



May 5, 2023

KPMG LLP

55 Second Street, Suite 1400

San Francisco, California 94105

Ladies and Gentlemen:

In connection with your engagement to perform agreed-upon procedures to assist in reconciling certain amounts in the audited combined financial statements of Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, and Recology San Francisco for the 12 months ended September 30, 2022, to certain amounts in rate reports, we confirm, to the best of our knowledge and belief, as of May 5, 2023 the following representations made to you during your agreed-upon procedures engagement:

1. We Recology San Francisco Companies acknowledge our responsibility for compiling and providing the rate report tables.
2. We agree to the procedures performed and acknowledge that they are appropriate for the intended purpose of the engagement to assist in reconciling certain amounts in the audited combined financial statements of Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, and Recology San Francisco for the 12 months ended September 30, 2022, to certain amounts in rate reports.
3. We Recology San Francisco Companies obtained, from all necessary parties, agreement to the procedures and acknowledgement that the procedures are appropriate for their purposes and provided to you written acknowledgement from those parties.
4. We have provided you with access to all relevant information and access, as applicable, as agreed upon in the terms of the engagement.
5. All known matters contradicting the subject matter and any communication from regulatory agencies or others affecting the subject matter have been disclosed to you, including communications received between the end of the period addressed by the subject matter and the date of the agreed-upon procedures report.
6. We are not aware of any material misstatements in the subject matter.
7. We have disclosed to you all known events subsequent to the September 30, 2022 that would have a material effect on the subject matter.

Page 2

Very truly yours,

Recology San Francisco Companies

DocuSigned by:



444C41D60A26433...

Salvatore Coniglio
Chief Executive Officer

DocuSigned by:



255A9E75F49C4AA...

Mark Lomele
President & Chief Financial Officer

DocuSigned by:



C09B634762044A4...

Bruce Mackenzie
Vice President & Senior Director of Finance

DocuSigned by:



ED44BE5006544BA...

Dan Shea
Vice President & Regional Manager San Francisco Region

DocuSigned by:



3641E65579E4416...

Amelia Santoso
Director & Corporate Controller

DocuSigned by:



9C48T014334B407...

Terry Duong
Regional Controller San Francisco Region



KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Independent Accountants' Agreed-Upon Procedures Report

The Board of Directors of Sunset Scavenger Company, Golden Gate Disposal & Recycling Company and Recology San Francisco (Recology San Francisco Companies):

We have performed the procedures enumerated below related to the accompanying Reconciliation Schedules prepared by Recology San Francisco Companies for the 12 months ending September 30, 2022. Recology San Francisco Companies are responsible for the Reconciliation Schedules.

Recology San Francisco Companies have agreed to and acknowledged that the procedures performed are sufficient and appropriate to meet the intended purpose of assisting users in evaluating the reconciliation of amounts from the audited combined financial statements of Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, and Recology San Francisco as of and for the year ending September 30, 2022, to amounts in the San Francisco Annual Rate Report for the 12 months ending September 30, 2022. This report may not be suitable for any other purpose. Additionally, the City and County of San Francisco has agreed to and acknowledged that the procedures performed are sufficient and appropriate for its purposes. No other parties have agreed to or acknowledged the appropriateness of these procedures for the intended purpose or any other purpose.

The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. We make no representation regarding the appropriateness of the procedures either for the intended purpose or for any other purpose. Additionally, we make no representation regarding the appropriateness of reconciling amounts in the audited combined financial statements and amounts in the San Francisco Annual Rate Report as described above.

The procedures and the associated findings are as follows:

1. We obtained from management the Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, and Recology San Francisco Combined Financial Statements and Supplementary Information as of and for the years ended September 30, 2022, and 2021 ("FY22 Audited Financial Statements") with Independent Auditors' Report Thereon dated January 26, 2023. The FY22 Audited Financial Statements include supplemental Schedules 1, 2, and 4.
2. We obtained from management the San Francisco Annual Rate Report for the 12 months ending September 30, 2022 ("RYE22B Rate Report") revised on April 24, 2023, that contains Tables 6, 7, 9, 10, 11, and 12.

Recology Sunset Scavenger and Recology Golden Gate Reconciliation

3. We obtained from management the Recology Sunset Scavenger and Recology Golden Gate Reconciliation schedule for the period October 2021 – September 2022 ("RY22 RSS RGG Reconciliation").
4. We traced and agreed the total operating revenue, each other income (expense) amount and net income in column B of the RY22 RSS RGG Reconciliation schedule to the corresponding amounts in Schedule 4 of the FY22 Audited Financial Statements.



5. We traced and agreed the operating expenses amounts in column B of the RY22 RSS RGG Reconciliation schedule to the corresponding amounts in Schedule 1 of the FY22 Audited Financial Statements.
6. We summed the subtotals and totals in the Reclassifications column C in the RY22 RSS RGG Reconciliation schedule and verified the total sums to zero.
7. We obtained from management the Recology Sunset Scavenger and Recology Golden Gate Adjustments "RSS RGG Adjustments" schedule for the 12 months ended September 30, 2022 and traced and agreed the amounts from the RSS RGG Adjustments schedule to the corresponding amounts in the Adjustments column E in the RY22 RSS RGG Reconciliation schedule.
8. We obtained from management the Recology Sunset Scavenger and Recology Golden Gate Amounts Excluded from Rate Reporting "RSS RGG Amounts Excluded from Rate Reporting" schedule for the 12 months ended September 30, 2022 and traced and agreed the amounts from the RSS RGG Amounts Excluded from Rate Reporting schedule to the corresponding amounts in the Amounts Excluded for Rate Reporting column G in the RY22 RSS RGG Reconciliation schedule.
9. We traced and agreed each item description amount in column J of the RY22 RSS RGG Reconciliation schedule to the corresponding amounts in Table 6 and Table 9 in the RYE22B Rate Report.
10. We traced and agreed the Net Revenue Retained total of \$332,325,818 from the Per Rate Report Table 6 column J in the RY22 RSS RGG Reconciliation schedule to the corresponding amount in Table 6 of the RYE22B Rate Report.
11. We traced and agreed the Total Expenses total of \$311,774,162 from the Per Rate Report Table 9 column J in the RY22 RSS RGG Reconciliation schedule to the corresponding amount in Table 9 of the RYE22B Rate Report.
12. We summed the subtotals and totals in column B, the Adjustments column E, the Amounts Excluded for Rate Reporting column G, and the Per Rate Report column J in the RY22 RSS RGG Reconciliation schedule. For each item description amount in the Per Rate Report column J, we will also summed the corresponding amounts in Schedule 1 and 4 column B, Reclassifications column C, Adjustments column E, and Amounts Excluded for Rate Reporting column G and verified that the totals agreed with the amounts in Per Rate Report Tables 6 and 9 in column J.
13. We traced and agreed the Net Profit total of \$20,551,656 in the Per Rate Report column J in the RY22 RSS RGG Reconciliation schedule to the corresponding amount in Table 11 of the RYE22B Rate Report.

Recology San Francisco Reconciliation

14. We obtained from management the Recology San Francisco Reconciliation Schedule for the period October 2021 – September 2022 ("RY22 RSF Reconciliation").
15. We traced and agreed the total operating revenue, each other income (expense) amount and net income (loss) in column B of the RY22 RSF Reconciliation schedule to the corresponding amounts in Schedule 4 of the FY22 Audited Financial Statements.
16. We traced and agreed the operating expenses amounts in column B of the RY22 RSF Reconciliation schedule to the corresponding amounts in Schedule 2 of the FY22 Audited Financial Statements.
17. We summed the subtotals and totals in the Reclassifications column C in the RY22 RSF Reconciliation schedule and verified the total sums to zero.



18. We obtained from management the Recology San Francisco Adjustments “RSF Adjustments” schedule for the 12 months ended September 30, 2022 and traced and agreed the amounts from the RSF Adjustments schedule to the corresponding amounts in the Adjustments column E in the RY22 RSF Reconciliation schedule.
19. We obtained from management the Recology San Francisco Amounts Excluded from Rate Reporting “RSF Amounts Excluded from Rate Reporting” schedule for the 12 months ended September 30, 2022 and traced and agreed the amounts from the RSF Amounts Excluded from Rate Reporting schedule to the corresponding amounts in the Amounts Excluded from Rate Reporting column G in the RY22 RSF Reconciliation schedule.
20. We traced and agreed each item description amount in column J of the RY22 RSF Reconciliation schedule to the corresponding amounts in Table 7 and Table 10 in the RYE22B Rate Report.
21. We traced and agreed the Net Revenue Retained total of \$143,521,620 from the Per Rate Report Table 7 column J in the RY22 RSF Reconciliation schedule to the corresponding amount in Table 7 of the RYE22B Rate Report.
22. We traced and agreed the Total Expenses total of \$147,412,543 from the Per Rate Report Table 10 column J in the RY22 RSF RGG Reconciliation schedule to the corresponding amount in Table 10 of the RYE22B Rate Report.
23. We summed the subtotals and totals in column B, the Adjustments column E, the Amounts Excluded for Rate Reporting column G, and the Per Rate Report column J in the RY22 RSF Reconciliation schedule. For each item description amount in the Per Rate Report column J, we also summed the corresponding amounts in Schedule 2 and 4 column B, Reclassifications column C, Adjustments column E, and Amounts Excluded for Rate Reporting column G and verified that the totals agreed with the amounts in Per Rate Report Table 7 and Table 10 in column J.
24. We traced and agreed the Net profit (loss) total of (\$3,890,923) in the Per Rate Report column J in the RY22 RSF Reconciliation schedule to the net profit (loss) in Table 12 of the RYE22B Rate Report.

Recology San Francisco, Recology Sunset Scavenger and Recology Golden Gate Schedule of Allocated Management Fees and Pension

25. We obtained from management the Schedule of Allocated Management Fees for the 12 months ended September 30, 2022, which details the allocations of corporate administrative, legal, compliance, internal audit, finance, human resources, and information technology expenses from the relevant corporate cost center to each of the Recology San Francisco Companies (RSF, RSS, and RGG).
26. We compared the total amount allocated from Recology Corporate to the operating subsidiaries for each of the allocated departments to the total expenses in the Recology Corporate cost center (which includes employee payroll and benefit costs) in the general ledger.
27. Recology allocates corporate administrative, legal, compliance, internal audit, finance, human resources, and information technology expenses to its operating subsidiaries from its corporate cost center based on the proportion of total Recology consolidated revenue generated by each operating subsidiary. We recalculated the proportion of total Recology consolidated revenue generated by each of the San Francisco Companies and compared it to the percentages used to allocate expenses to the San Francisco Companies and did not identify any differences.



28. We compared the total amounts for RSS RGG and RSF from the Schedule of Allocated Management Fees to the corresponding corporate management fees amounts in column B of the respective RY 22 RSS RGG Reconciliation and RY 22 RSF Reconciliation. We identified no difference for RSS RGG. For RSF we identified a \$12 difference. We inquired about this difference with Recology management, who indicated that the difference is due to rounding.
29. We obtained from management the RY22 Recology San Francisco, Recology Sunset Scavenger and Recology Golden Gate pension adjustments schedule for the 12 months ended September 30, 2022 (“RY22 RSF RSS RGG Pension Adjustments”).
30. We obtained from management the RY22 Recology Defined Benefit Pension Plan Net Periodic Pension Cost schedule prepared by Recology’s outside actuary (“RY22 Recology DBPP”) which includes net periodic pension cost information for each of the Recology San Francisco Companies (RSF, RSS, and RGG) for the 12 months ended September 30, 2022.
31. We compared the total net periodic pension cost (pension expense) amounts in the RY22 RSF RSS RGG Pension Adjustments schedule for RSF, RSS and RGG to the RY22 Recology DBPP (summation required) and did not identify any differences for RSS RGG. For RSF we identified a \$2 difference. We inquired about this difference with Recology management, who indicated that the difference is due to rounding.
32. Recology Inc. made total contributions to the Recology Defined Benefit Pension Plan of \$25 million during the 12 months ended September 30, 2022. We compared this amount to Recology Inc.’s audited financial statements for the 12 months ended September 30, 2022 and did not identify any difference.
33. Recology allocated the \$25 million of pension plan contributions described in the previous step to its operating subsidiaries based on the proportion of total Recology Defined Benefit Pension Plan pension service cost incurred by each operating subsidiary as determined by Recology’s outside actuary. We recalculated the RY 2022 Adjusted Pension Cost (cash basis) included in the RY22 RSF RSS RGG Pension Adjustments schedule for RSF, RSS and RGG based on this allocation methodology and did not identify any differences.
34. The RY22 RSF RSS RGG Pension Adjustments schedule calculates the \$10,301,286 pension adjustment for the Rate Report for RSS and RGG and the \$4,523,510 pension adjustment for the Rate Report for RSF for the 12 months ended September 30, 2022, as the amounts by which the allocated cash basis pension contributions for each entity described in the previous step exceeded net periodic pension cost addressed in step 31. We recalculated these adjustment amounts and did not identify any differences.

We were engaged by Recology San Francisco Companies to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, which involves us performing the specific procedures agreed to and acknowledged above and reporting on findings based on performing those procedures. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Reconciliation Schedules. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



We are required to be independent of Recology San Francisco Companies and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

KPMG LLP

San Francisco, California
May 5, 2023

**Recology Sunset Scavenger and Recology Golden Gate Reconciliation Schedule
for the period of October 2021 - September 2022**

| A | B | C | D | E | F | G | H | I | J |
|---------------------------------------------------------------------|----------------------|-------------------|-----------------------------|---------------------|-----------------------|-------------------------------------|-----------------------------------------------|-----------------------------|-------------------------|
| | Schedule 4 | Reclassifications | Reclassifications Reference | Adjustments | Adjustments Reference | Amounts Excluded for Rate Reporting | Amounts Excluded for Rate Reporting Reference | Item Description | Per Rate Report Table 6 |
| Operating revenue | | | | | | | | | |
| Residential | 95,546,072 | (2,596,826) | [6] | - | - | - | - | Residential | 92,949,246 |
| Apartments | 77,562,235 | (2,124,721) | [6] | - | - | - | - | Apartment | 75,437,514 |
| Commercial | 184,335,792 | (43,378,196) | [1][2][5][6] | - | - | (76,455) | [F] | Commercial | 140,881,141 |
| Commercial Compactors | - | 24,758,404 | [2][4][6] | - | - | - | - | Commercial Compactors | 24,758,404 |
| ZWI Rebate Revenue | - | 9,014,889 | [6] | (1,054,385) | [A] | - | - | ZWI Rebate Revenue | 7,960,504 |
| Debris Box Revenue | - | 14,000,565 | [1] | 68,338 | [B] | - | - | Debris Box Revenue | 14,068,903 |
| Other | 1,894,391 | (216,359) | [5] | - | - | - | - | Equipment & Supply Sales | 1,678,032 |
| Recycling | 737,880 | (943) | [7] | - | - | - | - | CalRecycle Payment | 736,937 |
| Miscellaneous Income | - | 528,031 | [5][7] | - | - | - | - | Miscellaneous Income | 528,031 |
| Refund to customer | (15,155) | 15,155 | [4] | - | - | - | - | Refund to customer | - |
| Interest Income | - | 367,131 | [17] | - | - | - | - | Interest Income | 367,131 |
| Less amounts reserved for impound and zero waste incentive accounts | (27,040,026) | 5,032,416 | [3] | - | - | - | - | Impound Account Funding | (22,007,610) |
| ZWI Funding | - | (5,032,415) | [3] | - | - | - | - | ZWI Funding | (5,032,415) |
| Total operating revenue | \$333,021,189 | \$ 367,131 | | \$ (986,047) | | \$ (76,455) | | Net Revenue Retained | \$ 332,325,818 |

**Recology Sunset Scavenger and Recology Golden Gate Reconciliation Schedule
for the period of October 2021 - September 2022**

| A | B | C | D | E | F | G | H | I | J |
|------------------------------------------|----------------------|-----------------------|-----------------------------|---------------------|-----------------------|-------------------------------------|-----------------------------------------------|------------------------------------------|-------------------------|
| | Schedule 1 | Reclassifications | Reclassifications Reference | Adjustments | Adjustments Reference | Amounts Excluded for Rate Reporting | Amounts Excluded for Rate Reporting Reference | Item Description | Per Rate Report Table 9 |
| Operating expenses | | | | | | | | | |
| Projects | 4,186,728 | (526,988) | [18] | - | - | (3,659,740) | [F] | Project costs | - |
| Salaries and wages | 85,758,021 | 135,543 | [18] | - | - | - | - | Payroll | 85,893,564 |
| Payroll taxes | 6,428,103 | - | - | - | - | - | - | Payroll Taxes | 6,428,103 |
| Pension and 401(k) | 9,365,921 | (4,095,799) | [8] | 10,301,286 | [C] | - | - | Pension | 15,571,408 |
| Health Insurance | 16,261,059 | 5,942,660 | [9] | - | - | - | - | Health Insurance | 22,203,719 |
| O/S Postretirement benefit | 5,942,659 | (5,942,659) | [9] | - | - | - | - | O/S Postretirement benefit | - |
| Workers' Compensation | 8,099,806 | - | - | - | - | - | - | Workers Compensation | 8,099,806 |
| Corporate management fees | 12,994,067 | (362,048) | [10] | - | - | (600,463) | [F] | Corporate Allocations | 12,031,556 |
| Provision for Bad debt | 1,180,745 | - | - | - | - | - | - | Bad Debt | 1,180,745 |
| O/S Billing Services | - | 362,369 | [16] | - | - | - | - | O/S Billing Services | 362,369 |
| Office expense | 439,101 | (98) | [18] | - | - | (113,926) | [F] | Office | 325,077 |
| Postage | 146,905 | - | - | - | - | - | - | Postage | 146,905 |
| Professional services | 1,046,263 | - | - | - | - | - | - | Professional Services | 1,046,263 |
| Security and janitorial | 698,902 | 108,987 | [18] | - | - | - | - | Security & Janitorial | 807,889 |
| Taxes | 3,802,935 | - | - | - | - | - | - | Taxes | 3,802,935 |
| Telephone | 634,242 | - | - | - | - | - | - | Telephone | 634,242 |
| Buildings and facilities | 324,941 | - | - | - | - | - | - | Building & Facility Repair | 324,941 |
| Depreciation | 1,058,645 | - | - | - | - | - | - | Depreciation | 1,058,645 |
| Environmental Compliance | - | 362,052 | [10] | - | - | (3,944) | [F] | Environmental Compliance | 358,108 |
| Freight | 64,981 | - | - | - | - | - | - | Freight | 64,981 |
| Fuel and oil | 5,378,556 | - | - | - | - | - | - | Fuel | 5,378,556 |
| Disposal Charges | 82,180,505 | (32,086,574) | [11][12] | - | - | - | - | I/C Disposal | 50,093,931 |
| Recycling processing | 26,386,285 | 32,030,239 | [11] | - | - | - | - | I/C Processing | 58,416,524 |
| Equipment rental | 16,086,847 | (261,208) | [13] | - | - | - | - | Lease | 15,825,639 |
| General and Vehicle Insurance | 5,522,159 | - | - | - | - | - | - | Liability Insurance | 5,522,159 |
| Licenses and permits | 2,493,066 | - | - | - | - | - | - | Licenses & Permits | 2,493,066 |
| O/S Disposal | - | 56,335 | [12] | - | - | - | - | O/S Disposal | 56,335 |
| O/S Equipment Rental | - | 422,485 | [13][18] | - | - | - | - | O/S Equipment Rental | 422,485 |
| Parts, tires, and tubes | 3,832,917 | (791,777) | [14] | - | - | - | - | Parts | 3,041,140 |
| Property rental | 2,507,275 | - | - | (1,404,516) | [D] | - | - | Property Rental | 1,102,759 |
| Repairs Expense | 1,859,613 | 8,300 | [19] | - | - | - | - | Repairs & Maintenance | 1,867,913 |
| Supplies | 2,903,379 | (346,483) | [15][18] | - | - | - | - | Supplies | 2,556,896 |
| Tires & Tubes | - | 791,776 | [14] | - | - | - | - | Tires & Tubes | 791,776 |
| Utilities | 1,216,955 | - | - | - | - | - | - | Utilities | 1,216,955 |
| Temporary labor and subcontractor costs | 518,605 | - | - | - | - | 85 | [F] | Contract Services | 518,690 |
| Other expense | 2,120,430 | 97,089 | [15][16] | - | - | (89,437) | [F] | Other | 2,128,082 |
| Business meals, travel and entertainment | 52,554 | - | - | - | - | (52,554) | [F] | Business meals, travel and entertainment | - |
| Dues and subscriptions | 189,343 | - | - | - | - | (189,343) | [F] | Dues and subscriptions | - |
| Amortization expense | 1,994 | - | - | - | - | (1,994) | [F] | Amortization expense | - |
| Total Operating expenses | \$311,684,507 | \$ (4,095,799) | | \$ 8,896,770 | | \$ (4,711,316) | | Total Expenses | \$ 311,774,162 |

**Recology Sunset Scavenger and Recology Golden Gate Reconciliation Schedule
for the period of October 2021 - September 2022**

| A | B | C | D | E | F | G | H | I | J |
|------------------------------------------|----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-------------------------------------|-----------------------------------------------|------------------------------------------|----------------------|
| | Schedule 4 | Reclassifications | Reclassifications Reference | Adjustments | Adjustments Reference | Amounts Excluded for Rate Reporting | Amounts Excluded for Rate Reporting Reference | Item Description | Per Rate Report |
| Other income (expense) | | | | | | | | | |
| Recology San Francisco, net (loss) share | (2,717,902) | - | - | - | - | 2,717,902 | [F] | Recology San Francisco, net (loss) share | - |
| Interest expense | (25) | - | - | - | - | 25 | [F] | Interest expense | - |
| Rental and other income | 376,469 | (367,131) | [17] | (9,338) | [E] | - | - | Rental and other income | - |
| Non-service pension and postretirement | 6,393,868 | (4,095,799) | [8] | - | - | (2,298,069) | [F] | Non-service pension and postretirement | - |
| Total Other income | \$ 4,052,410 | \$ (4,462,930) | | \$ (9,338) | | \$ 419,858 | | Total Other income | \$ - |
| Net Income | \$ 25,389,092 | \$ - | | \$ (9,892,155) | | \$ 5,054,719 | | Net Profit | \$ 20,551,656 |

Notes:

- [1] To present Debris box revenue separate from the rest of the commercial revenue
- [2] To present commercial compactor revenue separate from the rest of the commercial revenue
- [3] To present Zero Waste Incentive funding as a separate line item for rate reporting purposes
- [4] To net the refunds to commercial compactor customers against the commercial compactor revenue
- [5] To reclassify bin rental income from Commercial revenue and reclassify Miscellaneous income from Equipment and Supply sales to miscellaneous income for rate reporting
- [6] To present the ZWI rebate revenue as separate line item for rate reporting purposes
- [7] To reclass non CalRecycle payment to miscellaneous income
- [8] To group all pension related expenses and other income together
- [9] To move outside post retirement benefit to the health insurance line
- [10] To present environmental compliance expenses separate from the rest of the corporate allocation expenses
- [11] To regroup between intercompany disposal and intercompany processing
- [12] To present outside disposal expenses separate from the rest of the disposal expenses
- [13] To present outside equipment rental expenses separate from the rest of the equipment rental expenses
- [14] To present tire and tubes expenses separate from other supplies expenses
- [15] To reclass a portion of supplies to other expense for rate reporting purposes
- [16] To present outside billing services expenses separate from other expenses
- [17] To reclass interest income
- [18] To reclassify project related costs to their specific expense types - payroll, office, security and janitorial, repairs, outside equipment rental and supplies expenses
- [A] The ZWI/A revenue adjustment includes \$995,000 that was recognized in the audited financial statements for the 12 months ended September 30, 2022. This amount belongs to the three month period from July 1, 2021 to September 30, 2021 and, accordingly, the adjustment is to remove this amount from the Rate Report for the 12 months ended September 30, 2022. We note that the rate report for the 15 months ended September 30, 2022 has been prepared appropriately including this amount in the period from July 1, 2021 to September 30, 2021.
- [B] To adjust for services provided in-kind
- [C] To adjust from GAAP accrual basis of accounting to the cash basis of accounting. This expense type follows the cash basis of accounting
- [D] To eliminate intercompany property rental - SSC Facility Tunnel Ave & Beatty Rd, and back out Amazon lease amortization for the current year
- [E] To exclude interest income on overdue receivables
- [F] To exclude for rate reporting purposes as these do not apply to the rate making process

**Recology San Francisco Reconciliation Schedule
for the period of October 2021 - September 2022**

| A | B | C | D | E | F | G | H | I | J |
|---------------------------------------------------------------------|-----------------------|-------------------|-----------------------------|-----------------------|-----------------------|-------------------------------------|-----------------------------------------------|------------------------------------|-------------------------|
| | | | | | | | | | |
| | | | | | | | | | |
| Operating revenue | Schedule 4 | Reclassifications | Reclassifications Reference | Adjustments | Adjustments Reference | Amounts Excluded for Rate Reporting | Amounts Excluded for Rate Reporting Reference | Item Description | Per Rate Report Table 7 |
| Recycle Central | - | 26,382,603 | [2] | - | - | - | - | Recycle Central | 26,382,603 |
| Revenue from affiliate | 82,155,960 | (53,619,225) | [1][6] | - | - | - | - | Compostables | 28,536,735 |
| IMRF | - | 3,024,658 | [1] | - | - | - | - | IMRF | 3,024,658 |
| Trash | - | 49,673,680 | [1] | - | - | - | - | Trash | 49,673,680 |
| Other | - | 602,080 | [1] | - | - | - | - | Other | 602,080 |
| Commercial | 7,959,180 | (1,090,600) | [3][6] | - | - | - | - | Non-Account Customers | 6,868,580 |
| Disposal | 9,839,918 | (3,640,372) | [4][6] | - | - | - | - | Account Customers | 6,199,546 |
| Total Non-San Francisco | - | 1,426,124 | [3] | - | - | - | - | Total Non-San Francisco | 1,426,124 |
| Recycling | 48,044,849 | (26,269,867) | [2][6] | (1,519,322) | [A] | - | - | Net Recycling Revenue | 20,255,660 |
| Non-rate Revenue | - | 3,266,182 | [4] | - | - | - | - | Non-rate Revenue | 3,266,182 |
| Intercompany Dirt, Inerts & Others | - | 423,642 | [1] | - | - | - | - | Intercompany Dirt, Inerts & Others | 423,642 |
| Rental Income | - | 24,000 | [5] | - | - | - | - | Rental Income | 24,000 |
| Less amounts reserved for impound and zero waste incentive accounts | (3,161,870) | - | - | - | - | - | - | ZWI Funding | (3,161,870) |
| Other | 178,905 | (178,905) | [6] | - | - | - | - | Other | - |
| Total operating revenue | \$ 145,016,942 | \$ 24,000 | | \$ (1,519,322) | | \$ - | | Net Revenue Retained | \$ 143,521,620 |

**Recology San Francisco Reconciliation Schedule
for the period of October 2021 - September 2022**

| A | B | C | D | E | F | G | H | I | J |
|--------------------------------------------------------------|-----------------------|-----------------------|-----------------------------|-------------------|-----------------------|-------------------------------------|-----------------------------------------------|--------------------------------------------------------------|--------------------------|
| | | | | | | | | | |
| | | | | | | | | | |
| Operating expenses | Schedule 2 | Reclassifications | Reclassifications Reference | Adjustments | Adjustments Reference | Amounts Excluded for Rate Reporting | Amounts Excluded for Rate Reporting Reference | Item Description | Per Rate Report Table 10 |
| Projects | 2,184,163 | (624,419) | [18] | - | - | (1,559,744) | [E] | Project costs | - |
| Salaries and wages | 45,150,816 | 377,588 | [18] | - | - | - | - | Payroll | 45,528,404 |
| Payroll taxes | 3,410,298 | - | - | - | - | - | - | Payroll Taxes | 3,410,298 |
| Pension and 401(k) | 5,680,775 | (1,461,556) | [7] | 4,523,510 | [B] | - | - | Pension | 8,742,729 |
| Health insurance | 9,434,979 | 3,491,108 | [8] | - | - | - | - | Health Insurance | 12,926,087 |
| Workers' compensation | 3,503,623 | - | - | - | - | - | - | Workers Compensation | 3,503,623 |
| Corporate management fees | 435,064 | (12,072) | [9] | - | - | (21,601) | [E] | Corporate Allocations | 401,391 |
| Provision for bad debt | 912,011 | - | - | - | - | - | - | Bad Debt | 912,011 |
| Office expenses | 285,828 | (8,114) | [10] | - | - | (57,378) | [E] | Office | 220,336 |
| Postage | - | 8,114 | [10] | - | - | - | - | Postage | 8,114 |
| Professional services | 1,547,231 | - | - | - | - | (161,760) | [E] | Professional Services | 1,385,471 |
| Repairs expense | 863,299 | - | - | - | - | - | - | Repairs & Maintenance | 863,299 |
| Security and janitorial | 1,230,287 | 37,810 | - | - | - | - | - | Security & Janitorial | 1,268,097 |
| Taxes | 2,561,830 | - | - | - | - | - | - | Taxes | 2,561,830 |
| Telephone | 233,263 | - | - | - | - | - | - | Telephone | 233,263 |
| Bridge Tolls | - | 983,813 | [15] | - | - | - | - | Bridge Tolls | 983,813 |
| Buildings and facilities | 904,332 | - | - | - | - | - | - | Building & Facility Repair | 904,332 |
| Depreciation | 4,894,141 | - | - | - | - | - | - | Depreciation | 4,894,141 |
| Amortization of ZWI Funding For Capital Expenditures | - | - | - | (2,830,700) | [C] | - | - | Amortization of ZWI Funding For Capital Expenditures | (2,830,700) |
| Environmental Compliance | - | 12,072 | [9] | - | - | (129) | [E] | Environmental Compliance | 11,943 |
| Freight | 2,850,341 | - | - | - | - | - | - | Freight | 2,850,341 |
| Fuel and oil | 3,196,580 | - | - | - | - | - | - | Fuel | 3,196,580 |
| Disposal charges | 26,320,491 | (1,111,823) | [11] | - | - | - | - | I/C Processing & Disposal | 25,208,668 |
| Equipment rental | 6,276,571 | (319,568) | [12] | (46,588) | [D] | - | - | Lease | 5,910,415 |
| General and vehicle insurance | 2,424,037 | - | - | - | - | - | - | Liability Insurance | 2,424,037 |
| Licenses and permits | 4,419,928 | - | - | - | - | - | - | Licenses & Permits | 4,419,928 |
| O/S Disposal | - | 1,111,822 | [11] | - | - | - | - | O/S Disposal | 1,111,822 |
| O/S Equipment Rental | - | 482,385 | [12][18] | - | - | - | - | O/S Equipment Rental | 482,385 |
| Parts, tires, and tubes | 2,351,613 | (231,091) | [13] | - | - | - | - | Parts | 2,120,522 |
| Property rental | 7,652,457 | - | - | - | - | - | - | Property Rental | 7,652,457 |
| Supplies | 2,626,775 | (171,227) | [14][18] | - | - | - | - | Supplies | 2,455,548 |
| Tires & Tubes | - | 231,091 | [13] | - | - | - | - | Tires & Tubes | 231,091 |
| Utilities | 2,732,118 | - | - | - | - | - | - | Utilities | 2,732,118 |
| Temporary labor and subcontractor costs | 41,825 | - | - | - | - | - | - | Contract Services | 41,825 |
| Other expense | 1,196,037 | (497,134) | [14][15][16][17][18] | - | - | (52,579) | [E] | Other | 646,324 |
| Postretirement medical benefit | 3,491,107 | (3,491,107) | [8] | - | - | - | - | Postretirement medical benefit | - |
| Regional management expense | 270,248 | (270,248) | [16] | - | - | - | - | Regional management expense | - |
| Recycling processing | 1,519,322 | - | - | (1,519,322) | [A] | - | - | Recycling processing | - |
| Advertising and promotion, donations, dues and subscriptions | 1,743 | - | - | - | - | (1,743) | [E] | Advertising and promotion, donations, dues and subscriptions | - |
| Business meals, travel and entertainment | 57,647 | - | - | - | - | (57,647) | [E] | Business meals, travel and entertainment | - |
| Total Operating expenses | \$ 150,660,780 | \$ (1,462,556) | | \$ 126,900 | | \$ (1,912,581) | | Total Expenses | \$ 147,412,543 |

**Recology San Francisco Reconciliation Schedule
for the period of October 2021 - September 2022**

| A | B | C | D | E | F | G | H | I | J |
|----------------------------------------|-----------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-------------------------------------|-----------------------------------------------|----------------------------------------|-----------------------|
| | | | | | | | | | |
| | | | | | | | | | |
| Other income (expense) | Schedule 4 | Reclassifications | Reclassifications Reference | Adjustments | Adjustments Reference | Amounts Excluded for Rate Reporting | Amounts Excluded for Rate Reporting Reference | Item Description | Per Rate Report |
| Interest expense | (1,861) | - | - | - | - | 1,861 | [E] | Interest expense | - |
| Rental and other income | 25,002 | (25,002) | [5][17] | - | - | - | - | Rental and other income | - |
| Non-service pension and postretirement | 2,902,795 | (1,461,554) | [7] | - | - | (1,441,241) | [E] | Non-service pension and postretirement | - |
| Total Other income | \$ 2,925,936 | \$ (1,486,556) | | \$ - | | \$ (1,439,380) | | Total Other income | \$ - |
| Net income (loss) | \$ (2,717,902) | \$ - | | \$ (1,646,222) | | \$ 473,201 | | Net Profit (loss) | \$ (3,890,923) |

Notes:

- [1] To present Compostables, IMRF, Trash and Other revenue as separate line items in Table 7 of the rate report
- [2] To present Recycling tipping fee revenue separate from other recycling revenue
- [3] To present Non-San Francisco tipping fee revenue separate from San Francisco tipping fee revenue
- [4] To present Non-rate revenue separate from tipping fee revenue
- [5] To present rental income separate from interest income
- [6] To include the components of the other income into the appropriate line items in Table 7 of the rate report
- [7] To move non-service pension costs to the pension line for rate reporting purposes
- [8] To move post retirement medical benefit to the health insurance line
- [9] To present environmental compliance expenses separate from the rest of the corporate allocation expenses
- [10] To present postage expense separate from office expense
- [11] To present outside disposal expenses separate from the rest of the disposal expenses
- [12] To present outside equipment rental expenses separate from the rest of the equipment rental expenses
- [13] To present tire and tubes expenses separate from other part expenses
- [14] To reclass a portion of supplies to other expense for rate reporting purposes
- [15] To present bridge toll expenses separate from other expenses
- [16] To group regional management expense with other expenses
- [17] To net interest income with other expenses
- [18] To reclassify project related costs to their specific expense types - payroll, outside equipment rental, supplies and other expenses
- [A] To adjust recycling processing to net recycling revenue
- [B] To adjust from GAAP accrual basis of accounting to the cash basis of accounting. Pension is the only expense type to follow the cash basis of accounting
- [C] Amortization of ZWI Funding used for Capital Expenditures to offset the Depreciation expense
- [D] Reduce lease expense for interest on ZWI funded portion of capital expenditure
- [E] To exclude for rate reporting purposes as these do not apply to the rate making process