

**Maine Turnpike Board
Order and Findings Relating to the 2012 Toll Increase**

Background

In 1941, the Maine Legislature established the Maine Turnpike Authority (MTA) as an independent public agency to construct and maintain a toll highway that has since become the centerpiece of Maine's transportation network. The initial 45-mile stretch from Kittery to Portland was completed in 1947. It was the first "superhighway" in New England and the first such highway in the United States built without state or federal tax dollars. In 1955, a second section was completed from Portland to Augusta.

In its 71-year history, the MTA has never received any state or federal money or any support from gas or excise taxes. Money to construct and rebuild the road has come entirely from bond investors, many of whom are Maine residents. Tolls are the sole source of payment for the bonds and for all expenses of operating and maintaining the highway.

The seven members of the Turnpike Board are appointed to carry out fiduciary duties owed both to the bondholders and to the people of Maine. For bondholders, the Board must ensure that tolls are sufficient to repay the bonds and maintain the Turnpike as promised in the bond indentures. For the public, the Board owes a duty to provide a safe and efficient highway operated at reasonable cost. The Board and staff are highly sensitive to the turnpike's significance to the Maine economy.

The Turnpike presently includes 109 miles of divided, limited access highway. The first 44 miles are six-lanes; the remaining 65 miles north of Scarborough are 4 lanes. The Authority owns 177 bridges, 19 interchanges, 19 toll plazas, nine maintenance facilities, five service plazas, 15 park & ride lots, and an administration building that houses the E-Z Pass service center and 25 members of the Maine State Police. The Turnpike serves as the state's chief economic lifeline, handling an average of 200,000 vehicle transactions per day, or more than 73 million in 2011.

In 1981, as the original bonds were about to be paid off, control of the Turnpike was offered to the state. The offer was rejected because the Governor and Legislature did not want to raise gas taxes to support the road. They were concerned that out-of-state travelers paid over half of the tolls but only 17% of the gas tax. On June 19, 1981, the Legislature voted to keep tolls in place to maintain and improve the Pike, to make capital repairs and to divert a quarter of the tolls to support the general needs of DOT.

In the 1990's the Turnpike's own capital needs came to the forefront. Traffic demands required 30 miles of highway to be widened, to improve safety and to replace aging bridges and interchanges that had seen 50 years of service. The Turnpike and state officials agreed to meet these costs by reducing amounts transferred to the DOT, by raising tolls in moderate stages and by incurring long term debt at favorable non-taxable rates.

Since 1995, the Turnpike south of Portland has been rebuilt and widened and the overpass bridges replaced. The bridges north of Portland in service since 1955 are now being overhauled. MTA has built new interchanges in many locations including Portland and Sabattus and is rebuilding Exit 80 in Lewiston. The six lane stretch between Scarborough and Saco now bears the heaviest daily traffic volumes of any road in the state.

The Maine Turnpike has used electronic toll collection since 1997, when Transpass, the first electronic

system in New England, was put into operation. In 2005, the Authority converted to *E-ZPass*, allowing Maine and any customer of the 14 state Inter-Agency Group (IAG) to pay tolls electronically. *E-ZPass* provides the Turnpike with a far-reaching user base with interoperability and a regional transponder distribution network that covers the northeastern United States, from Maine west to Illinois and south to Virginia. Members of the IAG have over 22 million active *E-ZPass* transponders. In 2011, they collected \$8 billion in tolls.

If conservative assumptions hold, MTA's toll increase for 2012 will pay not only for existing debt service but also for future capital needs without another increase through 2031. Even with the current increase, the Turnpike will retain one of the lowest toll rates per mile in the United States.

The Need to Raise Tolls

The Turnpike has raised tolls 12 times since 1947 with recent increases in 2005 and 2009. The need for a toll increase at this time has been a part of the Turnpike's long range plan for at least a decade.

The current toll increase is necessary to satisfy contractual obligations to revenue bond holders. Without an increase, the MTA would risk defaulting on three key requirements of its Revenue Bond Trust Indenture:

1. The MTA would violate the "two times" test which requires that net annual revenue exceed debt service by a ratio of two to one. Failing this test would require the MTA to deposit \$19M in extra cash reserves to a dedicated account within 12 months to avoid default. These cash reserves could not be used for any operational purpose. This would reduce available cash and make it even more difficult to comply with other bond requirements.
2. Among these requirements is the "additional bonds" test which specifies that net revenue each year must exceed the total of debt service plus a mandatory deposit into the Reserve Maintenance ("RM") Account. Failing this test takes MTA out of the bond market and disables the MTA from meeting other commitments until it raises tolls.
3. Without sufficient cash, the MTA will fail to make required deposits into its Reserve Maintenance Account even if it is able to meet operating expenses and debt service. The MTA's Bond Indenture requires that an independent consultant inspect the Turnpike annually and report to bond holders on whether the Authority is maintaining the highway to acceptable standards. One of the duties of this consultant is to specify annually the minimum investment necessary to maintain the Turnpike for the coming year, an amount which the Authority must then deposit into its dedicated RM Account. Failure to make the required deposit would put the MTA directly into default, potentially forcing the Bond Trustee to take over the Turnpike, raise tolls and run the highway as a trustee in possession.

The immediate reason for the toll increase is to pay debt service on bonds falling due in a "plateau" of payments between now and 2018. The MTA has long anticipated that future toll increases would be required not only to pay debt service on these bonds but also to meet other capital requirements; but in years when those bonds were issued, revenue was projected to increase by 2.5% per year compounded. In 2008 revenue decreased for the first time in the Turnpike's 61 year history. Since then, revenue has remained either down or flat except for a toll increase in 2009. The Authority now projects traffic to increase by only 1.5% annually for the indefinite future compounded from present reduced levels.

The MTA has taken several measures to reduce the anticipated rate hike:

1. MTA cut its operating budget for 2013 by over 11% and plans to cut another 4% from 2014. Most of these cuts have already been implemented and booked to reduce the toll increase. MTA has substantially reduced its personnel and contract costs and is continuing to find ways to reduce them further. Contracts with two union bargaining units expired at the end of 2011 and will remain at "status quo" for pay and benefits as required by law until the parties are able to agree on new terms.
2. On February 28, 2012, MTA saved \$13.6 million in future debt service by refinancing bonds at significantly reduced rates. MTA applied the savings to reduce future debt service during the period of the payment "plateau" that defines the minimum needed for a toll increase. In a February visit to the rating agencies, MTA convinced Standard & Poors to upgrade the Turnpike's bond rating. This allowed MTA to sell and refinance bonds at even lower rates, yielding additional revenue for the Turnpike.
3. Since the onset of the recession, construction contracts have been awarded at prices well below program estimates. MTA has thus been able to meet its maintenance and capital requirements at lesser cost and with a reduced Reserve Maintenance deposit.

Were it not for these mitigations, the toll increase would have greatly exceeded the \$21 million that is presently planned.

It is often asked why the Legislature should not turn the Pike over to DOT and remove the tolls. For that to be done, the state would have to assume the Turnpike's present bond balance of \$452.55 million and then add about 9 cents to the gas tax to maintain the Turnpike, pay its bonds and substitute tax revenue for tolls.

Types of Toll Plazas

The Turnpike combines barrier tolls, where a toll is paid by traffic going in either direction, with side tolls, where a toll is paid on entering the turnpike but no toll is paid upon exiting. At two side tolls a toll is charged only for traffic going in one direction (south at Gray and north at Wells).

By eliminating many of the old cash toll plazas, this configuration has allowed the MTA to save millions of dollars a year in toll collection costs but yields tolls that may vary for trips of similar distance (depending largely on whether a trip passes through a barrier toll in addition to a side toll). This "toll equity" issue can be largely eliminated by electronic tolling. Because the E-ZPass transponder detects where the vehicle both enters and leaves the highway (much as the old paper ticket system did), it is possible to charge an E-ZPass customer a uniform rate per mile.

The Turnpike has a mixed format of 17 toll plazas categorized in four groups as follows:

1. Six barrier toll plazas at which the same toll is paid by traffic going in either direction:

<u>Mile</u>	<u>Plaza</u>	<u>Class 1 Toll</u>
7	York	\$ 2.00
44	South Portland/I-295	1.00
52	Falmouth spur	1.00
67	New Gloucester	1.75
100	West Gardiner	1.25
103	Gardiner/I-295	1.00

2. Eight entrance side tolls at single points where the motorist may go either north or south after having paid a \$1 toll:

<u>Mile</u>	<u>Plaza</u>
32	Biddeford
36	Saco
42	Scarborough
45	Maine Mall
47	Rand Rd
48	Riverside
53	West Falmouth

3. Two split entrance side tolls where the motorist must choose to go either north or south before paying a \$1 toll:

<u>Mile</u>	<u>Plaza</u>
25	Kennebunk
46	Jetport

4. Two single point entrance toll plazas where \$1 is paid to go in one direction but nothing for the other direction because the toll is located just up or down the road from a nearby barrier plaza:

<u>Mile</u>	<u>Plaza</u>
19	Wells (\$1 to enter northbound only because the \$2 York barrier is immediately south)
63	Gray (\$1 to enter southbound only because the \$1.75 New Gloucester barrier is immediately north)

Rates

The cash rate for automobiles (Class 1 vehicles) sets the base for the toll system. Trucks are charged multiples of the Class 1 rate depending on the number of tires and axles. 6-axle trucks (Class 6) are charged the most at 4.5 times the auto rate.

62% of MTA tolls are collected electronically through E-ZPass transponders. Approximately half are issued by out of state agencies and half are issued by Maine. Motorists with out of state E-ZPass transponders are charged the same as cash users. Holders of a Maine E-ZPass are charged according to the following rules: (1) the base rate per mile travelled is currently 6.7¢ for Class I automobiles; (2) the electronic rate will never be more than the cash rate for the same movement, and (3) the rate will never be less than a 50¢ minimum per trip, no matter how short. 48 out of a possible 194 movements on the Turnpike from York to New Gloucester are subject to the 50¢ minimum.

Since 1982, the MTA has offered a commuter discount program for passenger cars. This will be replaced with a volume based discount on November 1, 2012, when the next toll increase is implemented. Like the prior program, this program will offer significant discounts to Maine E-ZPass holders in addition to the already reduced E-ZPass rate. New discounts will not be as deep but they will be available to many more motorists.

Over 80% of commercial vehicles pay by E-ZPass, about half through transponders issued by other states and about half issued by Maine. Commercial vehicles that use Maine E-ZPass may receive a discount of 20% if they pay in advance or post a bond to guarantee payment.

Public Engagement

In preparation for the present toll increase, the MTA initiated a public process the scope of which was probably unprecedented in the history of the Turnpike. The need for significant public engagement was particularly pressing in light of the fact that tolls are being raised in the middle of the worst recession since the Great Depression. Both the Board and staff are highly sensitive to the impact of tolls on the Maine economy.

To promote public discussion for this year's increase, the Turnpike prepared a series of options supported by "building blocks" to enable any interested party to design and recommend a toll structure to meet the Turnpike's requirements. MTA presented ten possible structures and then identified one of them as recommended by Turnpike staff.

Over a span of four weeks, the Turnpike conducted public hearings at the following locations:

June 19, 2012: Auburn
June 20, 2012: Portland
June 21, 2012: Saco
July 9, 2012: York
July 11, 2012: Wells
July 16, 2012: Gardiner

Among the many themes addressed in these hearings, two predominated:

1. Concern for the sheer magnitude of the increase (originally \$26.5 million) in the middle of a recession.
2. The desire for equity within a physical toll collection structure that cannot deliver perfect equity for cash rate payers.

In response to these concerns, the MTA is taking the following steps to address them both.

1. Magnitude of the Toll Increase

MTA staff has addressed the size of the increase by proposing to defer selected capital projects for short periods in order to give MTA the breathing room it needs to pay down the widening bonds before issuing new bonds that add to debt service. While a toll increase is needed soon to comply with the two-times test, the amount of the increase is dictated by high levels of debt service leading up to 2018. For every dollar that debt service is lowered in 2018, the toll increase can be reduced by two dollars until the debt service level of the next highest year is reached.

With approval from the Turnpike's engineering consultant, the Board voted on August 2, 2012, to adopt staff recommendations to alter the MTA short range capital program as follows:

1. Move the Lewiston Interchange construction from 2012 to starting in the 3rd quarter of 2013 with the bridge phase not starting until 2015. The deferral is justified because it is likely that the project will not have the necessary environmental permits and property acquisitions in place prior to the spring of 2013. Even so, the entire project can be completed by 2017.
2. Defer certain guide sign replacements from 2015-16 to 2018-19.
3. Move the Gardiner I-95 Toll plaza replacement from 2017-18 to 2018-19.

4. Move the York Toll replacement or rehabilitation project from 2014-16 to 2017-19 to allow time to complete further studies and permitting.
5. Defer the Gray Interchange project to 2016 to allow more time to complete necessary studies and obtain permits.
6. Defer or eliminate several smaller rehabilitation projects on buildings and service plazas.
7. Update the bridge rehabilitation schedule to reflect the current repair program while deferring work on several smaller bridges.

These adjustments make it possible to reduce the proposed toll increase from \$26.5 million to \$21 million.

2. Equity

The key to equity is E-ZPass. The Turnpike can best improve equity by embarking on an aggressive campaign to promote electronic tolling. With the cost of the transponder reduced from \$25 to \$10 and the implementation of a new volume based discount available to all 140,000 automobile account holders, most Maine motorists will benefit from E-ZPass even if they use the Turnpike only occasionally. To better promote E-ZPass, the Turnpike must first convert from its existing commuter program to a new discount system based on volume. MTA intends to make that conversion at the time of the toll increase on November 1.

To further address equity, the Board voted: (1) not to increase tolls at New Gloucester and West Gardiner/I-95 as much as staff had originally proposed; (2) to hold constant the Commercial Vehicle Multiplier and allow commercial rates to rise only in proportion to base rates; and (3) to raise side tolls to \$1.50 northbound at Wells and southbound at Gray which will make it possible for more E-ZPass trips to be charged at the standard mileage rate rather than be limited by cash.

Between York and New Gloucester are 194 possible Turnpike movements for which a toll is charged. When the motorist is charged by E-ZPass under the present system, 79 of these movements, or 41%, are capped by the corresponding cash toll. Under the plan implemented by this decision, only 64 movements, or 33%, will be capped by the cash rate.

Revenue Projections & Timing

Four years ago, before the recession, projected toll revenues were higher than they are today. Then, in 2008, annual revenue dropped for the first time in the Turnpike's 61 year operational history.

The margin of safety for the coming toll increase is enhanced by revised projections for small increases in traffic for this year and next and savings in projected operating costs of 11% for 2013 and nearly 4% more for 2014. The savings include \$1.25 million annually from permanent layoffs taking effect at the end of 2012.

While there is no final date by which the toll increase must go into effect, there is an ever increasing risk of violating the bond reserve requirement as time progresses. In the throes of this recession, traffic increases are uncertain. Were nothing to be done, there is a practical certainty of violating the bond resolution in 2014 and a higher than acceptable risk of violating it in 2013.

The process of adopting a toll increase takes months. Once it is approved by the Board, the Turnpike must re-write the software that operates the system and obtain a revenue certificate from an independent consultant to assure bond holders that changes to the toll structure will yield sufficient revenue.

Meanwhile, the Turnpike continues with its efforts to reduce operational costs. These efforts depend to a significant degree on the Turnpike's ability to increase E-ZPass use beyond its present level of 62%. That effort is impeded until the Turnpike converts its commuter discount system to a new volume based automatic discount. The present commuter system requires that a fixed payment be made in advance each quarter regardless of whether the commuter takes any trips on the selected route. The system is cumbersome to administer and benefits only a limited number of motorists. The new volume based discount will be automatically credited to all high frequency users of the Turnpike among the 140,000 Class I subscribers.

Conversion to the new discount program would best take place on November 1, 2012, at the end of the next three-month quarter in the commuter discount cycle. The discount conversion and attendant software shifts should all occur on the same day as the toll increase -- under the same revenue certificate and as part of the same administrative and public hearing process.

If the combined toll increase and budget savings yield net revenue beyond what is required to meet minimum bond reserve requirements, the additional revenue goes toward the capital program and reduces the need to borrow for future repairs and improvements.

The toll increase should be implemented on November 1, 2012, for the following reasons:

1. A toll increase on November 1, 2012, will permit the Turnpike to develop sufficient cash flow to continue paying down its existing bonds without incurring new debt until the end of 2018. This will defer the first payment on any new bonds until July 1, 2019. By substantially reducing its maximum annual debt service leading up to 2018, the Turnpike will require a lower toll increase. The early increase in cash flow allows the Turnpike to defer new borrowing which lowers debt service for 2018 and, in turn, reduces the amount of the toll increase.
2. The longer the Turnpike waits before implementing the toll increase the greater the risk of violating the two-times test. Without a toll increase, the risk arises in 2013 and progresses to a virtual certainty by 2014.
3. A new program to promote E-ZPass cannot be initiated until the Turnpike changes its discount program from the old commuter plan to a new volume-based plan. November 1, 2012, is the beginning of the next commuter discount quarter.

It is important that the use of E-ZPass be made as convenient as possible for all motorists including those who do not have a regular banking affiliation or access to credit cards. To that end, the Board directs staff to explore options by which motorists may be able to replenish their E-ZPass accounts with cash in a variety of convenient locations without depending on a credit card and without having to travel to Turnpike Headquarters at Exit 46.

While immediate promotion of E-ZPass is important to achieve better equity in the tolling system, it is also important in deciding the fate of two aging toll plazas at York and Gardiner/I-295. The installed electronic systems in these locations are nearly obsolete; there is limited room for new equipment; canopy supports are rusting; and the unsupported lane approaches at York have been sinking since 1969. The Turnpike must decide as soon as possible how to replace or repair each of these facilities. The future structure and alignment of these plazas will depend on how much the MTA's E-ZPass usage rate can be raised above its present level of only 62%.

Toll Setting Decision

As a result of staff studies and evaluation, six public hearings, review of numerous public communications and open deliberations on July 19, August 2 and August 16, 2012, the Board of the Maine Turnpike Authority makes the following changes to the Turnpike's toll structure to take effect on November 1, 2012:

1. Raise the Class 1 cash toll at York by \$1 from \$2 to \$3.
2. Raise the Class 1 cash toll at New Gloucester by 50¢ from \$1.75 to \$2.25.
3. Raise the Class 1 cash toll on the mainline at West Gardiner by 50¢ from \$1.25 to \$1.75.
4. Raise the Class 1 side tolls at the Wells northbound and Gray southbound entrances by 50¢ from \$1 to \$1.50.
5. Raise the Class 1 E-ZPass electronic standard toll rate per mile from 6.7¢ to 7.7¢ while preserving the 50¢ minimum toll and capping each E-ZPass charge at the cash charge applicable to the same movement.
6. Preserve the current multipliers for Classes 2 through 8 and the current discount system for commercial users.
7. Replace the commuter discount with a volume based monthly discount to provide for each Class 1 account holder:
 - a 10% discount for more than 30 trips in the month;
 - a 20% discount for more than 40 trips in the month;
 - a 30% discount for more than 50 trips in the month;
 - a 40% discount for more than 60 trips in the month; and
 - a 50% discount for more than 70 trips in the month.Each Class 1 account will be limited to 4 transponders and 4 license plates for purposes of calculating a discount.

Further Findings in Support of the Decision

Further findings are presented below by addressing the toll system in its separate elements.

1. York (at Mile 7). The York barrier toll plaza is 17 lanes wide and accounts for 38% of Turnpike revenue. The present cash rate is \$2 per car, \$8 for a 5-axle tractor trailer and \$9 for a 6-axle. Raising the York auto toll from \$2 to \$3 will produce \$13.8 million of the \$21 million in new revenue that MTA needs.

Most of the motorists who pay cash at the York toll use between 19 and 63 miles of highway supported by the Turnpike. Thus a \$3 toll yields a rate per mile that is between 4.8¢ and 15¢. Many users who exit at Portland will pay about 7¢ per mile.

Maine commuters who regularly pass through the York toll with E-ZPass transponders will continue to be charged by the mile for their actual use. If they take more than 30 trips per month, they will receive a discount that escalates with frequency of use. Motorists with a Maine E-ZPass who travel south through

the toll from places like Wells, Kennebunk or Biddeford will be charged at a maximum rate of 7.7¢ per mile, less any volume discount to which they may be entitled.

56% of the auto traffic through York uses E-ZPass. 81% of the trucks do. More than half the traffic is from out of state.

2. New Gloucester (at Mile 67). The New Gloucester barrier toll plaza has 10 lanes with the middle four soon to be converted to high speed open road tolling (ORT). Because the cash toll rate is \$1.75, it is the Turnpike's second largest source of revenue even though other plazas have as much traffic. Only 44% of cars through New Gloucester use E-ZPass. 85% of the trucks do. Some local citizens have suggested that diversion to Route 100 may increase if this toll is raised. However, a proportional increase in the Gray southbound toll will make diversion in this direction less attractive and the conversion to open road tolling in the spring of 2013 will make it more appealing to remain on the Turnpike.

Raising the toll by 50¢ at New Gloucester is a modest 28% increase that will raise \$2.8 million in new revenue. The rate per mile from Lewiston to Portland will be about 7.5¢ for both cash and E-ZPass users, slightly less than the new standard rate of 7.7¢.

3. West Gardiner/I-95 (at Mile 100). The West Gardiner barrier toll is presently \$1.25. Because this toll covers so many miles of highway, it is appropriate to raise the cash toll to \$1.75. This helps to preserve equity yet still maintains the toll at a low rate per mile compared to the rest of the highway. A rate of \$1.75 results in a cost per mile, for both cash and E-ZPass, of only 5.3¢ from Auburn to Augusta and 6¢ from Lewiston to Augusta. Both are less than the E-ZPass standard of 7.7¢.

4. Gardiner/I-295. This \$1 barrier toll was raised from 60¢ three years ago along with the side tolls around greater Portland. Because the toll covers only seven miles of road, the resulting rate per mile is 15¢ which is higher than the system's average. It is difficult to justify raising this toll again after the 2009 increase. This toll produces about 7% of the Turnpike's total revenue and has the second largest traffic volume.

5. Exits 44 (So. Portland) and 52 (Falmouth Spur). These tolls were significantly raised in 2009. Raising them again so soon would aggravate a lack of balance in the toll structure.

6. Exit 19/Wells northbound and Exit 63/Gray southbound. At these two plazas, an entrance toll is charged only for the traffic that is headed away from a nearby barrier toll. A motorist getting on at Wells and traveling north to Gray can use as much as 44 miles of turnpike for only \$1. The same is true if the motorist gets on at Gray and travels south to Wells. Because the E-ZPass rate is capped at the cash rate, the electronic customer receives the same bargain. The resulting rate per mile for such a trip is well below the new E-ZPass standard of 7.7¢. Equity in the system can be improved by raising the cash rate for these two side tolls to \$1.50. Raising rates at these two locations also discourages southbound diversions onto Route 100 and northbound diversions onto Route 1.

7. The Side Tolls (excluding Gardiner/I-295). The side tolls as a class are a significant portion of Turnpike revenue. They were raised by 67% in 2009 when they went from 60¢ to \$1. For some shorter trips, the resulting rate per mile is high. If MTA were to raise these tolls by less than a dollar, it would aggravate traffic congestion in locations like Biddeford (Exit 32) and Westbrook (Exit 48) where queue distances are short. This is because rush hour traffic on adjoining streets can be backed up by waiting for cash payers to pay a toll. Backups can be aggravated when delay is increased by the need to make change. Because the side tolls were increased so substantially in 2009 and because the rates per mile are high for many of the trips controlled by the side tolls, it would unbalance the Turnpike's toll structure to raise them again as part of this initiative.

8. Adjusting the electronic toll rate. When the former commuter discount has been replaced with a volume based discount that is uniform for all class I transponders, the revenue from electronic tolling can be more fairly adjusted by adopting a rate per mile no higher than is needed by revenue demands. For purposes of the present toll initiative, the Authority raises the standard rate per mile from 6.7¢ to 7.7¢. Raising the electronic toll rate by only 1¢ per mile will encourage E-ZPass use and recognize appropriately that the Turnpike's costs of collection are significantly lower for electronic tolls.

9. Minimum toll. Another way to raise class 1 electronic toll revenue is to raise the minimum toll from its present level of 50¢, but this would move further away from a uniform rate per mile for E-ZPass customers. At present, 48 of 216 possible movements on the Turnpike are charged the 50¢ minimum. The Board has decided to retain the current minimum in order to enhance equity throughout the system and continue to encourage local E-ZPass motorists to use the Turnpike instead of congested city streets.

10. Commercial vehicle adjustments. The cash rate for common delivery trucks (class 2 and 3) is 2.5 or 3 times the class 1 auto rate. The rate for heavier trucks in classes 4 through 6 is 3.5 to 4.5 times the base rate. Raising revenue from commercial vehicles can be achieved in any of three ways: by raising the multiple; by reducing the 20% discount presently afforded to Maine E-ZPass holders; or simply by raising the base rate (cash or E-ZPass) that is subject to the multiplier. Raising the base rate is deemed sufficient for this toll initiative.

11. Converting to a new discount. The present commuter discount reduces tolls by about \$2.6 million annually. The new discount will be equivalent in value but with much broader application and ease of administration. The former program was the product of a law passed in 1982 to require that commuters be granted a 50% discount from ticket toll rates. The toll charges developed in compliance with the statute (since repealed) required motorists to make quarterly advance payments based on daily round trips between fixed points over a 13 week span.

The new program will yield equitable discounts ranging from 10% to 50%, in proportion to use. Discounts will be automatically credited each month to all E-ZPass Class I account holders. There will be no geographic limitations, nor any requirement for separate applications or quarterly advance payments.

Turnpike Board members are united in their resolve to improve equity. To that end, Turnpike staff are directed to develop new programs to promote electronic tolling and other initiatives to make rates more

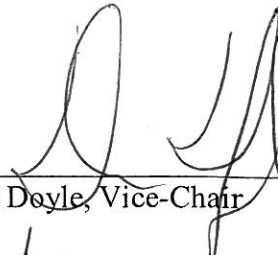
uniform throughout the system. In promoting E-ZPass, staff are directed to propose ways in which customers may replenish their accounts with cash at a variety of convenient locations.

Order

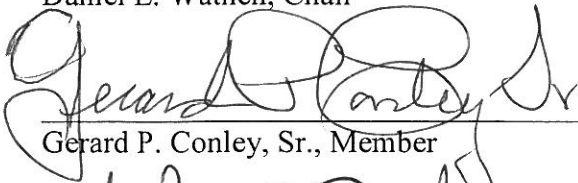
The Preceding Statement, Findings and Decision are hereby adopted by the Board of the Maine Turnpike Authority on this 16th day August 2012. MTA Staff are authorized and directed to take all actions necessary to put into effect the changes herein described.



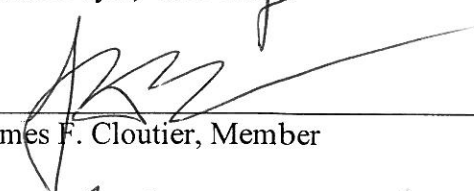
Daniel E. Wathen, Chair



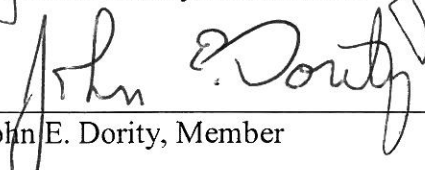
Diane Doyle, Vice-Chair



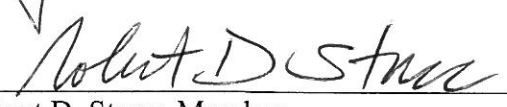
Gerard P. Conley, Sr., Member



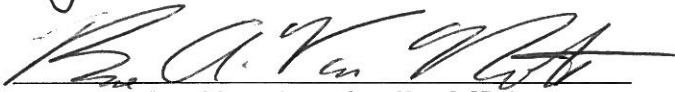
James F. Cloutier, Member



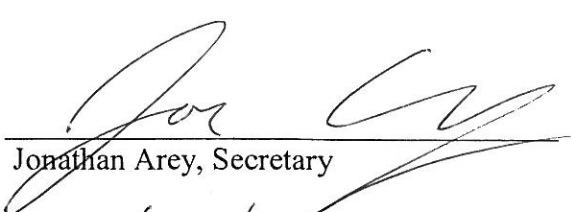
John E. Dority, Member



Robert D. Stone, Member



Bruce A. Van Note, Member Ex-Officio



Jonathan Arey, Secretary

8/16/12

Date