during the holiday season. GreenFiber experiences lower sales from April through July due to lower retail activity.

Efforts by labor unions to organize the Company's employees could divert management attention and increase the Company's operating expenses.

Labor unions regularly make attempts to organize the Company's employees, and these efforts will likely continue in the future. Certain groups of the Company's employees have chosen to be represented by unions, and the Company has negotiated collective bargaining agreements with these groups. The negotiation of collective bargaining agreements could divert management attention and result in increased operating expenses and lower net income. If the Company is unable to negotiate acceptable collective bargaining agreements, the Company might have to wait through ''cooling off'' periods, which are often followed by union-initiated work stoppages, including strikes. Depending on the type and duration of any labor disruptions, the Company's revenues could decrease and the Company's operating expenses could increase, which could adversely affect the Company's financial condition, results of operations and cash flows. As of May 31, 2006, approximately 4.6% of the Company's employees involved in collection, transfer, disposal, recycling, waste-to-energy or other operations were represented by unions.

The Company's Class B common stock has ten votes per share and is held exclusively by John W. Casella and Douglas R. Casella.

The holders of the Company's Class B common stock are entitled to ten votes per share and the holders of the Company's Class A common stock are entitled to one vote per share. At May 31, 2006, an aggregate of 988,200 shares of the Company's Class B common stock, representing 9,882,000 votes, were outstanding, all of which were beneficially owned by John W. Casella, the Company's Chairman and Chief Executive Officer, or by his brother, Douglas R. Casella, a member of the Company's Board of Directors. Based on the number of shares of common stock and Series A redeemable convertible preferred stock outstanding on May 31, 2006, the shares of the Company's Class A common stock and Class B common stock beneficially owned by John W. Casella and Douglas R. Casella represent approximately 28.7% of the aggregate voting power of the Company's stockholders. Consequently, John W. Casella and Douglas R. Casella are able to substantially influence all matters for stockholder consideration.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

At May 31, 2006, we owned and/or operated nine subtitle D landfills, two landfills permitted to accept construction and demolition materials, 33 transfer stations, 23 of which are owned, five of which are leased and five of which are under operating contract, 39 solid waste collection facilities, 26 of which are owned and 13 of which are leased, 39 recyclable processing facilities, 16 of which are owned, 16 of which are leased and seven of which are under operating contracts, one waste-to-energy facility, and we utilized ten corporate office and other administrative facilities, three of which are owned and seven of which are leased (See Item 1 - Business section of this Form 10-K for property information by operating segment).

ITEM 3. LEGAL PROCEEDINGS

The New Hampshire Superior Court in Grafton County, NH ruled on February 1, 1999 that the Town of Bethlehem, NH could not enforce an ordinance purportedly prohibiting expansion of the Company's landfill owned by its subsidiary North Country Environmental Services, Inc. ("NCES"), at least with respect to 51 acres of NCES's 105 acre parcel, based upon certain existing land-use approvals. As a result, NCES was able to construct and operate "Stage II, Phase II" of the landfill. In May 2001, the Supreme Court denied the Town's appeal. Notwithstanding the Supreme Court's 2001 ruling, the Town continued to assert jurisdiction to conduct unqualified site plan review with respect to Stage III (which is within the 51 acres) and further stated that the Town's height ordinance and building permit process may apply to Stage III. On September 12, 2001, the Company filed a petition for, among other things, declaratory relief. On December 4, 2001, the Town filed an answer to the Company's petition asserting counterclaims seeking, among other things, authorization to assert site plan review over Stage III, which commenced operation in December 2000, as well as the methane gas utilization/leachate handling facility operating in connection with Stage III, and also an order declaring that an ordinance prohibiting landfills applies to Stage IV expansion. The trial on these claims was held in December 2002 and on April 24, 2003, the Grafton Superior Court upheld the Town's 1992 ordinance preventing the location or expansion of any landfill, ruling that the ordinance may be applied to any part of Stage IV that goes beyond the 51 acres; ruling that the Town's height ordinance is valid within the 51 acres; upholding the Town's right to require Site Plan Review, except that there are certain areas within the Town's Site Plan Review regulation that are preempted; and ruling that the methane gas utilization/leachate handling facility is not subject to the Town's ordinance forbidding incinerators. On May 27, 2003, NCES appealed the Court ruling to the New Hampshire Supreme Court. On March 1, 2004, the Supreme Court issued an opinion affirming that NCES has all of the local approvals that it needs to operate within the 51 acres and that the Town cannot therefore require site plan review for landfill development within the 51 acres. The Supreme Court's opinion left open for further review the question of whether the Town's 1992 ordinance can prevent expansion of the facility outside the 51 acres, remanding to the Superior Court four issues, including two defenses raised by NCES as grounds for invalidating the 1992 ordinance. On April 19, 2005, the Superior Court judge granted NCES' motion for partial summary judgment, ruling that the 1992 ordinance is invalid because it distinguishes between "users" of land rather than "uses" of land, and that a state statute preempts the Town's ability to issue a building permit for the methane gas utilization/leachate handling facility to the extent the Town's regulations relate to design, installation, construction, modification or operation. After this ruling, the Town amended its counterclaim to request a declaration that another zoning ordinance it enacted in March of 2005 is lawful and prevents the expansion of the landfill outside of the 51 acres. In the Fall of 2005 NCES and the Town engaged in private mediation in an effort to resolve the disputes between them, but the mediation was unsuccessful. NCES filed a motion with the court on December 15, 2005 for partial summary judgment asserting six different arguments challenging the lawfulness of the March 2005 amendment to the zoning ordinance, and the town filed a cross-motion on January 13, 2006 for partial summary judgment on the same issue. On February 13, 2006, NCES filed its objection with the Grafton Superior Court to the Town's cross-motion for summary judgment. In April 2006, the court ruled against NCES on the applicability of all six arguments challenging the lawfulness of the March 2005 ordinance and NCES filed a motion for reconsideration. On May 30, 2006, the judge issued a ruling on the motion for reconsideration, reversing herself with respect to two of the six arguments she ruled earlier to be invalid, thereby preserving such arguments for trial. Additionally, several issues related to the March 2005 amendment that were not the subject of such motions remain to be decided by a trial, in addition to the issues remanded by the Supreme Court, which include whether the Town can impose site plan review requirements outside the 51 acres, and whether the 1992 ordinance contravenes the general welfare of the community. On June 6, 2006, the

Town rejected a settlement proposal from NCES at a special town meeting. A conference will be held on June 30, 2006 with the judge to establish a discovery schedule and a potential trial date.

On January 10, 2002, the City of Biddeford, Maine filed a lawsuit in York County Superior Court in Maine alleging breach of the waste handling agreement among the Biddeford-Saco Waste Handling Committee, the cities of Biddeford and Saco, Maine and the Company's subsidiary Maine Energy for (1) failure to pay the residual cancellation payments in connection with the Company's merger with KTI and (2) processing amounts of waste above contractual limits without notice to the City. On May 3, 2002, the City of Saco filed a lawsuit in York County Superior Court against the Company, Maine Energy and other subsidiaries. The complaint in that action, which was amended by the City of Saco on July 22, 2002, alleges breaches of the 1991 waste handling agreement for failure to pay the

residual cancellation payment, which Saco alleges is due as a result of, among other things, (1) the Company's merger with KTI and (2) Maine Energy's failure to pay off certain limited partner loans in accordance with the terms of the agreement. The complaint also seeks damages for breach of contract and a court order requiring the Company to provide an accounting of all transactions since May 3, 1996 involving transfers of assets to or for the benefit of the equity owners of Maine Energy. On June 6, 2002, the additional 13 municipalities that were parties to the 1991 waste handling agreements ("the Tri-County Towns") filed a lawsuit in York County Superior Court against Maine Energy alleging breaches of the 1991 waste handling agreements for failure to pay the residual cancellation payment which they allege is due as a result of (1) the Company's merger with KTI; and (2) failure to pay off the limited partner loans when funds were allegedly available. On July 25, 2002, the three actions were consolidated for purposes of discovery, case management and pretrial proceedings. On December 23, 2003, the action brought by the Tri-County Towns against Maine Energy was stayed pursuant to a court order as a result of a conditional settlement reached by the parties. The settlement became final, and, on or about July 8, 2004, the Tri-County Towns' action was dismissed with prejudice pursuant to stipulation by the parties. The litigation brought by the remaining Cities of Biddeford and Saco is currently in the discovery phase. Simultaneously, the Company is engaged in settlement negotiations with the City of Biddeford concerning the claims asserted in these actions and other matters, however, at this stage it is impossible to predict whether a settlement will be reached. The Company has vigorously contested the claims asserted by the cities. The Company believes it has meritorious defenses to these claims.

On or about December 3, 2003, Maine Energy was served with a complaint filed in the United States District Court for the District of Maine. The complaint was a citizen suit under the federal Clean Air Act ("CAA") and similar state law alleging (1) emissions of volatile organic compounds ("VOCs") in violation of its federal operating permit; (2) failure to accurately identify emissions; and (3) failure to control VOC emissions through implementation of reasonably available control technology. In addition, the complaint alleged that Maine Energy was negligent and that the subject emissions cause odors and constitute a public nuisance. The allegations related to Maine Energy's waste-to-energy facility located in Biddeford, Maine and its construction, installation and operation of a new odor control system which redirects air from tipping and processing buildings to a boiler building for treatment by three air vents. The complaint sought an unspecified amount of civil penalties, damages, injunctive relief and attorney's fees. The court allowed the City's requests to amend its complaint to assert (1) an additional CAA claim that Maine Energy filed with the Maine DEP a compliance certification for calendar year 2002 which failed to disclose required information concerning VOC emissions, and (2) an additional claim that the installation of the odor control system constituted a major modification under the Maine DEP air rules, which required Maine Energy to obtain emission offsets and to apply the most stringent level of emission control known as the Lowest Available Emission Rate or LAER. This latter amendment sought additional relief in the form of an order requiring that Maine Energy obtain emission offsets and apply LAER to emissions from its tipping and processing operations. On June 2, 2004, the City of Biddeford dismissed the subject complaint without prejudice while settlement negotiations take place. On or about May 25, 2004, Maine Energy received a revised 60-Day Notice of Intent to Sue under the CAA from the Cities of Biddeford and Saco. The Notice states that the Cities intend to refile suit under the CAA in the event that the ongoing settlement negotiations do not resolve the claims. On or about July 22, 2004 and March 28, 2005, Maine Energy received from the United States Environmental Protection Agency ("EPA") a request for information pursuant to section 114(a)(1) of the CAA, which states that the EPA is evaluating whether the Maine Energy facility is in compliance with the CAA, CAA regulations, and licenses issued under the CAA. Maine Energy has fully cooperated with the EPA in connection with these requests for information pertaining to VOC emissions issues and is currently engaged in settlement discussions.

On March 2, 2005, the Company's subsidiary Casella Waste Management of Pennsylvania, Inc. ("CWMPA") was issued an Administrative Order by the Pennsylvania Department of Environmental Protection ("DEP") revoking CWMPA's transfer station permit for its 75-ton-per-day transfer station located in Wellsboro, Pennsylvania and ordering that the site be closed. The DEP based its decision on certain alleged violations related to recordkeeping and site management over a five-year period. On March 10, 2005, CWMPA appealed the Order to the State's Environmental Hearing Board ("EHB"). The Pennsylvania Attorney General's Office is also conducting a criminal investigation of the allegations. On March 17, 2005, CWMPA and the DEP mutually agreed to a Supersedeas Order approved by the EHB which superseded the March 2, 2005 DEP Order, stating that CWMPA agreed to (i) voluntarily cease operations at the transfer station until May 16, 2005; (ii) relocate its hauling company before May 16, 2005; and (iii) develop a Management and Operation Plan for the transfer station by May 16, 2005. On May 17, 2005, the EHB judge extended the Supersedeas Order until June 10, 2005 and authorized the transfer station to resume operations upon completion of the relocation of the hauling company and receipt of a permit modification related to the weighing of bag waste from individual customers. CWMPA satisfied the conditions and recommenced operations at the transfer station on May 20, 2005. On June 9, 2005, CWMPA and the DEP filed a stipulation with the EHB withdrawing and voiding the March 2, 2005 Order revoking the permit, while reserving the DEP's right to seek civil penalties and the Company's right to defend against any such penalties. On March 9, 2006, the Company reached an agreement with the Attorney General's Office that resolved its investigation with a misdemeanor fine in the amount of $35,000 plus a $15,000 contribution to a non-profit environmental organization. The Company has reached a settlement in principal with the DEP

whereby the Company expects to pay a civil penalty in the amount of $400,000. The Company plans to finalize the settlement in June 2006.

On March 10, 2005, the Zoning Enforcement Officer ("ZEO") for the Town of Hardwick, Massachusetts rendered an opinion that a portion of the current Phase II footprint of the Company's Hardwick Landfill is on land on Lot 1 that is not properly zoned. On April 7, 2005, the Company appealed the opinion to the Hardwick Zoning Board of Appeals ("ZBA"). On July 13, 2005, the ZBA denied the Company's appeal. On August 1, 2005, the Company appealed the ZBA's decision to the Massachusetts Land Court. The Company proposed a plan to implement an interim closure of the affected Lot 1 which included relocation of waste from an unlined area on Lot 2 (a lot unaffected by the decision) to the affected Lot 1. The ZEO issued a letter prohibiting the Company from relocating waste onto Lot 1. The Company appealed the ZEO decision to the ZBA and the ZBA denied the appeal on November 29, 2005. The Company appealed the ZBA decision to the Land Court and had it consolidated with the other appeal filed with the Land Court. On January 18, 2006, the Massachusetts Attorney General approved new general bylaw articles of the town which, among other things, prohibit the use of construction and demolition debris as grading, shaping or closure materials. Such articles may have an adverse impact on the Company's ability to relocate some or all of the waste onto the affected lot. The Company and the Town executed a Host Community Agreement on June 7, 2005, which provides the Town with certain immediate benefits and will provide certain deferred benefits upon receipt of approvals for the rezoning of the existing landfill area and an expansion area, which the Company expects to apply for in the future. On November 16, 2005, the adjacent town of Ware adopted regulations restricting truck traffic in a manner that affects certain routes into the landfill. On December 20, 2005, the Company filed an action challenging the regulations and seeking a preliminary injunction. On December 30, 2005, the Court denied the preliminary injunction. The Company is continuing to pursue its challenge to the Ware regulations and the case has entered the discovery phase. On May 22, 2006, the ZEO for the Town of Hardwick, Massachusetts rendered an opinion that the current Phase II footprint of the Company's Hardwick Landfill is on land on Lot 2 that is not properly zoned. The May 22, 2006 order contradicts two prior rulings by the ZEO, which stated that Lot 2 is grandfathered and exempt from zoning. On May 26, 2006, the ZEO stayed his May 22, 2006 order pending the Company's appeal and resolution of any such appeal by the Zoning Board of Appeals.

On May 25, 2005, the Company was served with an antitrust summons by the Office of the Attorney General of the State of Maine pursuant to its investigation of whether the Company and the City of Lewiston have entered into an agreement to operate a municipal landfill in restraint of trade or commerce and whether such an agreement would constitute an acquisition of assets that may substantially lessen competition or tend to create a monopoly. The summons sought the production of documents related to the Company's operations in the State of Maine. In July,

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2005, the Maine Department of Environmental Protection ("MEDEP") expressed additional concerns with the Operating Services Agreement related to whether or not it violates a Maine statute prohibiting the development of commercial landfills. On October 12, 2005, the Office of the Attorney General rendered its decision that the proposed transaction violates the ban on commercial landfills because of the Attorney General's belief that the overall effect of the contract constitutes a transfer of meaningful control from the City of Lewiston to the Company. The transaction is on hold indefinitely.

On June 23, 2005, the Company was advised that the State's Attorney for Chittenden County, Vermont has initiated a formal investigation through the State's Inquest process to determine if there is any criminal culpability in connection with the fatality on January 28, 2005 of a driver of the Company's subsidiary All Cycle Waste, Inc. that occurred on the job when the driver's rear-loader trash truck rolled over him when he was behind it. The Company is cooperating with the investigation. On July 21, 2005, the Company settled with the Vermont Occupational Safety and Health Administration, which was conducting a separate civil investigation of potential safety violations, by agreeing to pay a penalty in the amount of $28,000 in connection with four alleged general duty clause violations in connection with the accident. In the on-going criminal investigation, the Company continues to fully cooperate with the State's Attorney.

On December 2, 2005, the Company was served with a petition filed in the Supreme Court of the State of New York by a group of approximately 100 residents of Chemung County, New York seeking to vacate and set aside the Operating, Management and Lease Agreement ("OML Agreement") between Chemung County and the Company pertaining to the Company's operation of the Chemung County Landfill, the Host Community Benefit Agreement between the Town of Chemung and the Company and certain resolutions adopted by the County and the Town authorizing such transactions. The petition alleges that the documents illegally contract away or limit the police power functions of the County or the Town; that the County improperly segmented review of a planned increase in the annual capacity and related physical expansion of the landfill; that the County failed to properly define and describe the future projects; and that the County failed to adequately assess the immediate impacts of the OML Agreement and the

resultant privatization of the landfill as required under the State Environmental Quality Review Act. On February 21, 2006, the judge dismissed the petition in its entirety. Plaintiffs did not appeal.

We offer no prediction of the outcome of any of the proceedings described above. We are vigorously defending each of these lawsuits. However, there can be no guarantee we will prevail or that any judgments against us, if sustained on appeal, will not have a material adverse effect on our business, financial condition or results of operations.

We are a defendant in certain other lawsuits alleging various claims incurred in the ordinary course of business, none of which, either individually or in the aggregate, we believe are material to our business, financial condition, results of operations or cash flows.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of the security holders during the fiscal quarter ended April 30, 2006.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A common stock trades on the Nasdaq National Market under the symbol "CWST". The following table sets forth the high and low sale prices of our Class A common stock for the periods indicated as quoted on the Nasdaq National Market.

Period	High	Low
Fiscal Year Ending April 30, 2005		
First quarter	$ 15.50	$ 11.90
Second quarter	$ 12.65	$ 10.80
Third quarter	$ 15.27	$ 11.97
Fourth quarter	$ 15.30	$ 11.47
Fiscal Year Ending April 30, 2006		
First quarter	$ 13.57	$ 10.88
Second quarter	$ 13.87	$ 11.67
Third quarter	$ 13.84	$ 11.36
Fourth quarter	$ 15.76	$ 12.60

On May 31, 2006, the high and low sale prices per share of our Class A common stock as quoted on the Nasdaq National Market were $15.62 and $14.95, respectively. As of May 31, 2006 there were approximately 438 holders of record of our Class A common stock and two holders of record of our Class B common stock. There is no established trading market for our Class B common stock.

For purposes of calculating the aggregate market value of the shares of common stock held by non-affiliates, as shown on the cover page of this Annual Report on Form 10-K, it has been assumed that all the outstanding shares of Class A common stock were held by non-affiliates except for the shares beneficially held by directors and executive officers and funds represented by them.

No dividends have ever been declared or paid on our common stock and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. Our credit facility restricts the payment of dividends on common stock.

The information required by Item 201(d) of Regulation S-K is included in Part III of this Form 10-K.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected consolidated financial and operating data set forth below with respect to our consolidated statements of operations and cash flows for the fiscal years ended April 30, 2004, 2005 and 2006, and the consolidated balance sheets as of April 30, 2005 and 2006 are derived from the Consolidated Financial Statements included elsewhere in this Form 10-K. The consolidated statements of operations and cash flows data for the fiscal years ended April 30, 2002 and 2003, and the consolidated balance sheet data as of April 30, 2002, 2003 and 2004 are derived from previously filed Consolidated Financial Statements. The data set forth below should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our Consolidated Financial Statements and Notes thereto included elsewhere in this Form 10-K.

	Fiscal Year Ended April 30,				
	2002	2003	2004	2005	2006
	(in thousands, except per share data)				
Statement of Operations Data:					
Revenues	$ 420,067	$ 419,518	$ 437,961	$ 481,964	$ 525,928
Cost of operations	275,961	277,579	285,828	310,921	348,520
General and administration	54,167	55,432	58,167	63,678	69,144
Depreciation and amortization	50,621	47,879	59,596	65,637	64,589
Impairment charge	—	4,864	1,663	—	—
Restructuring charge	(438)	—	—	—	—
Deferred costs	—	—	—	295	1,329
Operating income	39,756	33,764	32,707	41,433	42,346
Interest expense, net	30,355	26,036	25,249	29,391	32,014
Other (income)/expense, net	(6,535)	(175)	3,688	(894)	(7,727)
Income from continuing operations before income taxes, discontinued operations and cumulative effect of change in accounting principle	15,936	7,903	3,770	12,936	18,059
Provision (benefit) for income taxes	5,140	3,825	(1,622)	5,725	6,955
Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle	10,796	4,078	5,392	7,211	11,104
Income (loss) from discontinued operations, net	(109)	(20)	(10)	140	—
Loss on disposal of discontinued operations, net	(4,096)	—	—	(82)	—
Reclassification from discontinued operations, net	1,140	50	—	—	—
Cumulative effect of change in accounting principle, net	(250)	(63,916)	2,723	—	—
Net income (loss)	7,481	(59,808)	8,105	7,269	11,104
Preferred stock dividend	3,010	3,094	3,252	3,338	3,432
Net income (loss) available to common stockholders	$ 4,471	$ (62,902)	$ 4,853	$ 3,931	$ 7,672
Basic net (loss) income per common share	$ 0.19	$ (2.65)	$ 0.20	$ 0.16	$ 0.31
Basic weighted average common shares outstanding(1)	23,496	23,716	24,002	24,679	24,980
Diluted net (loss) income per common share	$ 0.19	$ (2.63)	$ 0.20	$ 0.16	$ 0.30
Diluted weighted average common shares outstanding(1)	24,169	23,904	24,445	25,193	25,368

	Fiscal Year Ended April 30,				
	2002	2003	2004	2005	2006
			(in thousands)		
Other Operating Data:					
Capital expenditures	$ (37,674)	$ (41,925)	$ (58,335)	$ (80,064)	$ (114,011)
Other Data:					
Cash flows provided by operating activities	$ 67,687	$ 66,952	$ 69,898	$ 83,034	$ 75,064
Cash flows used in investing activities	$ (9,533)	$ (63,208)	$ (123,658)	$ (103,755)	$ (150,218)
Cash flows provided by (used in) financing activities	$ (70,065)	$ 7,610	$ 46,115	$ 21,292	$ 74,005
Balance Sheet Data:					
Cash and cash equivalents	$ 4,298	$ 15,652	$ 8,007	$ 8,578	$ 7,429
Working capital (deficit), net(2)	$ (11,795)	$ (11,591)	$ (25,875)	$ (31,949)	$ (23,220)
Property, plant and equipment, net	$ 287,206	$ 302,328	$ 372,038	$ 412,753	$ 481,284
Goodwill	$ 219,730	$ 159,682	$ 157,230	$ 157,492	$ 171,258
Total assets	$ 621,611	$ 602,641	$ 676,277	$ 712,454	$ 811,111
Long-term debt, less current maturities	$ 277,545	$ 302,389	$ 349,163	$ 378,436	$ 452,720
Redeemable preferred stock	$ 60,730	$ 63,824	$ 67,076	$ 67,964	$ 70,430
Total stockholders' equity	$ 176,796	$ 119,152	$ 130,055	$ 138,782	$ 149,490

(1) Computed on the basis described in Note 1(n) of Notes to Consolidated Financial Statements.

(2) Working capital, net is defined as current assets, excluding cash and cash equivalents, minus current liabilities.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and Notes thereto, and other financial information, included elsewhere in this Form10-K. This discussion contains forward-looking statements and involves numerous risks and uncertainties. Our actual results may differ materially from those contained in any forward-looking statements.

Company Overview

Casella Waste Systems, Inc., together with its subsidiaries, is a vertically integrated regional solid waste services company that provides collection, transfer, disposal and recycling services to residential, industrial and commercial customers, primarily throughout the eastern region of the United States. We believe we are currently the number one or number two provider of solid waste collection services in approximately 80% of the areas served by our collection divisions. In most of the non-urban markets we serve, we are the only vertically-integrated public company providing solid waste services. We have 31 years of experience operating in less densely-populated secondary markets, which distinguishes us from other regional and national competitors. Our expertise enables us to deal effectively with the unique nature of these markets, which include longer collection routes and seasonal fluctuations.

As of May 31, 2006, we owned and/or operated nine Subtitle D landfills, two landfills permitted to accept construction and demolition materials, 39 solid waste collection operations, 33 transfer stations, 39 recycling facilities and one waste-to-energy facility, as well as a 50% interest in a joint venture that manufactures, markets and sells cellulose insulation made from recycled fiber.

In December 1999, we acquired KTI, an integrated provider of waste processing services, for aggregate consideration of $340.0 million. Following our acquisition of KTI, through 2002, we focused on the integration of KTI and the divestiture of non-core KTI assets.

From 2003 to date, we have focused on building our disposal capacity within our footprint, using our partnership model. We believe we have been successful, because we added Hardwick at the end of fiscal year 2003 and Southbridge in Massachusetts, Ontario in upper New York State and Juniper Ridge (formerly West Old Town) in Maine, all in fiscal year 2004, Chemung County landfill in New York in fiscal year 2006, as well as expanded our annual permit limits and overall capacity at our other sites that we own or operate. In fiscal year 2004 and 2005 we were successful in securing an increase of our permitted volume capacity at our Hakes and Waste USA landfill facilities and our Hyland landfill facility received a necessary local approval for the future expansion of the site (subject to receipt of permits).

In late September 2005 the Company commenced operations at the Chemung County Landfill, after executing a twenty-five year operating, management and lease agreement with Chemung County, New York. The landfill is permitted to accept 120,000 tons per year of municipal solid waste. The Company has also assumed operations of the solid waste transfer station and recycling facility. The Company made initial payments of $4.9 million related to this transaction. In January 2006, the Company assumed the closure contract for the Worcester, Massachusetts landfill. Purchase consideration was comprised of forgiveness of receivables and assumption of certain liabilities amounting to $4.6 million. In December, 2005, through an agreement with the Town of Colebrook, NH, we began accepting non hazardous waste to shape, cap, and close that Town’s landfill site. Approximately 600,000 tons of capacity have been created through this project and the project is expected to last approximately three years.

The annual tons disposed in our landfills have increased from 1.8 million tons in fiscal year 2004 to 2.9 million tons in fiscal year 2006, and total permitted and permittable capacity has increased from 29.6 tons at May 1, 2003 to 86.7 million tons at April 30, 2006. We have also closed on 37 tuck-in acquisitions during that time. From May 1, 1994 through April 30, 2006, we acquired 227 solid waste collection, transfer, recycling and disposal operations. In fiscal year 2006 the Company acquired 15 solid waste hauling and recycling operations.

Our objective in building disposal capacity is to increase our vertical integration within our footprint to optimize our control of the waste stream from collection through disposal, thereby providing an economic benefit. Internalization of waste refers to the amount of waste that our collection companies collect that is ultimately disposed of in one of our disposal facilities. As a result of our success in building disposal capacity our internalization increased to 56.6% in fiscal year 2006 from 53.2% in fiscal year 2004.

On September 19, 2005 the Company acquired Blue Mountain Recycling, LLC which has two single-stream recycling facilities in Philadelphia and Montgomeryville, Pennsylvania and a small recyclable material transfer station in Upper Dublin, Pennsylvania. Blue Mountain also has a processing agreement with RecycleBank LLC, an incentive-based recycling service that gives homeowners credits for recycling which can be used with participating merchants.

The Company continues to be focused on selectively pursuing accretive acquisitions with the goal of increasing route density and landfill internalization through tuck-in opportunities and by acquiring or agreeing to operate strategically located landfills. The Company has also focused on measuring return on net assets as a metric to aligning performance with these stated objectives.

Operating Results

The Company publicly announced its guidance for fiscal year 2006 and stated that results would be in the following approximate ranges (assuming no material change in the health of the regional economy; solid waste operation price growth of 2.1%; FCR price growth to remain flat; and no major acquisitions):

- Revenues between $500.0 million and $520.0 million;
- Total of expected capital expenditures between $110.0 million and $112.0 million; and

- Free cash flow (a non-GAAP measure) between $(32.0) million and $(36.0) million.

For the fiscal year ended April 30, 2006, the company reported revenues of $525.9 million, an increase of $43.9 million, or 9.1%, from $482.0 million in fiscal year 2005. The Company exceeded the high end of guidance due largely to the effect of acquisitions in fiscal year 2006, which accounted for 3.7% of the revenue growth year over year. As a percentage of solid waste revenues, internal growth for solid waste operations in fiscal year 2006 was 5.6% with 4.8% from price increases. As a percentage of FCR Recycling revenues, internal growth in fiscal year 2006 was 2.5%, primarily related to volume increases.

Operating income for the year was $42.3 million in fiscal year 2006, compared to $41.4 in fiscal year 2005. Higher revenues were partially offset by higher operating costs including higher fuel and transportation costs. Operating income in fiscal year 2006 was also negatively impacted by approximately $2.0 million by the delayed start-up of the Worcester and Colebrook closure projects. In addition, due to the uncertainty as to if and when, if at all, the project can be restarted, a charge of $1.3 million was recorded in fiscal year 2006 to write-off the development costs incurred in pursuit of a contract to develop and operate the Town of Templeton, Massachusetts sanitary landfill.

Capital expenditures in fiscal year 2006 were $114.0 million, which exceeded the high end of our guidance by approximately $2.0 million, mainly from the purchase of a Boston municipal recycling facility, the ten year renewal of the Mid-Conn contract and the conversion of the Auburn municipal recycling facility to single stream.

Free cash flow is a non-GAAP financial measure provided because certain investors use this information when analyzing the financial position of the solid waste industry, including us, and assists investors in measuring our ability to meet capital expenditure and working capital requirements. The most comparable GAAP financial measure to free cash flow is net cash provided by operating activities. Our free cash flow for fiscal year 2006 and 2005 is calculated as follows (in thousands):

	Fiscal year ended April 30,	
	2005	2006
Net cash provided by operating activities	$ 83,034	$ 75,064
Capital expenditures	(80,064)	(114,011)
Other	(2,638)	(1,381)
Free cash flow	$ 332	$ (40,328)

Negative free cash flow results for fiscal year 2006 exceeded our guidance mainly due to higher levels of capital expenditures as well as the effect of lower operating income margins as described above, and a larger negative change in working capital.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. The results of their evaluation form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions and circumstances. Our significant accounting policies are more fully discussed in the Notes to our Consolidated Financial Statements contained elsewhere in this Form 10-K.

Landfill Accounting — Capitalized Costs and Amortization

We use life-cycle accounting and the units-of-consumption method to recognize certain landfill costs. Capitalized landfill costs include expenditures for land and related airspace, permitting costs and preparation costs. Landfill permitting and preparation costs represent only direct costs related to these activities, including legal, engineering and construction. Landfill preparation costs include the costs of construction associated with excavation, liners, site berms and the installation of leak detection and leachate collection systems. Interest is capitalized on landfill construction projects while the assets are undergoing activities to ready them for their intended use. The interest capitalization rate is based on the Company's weighted average cost of indebtedness. Interest capitalized for the years ended April 30, 2004, 2005 and 2006 was $0.4 million, $0.5 million and $1.2 million, respectively.

Management routinely reviews its investment in operating landfills, transfer stations and other significant facilities to determine whether the costs of these investments are realizable. Our judgments regarding the existence of impairment indicators are based on regulatory factors, market conditions and the operational performance of our landfills. Future events could cause us to conclude that impairment indicators exist and that our landfill carrying costs are impaired. Any resulting impairment charge could have a material adverse effect on our financial condition and results of operations.

Under life-cycle accounting, all costs related to acquisition and construction of landfill sites are capitalized and charged to income based on tonnage placed into each site. Landfill permitting, acquisition and preparation costs are amortized on the units-of-consumption method as landfill airspace is consumed. In determining the amortization rate for these landfills, preparation costs include the total estimated costs to complete construction of the landfills' permitted and permittable capacity. In determining estimated future landfill permitting, acquisition, construction and preparation costs, we consider the landfill costs associated with permitted and permittable airspace. To be considered permittable, airspace must meet all of the following criteria:

- we control the land on which the expansion is sought;
- all technical siting criteria have been met or a variance has been obtained or is reasonably expected to be obtained;

- we have not identified any legal or political impediments which we believe will not be resolved in our favor;
- we are actively working on obtaining any necessary permits and we expect that all required permits will be received; and
- senior management has approved the project.

Units-of-consumption amortization rates are determined annually for each of our operating landfills. The rates are based on estimates provided by our engineers and accounting personnel and consider the information provided by airspace surveys, which are performed at least annually. Significant changes in our estimates could materially increase our landfill depletion rates, which could have a material adverse effect on our financial condition and results of operations. Our estimate of future landfill permitting, acquisition, construction and preparation costs as of April 30, 2006 increased to $398.8 million, compared to $363.3 million as of April 30, 2005 and $299.6 million as of April 30, 2004. The increase in estimated costs in fiscal 2006 is primarily as a result of additional permitted and permittable airspace from our newly acquired landfill operating contract at Chemung, which increased airspace to 86.7 million tons as of April 30, 2006 as compared to 81.7 million tons as of April 30, 2005 and 65.6 million tons as of April 30, 2004. The increase in fiscal year 2005, compared to fiscal year 2004, is primarily due to a determination of additional permittable airspace capacity at our Hyland, Juniper Ridge and Waste USA landfills. Landfill amortization expense for the years ended April 30, 2006, 2005 and 2004 was $23.8 million, $27.6 million and $22.7 million, respectively. The decrease in landfill amortization expense in fiscal year 2006 was primarily due to lower volumes in the South Eastern region resulting from the completion of the Brockton project, partially offset by increased amortization associated with the startup of the Worcester and Colebrook closure projects and the Chemung County landfill. The increase in fiscal year 2005, compared to fiscal year 2004, was primarily attributable to increased landfill volumes in part resulting from our landfill operating contracts at Ontario, Southbridge and Juniper Ridge, which became active in the third and fourth quarter of fiscal year 2004.

Landfill Accounting — Capping, Closure and Post-Closure Costs

Capping includes installation of liners, drainage, compacted soil layers and topsoil over areas of a landfill where total airspace has been consumed and waste is no longer being received. Capping activities occur throughout the life of the landfill. Our engineering personnel estimate the cost for each capping event based on the acreage to be capped and the capping materials and activities required. The estimates also consider when these costs would actually be paid and factor in inflation and discount rates. The engineers then quantify the landfill capacity associated with each capping event and the costs for each event are amortized over that capacity as waste is received at the landfill.

Closure and post-closure costs represent future estimated costs related to monitoring and maintenance of a solid waste landfill, after a landfill facility ceases to accept waste and closes. We estimate, based on input from our engineers, accounting personnel and consultants, our future cost requirements for closure and post-closure monitoring and maintenance based on our interpretation of the

technical standards of the Subtitle D regulations and the air emissions standards under the Clean Air Act as they are being applied on a state-by-state basis. Closure and post-closure accruals for the cost of monitoring and maintenance include site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operation and maintenance costs to be incurred for a period which is generally for a term of 30 years after final closure of a landfill. Significant reductions in our estimates of the remaining lives of our landfills or significant increases in our estimates of the landfill closure and post-closure maintenance costs could have a material adverse effect on our financial condition and results of operations. In determining estimated future closure and post-closure costs, we consider costs associated with permitted and permittable airspace.

Our estimates of costs to discharge capping, closure and post-closure asset retirement obligations for landfills are developed in today's dollars. These costs are then inflated to the period of performance using an estimate of inflation which is updated annually (2.6% and 2.7% for fiscal year 2005 and 2006, respectively). Capping, closure and post-closure liabilities are discounted using the credit adjusted risk-free rate in effect at the time the obligation is incurred (7.6% to 9.5%). Accretion expense is necessary to increase the accrued capping, closure and post-closure

liabilities to the future anticipated obligation. To accomplish this, we accrete our capping, closure and post-closure accrual balances using the same credit-adjusted, risk-free rate that was used to calculate the recorded liability. Accretion expense on recorded landfill liabilities is recorded to cost of operations from the time the liability is recognized until the costs are paid. Accretion expense amounted to $1.9 million, $2.2 million and $2.2 million in fiscal years 2004, 2005 and 2006, respectively.

Our estimate of future capping, closure and post-closure costs was $185.1 million as of April 30, 2006, compared to $157.6 million as of April 30, 2005 and $148.7 million as of April 30, 2004. The increase in estimated costs in fiscal 2006 is primarily as a result of additional permitted and permittable airspace from our newly acquired landfill operating contract at Chemung, which also increased airspace to 86.7 million tons as of April 30, 2006 compared to 81.7 million tons as of April 30, 2005 and 65.6 million tons as of April 30, 2004. The increase in fiscal year 2005, compared to fiscal year 2004, is primarily due to a determination of additional permittable airspace capacity at our Hyland, Juniper Ridge and Waste USA landfills.

We provide for the accrual and amortization of estimated future obligations for closure and post-closure based on tonnage placed into each site. With regards to capping, the liability is recognized and these costs are amortized based on the airspace related to the specific capping event.

Accrued capping, closure and post-closure costs include the current and non-current portion of costs associated with obligations for capping, closure and post-closure of our landfills. The changes to accrued capping, closure and post-closure liabilities are as follows (in thousands):

	Fiscal Year Ended April 30,		
	2004	2005	2006
Beginning balance, May 1	$ 25,949	$ 25,223	$ 26,628
Cumulative effect of change in accounting principle(1)	(7,855)	—	—
Capping, closure, and post-closure liability, adjusted	18,094	25,223	26,628
Obligations incurred	4,556	4,774	4,330
Revisions in estimates	(1,371)	(2,795)	(1,252)
Accretion expense	1,871	2,201	2,224
Payments(2)	(2,707)	(6,068)	(3,914)
Acquisitions and other adjustments(3)	4,780	3,293	—
Balance, April 30	$ 25,223	$ 26,628	$ 28,016

(1) Upon adoption of SFAS No. 143, on May 1, 2003, we recorded a cumulative effect of change in accounting principle to reflect a decrease in our capping, closure and post-closure obligations of $7.9 million. The decrease resulted primarily from a SFAS 143 requirement that we discount our future estimated capping, closure and post closure landfill obligations.

(2) Spending levels increased in fiscal year 2005 mainly due to closure activities at our Southbridge, Massachusetts landfill.

(3) The increase in fiscal 2005 is as a result of capping, closure and post-closure accruals relating to the acquisition of the Southbridge, Massachusetts landfill operating contract.

We estimate our future capping, closure and post-closure costs in order to determine the capping, closure and post-closure expense per ton of waste placed into each landfill as further described in Note 1(l) to our consolidated financial statements. The anticipated timeframe for paying these costs varies based on the remaining useful life of each landfill, as well as the duration of the post-closure monitoring period. Based on our permitted and permittable airspace at April 30, 2006, we expect to make payments relative to capping, closure and post-closure activities from fiscal year 2007 through fiscal year 2093.

Asset Impairment

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, we review

our long-lived assets for impairment whenever events or changes in circumstances indicate that the remaining estimated useful life of such assets might warrant revision or that the balances may not be recoverable. We evaluate possible impairment by comparing estimated discounted future cash flows to determine with the net book value of long-term assets including amortizable intangible assets. If undiscounted cash flows are insufficient to recover assets, further analysis is performed in order to determine the amount of the impairment. An impairment loss is then recorded equal to the amount by which the carrying amount of the assets exceeds their fair value. Fair value is usually determined based on the present value of estimated expected future cash flows using a discount rate commensurate with the risks involved.

Upon adoption of SFAS No. 142 we eliminated the amortization of goodwill and annually assess goodwill impairment at each fiscal year end by applying a fair value based test. We evaluate goodwill for impairment based on fair value of each operating segment. We estimate fair value based on net future cash flows discounted using an estimated weighted average cost of capital. We recognize an impairment if the net book value exceeds the fair value of the discounted future cash flows.

Bad Debt Allowance

Estimates are used in determining our allowance for bad debts and are based on our historical collection experience, current trends, credit policy and a review of our accounts receivable by aging category. Our reserve is evaluated and revised on a monthly basis.

Self-Insurance Liabilities and Related Costs

We are self insured for vehicles and workers compensation. The liability for unpaid claims and associated expenses, including incurred but not reported losses, is determined by management with the assistance of a third party actuary and reflected in our consolidated balance sheet as an accrued liability. We use a third party to track and evaluate actual claims experience for consistency with the data used in the annual actuarial valuation. The actuarially determined liability is calculated in part by reference to past claims experience, which considers both the frequency and settlement amount of claims.

Income Tax Accruals

We record income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under SFAS No. 109, deferred income taxes are recognized based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using currently enacted tax rates. Management judgment is required in determining our provision for income taxes and liabilities and any valuation allowance recorded against our net deferred tax assets. Valuation allowances have been established for the possibility that tax benefits may not be realized for certain deferred tax assets.

General

Revenues

Our revenues in our North Eastern, South Eastern, Central and Western regions are attributable primarily to fees charged to customers for solid waste disposal and collection, landfill, waste-to-energy, transfer and recycling services. We derive a substantial portion of our collection revenues from commercial, industrial and municipal services that are generally performed under service agreements or pursuant to contracts with municipalities. The majority of our residential collection services are performed on a subscription basis with individual households. Landfill, waste-to-energy facility and transfer customers are charged a tipping fee on a per ton basis for disposing of their solid waste at our disposal facilities and transfer stations. The majority of our disposal and transfer

customers are under one to ten year disposal contracts, with most having clauses for annual cost of living increases. Recycling revenues, which are included in FCR and the Central and Western regions, consist of revenues from the sale of recyclable commodities and operations and maintenance contracts of recycling facilities for municipal customers.

Our cellulose insulation business is conducted through a 50/50 joint venture with Louisiana-Pacific, and accordingly, we recognize half of the joint venture's net income on the equity method in our results of operations. Also, in the "Other" segment, we have ancillary revenues including major customer accounts and earnings from equity method investees.

Our revenues are shown net of inter-company eliminations. We typically establish our inter-company transfer pricing based upon prevailing market rates. The table below shows, for the periods indicated, the percentages and dollars of revenue attributable to services provided. For the fiscal year ended April 30, 2004, the percentages of revenues shown below reflect revenues from the domestic brokerage and recycling operations through June 30, 2003. The domestic brokerage operation, constituting the remainder of our brokerage revenues, was transferred effective June 30, 2003 to the employees of that unit. Despite an increase in the absolute dollar amounts, collection revenues as a percentage of total revenue in fiscal year 2006 were lower compared to the prior year, mainly because of the increase in landfill revenue dollars. Total collection volume, including the positive impact of acquisitions in the Central and Western regions, was down, which was more than offset by price increases across all regions. Landfill/disposal revenues as a percentage of total revenues increased in fiscal year 2006 due to higher landfill prices across all regions and the effect of the addition of Chemung landfill in the Western region and the Worcester and Colebrook closure projects in the South Eastern and Central regions. Landfill/disposal volumes increased in all regions except the South Eastern region due to the completion of the Brockton closure project. Recycling revenues as a percentage of total revenue in fiscal year 2006 were lower compared to the prior year, despite an increase in the absolute dollar amounts, mainly because of the increase in landfill revenue dollars. The increase in recycling revenue dollars is primarily attributable to higher volumes from our existing facilities as well as the acquisition of Blue Mountain Recycling in the FCR region.

	Fiscal Year Ended April 30,					
	2004(1)		2005		2006	
Collection	$ 226,840	51.8%	$237,877	49.4%	$ 253,282	48.2%
Landfill/disposal facilities	69,639	15.9	80,132	16.6	97,801	18.6
Transfer	38,830	8.9	41,862	8.7	44,394	8.4
Recycling	99,362	22.7	122,093	25.3	130,451	24.8
Brokerage	3,290	0.7	—	—	—	—
Total revenues	$ 437,961	100.0%	$ 481,964	100.0%	$ 525,928	100.0%

(1) We revised percentages of total revenues and total revenue attributable to service provided for fiscal year ended April 30, 2004 to conform with our classification of revenues attributable to services provided in the current fiscal year.

Operating Expenses

Cost of operations includes labor, tipping fees paid to third-party disposal facilities, fuel, maintenance and repair of vehicles and equipment, worker's compensation and vehicle insurance, the cost of purchasing materials to be recycled, third party transportation expense, district and state taxes, host community fees and royalties. Cost of operations also includes accretion expense related to landfill capping, closure and post closure, leachate treatment and disposal costs and depletion of landfill operating lease obligations.

General and administration expenses include management, clerical and administrative compensation and overhead, professional services and costs associated with marketing, sales force and community relations efforts.

Depreciation and amortization expense includes depreciation of fixed assets over the estimated useful life of the assets using the straight-line method, amortization of landfill airspace assets under the units-of-consumption method, and the amortization of intangible assets (other than goodwill) using the straight-line method. In accordance with SFAS No. 143, *Accounting for Asset Retirement Obligations,* except for accretion expense, we amortize landfill retirement assets through a charge to cost of operations using a straight-line rate per ton as landfill airspace is utilized. The amount of landfill amortization expense related to airspace consumption can vary materially from landfill to landfill depending upon the purchase price and landfill site and cell development costs. We depreciate all fixed and intangible assets, other than goodwill, to a zero net book value, and do not apply a salvage value to any fixed assets.

We capitalize certain direct landfill development costs, such as engineering, permitting, legal, construction and other costs associated directly with the expansion of existing landfills. Additionally, we also capitalize certain third party expenditures related to pending acquisitions, such as legal and engineering costs. We routinely evaluate all such capitalized costs, and expense those costs related to projects not likely to be successful. Internal and indirect landfill development and acquisition costs, such as executive and corporate overhead, public relations and other corporate services, are expensed as incurred.

We will have material financial obligations relating to capping, closure and post-closure costs of our existing landfills and any disposal facilities which we may own or operate in the future. We have provided and will in the future provide accruals for these future financial obligations based on engineering estimates of consumption of permitted landfill airspace over the useful life of any such landfill. There can be no assurance that our financial obligations for capping, closure or post-closure costs will not exceed the amount accrued and reserved or amounts otherwise receivable pursuant to trust funds.

Results of Operations

The following table sets forth for the periods indicated the percentage relationship that certain items from our consolidated financial statements bear in relation to revenues.

	Fiscal Year Ended April 30,		
	2004	2005	2006
Revenues	100.0%	100.0%	100.0%
Cost of operations	65.3	64.5	66.3
General and administration	13.2	13.2	13.1
Depreciation and amortization	13.6	13.6	12.3
Impairment charge	0.4	—	—
Deferred costs	—	0.1	0.3
Operating income	7.5	8.6	8.0
Interest expense, net	5.8	6.1	6.1
Income from equity method investments	(0.5)	(0.6)	(1.1)
Loss on debt extinguishment	—	0.4	—
Other (income)/expense, net	1.4	0.1	(0.4)
Provision (benefit) for income taxes	(0.4)	1.1	1.3
Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle	1.2%	1.5%	2.1%

Fiscal Year 2006 versus Fiscal Year 2005

Revenues. Revenues increased $43.9 million, or 9.1% to $525.9 million in fiscal year 2006 from $482.0 million in fiscal year 2005. Revenues from the rollover effect of acquired businesses accounted for $18.7 million of the increase, including tuck-in hauling acquisitions in the Central and Western regions, newly acquired landfill closure projects in the Central and South Eastern regions, the acquisition of two recycling facilities and a small recyclable material transfer station in the FCR region and the new Chemung contract to operate a landfill and transfer station in the Western region. The effect of acquisitions was partially offset by $1.2 million as a result of the transfer of a Canadian recycling operation to its former manager. The revenue increase is also attributable to an increase in solid waste revenues of $24.3 million, due to higher prices and landfill volumes in the North Eastern and Western regions. FCR revenue increased $2.1 million in fiscal year 2006 compared to fiscal year 2005 due primarily to volume increases, pricing being flat to down slightly.

Cost of operations. Cost of operations increased $37.6 million or 12.1% to $348.5 million in fiscal year 2006 from $310.9 million in fiscal year 2005. Cost of operations as a percentage of revenues increased to 66.3% in fiscal year 2006 from 64.5% in the prior year.

The percentage increase in cost of operations expense is primarily due to higher fuel costs as well as higher transportation costs arising from the shipments of higher volumes to our landfills and the higher than expected costs associated with the obligation to provide wood chips to a bio-fuel plant in connection with the acquisition of the Juniper Ridge landfill in the North Eastern region.

General and administration. General and administration expenses increased $5.4 million, or 8.5% to $69.1 million in fiscal year 2006 from $63.7 million in fiscal year 2005, and decreased slightly as a percentage of revenues to 13.1% in fiscal year 2006 from 13.2% in fiscal year 2005. The dollar increase in general and administration expenses was due to higher legal, travel, compensation, consulting costs related to software development, communication and training costs and expenses related to compliance with the Sarbanes Oxley Act.

Deferred costs. Due to the uncertainty regarding if and when the project will be restarted, a charge of $1.3 million was recorded in fiscal year 2006 to write-off the development costs incurred in pursuit of a contract to develop and operate the Town of Templeton, Massachusetts sanitary landfill. A charge of $0.3 million was recorded in fiscal year 2005 to reflect the write-off of development costs associated with the unsuccessful negotiations for the development and operation of the McKean County, Pennsylvania landfill.

Depreciation and amortization. Depreciation and amortization expense decreased $1.0 million, or 1.5%, to $64.6 million in fiscal year 2006 from $65.6 million in fiscal year 2005. While depreciation expense increased by $2.7 million between periods, landfill amortization expense decreased by $3.7 million primarily due to the South Eastern region Brockton project reaching completion, amounting to a $5.1 million decrease, partially offset by increased amortization associated with the startup of the Worcester and Colebrook closure projects and the Chemung County landfill.

Operating income. Operating income increased by $0.9 million, or 2.2%, to $42.3 million in fiscal year 2006 from $41.4 million in fiscal year 2005 and decreased as a percentage of revenues to 8.0% in fiscal year 2006 compared to 8.6% in fiscal year 2005. The margin decrease was due to higher revenues being partially offset by higher operating costs and deferred costs as described above. The North Eastern region's operating income increased slightly in fiscal year 2006 compared to the prior year due to higher collection volumes and pricing and higher operating income at the Maine Energy facility due to higher power production. The South Eastern region's operating income increased in fiscal year 2006 compared to fiscal year 2005 due primarily to lower landfill amortization, partially offset by deferred costs as mentioned above. The Central and Western region's operating income decreased in fiscal year 2006 compared to fiscal year 2005 due primarily to higher operating costs and in the Western region, the temporary closing of the Wellsboro location and the associated legal costs. FCR's operating income increased in fiscal year 2006 compared to the prior year due to the effect of the acquisitions, partially offset by higher operating costs.

Interest expense, net. Net interest expense increased $2.7 million, or 9.2% to $32.0 million in fiscal year 2006 from $29.3 million in fiscal year 2005. This increase is attributable to higher average interest rates along with higher average borrowings in fiscal year 2006 compared to the prior year, driven by the higher capital expenditures in fiscal year 2006 versus 2005 plus the acquisitions.

Income from equity method investments. The income from equity method investment of $5.7 million and $2.9 million for fiscal years 2006 and 2005, respectively, was primarily from the Company's 50% joint venture interest in GreenFiber. The increase is attributable to higher sales volume and prices in the current fiscal year compared to the prior year comparable period. Late in the third quarter of fiscal year 2006 the Company made a $3.0 million investment, representing a 20% interest, in RecycleBank LLC, a company which markets an incentive-based recycling service that gives homeowners credits for recycling which can be used with participating merchants. This investment is accounted for as an equity method investment. The loss from this equity method investment was $0.1 million in fiscal year 2006.

Other (income)/expense, net. Other income in fiscal year 2006 was $2.0 million compared to other expense of

$0.3 million in fiscal year 2005. Other income in fiscal year 2006 consisted primarily of a gain on the sale of Sterling Construction, Inc. (formerly Oakhurst Company, Inc.) warrants in the amount of $1.2 million. At the time of sale, there was no book value associated with these warrants as they had been previously written off. Also included in other income in both periods are dividends of $0.4 million from our investment in Evergreen National Indemnity Company ("Evergreen"). Other expense in fiscal year 2005 consisted of the costs of winding down the operations of the New Heights power plant and a loss on retirement of fixed assets, partially offset by gains on the sale of equipment and the dividend from Evergreen.

Provision/(benefit) for income taxes. Provision for income taxes increased $1.3 million for fiscal year 2006 to $7.0 million from $5.7 million for fiscal year 2005. The effective tax rate decreased to 38.5% for fiscal year 2006 from 44.3% for fiscal year 2005

primarily due to a decrease in the overall state tax rate and a decrease in the valuation allowance on certain state net operating losses.

Income from continuing operations before discontinued operations. Income from continuing operations before discontinued operations increased $3.9 million, or 54.1% to $11.1 million in fiscal year 2006 from $7.2 million in fiscal year 2005. Slightly higher operating income, higher income from the equity method investments and lower other expenses were partially offset by higher interest expense in fiscal year 2006 compared to the prior year.

Income from discontinued operations/Loss on disposal of discontinued operations. During the second quarter of fiscal 2005, we completed the sale of the assets of Data Destruction Services, Inc. ("Data Destruction") for cash sale proceeds of $3.0 million. This shredding operation had been historically accounted for as a component of continuing operations up until its sale. The transaction required discontinued operations treatment under SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* therefore the operating results of Data Destruction have been reclassified from continuing to discontinued operations in fiscal 2005 and 2004. Also in connection with the discontinued accounting treatment, the loss (net of tax) from the sale amounting to $0.1 million has been recorded and classified as a loss on disposal of discontinued operations.

Fiscal Year 2005 versus Fiscal Year 2004

Revenues. Revenues increased $44.0 million, or 10.0%, to $482.0 million in fiscal year 2005 from $438.0 million in fiscal year 2004. Revenues from the rollover effect of acquired businesses accounted for $23.7 million of the increase, primarily due to new disposal facilities in the Western and South Eastern regions (the Ontario and Southbridge landfills), as well as a new recycling facility in the South Eastern region, all of which became active in the third and fourth quarters of fiscal 2004, partially offset by the loss of revenues from the divestiture of the domestic brokerage business amounting to $3.3 million. The revenue increase is also attributable to an increase in solid waste revenues of $14.5 million, due primarily to higher hauling and transfer volumes in the Central region, higher composting volumes in the North Eastern region and higher commodity prices which resulted in an increase in recycling revenues of $9.1 million.

Cost of operations. Cost of operations increased $25.1 million, or 8.8%, to $310.9 million in fiscal year 2005 from $285.8 million in fiscal year 2004. Cost of operations as a percentage of revenues decreased to 64.5% for the fiscal year 2005, from 65.3% in the prior year primarily due to the effect of lower disposal costs as a percentage of revenue from the impact of the activation of new disposal capacity. The dollar increase in cost of operations expense for fiscal year 2005 is primarily due to the effect of higher levels of operating activity and acquired businesses, higher cost of commodity purchases due to higher prices, higher transportation costs as well as higher fuel costs.

General and administration. General and administration expenses increased $5.5 million, or 9.5%, to $63.7 million in fiscal year 2005 from $58.2 million in fiscal year 2004. General and administration expenses as a percentage of revenues remained unchanged in fiscal year 2005 compared to fiscal year 2004. The dollar increase in general and administration expense was due to higher bonus accruals, communications and training costs as well as expenses related to compliance with the Sarbanes Oxley Act.

Depreciation and amortization. Depreciation and amortization expense increased $6.0 million, or 10.1% to $65.6 million in fiscal year 2005 from $59.6 million in fiscal year 2004. While depreciation expense increased by

$1.2 million between periods, landfill amortization expense increased by $4.8 million which was primarily due to higher volumes, in part related to new disposal facilities which became active in the third and fourth quarters of fiscal year 2004. Depreciation and amortization expense as a percentage of revenues remained unchanged in fiscal year 2005 compared to fiscal year 2004.

Impairment charge. In the fourth quarter of fiscal 2004 we recorded an impairment charge of $1.7 million consisting of a $0.4 million write-down of our investment in Resource Optimization Technology ("ROT"), a compost facility, which we transferred at no cost to a third party in February 2005; a charge of $0.9 million relating to the sale of buildings and land at our former recycling facility in Mechanics Falls, Maine; and a charge of $0.4 million related to the discontinuation of an effort to develop a new landfill project in Rockingham, VT.

Deferred costs. A charge of $0.3 million was recorded in fiscal 2005 to reflect the write-off of deferred development costs associated with unsuccessful negotiations to operate and develop a landfill located in McKean County, Pennsylvania.

Operating income. Operating income increased $8.7 million, or 26.6 %, to $41.4 million in fiscal year 2005 from $32.7 million in fiscal year 2004 and increased as a percentage of revenues to 8.6% in fiscal year 2005 from 7.5% in fiscal year 2004. The increase in operating income is primarily due to higher levels of revenue.

Interest expense, net. Net interest expense increased $4.2 million, or 16.7%, to $29.4 million in fiscal year 2005, from $25.2 million in fiscal year 2004. This increase is mainly attributable to higher average debt balances due to higher capital expenditures and payments on landfill operating lease contracts as well as higher average interest rates in fiscal year 2005 compared to the prior year. Net interest expense, as a percentage of revenues, increased to 6.1% for fiscal year 2005 from 5.8% for fiscal year 2004.

Income from equity method investments. Income from equity method investments for fiscal years ended April 30, 2005 and 2004 was solely from our 50% joint venture interest in GreenFiber. Equity income from GreenFiber increased $0.6 million to $2.9 million in fiscal year 2005 compared to $2.3 million in fiscal year 2004. The increase is attributable to higher volume as well as increased pricing.

Loss on debt extinguishment. In the fourth quarter of fiscal year 2005 we entered into a new senior secured credit facility resulting in the write off of $1.7 million in debt financing costs associated with the old senior secured credit facility.

Other (income)/expense, net. Other expense in fiscal year 2005 was $0.3 million compared to $5.9 million in fiscal year 2004. Other expense in fiscal year 2005 consisted of the costs of winding down the operations of the New Heights power plant and a loss on retirement of fixed assets, partially offset by gains on the sale of equipment and a dividend from our investment in Evergreen National Indemnity Company. Other expense in fiscal year 2004 included an $8.0 million charge for the write-down of our investment in the New Heights power plant venture and our remaining investment in certain tire recycling operations and the power plant venture. Offsetting this charge, we recognized a gain of $1.1 million on the completion of our sale of its export recyclables business and other gains, primarily on the sale of trucks and containers, of $0.5 million.

Provision/(benefit) for income taxes. Provision for income taxes increased $7.3 million for fiscal year 2005 to $5.7 million from $(1.6) million for fiscal year 2004. The effective tax rate increased to 44.3% for fiscal year 2005 from (43.0)% for fiscal year 2004 primarily due to a prior year decrease in the valuation allowance for loss carryforwards as utilization of the Company's tax losses became more certain.

Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle. Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle increased $1.8 million, or 33.3%, to $7.2 million in fiscal year 2005 from $5.4 million in fiscal year 2004 and increased as a percentage of revenue to 1.5% in fiscal year 2005 from 1.2% in fiscal year 2004. The increase in income from continuing operations before discontinued operations and cumulative effect of change in accounting principle is due to increased operating income, partially offset by increased interest expense and higher tax

expense due to a higher effective tax rate.

Income (loss) from discontinued operations/Loss on disposal of discontinued operations. During the second quarter of fiscal 2005, we completed the sale of the assets of Data Destruction for cash sale proceeds of $3.0 million. This shredding operation had been historically accounted for as a component of continuing operations up until its sale. The transaction required discontinued operations treatment under SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets,* therefore the operating results of Data Destruction have been reclassified from continuing to discontinued operations in fiscal 2005 and 2004. Also in connection with the discontinued accounting treatment, the loss (net of tax) from the sale amounting to $0.1 million has been recorded and classified as a loss on disposal of discontinued operations.

Cumulative effect of change in accounting principle, net. Effective May 1, 2003, we adopted SFAS No. 143, *Accounting for Asset Retirement Obligations.* The primary modification to our methodology required by SFAS No. 143 is to require that capping, closure and post-closure costs be discounted to present value. Upon adoption of SFAS No. 143 we recorded a cumulative effect of change in accounting principle of $2.7 million (net of taxes of $1.9 million) in order to reflect the cumulative change in accounting for landfill obligations retroactive to the date of the inception of the landfill.

Liquidity and Capital Resources

Our business is capital intensive. Our capital requirements include acquisitions, fixed asset purchases and capital expenditures for landfill development and cell construction, as well as site and cell closure. Our capital expenditures are broadly defined as pertaining to either growth or maintenance activities. Growth capital expenditures are defined as costs related to development of new airspace, permit expansions, new recycling contracts along with incremental costs of equipment and infrastructure added to further such activities. Growth capital expenditures include the cost of equipment added directly as a result of new business as well as expenditures associated with increasing infrastructure to increase throughput at transfer stations and recycling facilities. Growth capital expenditures also include those outlays associated with acquiring landfill operating leases, which do not meet the operating lease payment definition, but which were included as a commitment in the successful bid. Maintenance capital expenditures are defined as landfill cell construction costs not related to expansion airspace, costs for normal permit renewals and replacement costs for equipment due to age or obsolescence.

Our capital expenditures were $114.0 million in fiscal year 2006 compared to $80.1 million in fiscal year 2005. Growth capital expenditures were $47.5 and $24.8 million in fiscal years 2006 and 2005 respectively, and maintenance capital expenditures were $66.5 and $55.3 million in fiscal years 2006 and 2005 respectively. Capital spending was higher in fiscal year 2006 mainly due to capital expenditures related to newly acquired landfill operating contracts and existing landfills as well as upgrades to equipment at various recycling facilities. We expect capital spending to amount to between $108.0 million and $112.0 million in fiscal year 2007. The continued high level of capital expenditures is mainly due to growth capital expenditures at the landfills as well as completion of recycling facility upgrades.

We had a net working capital deficit of $23.2 million at April 30, 2006 compared to a net working capital deficit of $31.9 million at April 30, 2005. Working capital, net comprises current assets, excluding cash and cash equivalents, minus current liabilities. The main factors accounting for the increase were deferred taxes and higher trade receivables associated with higher revenue as well as lower payroll accruals associated with lower management bonus accruals. This was partially offset by higher accrued interest related to higher borrowings on our credit facility as well as higher interest rates. Also offsetting the increase in working capital were higher accruals at April 30, 2006 primarily associated with higher self insurance reserves.

On April 29, 2005, we entered into a new senior credit facility with a group of banks for which Bank of America is acting as agent. The credit facility consists of a senior secured revolving credit facility in the amount of $350.0 million. Under certain circumstances we have the option of increasing the credit facility by an additional $100.0 million provided that we are not in default at the time of the increase, and subject to the receipt of

commitments from lenders for such additional amount. This credit facility is secured by all of our assets, including our interest in the equity securities of our subsidiaries. The credit facility matures April 2010. The initial borrowings under the credit facility were used to repay all outstanding indebtedness under the former term loan and revolver. Further advances were available under the credit facility in the amount of $140.4 million and $65.4 million as of April 30, 2005 and 2006, respectively. These available amounts are net of outstanding irrevocable letters of credit totaling $32.3 million and $57.7 as of April 30, 2005 and 2006. The availability was reduced in fiscal year 2006 from the prior year due to higher capital expenditures and the issuance of a $25.0 million letter of credit associated with the revenue bond discussed below. As of April 30, 2005 and 2006 no amounts had been drawn under the outstanding letters of credit.

The credit facility agreement contains covenants that may limit our activities, including covenants that restrict dividends on common stock, limit capital expenditures, and set minimum net worth and interest coverage and leverage ratios. As of April 30, 2006, we were in compliance with all covenants. We completed an amendment to the credit facility agreement on June 2, 2006. This amended the capital expenditure covenant effective April 30, 2006 and other covenants effective July 31, 2006. See Note 10 to the financial statements for further disclosure regarding the amendment to the credit facility agreement.

In fiscal year 2005, we recorded a loss on extinguishment of debt of $1.7 million as a result of the write-off of deferred financing costs associated with the old senior secured credit facility.

We have historically entered into interest rate swap agreements to balance fixed and floating rate debt interest risk in accordance with management’s criteria. The agreements are contracts to exchange fixed and floating interest rate payments periodically over a specified term without the exchange of the underlying notional amounts. The agreements provide only for the exchange of interest on the notional amounts at the stated rates, with no multipliers or leverage. Differences paid or received over the life of the agreements are recorded in the consolidated financial statements as additions to or reductions of interest expense on the underlying debt. We terminated two interest rate swap agreements effective April 28, 2005 concurrent with entering into the new credit facility. We

received net proceeds of $0.4 million which were amortized against interest expense over the original term of the swap contracts, to February 2006.

On May 9, 2005, we entered into three separate interest rate swap agreements with three banks for a notional amount of $75.0 million. The contracts are forward starting contracts that effectively fixed the interest index rate on the entire notional amount at 4.4% from May 4, 2006 through May 5, 2008.

As of April 30, 2006, we had outstanding $195.0 million of 9.75% senior subordinated notes (the ‘‘notes’’) which mature in January 2013. The senior subordinated note indenture contains covenants that restrict dividends, stock repurchases and other payments, and limits the incurrence of debt and issuance of preferred stock. The notes are guaranteed jointly and severally, fully and unconditionally by our significant wholly-owned subsidiaries.

On December 28, 2005, we completed a $25.0 million financing transaction involving the issuance by the Finance Authority of Maine (the “Authority”) of $25.0 million aggregate principal amount of its Solid Waste Disposal Revenue Bonds (Casella Waste Systems, Inc. Project) Series 2005 (the “Bonds”). The Bonds are issued pursuant to an indenture, dated as of December 1, 2005 (the “Indenture”) and are enhanced by an irrevocable, transferable direct-pay letter of credit issued by Bank of America, N.A. Pursuant to a Financing Agreement, dated as of December 1, 2005, by and between us and the Authority, we have borrowed the proceeds of the Bonds to pay for certain costs relating to (1) landfill development and construction, vehicle, container and related equipment acquisition for solid waste collection and transportation services, improvements to existing solid waste disposal, hauling, transfer station and other facilities, other infrastructure improvements, and machinery and equipment for solid waste disposal operations owned and operated by us, or a related party, all located in Maine; and (2) the issuance of the Bonds. At April 30, 2006, remaining issuance proceeds of $5.5 million were recorded as restricted cash to be used to pay for the capital expenditures in Maine as they are incurred.

Net cash provided by operating activities in fiscal years ended April 30, 2006 and 2005 amounted to $75.1 million and $83.0 million, respectively. Factors positively impacting the comparison to net cash provided by

operating activities for fiscal year 2006 against the prior year included higher income from equity method investments, coupled with a distribution payment received from Green Fiber in fiscal 2005 amounting to $2.0 million, which was not repeated in fiscal year 2006, a decrease in landfill amortization of $3.7 million which was primarily associated with the Brockton project reaching completion, and changes in assets and liabilities, net of effects of acquisitions and divestitures which decreased $5.2 million from the prior year. The increase in accounts receivable at April 30, 2006, which is associated with higher revenues, resulted in a $6.4 million reduction compared with a decrease of $2.5 million in fiscal year 2005. The decrease in accounts payable in fiscal year 2006 resulted in a $1.5 million decrease compared to an increase of $6.1 million in fiscal year 2005. This is due primarily to higher trade accounts payable at April 30, 2005 associated with the timing of various capital improvement expenditures. Changes in other assets and liabilities increased $5.6 million from the prior year due primarily to the following: (1) higher interest accruals in the current fiscal year amounting to a $3.0 million which increase is related to higher borrowings and higher interest rates, (2) higher capping, closure and post-closure accruals amounting to $4.8 million, attributable to lower cash payments in fiscal year 2006 and (3) higher self insurance reserves and other accruals amounting to $3.9 million. These increases were offset by reductions in accrued payroll and related expenses amounting to $5.1 million in the fiscal year 2006 compared to fiscal year 2005 as well as higher prepaid and other current assets amounting to $1.1 million in fiscal year 2006 compared to fiscal year 2005.

Net cash used in investing activities in fiscal year 2006 and fiscal year 2005 amounted to $150.2 million and $103.8 million, respectively. The increase in cash used in investing activities was due to a $33.9 million increase in capital expenditures as well as higher acquisition activity amounting to an increase of $10.2 million in the current fiscal year, offset by a decrease in payments on landfill operating lease contracts of $9.7 million in fiscal year 2006. Also contributing to the increase in cash used in investing activities were revenue bond issuance proceeds restricted for specific capital expenditures amounting to $5.5 million at April 30, 2006.

Net cash provided by financing activities was $74.0 million in fiscal year 2006 compared to $21.3 million in fiscal year 2005. The increase in cash provided by financing activities is primarily due to higher net borrowings, including the revenue bond financing described above. Higher net borrowings in fiscal year 2006 were used to fund capital expenditure and acquisition activity.

In fiscal year 2006, we acquired fifteen solid waste hauling, disposal and recycling operations for an aggregate consideration of $26.1 million, consisting of $19.7 million in cash and $0.8 million in notes payable and $5.6 in other liabilities assumed. We also obtained a landfill operating lease contract in fiscal year 2006 for the Chemung County landfill which also includes a transfer station and recycling facility. In fiscal year 2005, we acquired ten solid waste hauling and disposal operations for an aggregate consideration of

$10.4 million, consisting of $9.5 million in cash and $0.9 million in other liabilities assumed. For the landfill operating lease contracts, we made payments totaling $10.5 million and $20.3 million in fiscal years 2006 and 2005, respectively.

We generally meet liquidity needs from operating cash flow. These liquidity needs are primarily for capital expenditures for landfill development, vehicles and containers, debt service costs and capping, closure and post-closure expenditures. It is our intention to continue to grow organically and through acquisitions. The funds to do so are expected to be obtained from operations and our credit facility which has an accordion feature for an additional $100.0 million in credit availability. At April 30, 2006 at our existing covenant requirements, as amended June 2, 2006, all of the funds available under that facility could have been drawn without breaching those covenants.

We will be required to redeem our outstanding Series A redeemable preferred stock on August 11, 2007, if it is not otherwise repurchased by the us prior to that time. The aggregate redemption price is expected to be approximately $75.1 million. We would need to incur more debt or raise equity to effect this redemption.

We have filed a universal shelf registration statement with the SEC. We could from time to time issue securities thereunder in an amount of up to $250.0 million. However, our ability and willingness to issue securities pursuant to this registration statement will depend on market conditions at the time of any such desired offering and therefore we may not be able to issue such securities on favorable terms, if at all.

Contractual Obligations

The following table summarizes our significant contractual obligations and commitments as of April 30, 2006 (in thousands) and the anticipated effect of these obligations on our liquidity in future years:

	Fiscal Year(s) Ending April 30,				
	2007	2008-2009	2010-2011	Thereafter	Total
Long-term debt	$ 527	$ 538	$ 227,258	$ 220,000	$ 448,323
Capital lease obligations	1,061	1,533	214	—	2,808
Interest obligations (1)	37,407	74,583	55,438	52,536	219,964
Operating leases (2)	11,044	19,805	13,204	142,182	186,235
Closure/post-closure	4,157	9,380	10,760	160,831	185,128
Redeemable preferred securities (3)	—	75,057	—	—	75,057
Total contractual cash obligations (4)	$ 54,196	$ 180,896	$ 306,874	$ 575,549	$ 1,117,515

(1) Interest obligations based on long-term debt and capital lease balances as of April 30, 2006. Interest obligations related to variable rate debt were calculated using variable rates in effect at April 30, 2006.

(2) Includes obligations related to landfill operating lease contracts.

(3) Assumes redemption on the seventh anniversary of the closing date at the book value which includes all accrued and unpaid dividends.

(4) Contractual cash obligations do not include accounts payable or accrued liabilities, which will be paid in fiscal year 2006.

We believe that our cash provided internally from operations together with our senior secured credit facility, including the accordion feature for an additional $100.0 million, should enable us to meet our working capital and other cash needs for the foreseeable future.

Inflation and Prevailing Economic Conditions

To date, inflation has not had a significant impact on our operations. Consistent with industry practice, most of our contracts provide for a pass-through of certain costs, including increases in landfill tipping fees and, in some cases, fuel costs. We have implemented a fuel surcharge program, which is designed to recover fuel price fluctuations. We therefore believe we should be able to

implement price increases sufficient to offset most cost increases resulting from inflation. However, competitive factors may require us to absorb at least a portion of these cost increases, particularly during periods of high inflation.

Our business is located mainly in the eastern United States. Therefore, our business, financial condition and results of operations are susceptible to downturns in the general economy in this geographic region and other factors affecting the region, such as state regulations and severe weather conditions. We are unable to forecast or determine the timing and/or the future impact of a sustained economic slowdown.

New Accounting Standards

Effective May 1, 2003, we adopted SFAS No. 143, *Accounting for Asset Retirement Obligations*. Through April 30, 2003 we recognized expenses associated with (i) amortization of capitalized and future landfill asset costs and (ii) future closure and post-closure obligations on a units-of-consumption basis as airspace was consumed over the life of the related landfill. This practice, referred to as life-cycle accounting within the waste industry, continues to be followed, with the exception of future landfill capping costs. As a result of the adoption of SFAS No. 143, future capping costs are identified by specific capping event and amortized over the specific estimated capacity

related to that event rather than over the life of the entire landfill, as was the practice prior to our adoption of SFAS No. 143.

Upon adoption, SFAS No. 143 required a cumulative change in accounting for landfill obligations retroactive to the date of the inception of the landfill. Inception of the asset retirement obligation is the date operations commenced or the date the asset was acquired. To do this, SFAS No. 143 required the creation of the related landfill asset, net of accumulated amortization and an adjustment to the capping, closure and post-closure liability for cumulative accretion. At May 1, 2003, we recorded a cumulative effect of change in accounting principle of $2.7 million (net of taxes of $1.9 million).

In December 2004, the FASB issued SFAS No. 123R. SFAS No. 123R replaces SFAS No. 123 and supersedes APB Opinion No. 25 and requires public companies to recognize compensation expense for the cost of awards of equity instruments. This compensation cost will be measured as the fair value of the award on the grant date estimated using an option-pricing model. SFAS No. 123R will become effective at the beginning of the first fiscal year after June 15, 2005. We are evaluating the various transition provisions under SFAS No. 123R and will adopt SFAS No. 123R effective May 1, 2006, which is expected to result in increased compensation expense in future periods.

In April 2005, the FASB issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations — an interpretation of FASB Statement No. 143.* (FIN No. 47). FIN No. 47 expands on the accounting guidance of SFAS No. 143, *Accounting for Asset Retirement Obligations* (SFAS No. 143), providing clarification of the term, conditional asset retirement obligation, and guidelines for the timing of recording the obligation. We adopted SFAS No. 143 effective May 1, 2003. The interpretation is effective for fiscal years ending after December 15, 2005. The adoption of FIN No. 47 did not have a material impact on our financial position or results of operations.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections* (SFAS No. 154) which replaces APB Opinion No. 20, *Accounting Changes* (APB No. 20)*,* and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements — An Amendment of APB Opinion No. 28*. SFAS No. 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. Specifically, this statement requires “retrospective application” of the direct effect for a voluntary change in accounting principle to prior periods’ financial statements, if it is practicable to do so. SFAS No. 154 also strictly redefines the term “restatement” to mean the correction of an error by revising previously issued financial statements. SFAS No. 154 replaces APB No. 20, which requires that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. Unless adopted early, SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We do not expect the adoption of SFAS No. 154 to have a material impact on our financial position or results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

At April 30, 2006, our outstanding variable rate debt consisted of the $226.9 million senior secured revolving credit facility and $25.0 million of FAME Bonds. If interest rates on this variable rate debt increased or decreased by 100 basis points, our annual interest expense would increase or decrease by approximately $2.5 million. The remainder of our debt is at fixed rates and not subject to interest rate risk.

On May 9, 2005, we entered into three separate interest rate swap agreements with three banks for a notional amount of $75.0 million. The contracts are forward starting contracts that will effectively fix the interest index rate on the entire notional amount at 4.4% from May 4, 2006 through May 5, 2008. These agreements will be specifically designated to interest payments under the revolving credit facility and will be accounted for as effective cash flow hedges pursuant to SFAS No. 133.

We are subject to commodity price fluctuations related to the portion of our sales of recyclable commodities that are not under floor or flat pricing arrangements. As of April 30, 2006, to minimize our commodity exposure, we were party to thirty-six commodity hedging agreements. We do not use financial instruments for trading purposes and are not a party to any leveraged derivatives. If commodity prices were to change by 10%, the impact on our operating income is estimated at $4.6 million as of April 30, 2006, without considering our hedging agreements, which are solely for OCC and ONP, but considering our revenue share contracts. The use of the Company's hedge instruments would reduce the impact by approximately $0.8 million.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
of Casella Waste Systems, Inc.:

We have completed integrated audits of Casella Waste System, Inc.'s 2006 and 2005 consolidated financial statements and of its internal control over financial reporting as of April 30, 2006, and an audit of its 2004 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

Consolidated financial statements

In our opinion, the consolidated financial statements listed in the index appearing under 15(a)(1) present fairly, in all material respects, the financial position of Casella Waste Systems, Inc. and its subsidiaries at April 30, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended April 30, 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, as of May 1, 2003, the Company changed its method of accounting for asset retirement obligations and reclassified its loss on extinguishment of debt.

Internal control over financial reporting

Also, in our opinion, management's assessment, included in management's Report on Internal Control Over Financial Reporting appearing under Item 8, that the Company maintained effective internal control over financial reporting as of April 30, 2006 based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 30, 2006, based on criteria established in Internal Control — Integrated Framework issued by the COSO. The Company's management is responsible for maintaining effective

internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those

policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Boston, Massachusetts
June 21, 2006

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of April 30, 2006. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on its assessment, management concluded that, as of April 30, 2006, the Company's internal control over financial reporting is effective based on those criteria. The Company's management assessment of the effectiveness of the Company's internal control over financial reporting as of April 30, 2006 has been audited by PricewaterhouseCoopers, LLP, an independent registered accounting firm, as stated in their report which appears herein.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS	April 30, 2005	April 30, 2006
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,578	$ 7,429
Restricted cash	70	72
Accounts receivable — trade, net of allowance for doubtful accounts of $707 and $661	51,726	56,269
Notes receivable — officers/employees	88	87
Refundable income taxes	874	—
Prepaid expenses	4,371	5,126
Inventory	2,538	2,975
Deferred income taxes	—	5,034
Other current assets	1,138	1,982
Total current assets	69,383	78,974
Property, plant and equipment, net of accumulated depreciation and amortization of $324,903 and $388,808	412,753	481,284
Goodwill	157,492	171,258
Intangible assets, net	2,711	2,762
Restricted cash	12,124	17,887
Notes receivable — officers/employees	916	916
Deferred income taxes	3,155	—
Investments in unconsolidated entities	37,699	44,491
Net assets under contractual obligation	1,392	937
Other non-current assets	14,829	12,602
	643,071	732,137
	$ 712,454	$ 811,111

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(in thousands, except for share and per share data)

	April 30, 2005	April 30, 2006
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 281	$ 527
Current maturities of capital lease obligations	632	1,061
Accounts payable	46,107	46,364
Accrued payroll and related expenses	9,688	6,818
Accrued interest	4,818	6,650
Accrued income taxes	—	200
Deferred income taxes	1,419	—
Current accrued capping, closure and post-closure costs	5,290	4,771
Other accrued liabilities	24,519	28,374
Total current liabilities	92,754	94,765
Long-term debt, less current maturities	378,436	452,720
Capital lease obligations, less current maturities	1,475	1,747
Accrued capping, closure and post-closure costs, less current portion	21,338	23,245
Deferred income taxes	—	6,957
Other long-term liabilities	11,705	11,757
COMMITMENTS AND CONTINGENCIES		
Series A redeemable, convertible preferred stock — Authorized — 55,750 shares; issued and outstanding — 53,750 and 53,000 shares as of April 30, 2005 and April 30, 2006, respectively, liquidation preference of $1,000 per share plus accrued but unpaid dividends	67,964	70,430
STOCKHOLDERS' EQUITY:		
Class A common stock— Authorized — 100,000,000 shares, $0.01 par value; issued and outstanding — 23,860,000 and 24,185,000 shares as of April 30, 2005 and April 30, 2006, respectively	239	242
Class B common stock — Authorized — 1,000,000 shares, $0.01 par value; 10 votes per share, issued and outstanding — 988,000 shares	10	10
Accumulated other comprehensive income	767	159
Additional paid-in capital	274,088	274,297
Accumulated deficit	(136,322)	(125,218)
Total stockholders' equity	138,782	149,490
	$ 712,454	$ 811,111

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Fiscal Year Ended April 30,		
	2004	2005	2006
Revenues	$ 437,961	$ 481,964	$ 525,928
Operating expenses:			
Cost of operations	285,828	310,921	348,520
General and administration	58,167	63,678	69,144
Depreciation and amortization	59,596	65,637	64,589
Impairment charge	1,663	—	—
Deferred costs	—	295	1,329
	405,254	440,531	483,582
Operating income	32,707	41,433	42,346
Other expense/(income), net:			
Interest income	(251)	(453)	(928)
Interest expense	25,500	29,844	32,942
Income from equity method investments	(2,261)	(2,883)	(5,742)
Loss on debt extinguishment	—	1,716	—
Other (income)/expense	5,949	273	(1,985)
Other expense, net	28,937	28,497	24,287
Income from continuing operations before income taxes, discontinued operations and cumulative effect of change in accounting principle	3,770	12,936	18,059
Provision (benefit) for income taxes	(1,622)	5,725	6,955
Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle	5,392	7,211	11,104
Discontinued Operations:			
Income (loss) from discontinued operations (net of income tax (provision) benefit of $2 and ($96))	(10)	140	—
Loss on disposal of discontinued operations (net of income tax provision of ($692))	—	(82)	—
Cumulative effect of change in accounting principle (net of income tax provision of ($1,856))	2,723	—	—
Net income	8,105	7,269	11,104
Preferred stock dividend	3,252	3,338	3,432
Net income available to common stockholders	$ 4,853	$ 3,931	$ 7,672

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)
(in thousands, except for per share data)

	Fiscal Year Ended April 30,		
	2004	2005	2006
Earnings Per Share:			
Basic:			
Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle available to common stockholders	$ 0.09	$ 0.15	$ 0.31
Income from discontinued operations, net	—	0.01	—
Loss on disposal of discontinued operations, net	—	—	—
Cummulative effect of change in accounting principle, net	0.11	—	—
Net income per common share available to common stockholders	$ 0.20	$ 0.16	$ 0.31
Basic weighted average common shares outstanding	24,002	24,679	24,980
Diluted:			
Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle available to common stockholders	$ 0.09	$ 0.15	$ 0.30
Income from discontinued operations, net	—	0.01	—
Loss on disposal of discontinued operations, net	—	—	—
Cummulative effect of change in accounting principle, net	0.11	—	—
Net income per common share available to common stockholders	$ 0.20	$ 0.16	$ 0.30
Diluted weighted average common shares outstanding	24,445	25,193	25,368

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF

STOCKHOLDERS' EQUITY
(in thousands)

	Stockholders' Equity			
	Class ACommon Stock		Class B Common Stock	
	# of Shares	Par Value	# of Shares	Par Value
Balance, April 30, 2003	22,769	$ 228	988	$ 10
Issuance of Class A common stock from the exercise of stock warrants, options and employee stock purchase plan	727	7	—	—
Accrual of preferred stock dividend	—	—	—	—
Net income	—	—	—	—
Change in fair value of interest rate swaps and commodity hedges, net of reclassification adjustments	—	—	—	—
Total comprehensive income	—	—	—	—
Other	—	—	—	—
Balance, April 30, 2004	23,496	235	988	10
Issuance of Class A common stock from the exercise of stock warrants, options and employee stock purchase plan	189	2	—	—
Issuance of Class A common stock from the conversion of preferred stock	175	2	—	—
Accrual of preferred stock dividend	—	—	—	—
Net income	—	—	—	—
Change in fair value of interest rate swaps and commodity hedges, net of reclassification adjustments	—	—	—	—
Total comprehensive income	—	—	—	—
Other	—	—	—	—
Balance, April 30, 2005	23,860	239	988	10
Issuance of Class A common stock from the exercise of stock options and employee stock purchase plan	256	2	—	—
Issuance of Class A common stock from the conversion of preferred stock	69	1	—	—
Accrual of preferred stock dividend	—	—	—	—
Net income	—	—	—	—
Change in fair value of interest rate swaps and commodity hedges, net of reclassification adjustments	—	—	—	—
Total comprehensive income	—	—	—	—
Other	—	—	—	—
Balance, April 30, 2006	24,185	$ 242	988	$ 10

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF

STOCKHOLDERS' EQUITY (Continued)
(in thousands)

	Additional Paid-In Capital	(Accumulated Deficit)	Accumulated Other Comprehensive Income	Total Stockholders' Equity	Total Comprehensive Income
Balance, April 30, 2003	$ 270,068	$ (151,696)	$ 542	$ 119,152	
Issuance of Class A common stock from the exercise of stock warrants, options and employee stock purchase plan	6,053	—	—	6,060	
Accrual of preferred stock dividend	(3,252)	—	—	(3,252)	
Net income	—	8,105	—	8,105	$ 8,105
Change in fair value of interest rate swaps and commodity hedges, net of reclassification adjustments	—	—	(134)	(134)	(134)
Total comprehensive income	—	—	—	—	$ 7,971
Other	124	—	—	124	
Balance, April 30, 2004	272,993	(143,591)	408	130,055	
Issuance of Class A common stock from the exercise of stock warrants, options and employee stock purchase plan	1,992	—	—	1,994	
Issuance of Class A common stock from the conversion of preferred stock	2,448	—	—	2,450	
Accrual of preferred stock dividend	(3,338)	—	—	(3,338)	
Net income	—	7,269	—	7,269	$ 7,269
Change in fair value of interest rate swaps and commodity hedges, net of reclassification adjustments	—	—	359	359	359
Total comprehensive income	—	—	—	—	$ 7,628
Other	(7)	—	—	(7)	
Balance, April 30, 2005	274,088	(136,322)	767	138,782	
Issuance of Class A common stock from the exercise of stock options and employee stock purchase plan	2,675	—	—	2,677	
Issuance of Class A common stock from the conversion of preferred stock	965	—	—	966	
Accrual of preferred stock dividend	(3,432)	—	—	(3,432)	
Net income	—	11,104	—	11,104	$ 11,104
Change in fair value of interest rate swaps and commodity hedges, net of reclassification adjustments	—	—	(608)	(608)	(608)
Total comprehensive income	—	—	—	—	$ 10,496
Other	1	—	—	1	
Balance, April 30, 2006	$ 274,297	$ (125,218)	$ 159	$ 149,490	

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Fiscal Year Ended April 30,		
	2004	2005	2006
Cash Flows from Operating Activities:			
Net income	$ 8,105	$ 7,269	$ 11,104
Adjustments to reconcile net income to net cash provided by operating activities —			
Depreciation and amortization	59,596	65,637	64,589
Depletion of landfill operating lease obligations	1,248	4,785	6,284
Loss on disposal of discontinued operations, net	—	82	—
Cumulative effect of change in accounting principle, net	(2,723)	—	—
Income from equity method investments	(2,261)	(2,883)	(5,742)
Dividend from equity method investment	—	2,000	—
Impairment charge	1,663	—	—
Deferred costs	—	295	1,329
Loss on debt extinguishment	—	1,716	—
Loss from asset write down	8,018	—	—
Gain (loss) on sale of equipment	(308)	372	(105)
Gain on sale of assets	(1,144)	—	—
Deferred income taxes	(2,005)	5,132	4,984
Changes in assets and liabilities, net of effects of acquisitions and divestitures —			
Accounts receivable	(5,859)	(2,456)	(6,435)
Accounts payable	8,065	6,073	(1,514)
Other assets and liabilities	(2,497)	(4,988)	570
	61,793	75,765	63,960
Net Cash Provided by Operating Activities	69,898	83,034	75,064
Cash Flows from Investing Activities:			
Acquisitions, net of cash acquired	(31,947)	(9,513)	(19,691)
Additions to property, plant and equipment — growth	(10,271)	(24,723)	(47,474)
— maintenance	(48,064)	(55,341)	(66,537)
Payments on landfill operating lease contracts	(32,223)	(20,276)	(10,539)
Proceeds from divestitures	4,984	3,050	—
Proceeds from sale of equipment	506	2,292	1,678
Restricted cash from revenue bond issuance	—	—	(5,469)
Investment in unconsolidated entities	(7,332)	—	(3,047)
Proceeds from assets under contractual obligation	689	756	861
Net Cash Used In Investing Activities	(123,658)	(103,755)	(150,218)
Cash Flows from Financing Activities:			
Proceeds from long-term borrowings	195,303	318,900	208,997
Principal payments on long-term debt	(150,562)	(296,210)	(136,424)
Deferred financing costs	(2,632)	(3,051)	(768)
Proceeds from exercise of stock options	4,006	1,653	2,200
Net Cash Provided by Financing Activities	46,115	21,292	74,005
Net (decrease) increase in cash and cash equivalents	(7,645)	571	(1,149)
Cash and cash equivalents, beginning of period	15,652	8,007	8,578
Cash and cash equivalents, end of period	$ 8,007	$ 8,578	$ 7,429

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(in thousands)

	Fiscal Year Ended April 30,		
	2004	2005	2006
Supplemental Disclosures of Cash Flow Information:			
Cash paid during the period for —			
Interest	$ 23,313	$ 29,426	$ 30,291
Income taxes, net of refunds	$ 349	$ 1,103	$ 1,286
Supplemental Disclosures of Non-Cash Investing and Financing Activities:			
Summary of entities acquired in purchase business combinations —			
Fair value of net assets acquired	$ 45,925	$ 10,398	$ 26,077
Cash paid, net	(31,947)	(9,513)	(19,691)
Notes payable, liabilities assumed and holdbacks to sellers	$ 13,978	$ 885	$ 6,386

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS
(in thousands, except for per share data)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Casella Waste Systems, Inc. (“the Company” or “the Parent”) together with its subsidiaries is a regional, integrated solid waste services company that provides collection, transfer, disposal and recycling services, primarily in the eastern United States. The Company markets recyclable metals, aluminum, plastics, paper and corrugated cardboard which have been processed at its facilities as well as recyclables purchased from third parties. The Company also generates and sells electricity under a long-term contract at a waste-to-energy facility, Maine Energy Recovery Company LP (“Maine Energy”) (see Note 11).

A summary of the Company’s significant accounting policies follows:

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned and majority owned subsidiaries and complies with Financial Accounting Standards Board (FASB) Interpretation No. 46 (revised December 2003) (FIN 46). All significant intercompany accounts and transactions are eliminated in consolidation.

(b) Use of Estimates and Assumptions

The Company’s preparation of its financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the consolidated financial statements. The estimates and assumptions will also affect the reported amounts of revenues and expenses during the reporting period. Summarized below are the estimates and assumptions that the Company considers to be significant in the preparation of its consolidated financial statements.

Landfill Accounting-Capitalized Costs and Amortization

Capitalized landfill costs include expenditures for land and related airspace, permitting costs and preparation costs. Landfill permitting and preparation costs represent only direct costs related to these activities, including legal, engineering and construction. Landfill preparation costs include the costs of construction associated with excavation, liners, site berms and the installation of leak detection and leachate collection systems. Interest is capitalized on landfill construction projects while the assets are undergoing

activities to ready them for their intended use. The interest capitalization rate is based on the Company's weighted average cost of indebtedness. Interest capitalized for the years ended April 30, 2004, 2005 and 2006 was $356, $492 and $1,239, respectively.

Under life-cycle accounting, all costs related to acquisition and construction of landfill sites are capitalized and charged to income based on tonnage placed into each site. In determining the amortization rate for these landfills, preparation costs include the total estimated costs to complete construction of the landfills' permitted and permittable capacity. To be considered permittable, airspace must meet all of the following criteria:

- the Company controls the land on which the expansion is sought;
- all technical siting criteria have been met or a variance has been obtained or is reasonably expected to be obtained;
- the Company has not identified any legal or political impediments which the Company believes will not be resolved in our favor;

- the Company is actively working on obtaining any necessary permits and we expect that all required permits will be received; and
- senior management has approved the project.

Units-of-consumption amortization rates are determined annually for each of the Company's operating landfills, and such rates are based on estimates provided by its engineers and accounting personnel and consider the information provided by surveys, which are performed at least annually.

The Company routinely reviews its investment in operating landfills, transfer stations and other significant facilities to determine whether the carrying value of these investments is realizable. The Company's judgments regarding the existence of impairment indicators are based on regulatory factors, market conditions and operational performance of its landfills.

Landfill Accounting-Landfill Operating Lease Contracts

The Company entered into three landfill operation and management agreements in fiscal 2004 and one landfill operation and management agreement in fiscal 2006. These agreements are long-term landfill operating contracts with government bodies whereby the Company receives tipping revenue, pays normal operating expenses and assumes future capping, closure and post-closure liabilities. The government body retains ownership of the landfill. There is no bargain purchase option and title to the property does not pass to the Company at the end of the lease term. The Company allocates the consideration paid to the landfill airspace rights and underlying land lease based on the relative fair values.

In addition to up-front or one-time payments, the landfill operating agreements require the Company to make future minimum rental payments, including success/expansion fees, other direct costs and capping, closure, and post closure costs. The value of all future minimum lease payments are amortized and charged to cost of operations over the life of the contract. The Company amortizes the consideration allocated to airspace rights as airspace is utilized on a units-of-consumption basis and such amortization is charged to cost of operations as airspace is consumed i.e. as tons are placed into the landfill. The underlying value of the land lease is amortized to cost of operations on a straight-line basis over the estimated life of the operating agreement.

Landfill Accounting-Accrued Capping, Closure and Post-Closure Costs

Capping includes installation of liners, drainage, compacted soil layers and topsoil over areas of a landfill where total airspace has been consumed and waste is no longer being received. Capping activities occur throughout the life of the landfill. Our engineering personnel estimate the cost for each capping event based on the acreage to be capped and the capping materials and activities required. The estimates also consider when these costs would actually be paid and factor in inflation and discount rates. The engineers then quantify the landfill capacity associated with each capping event and the costs for each event are amortized over that capacity as waste is received at the landfill.

Closure and post-closure costs represent future estimated costs related to monitoring and maintenance of a solid waste landfill, after a landfill facility ceases to accept waste and closes. We estimate, based on input from our engineers, accounting personnel and

consultants, our future cost requirements for closure and post-closure monitoring and maintenance based on our interpretation of the technical standards of the Subtitle D regulations and the air emissions standards under the Clean Air Act as they are being applied on a state-by-state basis. Closure and post-closure accruals for the cost of monitoring and maintenance include site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operation and maintenance costs to be incurred for a period which is generally for a term of 30 years after final closure of a landfill. In determining estimated future capping, closure and post-closure costs, we consider costs associated with permitted and permittable airspace.

Our estimates of costs to discharge capping, closure and post-closure asset retirement obligations for landfills are developed in today's dollars. These costs are then inflated to the period of performance using an estimate of

inflation which is updated annually (2.6% and 2.7% was used for fiscal years 2005 and 2006, respectively). Capping, closure and post-closure liabilities are discounted using the credit adjusted risk-free rate in effect at the time the obligation is incurred (7.6% to 9.5%). Accretion expense is necessary to increase the accrued capping, closure and post-closure liabilities to the future anticipated obligation. To accomplish this, the Company accretes its capping, closure and post-closure accrual balances using the same credit-adjusted, risk-free rate that was used to calculate the recorded liability. Accretion expense on recorded landfill liabilities is recorded to cost of operations from the time the liability is recognized until the costs are paid. Accretion expense amounted to $1,870, $2,201 and $2,224 in fiscal years 2004, 2005 and 2006, respectively.

The Company provides for the accrual and amortization of estimated future obligations for closure and post-closure based on tonnage placed into each site. With regards to capping, the liability is recognized and these costs are amortized based on the airspace related to the specific capping event.

Recovery of Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the remaining estimated useful life of such assets might warrant revision or that the balances may not be recoverable. An impairment loss is recorded if the amount by which the carrying amount of the assets exceeds their fair value. Fair value is usually determined based on the present value of estimated expected future cash flows using a discount rate commensurate with the risks involved.

Allowance for Doubtful Accounts

The Company estimates the allowance for bad debts based on historical collection experience, current trends, credit policy and a review of accounts receivable by aging category.

Self Insurance Reserves

The Company is self insured for vehicles and worker's compensation. Our maximum exposure in fiscal 2006 under the worker's compensation plan is $1,000, after which reinsurance takes effect. Our maximum exposure under the automobile plan is $750, after which reinsurance takes effect. The liability for unpaid claims and associated expenses, including incurred but not reported losses, is determined by management with the assistance of a third party actuary and reflected in the Company's consolidated balance sheet as an accrued liability. The Company uses a third party to track and evaluate actual claims experience for consistency with the data used in the annual actuarial valuation. The actuarially determined liability is calculated in part by reference to past claims experience, which considers both the frequency and settlement amount of claims. The Company's self insurance reserves totaled $11,506 and $13,699 at April 30, 2005 and 2006, respectively.

Income Taxes

The Company uses estimates to determine its provision for income taxes and related assets and liabilities and any valuation allowance recorded against its net deferred tax assets. Valuation allowances have been established for the possibility that tax benefits may not be realized for certain deferred tax assets.

(c) Revenue Recognition

The Company recognizes collection, transfer, recycling and disposal revenues as the services are provided. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred until the services are provided.

Revenues from the sale of electricity to local utilities by the Company's waste-to-energy facility (see Note 11) are recorded at the contract rate specified by its power purchase agreement as the electricity is delivered.

Revenues from the sale of recycled materials are recognized upon shipment. Rebates to certain municipalities based on sales of recyclable materials are recorded upon the sale of such recyclables to third parties and are included as a reduction of revenues. Revenues for processing of recyclable materials are recognized when the related service is provided. Revenues from brokerage of recycled materials are recognized at the time of shipment.

(d) Fair Value of Financial Instruments

The Company's financial instruments consist primarily of cash and cash equivalents, trade receivables, investments in closure trust funds, trade payables and debt instruments. The carrying values of these financial instruments approximate their respective fair values. See Note 10 for the terms and carrying values of the Company's various debt instruments.

(e) Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

(f) Inventory

Inventory includes secondary fibers, recyclables ready for sale and supplies and is stated at the lower of cost (first-in, first-out) or market. Inventory consisted of finished goods and supplies of approximately $2,538 and $2,975 at April 30, 2005 and 2006, respectively.

(g) Investments

In accordance with SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, the Company classifies its investment in equity securities as "available for sale." Accordingly, the carrying value of the securities is adjusted to fair value through other comprehensive income.

For the period ending April 30, 2004, the Company wrote down to fair value certain equity security investments. The write down amounted to $20 and was due to declines in the fair value which, in the opinion of management, was considered to be other than temporary. The write down is included in other (income) / expense in the accompanying consolidated statements of operations.

(h) Property, Plant and Equipment

Property, plant and equipment are recorded at cost, less accumulated depreciation and amortization. The Company provides for depreciation and amortization using the straight-line method by charges to operations in amounts that allocate the cost of the assets over their estimated useful lives as follows (See Note 5):

Asset Classification	Estimated Useful Life
Buildings and improvements	10-35 years
Machinery and equipment	2-15 years
Rolling stock	1-12 years
Containers	2-12 years

The cost of maintenance and repairs is charged to operations as incurred.

(i) Intangible Assets

Covenants not to compete and customer lists are amortized using the straight-line method over their estimated useful lives, typically no more than 10 years (See Note 6).

Under SFAS No. 142, *Goodwill and Other Intangible Assets*, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests at each fiscal year end. We evaluate goodwill for impairment based on fair value of each operating segment. We estimate fair value based on net future cash flows discounted using an estimated weighted average cost of capital. We recognize an impairment if the net book value exceeds the fair value of the discounted future cash flows. Other intangible assets will continue to be amortized over their useful lives.

(j) Investments in Unconsolidated Entities

The Company entered into an agreement in July 2000 with Louisiana-Pacific to combine their respective cellulose insulation businesses into a single operating entity, US GreenFiber LLC (“GreenFiber”) under a joint venture agreement effective August 1, 2000. The Company’s investment in GreenFiber amounted to $27,040 and $30,899 at April 30, 2005 and 2006, respectively. The Company accounts for its 50% ownership in GreenFiber under the equity method of accounting. GreenFiber is deemed to be a significant subsidiary in accordance with Rule 3-09 of Regulation S-X. Therefore, separate financial statements of GreenFiber are included as an exhibit to this Form 10-K.

In January 2006, the Company acquired a 20.0% interest in RecycleBank, LLC (“RecycleBank”) for total consideration of $3,000. The Company’s investment in RecycleBank amounted to $2,932 at April 30, 2006. The Company accounts for its investment in RecycleBank under the equity method of accounting.

Aggregated summarized financial information for the Company’s equity method investments is as follows:

	April 30, 2005	April 30, 2006
Current assets	$ 25,335	$ 31,592
Noncurrent assets	$ 41,084	$ 72,021
Current liabilities	$ 11,184	$ 23,662
Noncurrent liabilities	$ 997	$ 13,296

	Fiscal Year Ended April 30,		
	2004	2005	2006
Revenue	$ 116,057	$ 136,409	$ 178,836
Gross profit	$ 25,421	$ 28,218	$ 41,837
Net income	$ 4,523	$ 5,568	$ 10,455

A portion of the Company’s 50% interest in its New Heights joint venture was sold in September 2001 for consideration of $250. As a result of this sale, the Company retained an interest of 9.95% in the tire assets of New Heights, as well as all of its financial obligations related solely to the New Heights power plant. The Company’s investment in the power plant assets of New Heights amounted to $2,586 at April 30, 2003, and increased to $4,938 during fiscal 2004. On April 29, 2004 New Heights filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy code. New Heights took this action to reorganize its debts pending the outcome of an appeal filed with the Illinois Supreme Court for reconsideration of the previously announced Appellate Court decision which ruled against New Heights in its claim to receive a retail payment rate for electricity generated at the facility, or to liquidate in the event the Illinois Supreme Court decided not to hear the appeal. The investment in New Heights accordingly was written off as of April 30, 2004.

The company sold 80.1% of the equity of Recovery Technologies Group, Inc. (“RTG”) in September 2001 as part of the sale of its tire processing business. The Company retained a 19.9% indirect interest in the RTG tire collection and processing business which was valued at $3,080 at April 30, 2003. On April 22, 2004, the Company transferred its 19.9% indirect interest in RTG, as a result of a purchase option exercised by the purchasers of the original 80.1% interest, at no cost according to a previously agreed formula. Therefore the Company recorded a charge against operations to reduce the balance in the investment to zero at April 30, 2004.

Both the charges described above were recorded in other expense in fiscal year 2004 for a total charge of $8,018.

On October 6, 2004, the Illinois Supreme Court decided not to hear the appeal. On October 25, 2004, the Bankruptcy Judge confirmed the Liquidation Plan and the assets were sold to a third party on March 15, 2005. In fiscal 2005, the Company recorded in other expense/(income) costs of $667 related to debtor in possession financing offset by income of $117 upon liquidation.

In April 2003, the Company acquired a 9.9% interest in Evergreen National Indemnity Company ("Evergreen") for total consideration of $5,329. In December, 2003, the Company acquired an additional 9.9% interest in Evergreen for total consideration of $5,306. The Company's investment in Evergreen amounted to $10,657 at April 30, 2005 and 2006. The Company accounts for its investment in Evergreen under the cost method of accounting.

(k) Income Taxes

The Company records income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Under SFAS No. 109, deferred income taxes are recognized based on the expected future tax consequences of differences between the financial statement basis and the tax basis of assets and liabilities, calculated using currently enacted tax rates.

(l) Accrued Capping, Closure and Post-Closure Costs

Accrued capping, closure and post-closure costs include the current and non-current portion of accruals associated with obligations for capping, closure and post-closure of the Company's operating and closed landfills. The Company, based on input from its engineers, accounting personnel and consultants, estimates its future cost requirements for capping, closure and post-closure monitoring and maintenance for solid waste landfills based on its interpretation of the technical standards of the U.S. Environmental Protection Agency's Subtitle D regulations and the air emissions standards under the Clean Air Act as they are being applied on a state-by-state basis. Capping, closure and post-closure monitoring and maintenance costs represent the costs related to cash expenditures yet to be incurred when a landfill facility ceases to accept waste and closes.

Accruals for capping, closure and post-closure monitoring and maintenance requirements consider final capping of the site, site inspection, groundwater monitoring, leachate management, methane gas control and recovery, and operation and maintenance costs to be incurred during the period after the facility closes. Certain of these environmental costs, principally capping and methane gas control costs, are also incurred during the operating life of the site in accordance with the landfill operation requirements of Subtitle D and the air emissions standards. Reviews of the future cost requirements for capping, closure and post-closure monitoring and maintenance for the Company's operating landfills by the Company's engineers, accounting personnel and consultants are performed at least annually and are the basis upon which the Company's estimates of these future costs and the related accrual rates are revised prospectively. The Company provides accruals for these estimated costs as the remaining permitted airspace of such facilities is consumed.

The Company operates in states which require a certain portion of landfill capping, closure and post-closure obligations to be secured by financial assurance, which may take the form of restricted cash, surety bonds and letters of credit. Surety bonds securing closure and post-closure obligations at April 30, 2005 and 2006 totaled $49,157 and $78,476 respectively.

(m) Comprehensive Income

Comprehensive income is defined as the change in net assets of a business enterprise during a period from transactions generated from non-owner sources. It includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. Accumulated other comprehensive income included in the accompanying balance sheets consists of changes in the fair value of the Company's interest rate swap and commodity hedge agreements as well as the cumulative effect of the change in accounting principle due to the adoption of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities* (See Note 1(p)).

(n) Earnings per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is based on the combined weighted average number of common shares and potentially dilutive shares, which include, where appropriate, the assumed exercise of employee stock options and the conversion of convertible preferred stock. In computing diluted earnings per share, the Company utilizes the treasury stock method with regard to employee stock options and the "if converted" method with regard to its convertible preferred stock.

(o) Stock Based Compensation Plans

The Company has elected to account for its stock-based compensation plans under APB Opinion No. 25, *Accounting for Stock Issued to Employees*, for which no compensation expense is recorded in the statements of operations for the estimated fair value of stock options issued with an exercise price equal to the fair value of the underlying common stock on the grant date.

During fiscal 1996, the FASB issued SFAS No. 123, *Accounting for Stock-Based Compensation*, which defines a fair value based method of accounting for stock-based employee compensation and encourages all entities to adopt that method of accounting for all of their employee stock compensation plans. However, it also allows an entity to continue to measure compensation costs for those plans using the intrinsic method of accounting prescribed by APB Opinion No. 25. Entities electing to remain with the accounting in APB Opinion No. 25 must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting defined in SFAS No. 123 had been applied. In addition, the Company has adopted the disclosure requirements of SFAS No. 148, *Accounting for Stock-Based Compensation - Transition and Disclosure.*

In accordance with SFAS No. 123 and SFAS No. 148, the Company has computed, for pro forma disclosure purposes, the value of all options granted during the fiscal years ended April 30, 2004, 2005 and 2006 using the Black-Scholes option pricing model as prescribed by SFAS No. 123, using the following weighted average assumptions for grants in the fiscal years ended April 30, 2004, 2005 and 2006.

	Fiscal Year Ended April 30,		
	2004	2005	2006
Risk free interest rate	2.34%-3.39%	3.39%-3.97%	3.63%-4.23%
Expected dividend yield	N/A	N/A	N/A
Expected life	5 Years	5 Years	5 Years
Expected volatility	45.88%	40.35%	30.42%

The total value of options granted during the years ended April 30, 2004, 2005 and 2006 would be amortized on a pro forma basis over the vesting period of the options. Options generally vest over a one to three year period. If the Company had accounted for these plans in accordance with SFAS No. 123, the Company's net income and net income per share would have changed as reflected in the following pro forma amounts:

	Fiscal Year Ended April 30,		
	2004(1)	2005(1)	2006
Net income available to common stockholders, as reported	$ 4,853	$ 3,931	$ 7,672
Add: Compensation expense, net recorded for the acceleration of vesting of options previously awarded	—	—	24
Deduct: Total stock-based compensation expense determined under fair value based method, net	(1,038)	(1,372)	(2,167)
Pro forma, net income available to common stockholders	$ 3,815	$ 2,559	$ 5,529

Basic income per common share:			
As reported	$ 0.20	$ 0.16	$ 0.31
Pro forma	$ 0.16	$ 0.10	$ 0.22
Diluted income per common share:			
As reported	$ 0.20	$ 0.16	$ 0.30
Pro forma	$ 0.16	$ 0.10	$ 0.22

(1) Total stock-based compensation expense determined under fair value based method, net has been revised for fiscal years 2004 and 2005 to reflect the tax benefit associated with nonqualified stock option grants. This conforms to the fiscal year 2006 presentation.

Total stock-based compensation expense determined under fair value method, net for fiscal years 2004, 2005 and 2006 includes $72, $58 and $90 associated with the Company's Employee Stock Purchase Plan.

The net income available to common shareholders as reported for fiscal year 2006 reflects a one time charge of $39 ($24 net of tax) related to the accelerated vesting of options previously awarded. The total stock-based compensation expense determined under fair value based method for fiscal year 2006 includes $905 ($705 net of tax) related to the accelerated vesting of options previously awarded. This is the estimated amount of compensation expense that would have been recognized by the Company under the provisions of SFAS 123(R), *Share-Based Payment,* (SFAS 123R), as stock options vested, absent the acceleration. Refer to Note 13 for additional information related to the accelerated vesting of options previously awarded.

(p) Accounting for Derivatives and Hedging Activities

The Company accounts for derivatives and hedging activities in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities.* SFAS No.133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS No. 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. The Company's objective for utilizing derivative instruments is to reduce its exposure to fluctuations in cash flows due to changes in the variable interest rates under its credit facility and changes in the commodity prices of recycled paper.

The Company's strategy to hedge against fluctuations in variable interest rates involves entering into interest rate swaps that are specifically designated to existing interest payments under the credit facility and accounted for as cash flow hedges pursuant to SFAS No. 133.

The Company was party to two interest rate swaps outstanding, expiring in February, 2006, with an aggregate notional amount of $53,000. The Company evaluated these swaps and determined that these instruments qualified for hedge accounting pursuant to SFAS No. 133. These interest rate swaps were terminated on April 28, 2005 with the Company receiving net proceeds of $443, which was amortized against interest expense over the remaining original term of the swap contracts through February, 2006.

On May 9, 2005, the Company entered into three separate interest rate swap agreements with three banks for a notional amount of $75,000. The contracts are forward starting contracts that will effectively fix the interest index rate on the entire notional amount at 4.4% from May 4, 2006 through May 5, 2008. These agreements will be specifically designated to interest payments under the revolving credit facility and will be accounted for as effective cash flow hedges pursuant to SFAS No. 133. The fair value of these swaps was $1,091, with the net amount (net of taxes of $442) recorded as an unrealized gain in other comprehensive income at April 30, 2006. Amounts reclassified into earnings are dependent on future movements in interest rates.

The Company's strategy to hedge against fluctuations in the commodity prices of recycled paper is to enter into hedges to mitigate the variability in cash flows generated from the sales of recycled paper at floating prices, resulting in a fixed price being received from these sales. The Company has entered into thirty-six commodity hedges,

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which expire at various times between May 2006 and November 2008. The Company has evaluated these hedges and believes that these instruments qualify for hedge accounting pursuant to SFAS No. 133. The fair value of these hedges was an obligation of $1,488 and $773, with the net amount (net of taxes of $592 and $313) recorded as an unrealized loss in accumulated other comprehensive income at April 30, 2005 and 2006, respectively.

(q) Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable. Concentration of credit risk with respect to accounts receivable is limited because a large number of geographically diverse customers comprise the Company's customer base, thus spreading the trade credit risk. For the years ended April 30, 2005 and 2006, no single group or customer represents greater than 3.4% of total accounts receivable. The Company controls credit risk through credit evaluations, credit limits, credit insurance and monitoring procedures. The Company performs credit evaluations for commercial and industrial customers and performs ongoing credit evaluations of its customers, but generally does not require collateral to support accounts receivable. Credit risk related to derivative instruments results from the fact the Company enters into interest rate and

commodity price swap agreements with various counterparties. However, the Company monitors its derivative positions by regularly evaluating positions and the credit worthiness of the counterparties.

2. NEW ACCOUNTING STANDARDS

Effective May 1, 2003, the Company adopted SFAS No. 143, *Accounting for Asset Retirement Obligations*. Through April 30, 2003 the Company recognized expenses associated with (i) amortization of capitalized and future landfill asset costs and (ii) future closure and post-closure obligations on a units-of-consumption basis as airspace was consumed over the life of the related landfill. This practice, referred to as life-cycle accounting within the waste industry, continues to be followed, with the exception of future landfill capping costs. As a result of the adoption of SFAS No. 143, future capping costs are identified by specific capping event and amortized over the specific estimated capacity related to that event rather than over the life of the entire landfill, as was the practice prior to our adoption of SFAS No. 143.

Upon adoption, SFAS No. 143 required a cumulative change in accounting for landfill obligations retroactive to the date of the inception of the landfill. Inception of the asset retirement obligation is the date operations commenced or the date the asset was acquired. To do this, SFAS No. 143 required the creation of the related landfill asset, net of accumulated amortization and an adjustment to the capping, closure and post-closure liability for cumulative accretion. At May 1, 2003, the Company recorded a cumulative effect of change in accounting principle of $2,723 (net of taxes of $1,856).

In December 2004, the FASB issued SFAS No. 123R. SFAS No. 123R replaces SFAS No. 123 and supersedes APB Opinion No. 25 and requires public companies to recognize compensation expense for the cost of awards of equity instruments. This compensation cost will be measured as the fair value of the award on the grant date estimated using an option-pricing model. SFAS No. 123R will become effective at the beginning of the first fiscal year after June 15, 2005. The Company will adopt SFAS No. 123R effective May 1, 2006, which is expected to result in increased compensation expense in future periods. See Note 13.

In April 2005, the FASB issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations — an interpretation of FASB Statement No. 143.* (FIN No. 47). FIN No. 47 expands on the accounting guidance of SFAS No. 143, *Accounting for Asset Retirement Obligations* (SFAS No. 143), providing clarification of the term, conditional asset retirement obligation, and guidelines for the timing of recording the obligation. The Company adopted SFAS No. 143 effective May 1, 2003. The interpretation is effective for fiscal years ending after December 15, 2005. The adoption of FIN No. 47 did not have a material impact on the Company's financial position or results of operations.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections* (SFAS No. 154) which replaces APB Opinion No. 20, *Accounting Changes* (APB No. 20), and SFAS No. 3, *Reporting Accounting Changes in Interim Financial Statements — An Amendment of APB Opinion No. 28*. SFAS No. 154 provides guidance

on the accounting for and reporting of accounting changes and error corrections. Specifically, this statement requires "retrospective application" of the direct effect for a voluntary change in accounting principle to prior periods' financial statements, if it is practicable to do so. SFAS No. 154 also strictly redefines the term "restatement" to mean the correction of an error by revising previously issued financial statements. SFAS No. 154 replaces APB No. 20, which requires that most voluntary changes in accounting principle be recognized by including in net income of the period of the change the cumulative effect of changing to the new accounting principle. Unless adopted early, SFAS No. 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS No. 154 to have a material impact on our financial position or results of operations.

3. BUSINESS COMBINATIONS

The Company acquired eleven, ten and fifteen solid waste hauling, landfill disposal or material recycling operations in fiscal years ended April 30, 2004, 2005 and 2006, respectively, in transactions accounted for as purchases. Accordingly, the operating results of these businesses are included in the accompanying consolidated statements of operations from the dates of acquisition, and the

purchase prices have been allocated to the net assets acquired based on fair values at the dates of acquisition, with the residual amounts allocated to goodwill. The purchase prices allocated to those net assets acquired were as follows:

	April 30, 2005	2006
Current assets	$ 1	$ (1,254)
Property, plant and equipment	4,624	12,449
Goodwill	5,165	13,939
Intangible assets	608	943
Current liabilities	(226)	(3,406)
Other non-current liabilities	—	(2,658)
Total	$ 10,172	$ 20,013

The following unaudited pro forma combined information shows the results of the Company's operations for the fiscal years ended April 30, 2005 and 2006 as though each of the acquisitions completed in the fiscal years ended April 30, 2005 and 2006 had occurred as of May 1, 2004.

	Fiscal Year Ended April 30, 2005	2006
Revenues	$ 496,671	$ 532,285
Operating income	$ 43,864	$ 43,523
Net income	$ 8,117	$ 11,395
Diluted pro forma net income per common share	$ 0.32	$ 0.45
Weighted average diluted shares outstanding	25,193	25,368

The pro forma results have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations had the acquisitions taken place or the results of future operations of the Company. Furthermore, the pro forma results do not give effect to all cost savings or incremental costs that may occur as a result of the integration and consolidation of the completed acquisitions.

4. RESTRICTED CASH

Restricted cash consists of cash held in trust on deposit with various banks as collateral for the Company's financial obligations relative to its self insurance claims liability as well as landfill capping, closure and post-closure costs and other facilities' closure costs. Cash is also restricted by specific agreement for facilities' maintenance and other purposes. Restricted cash at April 30, 2006 also includes remaining proceeds related to the Company's issuance of $25,000 Finance Authority of Maine Solid Waste Disposal Revenue Bonds. See Note 10 for more information on the issuance.

A summary of restricted cash is as follows:

	April 30, 2005	2006
Current:		
Landfill closure	$ 70	$ 72
Total	$ 70	$ 72

	April 30, 2005	2006
Non Current:		
Insurance	$ 12,124	$ 12,418
Revenue bond proceeds	—	5,469
Total	$ 12,124	$ 17,887

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment at April 30, 2005 and 2006 consist of the following:

	April 30, 2005	April 30, 2006
Land	$ 18,413	$ 21,651
Landfills	244,084	299,636
Landfill operating lease contracts	50,789	59,857
Buildings and improvements	72,128	94,296
Machinery and equipment	181,510	203,955
Rolling stock	119,838	133,880
Containers	50,894	56,817
	737,656	870,092
Less: accumulated depreciation and amortization	324,903	388,808
	$ 412,753	$ 481,284

Depreciation expense for the fiscal years ended April 30, 2004, 2005 and 2006 was $35,334, $36,570 and $39,469, respectively. Landfill amortization expense for the fiscal years ended April 30, 2004, 2005 and 2006 was $22,689, $27,588 and $23,823, respectively. Depletion expense on landfill operating lease contracts for the fiscal years ended April 30, 2004, 2005 and 2006 was $1,248, $4,785 and $6,284, respectively and was recorded in cost of operations.

6. INTANGIBLE ASSETS

Intangible assets at April 30, 2005 and 2006 consist of the following:

	Covenants not to compete	Customer lists	Licensing Agreements	Total
Balance, April 30, 2005				
Intangible assets	$ 16,299	$ 688	$ —	$ 16,987
Less accumulated amortization	(13,670)	(606)	—	(14,276)
	$ 2,629	$ 82	$ —	$ 2,711
Balance, April 30, 2006				
Intangible assets	$ 16,654	$ 688	$ 920	$ 18,262
Less accumulated amortization	(14,771)	(688)	(41)	(15,500)
	$ 1,883	$ —	$ 879	$ 2,762

The following table shows the activity and balances related to goodwill from April 30, 2004 through April 30, 2006:

	Balance April 30, 2004	Acquisitions	Divestitures	Other(1)	Balance April 30, 2005
North Eastern region	$ 25,770	$ —	$ —	$ (430)	$ 25,340
South Eastern region	30,490	1,156	—	(1)	31,645
Central region	28,684	1,477	—	(3)	30,158
Western region	50,918	2,532	—	—	53,450
FCR Recycling	21,368	—	(1,821)	(2,648)	16,899
Total	$ 157,230	$ 5,165	$ (1,821)	$ (3,082)	$ 157,492

	Balance April 30, 2005	Acquisitions	Divestitures	Other(1)	Balance April 30, 2006
North Eastern region	$ 25,340	$ —	$ —	$ (13)	$ 25,327
South Eastern region	31,645	—	—	—	31,645
Central region	30,158	1,021	(79)	6	31,106
Western region	53,450	2,251	—	(5)	55,696
FCR Recycling	16,899	10,667	—	(82)	27,484
Total	$ 157,492	$ 13,939	$ (79)	$ (94)	$ 171,258

(1) Consists primarily of a decrease in Federal and state tax valuation allowances related to goodwill acquired as part of the KTI acquisition.

Intangible amortization expense for the fiscal years ended April 30, 2004, 2005 and 2006 was $1,572, $1,478 and $1,297, respectively. The intangible amortization expense estimated as of April 30, 2006, for the five fiscal years following the fiscal year ended April 30, 2006 is as follows:

Fiscal Year Ended April 30,				
2007	2008	2009	2010	2011
$828	$ 554	$ 374	$ 262	$ 170

7. NET ASSETS UNDER CONTRACTUAL OBLIGATION

Effective September 30, 2002, the Company transferred its export brokerage operations to former employees, who had been responsible for managing that business. Consideration for the transaction was in the form of two notes receivable, amounting to $5,460. These notes were payable within five years of the anniversary date of the transaction to the extent of free cash flow generated from the operations.

Effective June 30, 2003, the Company entered into a similar transaction transferring its domestic brokerage operations as well as a commercial recycling business to former employees who had been responsible for managing those businesses. Consideration for the transaction was in the form of two notes receivable amounting up to $6,925. These notes are payable within twelve years of the anniversary date of the transaction to the extent of free cash flow generated from the operations. Interest is payable only in the event of default upon which interest is payable on the unpaid principal balance at an adjustable rate equal to the Company's then current average composite borrowing rate plus 4.0% per annum.

Effective August 1, 2005, the Company transferred its Canadian recycling operation to a former employee who had been responsible for managing that business. Consideration for this transaction was in the form of a note receivable amounting up to $1,313 which is payable within six years of the anniversary date of the transaction to the extent of free cash flow generated from the operations. Interest is payable only in the event of default upon which interest is payable on the unpaid principal balance at an adjustable rate equal to the Company's then current average composite borrowing rate plus 4.0% per annum.

The Company did not initially account for any of these transactions as a sale based on an assessment that the risks and other incidents of ownership had not sufficiently transferred to the buyer. Effective April 1, 2004, the notes from the buyer of the export brokerage operations were paid in full and accordingly the Company was able to account for the transfer of the export brokerage operations as a sale, for total consideration of $4,984. The gain on the sale amounted to $1,144 and is included in other income for fiscal year 2004.

The net assets of the domestic brokerage operations and the Canadian recycling operation are disclosed in the balance sheet as "net assets under contractual obligation" and are being reduced as payments are made; they amounted to $1,392 and $937 at April 30, 2005 and 2006, respectively.

8. ACCRUED CAPPING, CLOSURE AND POST CLOSURE

Accrued capping, closure and post-closure costs include the current and non-current portion of costs associated with obligations for closure and post-closure of our landfills. The Company estimates its future capping, closure and post-closure costs in order to determine the capping, closure and post-closure expense per ton of waste placed into each landfill as further described in

Note 1(l) to the consolidated financial statements. The anticipated timeframe for paying these costs varies based on the remaining useful life of each landfill, as well as the duration of the post-closure monitoring period. The changes to accrued capping, closure and post-closure liabilities are as follows:

	Fiscal Year Ended April 30,		
	2004	2005	2006
Beginning balance, May 1	$ 25,949	$ 25,223	$ 26,628
Cumulative effect of change in accounting principle(1)	(7,855)	—	—
Capping, closure, and post-closure liability, adjusted	18,094	25,223	26,628
Obligations incurred	4,556	4,774	4,330
Revisions in estimates	(1,371)	(2,795)	(1,252)
Accretion expense	1,871	2,201	2,224
Payments(2)	(2,707)	(6,068)	(3,914)
Acquisitions and other adjustments(3)	4,780	3,293	—
Balance, April 30	$ 25,223	$ 26,628	$ 28,016

(1) Upon adoption of SFAS No. 143, on May 1, 2003, the Company recorded a cumulative effect of change in accounting principle of $2.7 million (net of taxes of $1.9 million). In addition the Company recorded a decrease in our capping, closure and post-closure obligations of $7.9 million, and a decrease in the Company's net landfill assets of $3.2 million.

(2) Spending levels increased in fiscal year 2005 mainly due to closure activities at the Company's Southbridge, Massachusetts landfill.

(3) The increase in fiscal 2005 is as a result of capping, closure and post-closure accruals relating to the acquisition of the Southbridge, Massachusetts landfill operating contract.

9. OTHER ACCRUED LIABILITIES

Other accrued liabilities at April 30, 2005 and 2006 consist of the following:

	April 30,	
	2005	2006
Self insurance reserve	$ 9,760	$ 11,639
Other accrued liabilities	14,759	16,735
Total other accrued liabilities	$ 24,519	$ 28,374

10. LONG-TERM DEBT

Long-term debt as of April 30, 2005 and 2006 consists of the following:

	April 30, 2005	April 30, 2006
Senior subordinated notes, due February 1, 2013, 9.75%, interest payable semiannually, unsecured and unconditionally guaranteed (including unamortized premium of $5,460 and $4,924)	$ 200,460	$ 199,924
Senior secured revolving credit facility (the “revolver”), which provides for advances or letters of credit of up to $350,000, due April 28, 2010, bearing interest at LIBOR plus 2.25%, (approximately 7.20% at April 30, 2006 based on three month LIBOR). This loan is secured by substantially all of the assets of the Company	177,300	226,900
Finance authority of Maine Solid Waste Disposal Revenue Bonds Series 2005, dated December 1, 2005, bearing interest at BMA Index (approximately 3.85% at April 30, 2006) enhanced by an irrevocable, transferable direct-pay letter of credit (2.25% at April 30, 2006). Due January 1, 2025	—	25,000
Notes payable in connection with businesses acquired, bearing interest at rates of 0% - 7.51%, due in monthly, quarterly or annual installments varying to $43, expiring September 2006 through March 2011	957	1,423
	378,717	453,247
Less - current maturities	281	527
	$ 378,436	$ 452,720

On January 24, 2003, the Company issued $150,000 of 9.75% senior subordinated notes (the “notes”), due 2013. The senior subordinated note agreement contains covenants that restrict dividends, stock repurchases and other payments, and limits the incurrence of debt and issuance of preferred stock. The notes are guaranteed jointly and severally, fully and unconditionally by the Company and its significant subsidiaries.

On February 2, 2004, the Company issued an additional $45,000 of 9.75% senior subordinated notes due 2013. Proceeds from the issuance were used to repay outstanding indebtedness under the Company’s revolving credit facility, to pay transaction costs related to the offering and for general corporate purposes, including acquisitions. The notes were issued at a premium of $6,075, which will be amortized over the life of the notes. Premium amortization of $497 and $536 was recorded to interest expense in fiscal 2005 and 2006, respectively, using the effective interest rate method.

On April 29, 2005, the Company entered into a senior credit facility with a group of banks for which Bank of America is acting as agent. The facility consists of a senior secured revolving credit facility in the amount of $350,000. Under certain circumstances the Company has the option of increasing the credit facility by an additional $100,000 provided that the Company is not in default at the time of the increase, and subject to the receipt of commitments from lenders for such additional amount. This credit facility is secured by all of the Company’s assets, including our interest in the equity securities of the Company’s subsidiaries. The revolving credit facility matures

April 2010. The initial borrowings under the credit facility were used to repay all outstanding indebtedness under the former credit facility. The former senior credit facility consisted of a $175,000 senior secured revolving credit facility and a senior secured term “B” loan. Further advances were available under the revolver in the amount of $140,413 and $65,374 as of April 30, 2005 and 2006, respectively. These available amounts are net of outstanding irrevocable letters of credit totaling $32,287 and $57,726 as of April 30, 2005 and 2006. As of April 30, 2005 and 2006 no amounts had been drawn under the outstanding letters of credit.

On December 28, 2005, the Company completed a $25,000 financing transaction involving the issuance by the Finance Authority of Maine (the “Authority”) of $25,000 aggregate principal amount of its Solid Waste Disposal Revenue Bonds Series 2005 (the “Bonds”). The Bonds are issued pursuant to an indenture, dated as of December 1, 2005 (the “Indenture”) and are enhanced by an irrevocable, transferable direct-pay letter of credit issued by Bank of America, N.A. Pursuant to a Financing Agreement, dated as of December 1, 2005, by and between the Company and the Authority, the Company has borrowed the proceeds of the Bonds to pay for certain costs relating to (1) landfill development and construction, vehicle, container and related equipment acquisition for solid waste collection and transportation services, improvements to existing solid waste disposal, hauling, transfer station and other facilities, other infrastructure improvements, and machinery and equipment for solid waste disposal operations owned and operated by the Company, or a related party, all located in Maine; and (2) the issuance of the Bonds. At April 30, 2006, remaining issuance proceeds of $5,469 were recorded as restricted cash to be used to pay for the further capital costs as they are incurred.

The senior revolving credit facility agreement contains covenants that may limit the Company’s activities including covenants that forbid the payment of dividends on common stock. As of April 30, 2006, these covenants restricted capital expenditures to 2.00

times depreciation and landfill amortization, set a minimum net worth requirement of $156,475, a minimum interest coverage ratio of 2.75, a maximum consolidated total funded debt to consolidated EBITDA ratio of 4.75 and a maximum senior funded debt to consolidated EBITDA ratio of 3.00. As of April 30, 2006, the company was in compliance with all covenants.

The Company completed an amendment to the credit facility agreement on June 2, 2006. This amended the capital expenditure covenant to 2.00X depreciation and landfill amortization effective April 30, 2006. The minimum interest coverage ratio was amended and will decrease from a ratio of 2.75 to 3.50 for the period July 31, 2007 through July 31, 2008. The maximum consolidated total funded debt to consolidated EBITDA ratio increased to 5.25 effective July 31, 2006 through April 30, 2007; reducing to 5.00 from July 31, 2007 through April 30, 2008 and 4.75 thereafter. In the event that all of the Company's Series A Preferred Stock are converted into common stock, the consolidated total funded debt to consolidated EBITDA ratio shall not exceed 4.75 in the quarter that the conversion occurs and thereafter. The maximum senior funded debt to consolidated EBITDA ratio increased to 3.35 effective July 31, 2006 through April 30, 2007 and 3.25 thereafter.

The Company recorded a loss on extinguishment of debt of $1,716 in fiscal 2005 as a result of the write-off of deferred financing costs related to the former credit facility.

The Company has historically entered into interest rate swap agreements to balance fixed and floating rate debt interest risk in accordance with management's criteria. The agreements are contracts to exchange fixed and floating interest rate payments periodically over a specified term without the exchange of the underlying notional amounts. The agreements provide only for the exchange of interest on the notional amounts at the stated rates, with no multipliers or leverage. Differences paid or received over the life of the agreements are recorded in the consolidated financial statements as additions to or reductions of interest expense on the underlying debt.

The Company was party to two interest rate swaps outstanding, expiring in February 2006, with an aggregate notional amount of $53,000. The Company evaluated these swaps and determined that these instruments qualified for hedge accounting pursuant to SFAS No. 133. These interest rate swaps were terminated on April 28, 2005 concurrent with the Company entering into the new senior credit facility. The Company received net proceeds of $443 which were amortized against interest expense over the remaining original term of the swap contracts through February 2006.

On May 9, 2005, the Company entered into three separate interest rate swap agreements with three banks for a notional amount of $75,000. The contracts are forward starting contracts that will effectively fix the interest index rate on the entire notional amount at 4.4% from May 4, 2006 through May 5, 2008. These agreements will be specifically designated to interest payments under the revolving credit facility and will be accounted for as effective cash flow hedges pursuant to SFAS No. 133. As of April 30, 2006, interest rate swap agreements in notional amounts and with terms as set forth in the following table were outstanding:

Bank	Notional Amounts	Receive	Pay	Range of Agreement
Bank A	$25,000	LIBOR	4.444%	May 2006 to May 2008
Bank B	$25,000	LIBOR	4.444%	May 2006 to May 2008
Bank C	$25,000	LIBOR	4.440%	May 2006 to May 2008

As of April 30, 2006, debt matures as follows:

Fiscal Year Ended April 30,	
2007	$ 527
2008	273
2009	265
2010	227,106
2011	152
Thereafter(1)	224,924
	$ 453,247

(1) Includes unamortized premium of $4,924.

11. COMMITMENTS AND CONTINGENCIES

(a) Leases

The following is a schedule of future minimum lease payments, together with the present value of the net minimum lease payments under capital leases, as of April 30, 2006:

	Operating Leases	Capital Leases
Fiscal Year Ended April 30,		
2007	$ 11,044	$ 1,228
2008	10,413	1,201
2009	9,392	458
2010	8,570	169
2011	4,634	67
Thereafter	142,182	—
Total minimum lease payments	$ 186,235	3,123
Less-amount representing interest		315
		2,808
Less-current maturities of capital lease obligations		1,061
Present value of long term capital lease obligations		$ 1,747

The Company leases real estate, compactors and hauling vehicles under leases that qualify for treatment as capital leases. The assets related to these leases have been capitalized and are included in property and equipment at April 30, 2005 and 2006. The Company leases operating facilities and equipment under operating leases with

monthly payments varying to $50. Total rent expense under operating leases charged to operations was $4,970, $4,882 and $4,651 in fiscal years ended April 30, 2004, 2005 and 2006, respectively.

During fiscal 2004, the Company entered into three landfill operation and management agreements and one landfill operation and management agreement in fiscal 2006. These agreements are long-term landfill operating contracts with government bodies whereby the Company receives tipping revenue, pays normal operating expenses and assumes future capping, closure and post-closure liabilities. The government body retains ownership of the landfill. There is no bargain purchase option and title to the property does not pass to the Company at the end of the lease term. The Company allocated the consideration paid to the landfill airspace rights and underlying land lease based on the relative fair values.

In addition to up-front or one-time payments, the landfill operating agreements require the Company to make future minimum rental payments, including success/expansion fees, other direct costs and capping, closure, and post closure costs. The value of all future probable lease payments are amortized and charged to cost of operations over the life of the contract. The Company amortizes the consideration allocated to airspace rights as airspace is utilized on a units-of-consumption basis and such depletion is charged to cost of operations as airspace is consumed i.e. as tons are placed into the landfill. The underlying value of the land lease is amortized to cost of operations on a straight-line basis over the estimated life of the operating agreement. Depletion expense on landfill operating lease contracts charged to operations was $1,248, $4,785 and $6,284 in fiscal years ended April 30, 2004, 2005 and 2006, respectively.

(b) Waste-to-Energy Facility

The Company owns a 100% interest in Maine Energy, which utilizes non-hazardous solid waste as the fuel for the generation of electricity. Maine Energy sells the electricity it produces to Central Maine Power (“Central Maine”) pursuant to a long-term power purchase agreement. Under this agreement, Maine Energy has agreed to sell energy to Central Maine through May 31, 2007 at an initial rate of 7.18 cents (determined in 1996) per kilowatt-hour (“kWh”), which escalates annually by 2% (9.18 cents per kWh as of April 30, 2006). From June 1, 2007 until December 31, 2012, Maine Energy is to be paid the then current market value for both its energy and capacity by Central Maine.

If, in any year, Maine Energy fails to produce 100,000,000 kWh of electricity and Maine Energy does not have a force majeure defense, such as physical damage to the plant or other similar events, Maine Energy must pay approximately $3,750 to Central Maine as liquidated damages. This payment obligation is secured by a letter of credit with a bank. Additionally, if, in any year, Maine Energy fails to produce 15,000,000 kWh of electricity and Maine Energy does not have a force majeure defense, Maine Energy must

pay the balance of the letter of credit to Central Maine as liquidated damages. The balance of the letter of credit at April 30, 2006 was $7,500.

Maine Energy produced and sold 150,732,000 kWh, 156,146,000 kWh and 163,065,000 kWh of electricity to Central Maine in the fiscal years ended April 30, 2004, 2005 and 2006, respectively, thereby meeting its kWh requirements under the power purchase agreement.

Under the terms of a waste handling agreement between certain municipalities and Maine Energy, the latter is obligated to make a payment at the point in time that Maine Energy pays off its debt obligations (as defined), currently estimated to occur in 2008, or upon the consummation of an outright sale of Maine Energy. The obligation has been estimated by management and recorded at $5,313. Management believes the possibility of material loss in excess of this amount is remote.

(c) Legal Proceedings

In the normal course of its business and as a result of the extensive governmental regulation of the waste industry, the Company may periodically become subject to various judicial and administrative proceedings involving Federal, state or local agencies. In these proceedings, an agency may seek to impose fines on the Company or to revoke, or to deny renewal of, an operating permit held by the Company. In addition, the Company may become party to various claims and suits for alleged damages to persons and property, alleged violation of certain laws and for alleged liabilities arising out of matters occurring during the normal operation of the waste management business.

The New Hampshire Superior Court in Grafton County, NH ruled on February 1, 1999 that the Town of Bethlehem, NH could not enforce an ordinance purportedly prohibiting expansion of the Company's landfill subsidiary North Country Environmental Services, Inc. ("NCES"), at least with respect to 51 acres of NCES's 105 acre parcel, based upon certain existing land-use approvals. As a result, NCES was able to construct and operate "Stage II, Phase II" of the landfill. In May 2001, the Supreme Court denied the Town's appeal. Notwithstanding the Supreme Court's 2001 ruling, the Town continued to assert jurisdiction to conduct unqualified site plan review with respect to Stage III (which is within the 51 acres) and further stated that the Town's height ordinance and building permit process may apply to Stage III. On September 12, 2001, the Company filed a petition for, among other things, declaratory relief. On December 4, 2001, the Town filed an answer to the Company's petition asserting counterclaims seeking, among other things, authorization to assert site plan review over Stage III, which commenced operation in December 2000, as well as the methane gas utilization/leachate handling facility operating in connection with Stage III, and also an order declaring that an ordinance prohibiting landfills applies to Stage IV expansion. The trial on these claims was held in December 2002 and on April 24, 2003, the Grafton Superior Court upheld the Town's 1992 ordinance preventing the location or expansion of any landfill, ruling that the ordinance may be applied to any part of Stage IV that goes beyond the 51 acres; ruling that the Town's height ordinance is valid within the 51 acres; upholding the Town's right to require Site Plan Review, except that there are certain areas within the Town's Site Plan Review regulation that are preempted; and ruling that the methane gas utilization/leachate handling facility is not subject to the Town's ordinance forbidding incinerators. On May 27, 2003, NCES appealed the Court ruling to the New Hampshire Supreme Court. On March 1, 2004, the Supreme Court issued an opinion affirming that NCES has all of the local approvals that it needs to operate within the 51 acres and that the Town cannot therefore require site plan review for landfill development within the 51 acres. The Supreme Court's opinion left open for further review the question of whether the Town's 1992 ordinance can prevent expansion of the facility outside the 51 acres, remanding to the Superior Court four issues, including two defenses raised by NCES as grounds for invalidating the 1992 ordinance. On April 19, 2005, the Superior Court judge granted NCES' motion for partial summary judgment, ruling that the 1992 ordinance is invalid because it distinguishes between "users" of land rather than "uses" of land, and that a state statute preempts the Town's ability to issue a building permit for the methane gas utilization/leachate handling facility to the extent the Town's regulations relate to design, installation, construction, modification or operation. After this ruling, the Town amended its counterclaim to request a declaration that another zoning ordinance it enacted in March of 2005 is lawful and prevents the expansion of the landfill outside of the 51 acres. In the Fall of 2005 NCES and the Town engaged in private mediation in an effort to resolve the disputes between them, but the mediation was unsuccessful. NCES filed a motion with the court on December 15, 2005 for partial summary judgment asserting six different arguments challenging the lawfulness of the March 2005 amendment to the zoning ordinance, and the town has filed a cross-motion on January 13, 2006 for partial summary judgment on the same issue. On February 13, 2006, NCES filed its objection with the Grafton Superior Court to the Town's cross-motion for summary judgment. In April 2006, the court ruled against NCES on the applicability of all six arguments challenging the lawfulness of the March 2005 ordinance and NCES filed a motion for reconsideration. On May 30, 2006, the judge issued a ruling on the motion for reconsideration, reversing herself with respect to two of the six arguments she earlier ruled to be invalid, thereby preserving such argument for trial. Additionally, several issues related to the March 2005 amendment that were not the subject of such motions remain to be decided by a trial, in addition to the issues remanded by

the Supreme Court, which include whether the Town can impose site plan review requirements outside the 51 acres, and whether the 1992 ordinance contravenes the general welfare of the community. On June 6, 2006, the Town rejected a settlement proposal from NCES at a special town meeting. A conference will be held on June 30, 2006 with the judge to establish a discovery schedule and a potential trial date.

On January 10, 2002, the City of Biddeford, Maine filed a lawsuit in York County Superior Court in Maine alleging breach of the waste handling agreement among the Biddeford-Saco Waste Handling Committee, the cities of Biddeford and Saco, Maine and the Company's subsidiary Maine Energy for (1) failure to pay the residual cancellation payments in connection with the Company's merger with KTI and (2) processing amounts of waste above contractual limits without notice to the City. On May 3, 2002, the City of Saco filed a lawsuit in York County Superior Court against the Company, Maine Energy and other subsidiaries. The complaint in that action, which was amended by the City of Saco on July 22, 2002, alleges breaches of the 1991 waste handling agreement for failure to

pay the residual cancellation payment, which Saco alleges is due as a result of, among other things, (1) the Company's merger with KTI and (2) Maine Energy's failure to pay off certain limited partner loans in accordance with the terms of the agreement. The complaint also seeks damages for breach of contract and a court order requiring the Company to provide an accounting of all transactions since May 3, 1996 involving transfers of assets to or for the benefit of the equity owners of Maine Energy. On June 6, 2002, the additional 13 municipalities that were parties to the 1991 waste handling agreements filed a lawsuit in York County Superior Court against Maine Energy alleging breaches of the 1991 waste handling agreements for failure to pay the residual cancellation payment which they allege is due as a result of (1) the Company's merger with KTI; and (2) failure to pay off the limited partner loans when funds were allegedly available. On July 25, 2002, the three actions were consolidated for purposes of discovery, case management and pretrial proceedings. On December 23, 2003, the action brought by the Tri-County Towns against Maine Energy was stayed pursuant to a court order as a result of a conditional settlement reached by the parties. The settlement became final, and, on or about July 8, 2004, the Tri-County Towns' action was dismissed with prejudice pursuant to stipulation by the parties. The litigation brought by the remaining Cities of Biddeford and Saco is currently in the discovery phase. Simultaneously, the Company is engaged in settlement negotiations with the City of Biddeford concerning the claims asserted in these actions and other matters, however, at this stage it is impossible to predict whether a settlement will be reached. The Company has vigorously contested the claims asserted by the cities. The Company believes it has meritorious defenses to these claims.

On or about December 3, 2003, Maine Energy was served with a complaint filed in the United States District Court for the District of Maine. The complaint was a citizen suit under the federal Clean Air Act ("CAA") and similar state law alleging (1) emissions of volatile organic compounds ("VOCs") in violation of its federal operating permit; (2) failure to accurately identify emissions; and (3) failure to control VOC emissions through implementation of reasonably available control technology. In addition, the complaint alleged that Maine Energy was negligent and that the subject emissions cause odors and constitute a public nuisance. The allegations related to Maine Energy's waste-to-energy facility located in Biddeford, Maine and its construction, installation and operation of a new odor control system which redirects air from tipping and processing buildings to a boiler building for treatment by three air vents. The complaint sought an unspecified amount of civil penalties, damages, injunctive relief and attorney's fees. The court allowed the City's requests to amend its complaint to assert (1) an additional CAA claim that Maine Energy filed with the Maine DEP a compliance certification for calendar year 2002 which failed to disclose required information concerning VOC emissions, and (2) an additional claim that the installation of the odor control system constituted a major modification under the Maine DEP air rules, which required Maine Energy to obtain emission offsets and to apply the most stringent level of emission control known as the Lowest Available Emission Rate or LAER. This latter amendment sought additional relief in the form of an order requiring that Maine Energy obtain emission offsets and apply LAER to emissions from its tipping and processing operations. On June 2, 2004, the City of Biddeford dismissed the subject complaint without prejudice while settlement negotiations take place. On or about May 25, 2004, Maine Energy received a revised 60-Day Notice of Intent to Sue under the CAA from the Cities of Biddeford and Saco. The Notice states that the Cities intend to refile suit under the CAA in the event that the ongoing settlement negotiations do not resolve the claims. On or about July 22, 2004 and March 28, 2005, Maine Energy received from the United States Environmental Protection Agency ("EPA") a request for information pursuant to section 114(a)(1) of the CAA, which states that the EPA is evaluating whether the Maine Energy facility is in compliance with the CAA, CAA regulations, and licenses issued under the CAA. Maine Energy has fully cooperated with the EPA in connection with these requests for information pertaining to VOC emissions issues and is currently engaged in settlement discussions.

On March 2, 2005, the Company's subsidiary Casella Waste Management of Pennsylvania, Inc. ("CWMPA") was issued an Administrative Order by the Pennsylvania Department of Environmental Protection ("DEP") revoking CWMPA's transfer station permit for its 75-ton-per-day transfer station located in Wellsboro, Pennsylvania and ordering that the site be closed. The DEP based its decision on certain alleged violations related to recordkeeping and site management over a five-year period. On March 10, 2005,

CWMPA appealed the Order to the State's Environmental Hearing Board ("EHB"). The Pennsylvania Attorney General's Office is also conducting a criminal investigation of the allegations. On March 17, 2005, CWMPA and the DEP mutually agreed to a Supersedeas Order approved by the EHB which superseded the March 2, 2005 DEP Order, stating that CWMPA agreed to (i) voluntarily cease operations at the transfer station until May 16, 2005; (ii) relocate its hauling company before May 16, 2005; and (iii) develop a Management and Operation Plan for the transfer station by May 16, 2005. On May 17, 2005, the EHB

judge extended the Supersedeas Order until June 10, 2005 and authorized the transfer station to resume operations upon completion of the relocation of the hauling company and receipt of a permit modification related to the weighing of bag waste from individual customers. CWMPA satisfied the conditions and recommenced operations at the transfer station on May 20, 2005. On June 9, 2005, CWMPA and the DEP filed a stipulation with the EHB withdrawing and voiding the March 2, 2005 Order revoking the permit, while reserving the DEP's right to seek civil penalties and the Company's right to defend against any such penalties. On March 9, 2006, the Company reached an agreement with the Attorney General's Office that resolved its investigation with a misdemeanor fine in the amount of $35 plus a $15 contribution to a non-profit environmental organization. The Company has reached a settlement in principal with the DEP whereby the Company expects to pay a civil penalty in the amount of $400. The Company plans to finalize the settlement in June 2006.

On March 10, 2005, the Zoning Enforcement Officer ("ZEO") for the Town of Hardwick, Massachusetts rendered an opinion that a portion of the current Phase II footprint of the Company's Hardwick Landfill is on land on Lot 1 that is not properly zoned. On April 7, 2005, the Company appealed the opinion to the Hardwick Zoning Board of Appeals ("ZBA"). On July 13, 2005, the ZBA denied the Company's appeal. On August 1, 2005, the Company appealed the ZBA's decision to the Massachusetts Land Court. The Company proposed a plan to implement an interim closure of the affected Lot 1 which included relocation of waste from an unlined area on Lot 2 (a lot unaffected by the decision) to the affected Lot 1. The ZEO issued a letter prohibiting the Company from relocating waste onto Lot 1. The Company appealed the ZEO decision to the ZBA and the ZBA denied the appeal on November 29, 2005. The Company appealed the ZBA decision to the Land Court and had it consolidated with the other appeal filed with the Land Court. On January 18, 2006, the Massachusetts Attorney General approved new general bylaw articles of the town which, among other things, prohibit the use of construction and demolition debris as grading, shaping or closure materials. Such articles may have an adverse impact on the Company's ability to relocate some or all of the waste onto the affected lot. The Company and the Town executed a Host Community Agreement on June 7, 2005, which provides the Town with certain immediate benefits and will provide certain deferred benefits upon receipt of approvals for the rezoning of the existing landfill area and an expansion area, which the Company expects to apply for in the future. On November 16, 2005, the adjacent town of Ware adopted regulations restricting truck traffic in a manner that affects certain routes into the landfill. On December 20, 2005, the Company filed an action challenging the regulations and seeking a preliminary injunction. On December 30, 2005, the Court denied the preliminary injunction. The Company is continuing to pursue its challenge to the Ware regulations and the case has entered the discovery phase. On May 22, 2006, the ZEO for the Town of Hardwick, Massachusetts rendered an opinion that the current Phase II footprint of the Company's Hardwick Landfill is on land on Lot 2 that is not properly zoned. The May 22, 2006 order contradicts two prior rulings by the ZEO, which stated that Lot 2 is grandfathered and exempt from zoning. On May 26, 2006, the ZEO stayed his May 22, 2006 order pending the Company's appeal and resolution of any such appeal by the Zoning Board of Appeals.

On May 25, 2005, the Company was served with an antitrust summons by the Office of the Attorney General of the State of Maine pursuant to its investigation of whether the Company and the City of Lewiston have entered into an agreement to operate a municipal landfill in restraint of trade or commerce and whether such an agreement would constitute an acquisition of assets that may substantially lessen competition or tend to create a monopoly. The summons sought the production of documents related to the Company's operations in the State of Maine. In July, 2005, the Maine Department of Environmental Protection ("MEDEP") expressed additional concerns with the Operating Services Agreement related to whether or not it violates a Maine statute prohibiting the development of commercial landfills. On October 12, 2005, the Office of the Attorney General rendered its decision that the proposed transaction violates the ban on commercial landfills because of the Attorney General's belief that the overall effect of the contract constitutes a transfer of meaningful control from the City of Lewiston to the Company. The transaction is on hold indefinitely.

On June 23, 2005, the Company was advised that the State's Attorney for Chittenden County, Vermont has initiated a formal investigation through the State's Inquest process to determine if there is any criminal culpability in connection with the fatality on January 28, 2005 of a driver of the Company's subsidiary All Cycle Waste, Inc. that

occurred on the job when the driver's rear-loader trash truck rolled over him when he was behind it. The Company is cooperating with the investigation. On July 21, 2005, the Company settled with the Vermont Occupational Safety and Health Administration, which was conducting a separate civil investigation of potential safety violations, by agreeing to pay a penalty in the amount of $28 in connection with four alleged general duty clause violations in connection with the accident. In the on-going criminal investigation, the Company continues to fully cooperate with the State's Attorney.

On December 2, 2005, the Company was served with a petition filed in the Supreme Court of the State of New York by a group of approximately 100 residents of Chemung County, New York seeking to vacate and set aside the Operating, Management and Lease Agreement ("OML Agreement") between Chemung County and the Company pertaining to the Company's operation of the Chemung County Landfill, the Host Community Benefit Agreement between the Town of Chemung and the Company and certain resolutions adopted by the County and the Town authorizing such transactions. The petition alleges that the documents illegally contract away or limit the police power functions of the County or the Town; that the County improperly segmented review of a planned increase in the annual capacity and related physical expansion of the landfill; that the County failed to properly define and describe the future projects; and that the County failed to adequately assess the immediate impacts of the OML Agreement and the resultant privatization of the landfill as required under the State Environmental Quality Review Act. On February 21, 2006, the judge dismissed the petition in its entirety. Plaintiffs did not appeal.

The Company is a defendant in certain other lawsuits alleging various claims incurred in the ordinary course of business, none of which, either individually or in the aggregate, the Company believes are material to its financial condition, results of operations or cash flows.

(d) Environmental Liability

The Company may be subject to liability for any environmental damage, including personal injury and property damage, that its solid waste, recycling and power generation facilities cause to neighboring property owners, particularly as a result of the contamination of drinking water sources or soil, possibly including damage resulting from conditions existing before the Company acquired the facilities. The Company also may be subject to liability for similar claims arising from off-site environmental contamination caused by pollutants or hazardous substances if the Company or its predecessors arrange to transport, treat or dispose of those materials. Any substantial liability incurred by the Company arising from environmental damage could have a material adverse effect on the Company's business, financial condition and results of operations. The Company is not aware of any situations that it expects would have a material adverse impact on the results of operations or financial condition.

(e) Employment Contracts

The Company has entered into employment contracts with four of its senior officers. Two contracts are dated December 8, 1999, while the other two are dated June 18, 2001 and July 20, 2001, respectively. Each contract has a three year term and a two year covenant not to compete from the date of termination. These contracts automatically extend for a one year period at the end of the initial term and any renewal period. Total annual commitments for salaries under these contracts are $1,185. In the event of a change in control of the Company, or in the event of involuntary termination without cause, the employment contracts provide for a payment ranging from one to three years of salary and bonuses.

12. PREFERRED STOCK

The Company is authorized to issue up to 1,000 shares of preferred stock in one or more series. As of April 30, 2005 and 2006, the Company had 56 shares authorized, 54 and 53 shares issued and outstanding, respectively, of Series A Redeemable Convertible Preferred Stock issued at $1,000 per share. These shares are convertible into Class A common stock, at the option of the holders, at $14 per share. Dividends are cumulative at a rate of 5%, compounded quarterly from the issuance date of August 11, 2000. The Company has the option to redeem the preferred stock for cash at any time after three years at a price giving the holder a defined yield, but must redeem the shares by the seventh anniversary date at liquidation value, which equals original cost, plus accrued but unpaid

dividends, if any. Pursuant to the stock agreement, acceleration of the liquidation provisions would occur upon change in control of the Company.

During the fiscal years ended April 30, 2004, 2005 and 2006, the Company accrued $3,252, $3,338 and $3,432 of dividends, respectively, which are included in the carrying value of the preferred stock in the accompanying consolidated balance sheets.

13. STOCKHOLDERS' EQUITY

(a) Common Stock

The holders of the Class A Common Stock are entitled to one vote for each share held. The holders of the Class B Common Stock are entitled to ten votes for each share held, except for the election of one director, who is elected by the holders of the Class A Common Stock exclusively. The Class B Common Stock is convertible into Class A Common Stock on a share-for-share basis at the option of the shareholder.

(b) Stock Warrants

At April 30, 2005 and 2006, there were outstanding warrants to purchase 91 shares of the Company's Class A Common Stock at exercise prices between $15.88 and $43.63 per share, based on the fair value of the underlying common stock at the time of the warrants' issuance. The warrants are exercisable and expire at varying times through November 2008.

(c) Stock Option Plans

During 1993, the Company adopted an incentive stock option plan for officers and other key employees. The 1993 Incentive Stock Option Plan (the "1993 Option Plan") provided for the issuance of a maximum of 300 shares of Class A Common Stock. As of April 30, 2005, options to purchase 12 shares of Class A common stock were outstanding at a weighted average exercise price of $4.61. There were no remaining options outstanding under this plan as of April 30, 2006. No further options may be granted under this plan.

During 1996, the Company adopted a stock option plan for employees, officers and directors of, and consultants and advisors to the Company. The 1996 Stock Option Plan (the "1996 Option Plan") provided for the issuance of a maximum of 918 shares of Class A Common Stock pursuant to the grant of either incentive stock options or non-statutory options. As of April 30, 2005, a total of 270 options to purchase Class A Common Stock were outstanding at a weighted average exercise price of $11.59. As of April 30, 2006, a total of 167 options to purchase Class A common Stock were outstanding at an average exercise price of $14.30. No further options may be granted under this plan.

On July 31, 1997, the Company adopted a stock option plan for employees, officers and directors of, and consultants and advisors to the Company. The Board of Directors has the authority to select the optionees and determine the terms of the options granted. The 1997 Stock Option Plan (the "1997 Option Plan") provides for the issuance of 5,328 shares of Class A Common Stock pursuant to the grant of either incentive stock options or non-statutory options, which includes all authorized, but unissued options under previous plans. As of April 30, 2005, options to purchase 2,907 shares of Class A Common Stock at an average exercise price of $13.15 were outstanding under the 1997 Option Plan. As of April 30, 2006, options to purchase 3,048 shares of Class A Common Stock at a weighted average exercise price of $13.28 were outstanding under the 1997 Option Plan. As of April 30, 2006, 891 options were available for future grant under the 1997 Option Plan.

Additionally, options outstanding under the assumed KTI Stock Option Plan totaled 34 and 31 at April 30, 2005 and 2006, respectively, at weighted average exercise prices of $21.75 and $22.25, respectively. Upon assumption of this plan, options under the KTI plan became exercisable for an equal number of shares of the Company's stock. The exercise price of the converted options was increased by 96.1% based on relative fair values of the underlying stock at the date of the KTI acquisition.

On July 31, 1997, the Company adopted a stock option plan for non-employee directors of the Company. The 1997 Non-Employee Director Stock Option Plan provides for the issuance of a maximum of 200 shares of Class A Common Stock pursuant to the grant of non-statutory options. As of April 30, 2005 and 2006, options to purchase 159 shares of Class A Common Stock at a weighted average exercise price of $11.72 and 189 shares of Class A Common Stock at a weighted average exercise price of $11.87 respectively, were outstanding. As of April 30, 2006, 9 options were available for future grant under the 1997 Non-Employee Director Stock Option Plan.

On July 2, 2001, the Company offered its employees, other than executive officers, the opportunity to ask the Company to exchange options having an exercise price of $12.00 or more per share. For every two eligible options surrendered, the participating

option holders received one new option on February 4, 2002 at an exercise price of $12.75, which was equal to the closing price of a common share as quoted by NASDAQ on that day and 666 options were surrendered for exchange under the offering resulting in 333 options being granted to participants.

Options generally vest over a one to three year period from the date of grant and are granted at prices at least equal to the prevailing fair market value at the issue date. In general, options are issued with a life not to exceed ten years.

On March 2, 2006, the Company's Compensation Committee of the Board of Directors approved the accelerated vesting of all outstanding unvested stock options to purchase shares of common stock of the Company. Accordingly, all of the Company's then outstanding unvested options became vested as of March 3, 2006. The decision to accelerate the vesting of stock options was made primarily to reduce non-cash compensation expense that would have been recorded in future periods. The estimated future compensation expense associated with these options was approximately $705, net of tax, and would have been required to be recorded in the Company's income statement in future periods upon the adoption of SFAS No. 123R effective May 1, 2006. The Company incurred a non-cash charge of $39 ($24 net of taxes), which was based upon the in-the- money value at the time of acceleration associated only with an estimated number of options that might have been forfeited pursuant to their original terms, absent acceleration. The Company will not be required to recognize future compensation expense for the accelerated options under SFAS No. 123R unless the Company makes modifications to the options, which is not anticipated.

Stock option activity for the fiscal years ended April 30, 2004, 2005 and 2006 is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, April 30, 2003	4,336	$ 12.77
Granted	230	10.54
Terminated	(370)	(21.94)
Exercised	(791)	(6.11)
Outstanding, April 30, 2004	3,405	12.77
Granted	357	13.15
Terminated	(209)	(16.98)
Exercised	(168)	(9.48)
Outstanding, April 30, 2005	3,385	13.02
Granted	395	12.06
Terminated	(108)	(11.41)
Exercised	(237)	(8.41)
Outstanding, April 30, 2006	3,435	$ 13.20
Exercisable, April 30, 2004	3,122	$ 13.28
Exercisable, April 30, 2005	2,908	$ 13.02
Exercisable, April 30, 2006	3,435	$ 13.20

Set forth below is a summary of options outstanding and exercisable as of April 30, 2006:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number of Outstanding Options	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Exercisable Options	Weighted Average Exercise Price
$4.61 - $6.91	48	5.9	$ 5.81	48	$ 5.81
$6.92 - $10.38	788	5.1	8.70	788	8.70
$10.39 - $15.58	2,128	5.9	13.05	2,128	13.05
$15.59 - $23.38	234	2.5	17.36	234	17.36
Over $23.39	237	2.0	26.77	237	26.77
Totals	3,435	5.2	$ 13.20	3,435	$ 13.20

The weighted average grant date fair value of options granted during the fiscal years ended April 30, 2004, 2005 and 2006 is $4.76, $5.43 and $4.09, respectively.

14. EMPLOYEE BENEFIT PLANS

The Company offers its eligible employees the opportunity to contribute to a 401(k) plan. The Company will contribute fifty cents for every dollar an employee invests in the 401(k) plan up to a maximum Company match of seven-hundred fifty dollars per calendar year. Participants vest in employer contributions ratably over a three year period. Employer contributions for the fiscal years ended April 30, 2004, 2005 and 2006 amounted to $397, $365 and $570, respectively.

In January 1998, the Company implemented its Employee Stock Purchase Plan. Under this plan, qualified employees may purchase shares of Class A Common Stock by payroll deduction at a 15% discount from the market price. 600 shares of Class A Common Stock have been reserved for this purpose. During the fiscal years ended April 30, 2004, 2005 and 2006, 39, 22 and 26 shares, respectively, of Class A Common Stock were issued under this plan.

15. INCOME TAXES

The provision (benefit) for income taxes from continuing operations for the fiscal years ended April 30, 2004, 2005 and 2006 consists of the following:

	Fiscal Year Ended April 30,		
	2004	2005	2006
Federal—			
Current	$ 22	$ 69	$ 394
Deferred	5,508	3813	5,864
Deferred benefit of loss carryforwards	(7,985)	—	—
	(2,455)	3,882	6,258
State—			
Current	360	524	1,577
Deferred	1,872	1,319	(670)
Deferred benefit of loss carryforwards	(1,399)	—	(210)
	833	1,843	697
	$ (1,622)	$ 5,725	$ 6,955

The differences in the provision (benefit) for income taxes and the amounts determined by applying the Federal statutory rate to income before provision (benefit) for income taxes for the years ended April 30, 2004, 2005 and 2006 are as follows:

	Fiscal Year Ended April 30,		
	2004	2005	2006
Federal statutory rate	35%	35%	35%
Tax at statutory rate	$ 1,319	$ 4,527	$ 6,321
State income taxes, net of federal benefit	(360)	604	715
(Decrease)/increase in valuation allowance	(2,746)	593	(220)
Change in state tax rate, net of federal benefit	—	(95)	(136)
Other, net	165	96	275
	$ (1,622)	$ 5,725	$ 6,955

Deferred income taxes reflect the impact of temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes. Deferred tax assets and liabilities consist of the following at April 30, 2005 and 2006:

	April 30,	
	2005	2006
Deferred tax assets:		
Net operating loss carryforwards	$ 42,745	$ 29,550
Accrued expenses and reserves	11,105	11,374
Deferred revenue	1,652	1,460
Alternative minimum tax credit carryforwards	715	1,492
Gain on business dispositions	332	711
Other	2,131	2,111
Total deferred tax assets	58,680	46,698
Less: valuation allowance	(5,411)	(6,070)
Total deferred tax assets after valuation allowance	53,269	40,628
Deferred tax liabilities:		
Accelerated depreciation of property and equipment	(30,337)	(25,881)
Amortization of intangibles	(13,400)	(15,202)
Basis difference in partnership interests	(7,713)	(1,114)
Other	(83)	(354)
Total deferred tax liabilities	(51,533)	(42,551)
Net deferred tax (liability) asset	$ 1,736	$ (1,923)

At April 30, 2006, the Company has, for Federal income tax purposes, net operating loss carryforwards of approximately $66,265 that expire in years 2007 through 2024 and state net operating loss carryforwards of approximately $76,295 that expire in years 2007 through 2026. Substantial limitations restrict the Company's ability to utilize certain state loss carryforwards. Due to uncertainty of the utilization of the carryforwards, no tax benefit has been recognized for $63,435 of the state net operating loss carryforwards. In addition, the Company has $1,492 minimum tax credit carryforward available that is not subject to limitation.

The $659 net increase in the valuation allowance is primarily due to a net increase in the valuation allowance for state loss carryforwards, offset in part by a decrease due to the expiration of certain Federal and state loss carryforwards.

The valuation allowance includes $337 related to losses acquired through acquisitions. To the extent that future realization of such carryforwards exceeds the Company's current estimates, additional benefits received will be recorded as a reduction of goodwill. In assessing the realizability of carryforwards and other deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company adjusts the valuation allowance in the period management determines it is more likely than not that deferred tax assets will or will not be realized.

16. DISCONTINUED OPERATIONS, DIVESTITURES, IMPAIRMENT CHARGES AND DEFERRED COSTS.

Discontinued Operations:

During the second quarter of fiscal 2005, we completed the sale of the assets of Data Destruction Services, Inc. ("Data Destruction") for cash sale proceeds of $3,050. This shredding operation had been historically accounted for as a component of continuing operations up until its sale. The transaction required discontinued operations treatment under SFAS No. 144, therefore the operating results of Data Destruction have been reclassified from continuing to discontinued operations in fiscal 2004 and 2005. Also in connection with the discontinued accounting treatment, the loss (net of tax) from the sale amounting to $82 has been recorded and classified as a loss on disposal of discontinued operations.

Other Divestitures:

Effective September 30, 2002, the Company transferred its export brokerage operations to former employees, who had been responsible for managing that business. Consideration for the transaction was in the form of two notes receivable amounting to $5,460. Effective April 1, 2004, the Company completed the sale of the export brokerage operations for total consideration of $4,984. The gain on the sale amounted to $1,144 and is included in other expense/(income) for fiscal year 2004.

Impairment Charges:

In the fourth quarter of fiscal 2004 the Company recorded an impairment charge of $1,663, consisting of a $404 write-down of our investment in Resource Optimization Technology ("ROT"), a compost facility, which the Company transferred at no cost to a third party in February 2005 and subsequently liquidated the entity; a charge of $926 relating to the sale of buildings and land at its former recycling facility in Mechanics Falls, Maine; and a charge of $333 for the discontinued Rockingham landfill project.

Deferred Costs:

In the second quarter of fiscal 2005, the Company recorded a charge of $295 as deferred costs to reflect the write-off of development costs associated with unsuccessful negotiations to operate and develop a landfill located in McKean County, Pennsylvania.

In the third quarter of fiscal 2006, the Company recorded a charge of $1,329 as deferred costs to write-off the development costs incurred in pursuit of a contract to develop and operate the Town of Templeton, Massachusetts sanitary landfill. The Company plans to continue pursuing this contract but feels additional time is required before the project is restarted.

17. EARNINGS PER SHARE

The following table sets forth the numerator and denominator used in the computation of earnings per share:

	Fiscal Year Ended April 30,		
	2004	2005	2006
Numerator:			
Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle	$ 5,392	$ 7,211	$ 11,104
Less: preferred stock dividends	(3,252)	(3,338)	(3,432)
Income from continuing operations before discontinued operations and cumulative effect of change in accounting principle available to common stockholders	$ 2,140	$ 3,873	$ 7,672
Denominator:			
Number of shares outstanding, end of period:			
Class A common stock	23,496	23,860	24,185
Class B common stock	988	988	988
Effect of weighted average shares outstanding during period	(482)	(169)	(193)
Weighted average number of common shares used in basic EPS	24,002	24,679	24,980
Impact of potentially dilutive securities:			
Dilutive effect of options and contingent stock	443	514	388
Weighted average number of common shares used in diluted EPS	24,445	25,193	25,368

For the fiscal years ended April 30, 2004, 2005 and 2006, 6,513, 6,079 and 6,453, respectively, of potentially dilutive common stock related to options, warrants and redeemable convertible preferred stock, respectively, were excluded from the calculation of dilutive shares since the inclusion of such shares would be anti-dilutive.

18. RELATED PARTY TRANSACTIONS

(a) Services

During fiscal years ended April 30, 2004, 2005 and 2006, the Company retained the services of a related party, a company wholly owned by two of the Company's major stockholders and members of the Board of Directors (one of whom is also an officer), as a contractor in developing or closing certain landfills owned by the Company. Total purchased services charged to operations or capitalized to landfills for the fiscal years ended April 30, 2004, 2005 and 2006 were $5,759, $9,193 and $13,286, respectively, of which $388 and $662 were outstanding and included in accounts payable at April 30, 2005 and 2006, respectively.

(b) Leases

On August 1, 1993, the Company entered into two leases for operating facilities with a partnership in which two of the Company's major stockholders and members of the Board of Directors (one of whom is also an officer) are the general partners. The leases are classified as capital leases in the accompanying consolidated balance sheets. The leases call for monthly payments of approximately $23 and expire in April 2008. Total expense charged to operations for fiscal years ended April 30, 2004, 2005 and 2006 under these agreements was $255, $275 and $277, respectively.

(c) Landfill Post-closure

The Company has agreed to pay the cost of post-closure on a landfill owned by certain principal shareholders. The Company paid the cost of closing this landfill in 1992, and the post-closure maintenance obligations are expected to last until 2012. In the fiscal years ended April 30, 2004, 2005 and 2006, the Company paid $9, $8 and $4 respectively, pursuant to this agreement. As of April 30, 2005 and 2006, the Company has accrued $53 and $65 respectively, for costs associated with its post-closure obligations.

(d) Transfer Station Lease

In June 1994, the Company entered into a transfer station lease for a term of 10 years. The transfer station was owned by a current member of the Company's Board of Directors, who became a director upon the execution of the lease. Under the terms of the lease the Company agreed to pay monthly rent for the first five years at a rate of five dollars per ton of waste disposed of at the transfer station, with a minimum rent of $7 per month. In June 1999, the monthly rent was lowered to a rate of two dollars per ton of waste disposed, with a minimum rent of $3 per month. Total lease payments for the fiscal year ended April 30, 2004 were $35. In October 2003, the Company agreed to assume the post-closure obligations at an adjacent closed landfill owned by the same member of the Company's Board of Directors in exchange for ownership of the transfer station and closed landfill site and termination of the lease and rental obligations.

(e) Employee Loans

As of April 30, 2005 and 2006, the Company has recourse loans to officers and employees outstanding in the amount of $1,004 and $1,003, respectively. The interest on these notes is payable upon demand by the Company. The notes have no fixed repayment terms. Interest is at the Wall Street Journal Prime Rate (7.75% at April 30, 2006). Non current assets includes notes from officers consisting of $916 at April 30, 2005 and 2006. Current assets include receivables associated with loans to employees of the Company amounting to $88 and $87 at April 30, 2005 and 2006, respectively.

(f) Commodity Sales

The Company sells recycled paper products to its equity method investee, GreenFiber. Revenue from sales to GreenFiber amounted to $3,071, $3,560 and $4,578 for fiscal years ended April 30, 2004, 2005 and 2006, respectively.

19. SEGMENT REPORTING

SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, establishes standards for reporting information about operating segments in financial statements. In general, SFAS No. 131 requires that business entities report selected information about operating segments in a manner consistent with that used for internal management reporting.

The Company classifies its operations into North Eastern region, South Eastern region, Central region, Western region and FCR Recycling. The Company's revenues in the North Eastern region, South Eastern region, Central region and Western region segments are derived mainly from one industry segment, which includes the collection, transfer, recycling and disposal of non-hazardous solid waste. The North Eastern region also includes Maine Energy, which generates electricity from non-hazardous solid waste. The Company's revenues in the FCR Recycling segment are derived from integrated waste handling services, including processing and recycling of paper, cardboard, metals, aluminum, plastics and glass and brokerage of recycled materials. Ancillary operations, major customer accounts and earnings from equity method investees, are included in Other.

Year Ended April 30, 2004(1)	**North Eastern region**	**South Eastern region**	**Central region**	**Western region**	**FCR Recycling**
Outside revenues	$ 82,658	$ 84,713	$ 100,789	$ 77,669	$ 75,366
Inter-segment revenues	24,361	26,370	48,458	15,930	3,635
Operating income	6,000	(5,520)	17,192	8,547	8,615
Depreciation and amortization	17,747	13,239	12,778	9,899	3,910
Interest expense (net)	3,741	9,079	(639)	7,357	4,313
Capital expenditures	12,795	12,921	14,410	13,771	2,769
Goodwill	25,770	30,490	28,684	50,918	21,368
Total assets	$ 169,412	$ 129,163	$ 114,630	$ 122,109	$ 59,457

Year Ended April 30, 2004(1)	**Other**	**Eliminations**	**Total**
Outside revenues	$ 16,766	$ —	**$ 437,961**
Inter-segment revenues	—	(118,754)	**—**
Operating income	(2,128)	—	**32,706**
Depreciation and amortization	2,023		**59,596**
Interest expense (net)	1,398		**25,249**
Capital expenditures	1,669		**58,335**
Goodwill	—		**157,230**
Total assets	$ 76,161	$ —	**$ 670,932**

Year Ended April 30, 2005(1)	North Eastern region	South Eastern region	Central region	Western region	FCR Recycling
Outside revenues	$ 93,439	$ 89,176	$ 108,700	$ 92,684	$ 82,009
Inter-segment revenues	24,383	28,963	53,527	21,271	462
Operating income	7,259	(6,371)	17,398	$ 12,672	$ 12,566
Depreciation and amortization	18,059	14,141	14,855	12,999	3,723
Interest expense (net)	5,241	12,756	(1,738)	8,560	2,782
Capital expenditures	14,707	11,206	21,087	22,323	9,325
Goodwill	25,340	31,645	30,158	53,450	16,899
Total assets	$ 172,427	$ 135,364	$ 125,592	$ 149,317	$ 60,000

Year Ended April 30, 2005(1)	Other	Eliminations	Total
Outside revenues	$ 15,956	$ —	**$ 481,964**
Inter-segment revenues	2	(128,608)	**—**
Operating income	(2,091)	—	**41,433**
Depreciation and amortization	1,860		**65,637**
Interest expense (net)	1,789		**29,390**
Capital expenditures	1,416		**80,064**
Goodwill	—		**157,492**
Total assets	$ 69,754	$ —	**$ 712,454**

Year Ended April 30, 2006	North Eastern region	South Eastern region	Central region	Western region	FCR Recycling
Outside revenues	$ 109,869	$ 88,390	$ 117,792	$ 101,145	$ 89,842
Inter-segment revenues	26,652	31,667	58,089	21,774	470
Operating income	7,423	(2,131)	16,781	$ 8,803	$ 13,543
Depreciation and amortization	18,403	10,210	15,673	13,442	4,949
Interest expense (net)	4,890	14,109	(2,897)	9,755	3,261
Capital expenditures	23,801	19,563	26,924	20,769	20,861
Goodwill	25,327	31,645	31,106	55,696	27,484
Total assets	$179,661	$ 148,217	$ 143,562	$ 166,331	$ 90,853

Year Ended April 30, 2006	Other	Eliminations	Total
Outside revenues	$ 18,890	$ —	**$ 525,928**
Inter-segment revenues	—	(138,652)	**—**
Operating income	(2,073)	—	**42,346**
Depreciation and amortization	1,912		**64,589**
Interest expense (net)	2,896		**32,014**
Capital expenditures	2,093		**114,011**
Goodwill	—		**171,258**
Total assets	$ 82,487	$ —	**$ 811,111**

(1) Effective in fiscal year 2006, the Company has modified its internal reporting of the measurement of segment profit or loss to operating income or loss. The Company had previously used income from continuing operations before discontinued operations and cumulative effect in change in accounting principle as its measurement of segment profit or loss for internal reporting. Segment data for the fiscal years 2004 and 2005 has been conformed to reflect this modification.

Amounts of our total revenue attributable to services provided are as follows:

	Fiscal Year Ended April 30,		
	2004	2005	2006
Collection	$ 226,840	$ 237,877	$ 253,282
Landfill / disposal facilities	69,639	80,132	97,801
Transfer	38,830	41,862	44,394
Recycling	99,362	122,093	130,451
Brokerage	3,290	—	—
Total	$ 437,961	$ 481,964	$ 525,928

20. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

The following is a summary of certain items in the Consolidated Statements of Operations by quarter for fiscal years ended April 30, 2005 and 2006.

Fiscal Year 2005	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 123,672	$ 126,381	$ 116,080	$ 115,831
Operating income	12,657	12,756	7,570	8,450
Income (loss) from continuing operations before discontinued operations	2,762	3,485	1,397	(433)
Net income (loss) available to common stockholders	2,005	2,562	568	(1,204)
Income per common share:				
Basic:				
Income (loss) from continuing operations before discontinued operations	0.08	0.11	0.02	(0.05)
Net income (loss) available to common stockholders	0.08	0.10	0.02	(0.05)
Diluted:				
Income (loss) from continuing operations before discontinued operations	0.08	0.11	0.02	(0.05)
Net income (loss) available to common stockholders	0.08	0.10	0.02	(0.05)

Fiscal Year 2006	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenues	$ 132,000	$ 136,795	$ 130,597	$ 126,536
Operating income	13,061	13,706	5,956	9,622
Income from continuing operations before discontinued operations	3,107	4,157	1,287	2,552
Net income available to common stockholders	2,257	3,303	428	1,682
Income per common share:				
Basic:				
Income from continuing operations before discontinued operations	0.09	0.13	0.02	0.07
Net income available to common stockholders	0.09	0.13	0.02	0.07
Diluted:				
Income from continuing operations before discontinued operations	0.09	0.13	0.02	0.07
Net income available to common stockholders	0.09	0.13	0.02	0.07

21. CONDENSED CONSOLIDATING FINANCIAL INFORMATION

The senior subordinated notes are guaranteed jointly and severally, fully and unconditionally by the Company's significant wholly-owned subsidiaries. The Parent is the issuer and non-guarantor of the senior subordinated notes. The information which follows presents the condensed consolidating financial position as of April 30, 2005 and 2006; the condensed consolidating results of operations for the fiscal years ended April 30, 2004, 2005 and 2006; and the condensed consolidating statements of cash flows for the

fiscal years ended April 30, 2004, 2005 and 2006 of (a) the Parent company only, (b) the combined guarantors ("the Guarantors"), each of which is 100% wholly-owned by the Parent, (c) the combined non-guarantors ("the Non-Guarantors"), (d) eliminating entries and (e) the Company on a consolidated basis.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF APRIL 30, 2005
(in thousands, except for share and per share data)

ASSETS	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$ (2,383)	$ 10,146	$ 815	$ —	$ 8,578
Restricted cash	—	70	—	—	70
Accounts receivable — trade, net of allowance for doubtful accounts	76	50,998	652	—	51,726
Refundable income taxes	874	—	—	—	874
Inventory	—	2,538	—	—	2,538
Other current assets	596	4,161	840	—	5,597
Total current assets	(837)	67,913	2,307	—	69,383
Property, plant and equipment, net of accumulated depreciation and amortization	2,928	411,506	(1,681)	—	412,753
Goodwill	—	157,492	—	—	157,492
Deferred income taxes	3,155	—	—	—	3,155
Investment in subsidiaries	(18,424)	—	—	18,424	—
Net assets under contractual obligation	—	1,392	—	—	1,392
Other non-current assets	25,430	36,287	10,941	(4,379)	68,279
	13,089	606,677	9,260	14,045	643,071
Intercompany receivable	587,569	(589,512)	(2,436)	4,379	—
	$ 599,821	$ 85,078	$ 9,131	$ 18,424	$ 712,454

LIABILITIES AND STOCKHOLDERS' EQUITY	Parent	Guarantors	Non - Guarantors	Elimination	Consolidated
CURRENT LIABILITIES:					
Current maturities of long — term debt	$ —	$ 281	$ —	$ —	$ 281
Accounts payable	1,425	44,654	28	—	46,107
Accrued payroll and related expenses	2,243	7,320	125	—	9,688
Accrued interest	4,816	2	—	—	4,818
Deferred income taxes	1,419	—	—	—	1,419
Current accrued closure and post-closure costs	—	4,748	542	—	5,290
Other current liabilities	3,975	10,474	10,702	—	25,151
Total current liabilities	13,878	67,479	11,397	—	92,754
Long-term debt, less current maturities	377,760	676	—	—	378,436
Other long-term liabilities	1,437	30,085	2,996	—	34,518
COMMITMENTS AND CONTINGENCIES					
Series A redeemable, convertible preferred stock,— authorized — 55,750, issued and outstanding — 53,750, liquidation preference of $1,000 per share plus accrued but unpaid dividends	67,964	—	—	—	67,964
STOCKHOLDERS' EQUITY:					
Class A common stock — Authorized — 100,000,000 shares, $0.01 par value; issued and outstanding — 23,860,000 shares	239	101	100	(201)	239
Class B common stock — Authorized -— 1,000,000 shares, $0.01 par value, 10 votes per share, issued and outstanding — 988,000 shares	10	—	—	—	10
Accumulated other comprehensive income	767	1,276	(53)	(1,223)	767
Additional paid-in capital	274,088	48,035	2,596	(50,631)	274,088
Accumulated deficit	(136,322)	(62,574)	(7,905)	70,479	(136,322)
Total stockholders' equity	138,782	(13,162)	(5,262)	18,424	138,782
	$ 599,821	$ 85,078	$ 9,131	$ 18,424	$ 712,454

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING BALANCE SHEET

AS OF APRIL 30, 2006
(in thousands, except for share and per share data)

ASSETS	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
CURRENT ASSETS:					
Cash and cash equivalents	$ (3,840)	$ 10,747	$ 522	$ —	$ 7,429
Accounts receivable — trade, net of allowance for doubtful accounts	35	55,641	620	(27)	56,269
Deferred taxes	4,029	—	1,005	—	5,034
Other current assets	2,456	7,863	—	(77)	10,242
Total current assets	2,680	74,251	2,147	(104)	78,974
Property, plant and equipment, net of accumulated depreciation and amortization	3,252	478,725	(693)	—	481,284
Goodwill	—	171,258	—	—	171,258
Restricted cash	5,469	3	12,415	—	17,887
Investment in subsidiaries	1,189	—	—	(1,189)	—
Assets under contractual obligation	—	937	—	—	937
Other non-current assets	27,467	37,563	120	(4,379)	60,771
	37,377	688,486	11,842	(5,568)	732,137
Intercompany receivable	656,623	(657,153)	(3,849)	4,379	—
	$ 696,680	$ 105,584	$ 10,140	$ (1,293)	$ 811,111

LIABILITIES AND STOCKHOLDERS' EQUITY	Parent	Guarantors	Non - Guarantors	Elimination	Consolidated
CURRENT LIABILITIES:					
Current maturities of long term debt	$ —	$ 527	$ —	$ —	$ 527
Current maturities of capital lease obligations	121	940	—	—	1,061
Accounts payable	2,227	43,996	245	(104)	46,364
Accrued payroll and related expenses	1,413	5,376	29	—	6,818
Accrued interest	6,648	2	—	—	6,650
Accrued income taxes	200	—	—	—	200
Other current liabilities	5,688	13,612	13,845	—	33,145
Total current liabilities	16,297	64,453	14,119	(104)	94,765
Long-term debt, less current maturities	451,824	896	—	—	452,720
Deferred income taxes	6,957	—	—	—	6,957
Other long-term liabilities	1,682	33,372	1,695	—	36,749
COMMITMENTS AND CONTINGENCIES					
Series A redeemable, convertible preferred stock, authorized — 55,750, issued and outstanding — 53,000, liquidation preference of $1,000 per share plus accrued but unpaid dividends	70,430	—	—	—	70,430
STOCKHOLDERS' EQUITY:					
Class A common stock — Authorized — 100,000,000 shares, $0.01 par value; issued and outstanding — 24,185,000 shares	242	101	100	(201)	242
Class B common stock — Authorized — 1,000,000 shares, $0.01 par value, 10 votes per share, issued and outstanding — 988,000 shares	10	—	—	—	10
Accumulated other comprehensive income	159	91	(122)	31	159
Additional paid-in capital	274,297	48,360	2,743	(51,103)	274,297
Accumulated deficit	(125,218)	(41,689)	(8,395)	50,084	(125,218)
Total stockholders' equity	149,490	6,863	(5,674)	(1,189)	149,490
	$ 696,680	$ 105,584	$ 10,140	$ (1,293)	$ 811,111

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

FISCAL YEAR ENDED APRIL 30, 2004
(in thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Revenues	$ —	$ 430,952	$ 16,849	$ (9,840)	$ 437,961
Operating expenses:					
Cost of operations	(935)	282,437	14,166	(9,840)	285,828
General and administration	67	57,193	907	—	58,167
Depreciation and amortization	1,793	51,524	6,279	—	59,596
Impairment Charge	—	925	738	—	1,663
	925	392,079	22,090	(9,840)	405,254
Operating income (loss)	(925)	38,873	(5,241)	—	32,707
Other expense/(income), net:					
Interest income	(24,587)	(1,363)	(97)	25,796	(251)
Interest expense	25,745	25,363	188	(25,796)	25,500
(Income) loss from equity method investments	(8,715)	(2,261)	—	8,715	(2,261)
Other expense/(income), net:	(289)	6,338	(100)	—	5,949
Other expense/(income), net	(7,846)	28,077	(9)	8,715	28,937
Income (loss) from continuing operations before income taxes, discontinued operations and cumulative effect of change in accounting principle	6,921	10,796	(5,232)	(8,715)	3,770
(Benefit) provision for income taxes	(1,184)	—	(438)	—	(1,622)
Income (loss) from continuing operations before discontinued operations and cumulative effect of change in accounting principle	8,105	10,796	(4,794)	(8,715)	5,392
Loss from discontinued operations, net	—	(10)	—	—	(10)
Cumulative effect of change in accounting principle, net	—	2,518	205	—	2,723
Net income (loss)	8,105	13,304	(4,589)	(8,715)	8,105
Preferred stock dividend	3,252	—	—	—	3,252
Net income (loss) available to common stockholders	$ 4,853	$ 13,304	$ (4,589)	$ (8,715)	$ 4,853

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

FISCAL YEAR ENDED APRIL 30, 2005
(in thousands)

	Parent	Guarantors	Non - Guarantors	Elimination	Consolidated
Revenues	$ —	$ 477,401	$ 14,429	$ (9,866)	$ 481,964
Operating expenses:					
Cost of operations	(187)	310,144	10,830	(9,866)	310,921
General and administration	506	62,095	1,077	—	63,678
Depreciation and amortization	1,621	58,642	5,374	—	65,637
Impairment charge	—	295	—	—	295
	1,940	431,176	17,281	(9,866)	440,531
Operating income (loss)	(1,940)	46,225	(2,852)	—	41,433
Other expense/(income), net:					
Interest income	(29,044)	(116)	(325)	29,032	(453)
Interest expense	30,812	27,932	132	(29,032)	29,844
(Income) loss from equity method investments	(17,841)	(2,883)	—	17,841	(2,883)
Loss on debt extinguishment	1,716	—	—	—	1,716
Other expense/(income), net:	(411)	686	(2)	—	273
Other expense/(income), net	(14,768)	25,619	(195)	17,841	28,497
Income (loss) from continuing operations before income taxes and discontinued operations	12,828	20,606	(2,657)	(17,841)	12,936
Provision for income taxes	5,559	—	166	—	5,725
Income (loss) from continuing operations before discontinued operations	7,269	20,606	(2,823)	(17,841)	7,211
Discontinued operations:					
Income from discontinued operations, net	—	140	—	—	140
Loss on disposal of discontinued operations, net	—	(82)	—	—	(82)
Net income (loss)	7,269	20,664	(2,823)	(17,841)	7,269
Preferred stock dividend	3,338	—	—	—	3,338
Net income (loss) available to common stockholders	$ 3,931	$ 20,664	$ (2,823)	$ (17,841)	$ 3,931

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS
FISCAL YEAR ENDED APRIL 30, 2006
(in thousands)

	Parent	Guarantors	Non - Guarantors	Elimination	Consolidated
Revenues	$ —	$ 523,944	$ 10,012	$ (8,028)	$ 525,928
Operating expenses:					
Cost of operations	12	346,639	9,897	(8,028)	348,520
General and administration	(429)	68,875	698	—	69,144
Depreciation and amortization	1,660	62,659	270	—	64,589
Deferred costs	—	1,329	—	—	1,329
	1,243	479,502	10,865	(8,028)	483,582
Operating income (loss)	(1,243)	44,442	(853)	—	42,346
Other expense/(income), net:					
Interest income	(32,500)	(370)	(453)	32,395	(928)
Interest expense	35,451	29,831	55	(32,395)	32,942
(Income) loss from equity method investments	(20,600)	(5,858)	—	20,716	(5,742)
Other (income)/expense, net:	(1,703)	(282)	—	—	(1,985)
Other expense/(income), net	(19,352)	23,321	(398)	20,716	24,287
Income (loss) before income taxes	18,109	21,121	(455)	(20,716)	18,059
Provision for income taxes	7,005	—	(50)	—	6,955
Net income (loss)	11,104	21,121	(405)	(20,716)	11,104
Preferred stock dividend	3,432	—	—	—	3,432
Net income (loss) available to common stockholders	$ 7,672	$ 21,121	$ (405)	$ (20,716)	$ 7,672

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FISCAL YEAR ENDED APRIL 30, 2004
(in thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Net Cash Provided by Operating Activities	$ 1,560	$ 64,602	$ 3,736	$ —	$ 69,898
Cash Flows from Investing Activities:					
Acquisitions, net of cash acquired	—	(31,947)	—	—	(31,947)
Additions to property, plant and equipment — growth	—	(10,271)	—	—	(10,271)
— maintenance	(1,561)	(43,762)	(2,741)	—	(48,064)
Payments on landfill operating lease contracts	—	(32,223)	—	—	(32,223)
Proceeds from divestitures	—	4,984	—	—	4,984
Advances to unconsolidated entities	(7,332)	—	—	—	(7,332)
Other	—	1,195	—	—	1,195
Net Cash Used In Investing Activities	(8,893)	(112,024)	(2,741)	—	(123,658)
Cash Flows from Financing Activities:					
Proceeds from long-term borrowings	193,285	2,018	—	—	195,303
Principal payments on long-term debt	(146,626)	(2,667)	(1,269)	—	(150,562)
Deferred financing costs	(2,632)	—	—	—	(2,632)
Proceeds from exercise of stock options	4,006	—	—	—	4,006
Intercompany borrowings	(47,164)	47,270	(106)	—	—
Net Cash Provided by (Used in) Financing Activities	869	46,621	(1,375)	—	46,115
Net decrease in cash and cash equivalents	(6,464)	(801)	(380)	—	(7,645)
Cash and cash equivalents, beginning of period	8,259	6,615	778	—	15,652
Cash and cash equivalents, end of period	$ 1,795	$ 5,814	$ 398	$ —	$ 8,007

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FISCAL YEAR ENDED APRIL 30, 2005
(in thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Net Cash Provided by (Used in) Operating Activities	$ (1,325)	$ 81,571	$ 2,788	$ —	$ 83,034
Cash Flows from Investing Activities:					
Acquisitions, net of cash acquired	—	(9,513)	—	—	(9,513)
Additions to property, plant and equipment — growth	—	(24,723)	—	—	(24,723)
— maintenance	(1,314)	(52,947)	(1,080)	—	(55,341)
Payments on landfill operating lease contracts	—	(20,276)	—	—	(20,276)
Proceeds from divestitures	—	3,050	—	—	3,050
Other	—	3,048	—	—	3,048
Net Cash Used In Investing Activities	(1,314)	(101,361)	(1,080)	—	(103,755)
Cash Flows from Financing Activities:					
Proceeds from long-term borrowings	318,900	—	—	—	318,900
Principal payments on long-term debt	(290,668)	(4,214)	(1,328)	—	(296,210)
Deferred financing costs	(3,051)	—	—	—	(3,051)
Proceeds from exercise of stock options	1,653	—	—	—	1,653
Intercompany borrowings	(28,373)	28,336	37	—	—
Net Cash Provided by (Used in) Financing Activities	(1,539)	24,122	(1,291)	—	21,292
Net increase (decrease) in cash and cash equivalents	(4,178)	4,332	417	—	571
Cash and cash equivalents, beginning of period	1,795	5,814	398	—	8,007
Cash and cash equivalents, end of period	$ (2,383)	$ 10,146	$ 815	$ —	$ 8,578

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
FISCAL YEAR ENDED APRIL 30, 2006
(in thousands)

	Parent	Guarantors	Non-Guarantors	Elimination	Consolidated
Net Cash Provided by (Used in) Operating Activities	$ (4,113)	$ 78,316	$ 861	$ —	$ 75,064
Cash Flows from Investing Activities:					
Acquisitions, net of cash acquired	—	(19,691)	—	—	(19,691)
Additions to property, plant and equipment — growth	—	(47,474)	—	—	(47,474)
—maintenance	(1,981)	(63,851)	(705)	—	(66,537)
Payments on landfill operating lease contracts	—	(10,539)	—	—	(10,539)
Restricted cash from revenue bond issuance	(5,469)	—	—	—	(5,469)
Other	(3,047)	2,539	—	—	(508)
Net Cash Used In Investing Activities	(10,497)	(139,016)	(705)	—	(150,218)
Cash Flows from Financing Activities:					
Proceeds from long-term borrowings	208,197	800	—	—	208,997
Principal payments on long-term debt	(135,366)	(1,058)	—	—	(136,424)
Other	1,432	—	—	—	1,432
Intercompany borrowings	(61,110)	61,559	(449)	—	—
Net Cash Provided by (Used in) Financing Activities	13,153	61,301	(449)	—	74,005
Net (decrease) increase in cash and cash equivalents	(1,457)	601	(293)	—	(1,149)
Cash and cash equivalents, beginning of period	(2,383)	10,146	815	—	8,578
Cash and cash equivalents, end of period	$ (3,840)	$ 10,747	$ 522	$ —	$ 7,429

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's chief executive officer and chief financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of April 30, 2006. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of the Company's disclosure controls and procedures as of April 30, 2006, the Company's chief executive officer and chief financial officer concluded that, as of such date, the Company's disclosure controls and procedures were effective at the reasonable assurance level.

Management's report on the Company's internal control over financial reporting (as defined in Rules 13(a)-15(f) and 15(d)-15(f) under the Exchange Act) and the independent registered public accounting firm's related audit report are included in Item 8 of this Form 10-K and are incorporated herein by reference.

No change in the Company's internal control over financial reporting occurred during the fiscal quarter ended April 30, 2006 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On March 2, 2006, the Board of Directors of the Company approved the accelerated vesting of all unvested stock options (the "Options") granted to employees, directors, and executive officers under the Company's 1997 Non-Employee Director Stock Option Plan or Amended and Restated 1997 Stock Incentive Plan (the "Plans"). As a result of the vesting acceleration, Options to purchase approximately 424,000 shares became immediately exercisable. All other terms of these Options, including number of shares and exercise prices, remain unchanged.

The following Options held by the Company's named executive officers and directors were so accelerated:

Named Executive Officer/Director	Aggregate Number of Options Accelerated
John W. Casella	30,000
James W. Bohlig	30,000
Charles E. Leonard	30,000
Richard A. Norris	30,000
Gregory B. Peters	15,000
Joseph G. Doody	12,500
John F. Chapple III	15,000
James F. Callahan, Jr.	15,000
Douglas R. Casella	30,000
D. Randolph Peeler	15,000
James P. McManus	7,500

The Company implemented the acceleration to eliminate non-cash compensation expense that would have to be recorded in future periods following the Company's adoption of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123, "Share Based Payment (revised 2004)," ("SFAS No. 123R") effective May 1, 2006. SFAS No. 123R requires recognizing compensation expense for any unvested stock options at the date of adoption over the remaining requisite service period of the Options. Prior to May 1, the Company accounted for Options using the intrinsic value method of accounting prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and provides footnote disclosure of the compensation expense associated with the Options on a pro forma basis. The Company estimates that the acceleration of the vesting of the Options will reduce the amount of share based compensation expense to be recognized, net of income taxes, by approximately $0.7 million in future periods.

PART III

Items 10, 11, 12, 13 and 14 of Part III (except for information required with respect to executive officers of the Company which is set forth under "Executive Officers and Other Key Employees of the Company" in Item 1 of Part I of this Annual Report on Form 10-K and with respect to equity compensation plan information which is set forth under "Equity Compensation Plan Information" below) have been omitted from this Annual Report on Form 10-K, since the Company expects to file with the Securities and Exchange Commission, not later than 120 days after the close of its fiscal year, a definitive proxy statement. The information required by Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K, which will appear in the definitive proxy statement, is incorporated by reference into Part III of this Annual Report on Form 10-K.

Equity Compensation Plan Information

The following table shows information about the securities authorized for issuance under the Company's equity compensation plans as of April 30, 2006:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options(1)	(b) Weighted-average exercise price of outstanding options	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(2)
Equity compensation plans approved by security holders	3,403,749	$ 13.26	1,310,570(3)
Equity compensation plans not approved by security holders	—	$ —	—

(1) This table excludes an aggregate of 31,251 shares issuable upon exercise of outstanding options assumed by the Company in connection with its acquisition of KTI, Inc. The weighted average exercise price of the excluded options is $22.25.

(2) In addition to being available for future issuance upon exercise of options that may be granted after April 30, 2006, 890,696 shares under the Company's Amended and Restated 1997 Stock Incentive Plan, of the 1,310,570 reflected in column (c), may instead be issued in the form of restricted stock or other equity-based awards.

(3) Includes 411,374 shares issuable under the Company's 1997 Employee Stock Purchase Plan.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Consolidated Financial Statements included under Item 8:
Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of April 30, 2005 and 2006
Consolidated Statements of Operations for the fiscal years ended April 30, 2004, 2005, and 2006.
Consolidated Statements of Stockholders' Equity for the fiscal years ended April 30 2004, 2005, and 2006.
Consolidated Statements of Cash Flows for the fiscal years ended April 30, 2004, 2005, and 2006.
Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules:
Schedule II - Valuation and Qualifying Accounts

(a)(3) Exhibits:
The Exhibits that are filed as part of this Annual Report on Form 10-K or that are incorporated by reference herein are set forth in the Exhibit Index hereto.

(b) The Exhibits that are filed as part of this Annual Report on Form 10-K or that are incorporated by reference herein are set forth in the Exhibit Index hereto.

(c) The Exhibits that are filed as part of this Annual Report on Form 10-K are set forth in the Exhibit Index hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CASELLA WASTE SYSTEMS, INC.

Dated: June 21, 2006

By: /s/ JOHN W. CASELLA
John W. Casella
Chairman and Chief Executive Officer
Date:

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ JOHN W. CASELLA John W. Casella	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	June 21, 2006
s/ JAMES W. BOHLIG James W. Bohlig	President and Chief Operating Officer, Director	June 21, 2006
/s/ RICHARD A. NORRIS Richard A. Norris	Senior Vice President and Chief Financial Officer (Principal Accounting and Financial Officer)	June 21, 2006
/s/ DOUGLAS R. CASELLA Douglas R. Casella	Director	June 21, 2006
/s/ JOHN F. CHAPPLE III John F. Chapple III	Director	June 21, 2006
/s/ GREGORY B. PETERS Gregory B. Peters	Director	June 21, 2006
/s/ JAMES F. CALLAHAN, JR. James F. Callahan, Jr.	Director	June 21, 2006
/s/ D. RANDOLPH PEELER D. Randolph Peeler	Director	June 21, 2006
/s/ JOSEPH G. DOODY Joseph G. Doody	Director	June 21, 2006
/s/ JAMES P. MCMANUS James P. McManus	Director	June 21, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON FINANCIAL STATEMENTS

FINANCIAL STATEMENT SCHEDULE

To the Board of Directors and Stockholders of Casella Waste Systems, Inc.:

Our audits of the consolidated financial statements, of management's assessment of the effectiveness of internal control over financial reporting and of the effectiveness of internal control over financial reporting referred to in our report dated June 21, 2006 appearing in this Annual Report on Form 10-K also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
June 21, 2006

FINANCIAL STATEMENT SCHEDULES

Schedule II
Valuation Accounts

Allowance for Doubtful Accounts
(in thousands)

	Fiscal Year Ended April 30,		
	2004	2005	2006
Balance at beginning of period	$ 895	$ 583	$ 707
Additions—Charged to expense	1,524	1,115	571
Deductions—Bad debts written off, net of recoveries	(1,836)	(991)	(617)
Balance at end of period	$ 583	$ 707	$ 661

EXHIBIT INDEX

Exhibit No.	Description
2.1	Agreement and Plan of Merger dated as of January 12, 1999 and as amended by Amendments No. 1, 2 and 3 thereto, among Casella Waste Systems, Inc. ("Casella"), KTI, Inc. ("KTI") and Rutland Acquisition Sub, Inc. (incorporated herein by reference to Annex A to the registration statement on Form S-4 as filed November 12, 1999 (file no. 333-90913)).
3.1	Amended and Restated Certificate of Incorporation of Casella (incorporated herein by reference to Exhibit 4.1 to the registration statement on Form S-8 of Casella as filed November 18, 1998 (file no. 333-67487)).
3.3	Second Amended and Restated By-Laws of Casella (incorporated herein by reference to Exhibit 3.1 to the current report on Form 8-K of Casella as filed August 18, 2000 (file no. 000-23211)).
4.1	Form of stock certificate of Casella Class A common stock (incorporated herein by reference to Exhibit 4 to Amendment No. 2 to the registration statement on Form S-1 of Casella as filed October 9, 1997 (file no. 333-33135)).
4.2	Certificate of Designation creating Series A Convertible Preferred Stock (incorporated herein by reference to Exhibit 4.1 to the current report on Form 8-K of Casella as filed August 18, 2000 (file no. 000-23211)).
4.3	Indenture, dated January 24, 2003, by and among Casella Waste Systems, Inc., the Guarantors named therein and U.S. Bank National Association, as Trustee, relating to the 9.75% Senior Subordinated Notes due 2013, including the form of 9.75% Senior Subordinated Note (incorporated by reference to Exhibit 4.1 to the current report on Form 8-K of Casella as filed January 24, 2003 (file no. 000-23211)).
4.4	Exchange and Registration Rights Agreement, dated January 21, 2003, by and among Casella Waste Systems, Inc., the Guarantors listed therein and Purchasers listed therein, relating to the 9.75% Senior Subordinated Notes due 2013 (incorporated herein by reference to Exhibit 4.2 to the registration statement on Form S-4 of Casella as filed on February 11, 2003 (file no. 333-103106)).

10.1	1993 Incentive Stock Option Plan (incorporated herein by reference to Exhibit 10.1 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).
10.2	1994 Nonstatutory Stock Option Plan (incorporated herein by reference to Exhibit 10.2 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).
10.3	1996 Stock Option Plan (incorporated herein by reference to Exhibit 10.3 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).
10.4	1997 Non-Employee Director Stock Option Plan (incorporated herein by reference to Exhibit 10.5 to Amendment No. 1 to the registration statement on Form S-1 of Casella as filed September 24, 1997 (file no. 333-33135)).
10.5	Amended and Restated 1997 Stock Incentive Plan (incorporated herein by reference to the Definitive Proxy Statement on Schedule 14A of Casella as filed September 21, 1998).
10.6	1995 Registration Rights Agreement between Casella and the stockholders who are a party thereto, dated as of December 22, 1995 (incorporated herein by reference to Exhibit 10.8 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).
10.7	Warrant to Purchase Common Stock of Casella granted to John W. Casella, dated as of July 26, 1993 (incorporated herein by reference to Exhibit 10.11 to Amendment No. 1 to the registration statement on Form S-1 of Casella as filed September 24, 1997 (file no. 333-33135)).
10.8	Warrant to Purchase Common Stock of Casella granted to Douglas R. Casella, dated as of July 26, 1993 (incorporated herein by reference to Exhibit 10.12 to Amendment No. 1 to the registration statement on Form S-1 of Casella as filed September 24, 1997 (file no. 333-33135)).
10.9	Lease Agreement, as Amended, between Casella Associates and Casella Waste Management, Inc., dated December 9, 1994 (Rutland lease) (incorporated herein by reference to Exhibit 10.17 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).
10.10	Lease Agreement, as Amended, between Casella Associates and Casella Waste Management, Inc., dated December 9, 1994 (Montpelier lease) (incorporated herein by reference to Exhibit 10.18 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).

10.11	Lease, Operations and Maintenance Agreement between CV Landfill, Inc. and the Registrant dated June 30, 1994 (incorporated herein by reference to Exhibit 10.20 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).
10.12	Restated Operation and Management Agreement by and between Clinton County (N.Y.) and the Registrant dated September 9, 1996 (incorporated herein by reference to Exhibit 10.21 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).
10.13	Labor Utilization Agreement by and between Clinton County (N.Y.) and the Registrant dated August 7, 1996 (incorporated herein by reference to Exhibit 10.22 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).
10.14	Lease and Option Agreement by and between Waste U.S.A., Inc. and New England Waste Services of Vermont, Inc., dated December 14, 1995 (incorporated herein by reference to Exhibit 10.23 to the registration statement on Form S-1 of Casella as filed August 7, 1997 (file no. 333-33135)).
10.15	Amendment No. 2 to Lease Agreement, by and between Casella Associates and Casella Waste Management, Inc., dated as of November 20, 1997 (Rutland lease). (incorporated herein by reference to Exhibit 10.25 to the registration statement on Form S-1 of Casella as filed on June 25, 1998 (file no. 333-57745)).
10.16	Amendment No. 1 to Stock Option Agreement, dated as of May 12, 1999, by and between KTI, Inc. and the Registrant (incorporated herein by reference to the current report on Form 8-K of Casella as filed May 13, 1999 (file no.000-23211)).
10.17	Power Purchase Agreement between Maine Energy Recovery Company and Central Maine Power Company dated January 12, 1984, as amended (incorporated herein by reference to Exhibit 10.8 to the registration statement on Form S-4 of KTI as filed October 18, 1994 (file no. 33-85234)).
10.18	Host Municipalities' Waste Handling Agreement among Biddeford-Saco Solid Waste Committee, City of Biddeford, City of Saco and Maine Energy Recovery Company dated June 7, 1991 (incorporated herein by reference to Exhibit 10.10 to the registration statement on Form S-4 of KTI as filed October 18, 1994 (file no. 33-85234)).
10.19	Form of Maine Energy Recovery Company Waste Handling Agreement (Town of North Berwick) dated June 7, 1991 and Schedule of Substantially Identical Waste Disposal Agreements (incorporated herein by reference to Exhibit 10.11 to the registration statement on Form S-4 of KTI as filed October 18, 1994 (file no. 33-85234)).

10.20	Third Amendment to Power Purchase Agreement between Maine Energy Recovery Company, L.P. and Central Maine Power Company dated November 6, 1995. (incorporated herein by reference to Exhibit 10.38 to the registration statement on Form S-4 as filed November 12, 1999 (file no. 333-90913)).
10.21	Non-Exclusive License to Use Technology between KTI and Oakhurst Technology, Inc. dated December 29, 1998 (incorporated herein by reference to Exhibit 4.5 to the current report on Form 8-K of KTI as filed January 15, 1999 (file no. 000-25490)).
10.22	Management Compensation Agreement between Casella Waste Systems, Inc. and John W. Casella dated December 8, 1999 (incorporated herein by reference to Exhibit 10.43 to the annual report on Form 10-K of Casella as filed August 4, 2000 (file no. 000-23211)).
10.23	Management Compensation Agreement between Casella Waste Systems, Inc. and James W. Bohlig dated December 8, 1999 (incorporated herein by reference to Exhibit 10.44 to the annual report on Form 10-K of Casella as filed August 4, 2000 (file no. 000-23211)).
10.24	Preferred Stock Purchase Agreement, dated as of June 28, 2000, by and among the Company and the Purchasers identified therein (incorporated herein by reference to Exhibit 10.1 to the current report on Form 8-K of Casella as filed August 18, 2000 (file no. 000-23211)).
10.25	Registration Rights Agreement, dated as of August 11, 2000, by and among the Company and the Purchasers identified therein (incorporated herein by reference to Exhibit 10.2 to the current report on Form 8-K of Casella as filed August 18, 2000 (file no. 000-23211)).
10.26	KTI, Inc. 1994 Long-Term Incentive Award Plan (incorporated herein by reference to Exhibit (d)(3) to the Schedule TO of Casella as filed July 2, 2001 (file no. 000-23211)).
10.27	KTI, Inc. Non-Plan Stock Option Terms and Conditions (incorporated herein by reference to Exhibit (d)(4) to the Schedule TO of Casella as filed July 2, 2001 (file no. 000-23211)).
10.28	Management Compensation Agreement between Casella Waste Systems, Inc. and Charles E. Leonard dated June 18, 2001 (incorporated herein by reference to Exhibit 10.39 to the annual report on Form 10-K of Casella as filed on July 12, 2002 (file no. 000-23211)).

10.29	Management Compensation Agreement between Casella Waste Systems, Inc. and Richard Norris dated July 20, 2001 (incorporated herein by reference to Exhibit 10.40 to the annual report on Form 10-K of Casella as filed on July 12, 2002 (file no. 000-23211)).
10.30	US GreenFiber LLC Limited Liability Company Agreement, dated June 26, 2000, between U.S. Fiber, Inc. and Greenstone Industries, Inc. (incorporated herein by reference to Exhibit 10.41 to the annual report on Form 10-K of Casella as filed on July 12, 2002 (file no. 000-23211)).
10.31	Purchase Agreement, dated August 17, 2001, by and among Crumb Rubber Investors Co., LLC, Casella Waste Systems, Inc. and KTI Environmental Group, Inc. (incorporated herein by reference to Exhibit 10.42 to the annual report on Form 10-K of Casella as filed on July 12, 2002 (file no. 000-23211)).
10.32	Purchase Agreement, dated August 17, 2001, by and among New Heights Holding Corporation, KTI, Inc., KTI Operations, Inc. and Casella Waste Systems, Inc. (incorporated herein by reference to Exhibit 10.43 to the annual report on Form 10-K of Casella as filed on July 12, 2002 (file no. 000-23211)).
10.33	Form of Non-Plan Non-Statutory Stock Option Agreement as issued by Casella Waste Systems, Inc. to certain individuals as of May 25, 1994 (incorporated herein by reference to Exhibit 10.44 to the annual report on Form 10-K of Casella as filed on July 12, 2002 (file no. 000-23211)).
10.34	Second Amended and Restated Revolving Credit and Term Loan Agreement, dated January 24, 2003, by and among Casella Waste Systems, Inc. and its Subsidiaries (other than Excluded Subsidiaries), the lending institutions party thereto and Fleet National Bank, individually and as administrative agent, and Bank of America, N.A., individually and as syndication agent, with Fleet Securities, Inc. and Banc of American Securities LLC acting as Co-Arrangers (incorporated herein by reference to Exhibit 10.1 to the quarterly report on Form 10-Q of Casella Waste Systems Inc. as filed September 12, 2003 (file no. 000-23211)).
10.35	Construction, Operation and Management Agreement between New England Waste Services of Massachusetts, Inc. and the Town of Templeton, Massachusetts (incorporated herein by reference to Exhibit 10.35 to the annual report on Form 10-K of Casella as filed on July 24, 2003 (file no. 000-23211)).
10.36	Amendment No. 1 and Release to Second Amended and Restated Revolving Credit and Term Loan Agreement (incorporated herein by reference to Exhibit 10.36 to the annual report on Form 10-K of Casella as filed on July 24, 2003 (file no. 000-23211)).

10.37	Amendment No. 2 to Second Amended and Restated Revolving Credit and Term Loan Agreement (incorporated by reference to Exhibit 10.2 to the quarterly report on Form 10-Q of Casella Waste Systems, Inc. as filed on September 12, 2003 (file no. 000-23211)).
10.38	Amendment No. 3 and Consent to Certain Acquisitions to Second Amended and Restated Revolving Credit and Term Loan Agreement (incorporated herein by reference to Exhibit 10.4 to the registration statement on Form S-4 of Casella Waste Systems, Inc. as filed on February 20, 2004 (file no. 000-23211)).
10.39	Joinder Agreement to Second Amended and Restated Revolving Credit and Term Loan Agreement (incorporated herein by reference to Exhibit 10.5 to the registration statement on Form S-4 of Casella Waste Systems, Inc. as filed on February 20, 2004 (file no. 000-23211)).
10.40	Amendment No. 4 to Second Amended and Restated Revolving Credit and Term Loan Agreement. (incorporated herein by reference to Exhibit 10.40 to the annual report on Form 10-K of Casella as filed on June 25, 2004 (file no. 000-23211)).
10.41	Summary of compensatory arrangements including cash bonus arrangement, and salaries and other compensatory terms for executive officers (incorporated herein by reference to the current report on Form 8-K of Casella as filed on June 21, 2005 (file no. 000-23211)).
10.42	Summary of compensating arrangements for non-employee directors (incorporated herein by reference to the current report on Form 8-K of Casella as filed on March 8, 2005 (file no. 000-23211)).
10.43	Amended and Restated Revolving Credit Agreement, dated April 28, 2005, by and among Casella Waste Systems, Inc. and its Subsidiaries (other than Excluded Subsidiaries), the lending institutions party thereto and Bank of America, N.A., individually and as administrative agent, and Bank of America Securities LLC, as sole arranger and sole book manager, with Citizens Bank, as syndication agent and Sovereign Bank, Wachovia Bank and Calyon New York Branch, as co-documentation agents. (incorporated herein by reference to Exhibit 10.43 to the annual report on Form 10-K of Casella as filed on June 28, 2005 (file no. 000-23211)).

10.44	Summary of compensatory arrangements for non-employee directors (incorporated herein by reference to the current report on Form 8-K of Casella as filed on September 9, 2005 (file no. 000-23211)).
10.45	Financing Agreement between Casella Waste Systems, Inc. and Finance Authority of Maine, Dated as of December 1, 2006 relating to issuance of Finance Authority of Maine Solid Waste Disposal Revenue Bonds (Casella Waste Services, Inc. Project) Series 2005 (incorporated herein by reference to the current report on Form 8-K of Casella as filed on January 4, 2006 (file no. 000-23211)).
10.46	First Amendment To Amended And Restated Revolving Credit Agreement by and among the Company, the Borrowers, the Lenders, and Bank of America, N.A. as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated herein by reference to the current report on Form 8-K of Casella as filed on June 8, 2006 (file no. 000-23211)).
21.1	Subsidiaries of Casella Waste Systems, Inc.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of PricewaterhouseCoopers LLP on Financial Statements of US GreenFiber, LLC.
31.1	Certification of Principal Executive Officer required by Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer required by Rule 13a-15(e) or Rule 15d-15(e) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Financial Statements of US GreenFiber, LLC

Exhibit N

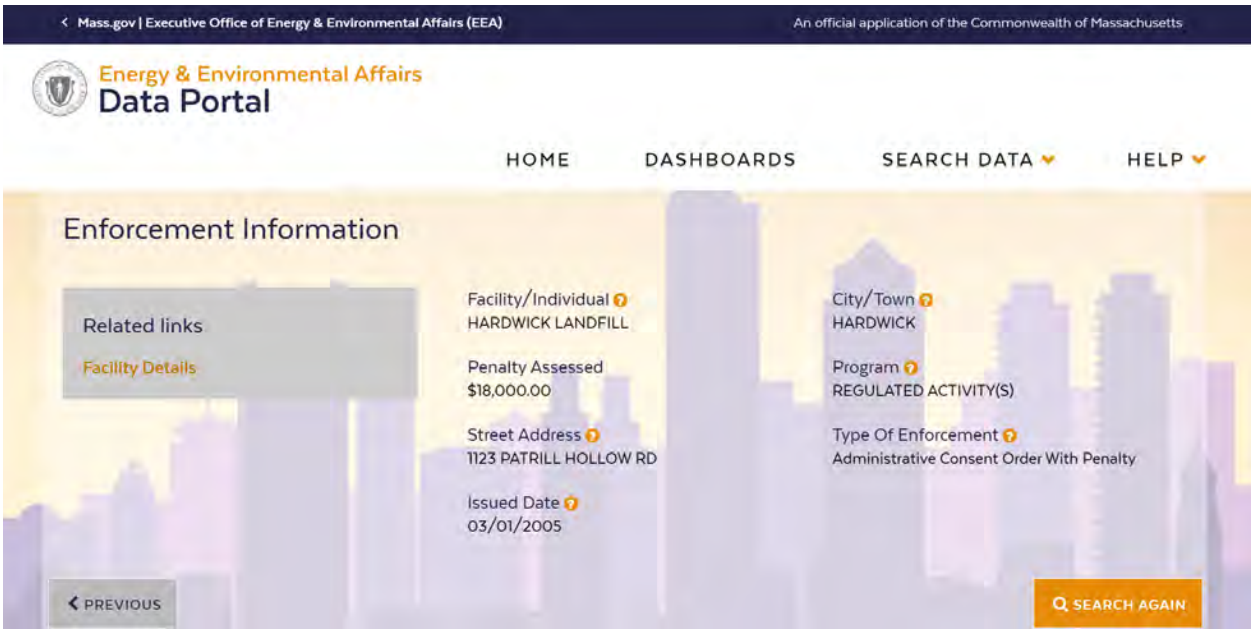
Mass.gov | Executive Office of Energy & Environmental Affairs (EEA)
An official application of the Commonwealth of Massachusetts
Energy & Environmental Affairs
Data Portal
HOME
DASHBOARDS
SEARCH DATA
HELP
Enforcement Information
Related links
Facility Details
Facility/Individual
HARDWICK LANDFILL
Penalty Assessed
$18,000.00
Street Address
1123 PATRILL HOLLOW RD
Issued Date
03/01/2005
City/Town
HARDWICK
Program
REGULATED ACTIVITY(S)
Type Of Enforcement
Administrative Consent Order With Penalty
PREVIOUS
SEARCH AGAIN

Exhibit O

Exhibit O

MassDEP Facility Id:172948 Enforcement Results as of December 8, 2023

Facility/Individual	City/Town	Program	Penalty Assessed	Street Address	Type of Enforcement	Issued Date
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$0.00	165 BAREFOOT RD	Notice Of Non-Compliance	09/12/2001
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$0.00	165 BAREFOOT RD	Administrative Consent Order No Penalty	01/29/2004
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$0.00	165 BAREFOOT RD	Notice Of Non-Compliance	11/05/2004
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$0.00	165 BAREFOOT RD	Unilateral Administrative Order	05/09/2014
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$24,332.00	165 BAREFOOT RD	Administrative Consent Order With Penalty	12/01/2016
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$0.00	165 BAREFOOT RD	Notice Of Non-Compliance	07/07/2017
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$0.00	165 BAREFOOT RD	Unilateral Administrative Order	10/02/2018
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$85,432.00	165 BAREFOOT RD	Administrative Consent Order With Penalty	10/24/2018
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$0.00	165 BAREFOOT RD	Demand Action	12/06/2018
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$0.00	165 BAREFOOT RD	Demand Action	05/01/2019
SOUTHBRIDGE LANDFILL NEW	SOUTHBRIDGE	REGULATED ACTIVITY(S)	$100,000.00	165 BAREFOOT RD	Administrative Consent Order With Penalty	05/19/2021

Exhibit P

December 12, 2014

Southbridge landfill to pay $200,000 civil penalty

The Southbridge Recycling and Disposal Park (SRDP) landfill will pay nearly $220,000 to settle claims a large soil stockpile partially collapsed and damaged adjacent wetlands.

Attorney General Martha Coakley's office said that SRDP and its parent company, Casella Waste Systems Inc., will pay a $200,000 civil penalty, $50,000 of which will be waived if the state Department of Environmental Protections determines that required stabilization and restoration work are properly completed.

SRDP will also spend nearly $20,000 on a supplemental environmental project by purchasing water testing and plotting equipment for Charlton, to be used by the town's Water Department and Conservation Commission, as well as by the Central Massachusetts Regional Storm Water Coalition.

The August 2013 landslide sent up to a foot of sediment to the banks a stream in Charlton and covered half an acre of vegetated wetlands with mud and silt, the AG's office said.

According to the complaint, filed in Suffolk Superior Court, the stockpiled soil had been excavated during landfill expansion work. The statement from the AG's office said SRDP "allegedly did not immediately take action to stabilize the stockpile, waited for 10 days to report erosion and stability problems, and failed to mention the massive landslide when discussing other matters with MassDEP."

After reporting the violations to MassDEP, the defendants began implementing stockpile stabilization and wetlands restoration work plans, and will continue to monitor the wetlands areas damaged by the landslide to assure proper restoration, the statement said.

Exhibit Q

Exhibit Q

Casella settles class-action odor lawsuit over Ontario County Landfill

July 13, 2021 12:02 PM / Staff Report

A class action lawsuit involving the Ontario County Landfill has been settled.

However, it's not entirely clear how much those who filed a claim will be receiving. It's not even clear if those individuals will receive anything at all.

Ontario County Judge Brian Dennis signed a settlement agreement Wednesday following a hearing in state Supreme Court, according to the Finger Lakes Times. The lawsuit was filed in 2019 by the law firm of Liddle & Dubin, based in Detroit, on behalf of Richard and Deb Vandemortel and others.

The Vandemortel's claimed that they could not enjoy the use of their home on Johnson Road in Seneca due to odors from the landfill.

The West Firm represented Casella in the case. "We believe we could have defended this case, but the time and the money to do so would have been more than the cost to settle it and put it behind us," he said.

Casella will pay $750,000 into a settlement fund and another $900,000 for odor-control measures at the landfill.

Staff Report

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Categories: COURTS ENVIRONMENT NEWS ONTARIO COUNTY SENECA

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Exhibit R

Exhibit R

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW HAMPSHIRE

TOXICS ACTION CENTER, INC., and CONSERVATION LAW FOUNDATION, Plaintiffs, v. CASELLA WASTE SYSTEMS, INC., and NORTH COUNTRY ENVIRONMENTAL SERVICES, INC., Defendants.	Case No. 1:18-cv-00393-PB

SETTLEMENT AGREEMENT AND ORDER

WHEREAS, Plaintiffs Toxics Action Center, Inc., and Conservation Law Foundation ("Plaintiffs") brought suit (the "Action") against Defendants Casella Waste Systems, Inc., and North Country Environmental Services, Inc. ("NCES") ("Defendants") (Plaintiffs and Defendants collectively, the "Parties" and each individually, a "Party") under the federal Clean Water Act, 33 U.S.C. § 1251, *et seq.* ("CWA"), for alleged violations of the CWA at Defendants' landfill and appurtenant real property ("Landfill") in Bethlehem, New Hampshire; and

WHEREAS, Defendants have denied the allegations and disputed the claims in the Action; and

WHEREAS, Plaintiffs and Defendants have negotiated a resolution of the Action in the form of this Settlement Agreement (the "Agreement"),

NOW THEREFORE, Plaintiffs and Defendants enter into this Agreement, stipulate that it constitutes the full, final, and complete resolution of the issues raised in the Action, and agree to the following:

1. Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

a. "Drainage Channel" is the approximately 370-foot long channel running from the Main Seep to the Ammonoosuc River.

b. "Main Seep" is the groundwater seep located in the Groundwater Management Zone corresponding to sampling location S-1 in New Hampshire Groundwater Management and Release Detection Permit No. GWP-198704033.

2. Mutual Release. Each Party (on behalf of itself and its respective agents, representatives, parents, affiliates, subsidiaries, shareholders, attorneys, law firms, directors, officers, employees, agents, representatives, successors, and assigns, as the case may be) (each, a "Releasing Party") releases and forever discharges the other Parties (and their respective agents, representatives, parents, affiliates, subsidiaries, shareholders, directors, officers, employees, agents, representatives, successors, and assigns, as the case may be) (each, a "Released Party") of all claims (except for those addressed under a separate and contemporaneous confidential agreement incorporated herein by reference regarding costs of litigation) that the Releasing Party made or could have made in the Action, including, without limitation, all manner of action or actions, cause or causes of action, suits, debts, damages, claims, penalties, liabilities, demands, judgments, or executions whatsoever, whether known or unknown, whether under statute or in contract, tort, or otherwise, and whether in law or in equity, that the Releasing Party ever had or has now against any Released Party arising from the subject matter of the Action. The Parties

agree and stipulate that Conservation Law Foundation's appeal of the NCES Stage VI permit application, pending before the Waste Management Council, is not a matter "arising from the subject matter of the Action" within the meaning of this paragraph and that nothing in this Agreement has any bearing on such appeal.

3. Restoration Project. In 2010, NCES performed a project to satisfy Special Condition 15 of its New Hampshire Groundwater Management and Release Detection Permit No. GWP-198704033. The project entailed removal and disposal of sediments from the Main Seep and Drainage Channel, protection of surrounding areas during the removal work, and site restoration once sediment removal was completed. A description of that project is contained in the November 2010 "Seep Restoration Summary Report" prepared by Sanborn, Head & Associates, Inc. (Bates-stamped NCES-004796-4933).

a. Not later than two years after the date of this Agreement, NCES shall submit applications for all necessary permits and regulatory approvals needed to perform sediment removal and restoration work on the Main Seep and Drainage Channel (the "Second Restoration Project") that is substantially the same, in terms of scope, purpose, and effect, as the work Defendants performed in 2010 that is referenced in the preceding paragraph.

b. Not later than one year after obtaining the necessary permits and regulatory approvals, NCES shall commence the Second Restoration Project and shall complete the Second Restoration Project within the construction season in which it was commenced.

c. Plaintiffs waive, release, and forever discharge, as if included within the scope of paragraph 2, any claim or theory of liability in any future action brought against any Released Party, that the purpose of the Second Restoration Project is to treat groundwater

or surface water or that any work performed as part of the Second Restoration Project rendered all or any part of the Main Seep or the Drainage Channel a water treatment facility, including, without limitation, a landfill wastewater treatment system.

d. Defendants shall, contemporaneously with their submission to any state or federal regulatory agency, provide Plaintiffs with a copy of any application, notice of intent to proceed, and post-completion report prepared in connection with the Second Restoration Project, and shall also provide Plaintiffs with a copy of any related agency objections and approvals within 15 days of receipt of same. If no such post-completion report is provided to government agencies, Defendants shall inform Plaintiffs in writing upon completion of the Second Restoration Project, and shall within 30 days of completion provide Plaintiffs with copies of the project reports provided to Defendants by contractors who performed work in connection with the Second Restoration Project. The Second Restoration Project post-completion report(s) provided to Plaintiffs shall, individually or collectively, describe the project's implementation, the volume of sediments removed, the manner of disposal of removed sediments, and other restoration work performed on the Main Seep and Drainage Channel.

4. Supplemental Environmental Project. Not later than 30 days after the date of the written agreement contemplated by this paragraph, Defendants shall pay the sum of $50,000 by electronic funds transfer or bank draft to the Ammonoosuc Conservation Trust ("ACT"), a 501(c)(3) non-profit corporation. Such payment shall be expended by ACT solely for projects designed to promote restoration, preservation, protection, and/or enhancement of water quality in the Ammonoosuc River watershed. ACT shall agree in writing, as a condition precedent of receiving any funds pursuant to this Agreement: (i) to disburse any money it receives under this

Agreement solely for the purposes described in this paragraph; (ii) not to use any money received under this Agreement for litigation or political lobbying activities; and (iii) to submit to Plaintiffs and Defendants on the first anniversary of receiving the payment described in this paragraph, and on each anniversary thereafter, a report describing how the money was spent, and certifying that the funds were used in the manner described in this Agreement, until all money is expended.

a. Any public statement made by Defendants in any press release, in any oral or written material promoting Defendants' environmental or charitable practices or record, or in Defendants' Annual Reports, that makes reference to Defendants' payment to ACT shall include the following language: "Payments to the Ammonoosuc Conservation Trust were made pursuant to the settlement of a Clean Water Act enforcement suit brought by Community Action Works (formerly known as Toxics Action Center) and Conservation Law Foundation."

5. Enforcement. The parties stipulate that the provisions of this Agreement (including the provisions of the agreement incorporated by reference in paragraph 2) shall be enforceable by the Court upon motion by any Party.

6. General Provisions.

a. The provisions of this Agreement shall apply to and be binding upon the Parties and their respective officers, employees, successors, and assigns. Defendants' obligations under this Agreement shall not be assignable or delegable to any third party, including any third party to which Defendants transfer ownership or operation of the Landfill or of any real property between the Landfill and the Ammonoosuc River,

without the written consent of Plaintiffs, which consent Plaintiffs shall not unreasonably withhold.

b. Defendants shall not assert any claim of confidentiality for any documents or information provided to Plaintiffs pursuant to this Agreement. All correspondence concerning this Agreement and all documents that are submitted pursuant to this Agreement shall be addressed as follows:

As to the Plaintiffs:

Josh Kratka
Email (preferred): josh.kratka@nelconline.org
National Environmental Law Center
294 Washington Street, Suite 500
Boston, MA 02108
Telephone: (617) 747-4333

As to the Defendants:

Bryan K. Gould and
Cooley A. Arroyo
E-mail: gouldb@cwbpa.com
arroyoc@cwbpa.com
Cleveland, Waters and Bass, P.A.
Two Capital Plaza, 5th Floor
P.O. Box 1137
Concord, NH 03302-1137

c. No changes, additions, modification, or amendments of this Agreement shall be effective unless they are set out in writing and agreed to by all Parties to the Agreement (except as to any changes to the designated recipients of Agreement-related correspondence set forth in paragraph 6.b, which are effective upon written notice to the Parties).

d. The effective date of this Agreement shall be the date of its entry by the Court.

Exhibit R

January 5, 2022

/s/ Bryan K. Gould
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(603) 410-4913
Attorney for Toxics Action Center

SO ORDERED.

/s/Paul Barbadoro
United States District Court Judge
Paul Barbadoro

January 11, 2022

Exhibit S

Exhibit S

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For a thriving New England

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Julie S. Moore, Secretary
Vermont Agency of Natural Resources
1 National Life Drive, Davis 2
Montpelier, VT 05620-3901

October 12, 2023

Re: Violations of Permit No. 3-1406 and State Law – New England Waste Services of Vermont, Inc.'s Leachate Treatment Pilot Study Plan

Dear Secretary Moore:

Conservation Law Foundation, Vermont Natural Resources Council, and Just Zero submit the following letter in response to New England Waste Services of Vermont, Inc.'s (NEWSVT) recent troubling violations of its pending application for a major amendment to its Pretreatment Discharge Permit No. 3-1406 regarding the Leachate Treatment Pilot Study Plan (Pilot Plan) proposal affiliated with its landfill in Coventry, Vermont. Our organizations call on the Agency of Natural Resources (Agency) to take immediate enforcement actions against NEWSVT, require NEWSVT to cease the treatment facility's operations, and establish proper and required permit procedure that allows for meaningful public comment and review of the Pilot Plan and a thorough Agency review and decision on the Pilot Plan.

Our organizations recently learned that NEWSVT unlawfully avoided public and agency review procedures by constructing and fully operating its proposed Pilot Leachate Treatment System to remediate contaminated leachate at Coventry Landfill for per- and polyfluoroalkyl substances (PFAS) without receiving a permit amendment required by law. NEWSVT's brazen actions are in blatant disregard of its Pretreatment Discharge Permit No. 3-1406 and State law—illegally stripping away the public and the Agency's opportunity to participate in ensuring the safety and effectiveness of the Pilot Plan.

In December 2022, when the Department of Environmental Conservation (DEC) renewed NEWSVT's Pretreatment Leachate Discharge Permit, No. 3-1406, DEC required that NEWSVT commence the process to propose, construct, and implement a Pilot Leachate Treatment System to treat leachate for PFAS. The terms of that Pretreatment permit are explicit: NEWSVT was required to submit a draft Pilot Plan detailing their proposed treatment system, and the draft would subsequently be "subject to review and approval by the Secretary."[1]

[1] VERMONT AGENCY OF NATURAL RESOURCES, DEP'T OF ENVTL. CONSERV., PRETREATMENT DISCHARGE PERMIT, PERMIT NO. 3-1406 8 (Dec. 21, 2022) [hereinafter *Permit No. 3-1406*].

Conservation Law Foundation

In addition, Permit No. 3-1406 stipulated that the Pilot Leachate Treatment System would begin "in accordance with the approved Plan."[2] In requiring the draft Pilot Plan to go through a public review before becoming finalized, the Agency established a process to provide communities most invested in and affected by the leachate treatment with ample opportunity to meaningfully participate and weigh in on the proposal. However, none of this occurred. Instead, NEWSVT flippantly circumvented this legally required process and decided to construct and start operating the treatment system without public review or final agency approval.

Specifically, on April 27, 2023, NEWSVT submitted their proposed Pilot Plan, which came in the form of a draft application to DEC for a major amendment to Permit No. 3-1406—thus subject under State law to a minimum of thirty days for notice and comment, with the right for any person to request a public hearing on the proposed permit amendment.[3] ANR never formally approved the proposed Pilot Plan submitted in April. It is our understanding that the Agency conducted some technical review of the Pilot Plan and shared recommended revisions with NEWSVT. The next step would have been for NEWSVT to make those changes and resubmit the proposed Pilot Plan, which the Agency would then review and put on notice for public comment as an amendment to Permit No. 3-1406. This did not happen. Rather, NEWSVT never responded to the Agency's recommended revisions; it just constructed the facility and began operating it without obtaining the required Agency approval.

The PFAS epidemic is a global environmental and public health crisis and the existing system of managing PFAS-contaminated landfill leachate through wastewater treatment facilities is wholly inadequate to protect public health and the environment. These facilities are ill-equipped to remove the diverse and complex range of contaminants, including PFAS, in leachate prior to discharge into Vermont's surface waters. The result of this ineffective management is that PFAS-contaminated wastewater makes its way into our lakes, streams, and rivers. These dangerous PFAS chemicals subsequently bioaccumulate and threaten the environment and public health at-large.

The urgent need to treat landfill leachate for PFAS is not an excuse for NEWSVT's trampling on both the public's rights and the Agency's procedural safeguards around the proposed treatment system. Rather, the necessity and significance of installing a system to safely and effectively treat Coventry's leachate for PFAS makes it even more essential that the public have a meaningful opportunity to participate in the Pilot Plan's approval—a right to which they are entitled by law—and that NEWSVT adhere to the Secretary's formal review and obtain a permit amendment for the facility as required by law.

---

[2] *See* PERMIT NO. 3-1406, *supra* note 1 at 9 (specifying that "[b]y no later than one year following the effective date of this permit, the Permittee shall have the leachate treatment and/or pretreatment technology(s) installed and begin the [Pilot Leachate Treatment System] *in accordance with the approved Plan*" (emphasis added)).

[3] *See* 10 V.S.A. §§ 7711–12, 17(a) (specifying that major amendments are subject to the same procedures applicable to the original permit decision under the chapter and when the chapter requires, the Secretary must "provide a public comment period . . . [which] shall be at least 30 days . . . [and]" that a person can request a public meeting on a draft decision).

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Law Foundation

Our organizations continue to commend the Agency for proactively requiring NEWSVT to implement such a PFAS treatment program for the Coventry landfill's contaminated leachate. Beyond setting positive precedent for the nation, the Agency has committed to using data generated from the Pilot Leachate Treatment System to inform its development of a Technology Based Effluent Limit and/or treatment standard-criteria for the discharge of PFAS in landfill leachate. For that reason, there is a lot on the line to get this project right the first time around, and to uphold the public's procedural rights to review and comment on the proposed treatment through the permit amendment process.

To be clear, NEWSVT's proposed draft Pilot Plan—which NEWSVT put into operation prior to notice, public comment, and Agency approval—raises several serious public health and environmental concerns. First, the Pilot Plan relies on a new technology (foam fractionation) for which the supporting literature is extremely thin, without the added safeguard of using multiple treatment technologies (a treatment train) at the backend to ensure the broadest scope of PFAS are remediated. Second, the Pilot Plan does not include any air monitoring of PFAS post-treatment, even though evidence shows this treatment technology sends PFAS emissions into the atmosphere. Third, the Pilot Plan never specified what NEWSVT intended to do with the residuals from the treatment process, which contain high concentrations of PFAS. This is a gaping question mark with potentially huge public health and environmental consequences. The public had, and has, the right to fully weigh in on the above concerns, as well as others.

In accordance with the purpose and objectives of Vermont's Uniform Environmental Law Enforcement Act, 10 V.S.A. 8001 *et seq.*, our organizations call on the Agency to immediately direct NEWSVT to cease operations of the Pilot Leachate Treatment System, penalize NEWSVT for their actions, reestablish the required procedure that will allow for meaningful public comment and review of the Pilot Plan proposal, followed by an Agency decision on the Pilot Plan.[4] Finally, to be absolutely clear: our motive here is the protection of Vermont's environment, the communities and individuals impacted by the contaminants at issue, and upholding Vermont's law and process for all Vermonters.

Thank you for your thoughtful and prompt attention to this matter. We remain available to discuss these issues at any time.

Respectfully submitted,

/s/ Elena Mihaly, Esq.

[4] *See* 10 V.S.A. § 8001 (detailing the Legislature's findings to "standardize and enhance the enforcement powers of the Secretary of Natural Resources . . . in order to: (1) enhance the protection of environmental and human health afforded by existing laws; (2) prevent the unfair economic advantage obtained by persons who operate in violation of environmental laws; (3) provide for more even-handed enforcement of environmental laws; (4) foster greater compliance with environmental laws; (5) deter repeated violation of environmental laws; and (6) establish a fair and consistent system for assessing administrative penalties.")

Conservation
Law Foundation

Vice President and Director
Conversation Law Foundation Vermont

/s/ Nora Bosworth, Esq.
Zero Waste Attorney
Conservation Law Foundation Vermont

/s/ Jon Groveman, Esq.
Policy and Water Program Director
Vermont Natural Resources Council

/s/ Peter Blair, Esq.
Policy Director
Just Zero

CC:

Ed McNamara, General Counsel, Vermont Agency of Natural Resources
Senator Chris Bray, Chair, Senate Committee on Natural Resources and Energy
Senator Ginny Lyons, Chair, Senate Committee on Health and Welfare
Representative Amy Sheldon, Chair, House Committee on Environment and Energy