

**SAN FRANCISCO
QUARTERLY RATE REPORT**

**3rd Quarter of Rate Year 2023
9 Months Ending June 30, 2023**

Recology Sunset Scavenger
Recology Golden Gate
Recology San Francisco

INTRODUCTION

San Francisco Public Works Director's Reports include quarterly reporting requirements. The requirements address several areas, including refuse tonnages, collection accounts, toxics collection and participation, revenues and expenses, operating ratios and profit margins, amortization of ZWI funds for capital expenditures, and activity reporting for the Reserve Fund, the Impound account, and the Zero Waste Incentives account. This report covers the first nine months of Rate Year 2023 ending September 30, 2023, for the period from October 2022 to June 2023 (RY2023 Q3).

LOW-INCOME AND DISABLED SERVICES PROGRAMS

As of June 30, 2023, 8,758 customers participated in the low-income program. As of the same date, there were 483 participants in the disabled services program.

ACCOUNT REPORTING

Appendix A contains reports for the Reserve Fund, the Impound account, and the Zero Waste Incentives account. The reports include beginning balances, deposits, disbursements, interest earned, administrative fees and ending balances.

RESERVE FUND

There are no deposit or disbursement activity to report for the Reserve Fund. Interest earned and administrative fees are reflected in Table A-2 and Table A-3, respectively.

IMPOUND

Recology makes monthly deposits to the Impound account in accordance with the amounts approved in the 2017 rate order and adjusted for cost-of-living adjustment for subsequent rate years.

ZERO WASTE INCENTIVES

Recology makes monthly deposits to the Zero Waste Incentives account in amounts determined by the rate process. Funds held in the Zero Waste Incentives account will be applied against future rate adjustments and may be used to support additional material recovery programs.

SUBSTITUTED COSTS

Appendix B contains a report of Substituted Costs pursuant to Article 4.3 of the Settlement Agreement between the City and County of San Francisco and Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, Recology San Francisco, and Recology Properties Inc., effective December 22, 2022.

NOTIONAL BALANCING ACCOUNT

Appendix C contains a report of Notional Balancing Account pursuant to Article 8 of the Settlement Agreement between the City and County of San Francisco and Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, Recology San Francisco, and Recology Properties Inc., effective December 22, 2022.

Table 1
Disposal Tonnage
Recology San Francisco
October 2022 - June 2023

	Actual	Tier 1	Tier 2	Tier 3	Tier 4
Tons Disposed	310,892	264,421	248,671	225,000	206,250

Table 2
Alternative Daily Cover Tonnage
Recology San Francisco
October 2022 - June 2023

Source	Tonnage
Composting Overs	-
iMRF Fines	8,501
C-soil	-
Clean Wood	-
Total Alternative Daily Cover	8,501

Table 3
Recovery and Disposal Tonnage
Combined SF Companies
October 2022 - June 2023

	Received	Recovered	Disposed	% Recovered
Recycle Central Recyclables				
Collected	94,771	76,627	18,144	80.9%
Buyback	7,380	7,380	-	100.0%
Total Recyclables	102,151	84,007	18,144	82.2%
Tunnel Avenue Compostables				
Collected	102,706	58,679	44,027	57.1%
San Francisco Public Works	3,270	3,270	-	100.0%
Other City of San Francisco Departments	674	674	-	100.0%
Account Customers	248	248	-	100.0%
Non-Account Customers	542	542	-	100.0%
Total Compostables	107,440	63,413	44,027	59.0%
Tunnel Avenue iMRF				
Collected	7,886	3,441	4,445	43.6%
San Francisco Public Works	-	-	-	0.0%
Other City of San Francisco Departments	45	19	26	42.2%
Account Customers	8,152	3,557	4,595	43.6%
Total iMRF	16,083	7,017	9,066	43.6%
Other Tunnel Avenue				
Collected Other Trash	138,486	-	138,486	0.0%
Collected Roll-off Trash	25,803	-	25,803	0.0%
Bulky Item Recycling & Abandoned Materials Collection	9,322	1,108	8,214	11.9%
Public Refuse Receptacles	14,524	-	14,524	0.0%
San Francisco Public Works	21,575	1,352	20,223	6.3%
Other City of San Francisco Departments	1,029	-	1,029	0.0%
Account Customers	6,547	963	5,584	14.7%
Non-Account Customers	23,368	6,628	16,740	28.4%
Collected Inerts	2,791	2,791	-	100.0%
Construction Material Reuse	6	6	-	100.0%
Other Recycling	562	562	-	100.0%
Total Other Tunnel Avenue	244,013	13,410	230,603	5.5%
Sustainable Crushing	-	-	-	0.0%
Adjustments (Inventory, moisture, etc.)	9,052	-	9,052	0.0%
Total Tons	478,739	167,847	310,892	35.1%
Disposal Breakdown				
Recology Hay Road Landfill			278,260	
Recology Hay Road Landfill (RBVON residual)			32,304	
Recology Ostrom Road Landfill (RBVON residual)			13	
Zanker Material Processing Facility (C&D residual)			315	
Total Disposal			310,892	

Table 4
Number of Accounts, Service and Compliance
Recology Sunset Scavenger and Recology Golden Gate
As of June 30, 2023

	Number of Accounts	Trash Compliant		Recycling Compliant		Composting Compliant	
Residential	138,759	138,749	100.0%	138,670	99.9%	138,625	99.9%
Apartment	8,498	8,497	100.0%	8,421	99.1%	8,421	99.1%
Commercial	14,825	14,812	99.9%	14,787	99.7%	14,741	99.4%
City and County of San Francisco	374	371	99.2%	366	97.9%	360	96.3%
School District & UC	162	156	96.3%	155	95.7%	157	96.9%
Total	162,618	162,585	100.0%	162,399	99.9%	162,304	99.8%

Residential Single Dwelling Unit Accounts	
16-Gallon Trash Bins	48,375
20-Gallon Trash Bins	23,311

Table 5
Toxics Collection and Participation
Recology San Francisco
October 2022 - June 2023

Program	Collection Weight Tons Handled	Service Standard	
		Number	Unit
HHW Facility Drop Off	127.44	6,038	Customers Served
HHW Home Collection	55.29	1,631	Pickups
HHW Home Collection	-	2,900	Equivalent Loads
Very Small Quantity Generator	38.79	366	Business Appointments
Residential Curbside Battery Collection	47.56	-	
Apartment Building Battery Collection	6.07	421	Pickups
Commercial Battery Collection	2.21	-	
Retail Collection Partners	30.23	591	Pickups
Gigantic 3 Collection Events	-	-	
Waste Acceptance Control Program	24.90	-	
Bulky Item Recycling - E-Waste*	-	55,452	Pickups
E-Waste sent to Processor	439.26	-	

* Bulky item pickups include non-e-waste customers.

Table 6
Revenue
Recology Sunset Scavenger and Recology Golden Gate
October 2022 - June 2023

	Projection	Actual	Variance
Residential	\$ 70,138,391	\$ 73,821,602	5%
Apartment	56,012,204	60,634,220	8%
Commercial	126,460,029	112,882,579	-11%
Commercial Compactors	26,633,085	20,227,067	-24%
Debris Box	5,244,877	2,662,786	-49%
ZWI Rebate Revenue	6,089,026	6,089,026	0%
Total Revenue Subject to Rate	\$ 290,577,612	\$ 276,317,280	-5%
Open Market Debris Box Revenue	\$ 15,581,699	\$ 7,910,715	-49%
Equipment & Supply Sales	1,653,620	997,256	-40%
CalRecycle Payment	489,862	1,277,893	161%
Miscellaneous Income	280,015	374,756	34%
Interest Income	-	235,283	100%
Total Other Revenue not Subject to Rate	\$ 18,005,196	\$ 10,795,903	-40%
Total Sources	\$ 308,582,808	\$ 287,113,183	-7%
Impound Account Funding	\$ (17,425,626)	\$ (17,425,626)	0%
ZWI Funding	(3,962,389)	(3,962,389)	0%
Net Revenue Retained	\$ 287,194,793	\$ 265,725,168	-7%

*Contracts revenue is included within Commercial and Commercial Compactor Revenue.

*Interest income represents a 1.5% finance charge to commercial customers for past due balances.

*CalRecycle Payment include payments for 2021 and 2022.

Table 7
Revenue
Recology San Francisco
October 2022 - June 2023

	Tonnage			Revenue		
	Projection	Actual	Variance	Projection	Actual	Variance
Tonnage & Revenue from Tipping Fee						
Recology Sunset Scavenger/Golden Gate						
Recycle Central	109,303	94,942	-13%	\$ 24,031,399	\$ 20,873,492	-13%
Compostables	129,575	102,706	-21%	28,488,276	22,580,906	-21%
i/MRF	54,626	7,892	-86%	12,009,965	1,735,021	-86%
Trash	198,103	172,197	-13%	43,554,934	37,859,161	-13%
Other	10,053	1,810	-82%	2,210,189	398,004	-82%
Subtotal (Recology Sunset Scavenger/Golden Gate)	501,660	379,547	-24%	\$ 110,294,763	\$ 83,446,584	-24%
Non-Account Customers	28,863	23,887	-17%	6,345,854	5,251,787	-17%
Account Customers	18,464	27,830	51%	4,059,592	4,655,255	15%
Total San Francisco	548,987	431,264	-21%	\$ 120,700,209	\$ 93,353,626	-23%
Total Non-San Francisco	1,961	5,118	161%	431,181	1,125,243	161%
Non-rate Tonnage	-	47,475	100%			
Tipping Fee	550,948	483,857	-12%	\$ 121,131,390	\$ 94,478,869	-22%
Net Recycling Revenue				\$ 18,832,678	\$ 11,786,969	-37%
Non-rate Revenue				805,012	2,307,803	187%
Intercompany Dirt, Inerts & Others				1,278,472	548,929	-57%
Rental Income				40,406	18,000	-55%
Total Other Revenue				\$ 20,956,568	\$ 14,661,701	-30%
Total Sources				\$ 142,087,958	\$ 109,140,570	-23%
ZWI Funding				\$ (2,494,200)	\$ (2,494,200)	0%
Net Revenue Retained				\$ 139,593,758	\$ 106,646,370	-24%

**Table 8
Recycling Revenue
Recology San Francisco
October 2022 - June 2023**

Recycle Central	Tons			Revenue			Price Per Ton		
	Projection	Actual	Variance	Projection	Actual	Variance	Projection	Actual	Variance
Mixed Paper	57,263	24,211	-58%	\$ 7,741,784	\$ 1,143,299	-85%	\$ 135.20	\$ 47.22	-65%
Cardboard	23,670	30,724	30%	4,536,122	3,383,165	-25%	191.64	110.11	-43%
Aseptic Carton	-	129	100%	-	4,104	100%	-	31.81	100%
Aluminum	300	488	63%	1,480,989	1,888,781	28%	4,936.63	3,870.45	-22%
Metal/Ferrous	1,200	1,582	32%	182,585	228,099	25%	152.15	144.18	-5%
PET	1,050	1,740	66%	2,507,026	2,718,378	8%	2,387.64	1,562.29	-35%
HDPE Blend	975	988	1%	834,131	850,976	2%	855.52	861.31	1%
Plastic Film	-	34	100%	-	8,056	100%	-	236.94	100%
Mixed Plastics 3-7	825	206	-75%	61,364	33,522	-45%	74.38	162.73	119%
Flint Glass	263	-	-100%	73,511	-	-100%	279.51	-	-100%
Amber Glass	244	-	-100%	66,913	-	-100%	274.23	-	-100%
Green Glass	161	-	-100%	42,342	-	-100%	262.99	-	-100%
Mixed Glass	17,250	16,965	-2%	2,556,437	2,088,295	-18%	148.20	123.09	-17%
Glass Fines	1,088	-	-100%	157,171	-	-100%	144.46	-	-100%
Total Recycle Central	104,289	77,067	-26%	\$ 20,240,375	\$ 12,346,675	-39%			
Tunnel Avenue									
Metal	9,892	4,741	-52%	\$ 1,887,730	\$ 670,691	-64%	\$ 190.83	\$ 141.47	-26%
Wood	9,994	-	-100%	228,848	-	-100%	22.90	-	-100%
Mixed Rigid Plastic	1,265	524	-59%	239,322	3,492	-99%	189.19	6.66	-96%
SB20/50 E-Waste	338	225	-33%	110,805	117,232	6%	327.83	521.03	59%
Total Tunnel Avenue	21,489	5,490	-74%	\$ 2,466,705	\$ 791,415	-68%			
Sustainable Crushing				\$ 642,120	\$ 7,543	-99%			
Total Recycling Revenue				\$ 23,349,200	\$ 13,145,633	-44%			
Processing Expenses				\$ (798,145)	\$ (661,948)	-17%			
Purchases				(3,718,377)	(696,716)	-81%			
Net Recycling Revenue				\$ 18,832,678	\$ 11,786,969	-37%			

Table 9
Expenses
Recology Sunset Scavenger and Recology Golden Gate
October 2022 - June 2023

Item Description	Projection	Actual	Variance
Payroll	\$ 71,539,087	\$ 69,794,769	-2%
Payroll Taxes	5,421,773	5,244,928	-3%
Pension	11,141,438	12,134,736	9%
Health Insurance	22,146,757	18,382,697	-17%
Workers Compensation	9,158,637	6,427,525	-30%
Total Payroll & Related	\$ 119,407,692	\$ 111,984,655	-6%
Corporate Allocations	\$ 6,518,912	\$ 9,715,950	49%
Bad Debt	137,377	1,057,780	670%
O/S Billing Services	285,577	354,363	24%
Office	388,110	246,368	-37%
Postage	302,809	23,444	-92%
Professional Services	641,911	1,483,528	131%
Security & Janitorial	405,174	588,866	45%
Taxes	1,590,098	3,306,831	108%
Telephone	536,319	405,586	-24%
Total Administrative	\$ 10,806,287	\$ 17,182,716	59%
Building & Facility Repair	\$ 140,053	\$ 280,652	100%
Depreciation	187,599	782,066	317%
Environmental Compliance	534,198	280,596	-47%
Freight	63,965	66,658	4%
Fuel	5,889,278	4,298,530	-27%
I/C Disposal	42,739,131	39,468,670	-8%
I/C Processing	66,286,342	44,077,559	-34%
Lease	10,589,239	12,290,845	16%
Liability Insurance	2,824,304	4,429,451	57%
Licenses & Permits	1,520,453	1,973,293	30%
O/S Disposal	30,829	40,656	32%
O/S Equipment Rental	194,155	292,396	51%
Parts	2,218,554	2,317,862	4%
Property Rental	1,606,901	816,001	-49%
Repairs & Maintenance	1,177,791	1,417,971	20%
Supplies	2,177,055	1,892,307	-13%
Tires & Tubes	779,623	481,566	-38%
Utilities	460,807	776,596	69%
Total Operating	\$ 139,420,277	\$ 115,983,675	-17%
Contract Services	\$ 960,266	\$ 266,260	-72%
Other	1,809,832	1,678,086	-7%
Total Other	\$ 2,770,098	\$ 1,944,346	-30%
Total Expenses	\$ 272,404,354	\$ 247,095,392	-9%

Table 10
Expenses
Recology San Francisco
October 2022 - June 2023

Item Description	Projection	Actual	Variance
Payroll	\$ 42,204,146	\$ 36,551,566	-13%
Payroll Taxes	3,299,662	2,858,436	-13%
Pension	5,076,035	6,471,678	27%
Health Insurance	13,617,696	10,549,274	-23%
Workers Compensation	3,361,919	2,929,294	-13%
Total Payroll & Related	\$ 67,559,458	\$ 59,360,248	-12%
Corporate Allocations	1,413,664	166,382	-88%
Bad Debt	49,353	100,000	103%
Office	202,865	144,760	-29%
Postage	3,024	3,822	26%
Professional Services	2,224,612	1,049,057	-53%
Repairs & Maintenance	709,633	892,553	26%
Security & Janitorial	597,817	970,293	62%
Taxes	1,644,519	2,419,013	47%
Telephone	249,755	218,661	-12%
Total Administrative	\$ 7,095,242	\$ 5,964,541	-16%
Bridge Tolls	1,161,306	725,394	-38%
Building & Facility Repair	652,642	793,520	22%
Depreciation	1,095,773	3,670,929	235%
Amortization of ZWI Funding For Capital Expenditures	-	(2,123,025)	100%
Environmental Compliance	39,540	4,681	-88%
Freight	1,568,880	3,941,478	151%
Fuel	4,859,223	2,644,161	-46%
I/C Processing & Disposal	24,429,362	19,174,666	-22%
Lease	3,972,337	3,841,058	-3%
Liability Insurance	811,785	1,832,751	126%
Licenses & Permits	3,119,948	3,487,035	12%
O/S Disposal	1,249,040	890,762	-29%
O/S Equipment Rental	224,628	193,563	-14%
Parts	1,625,794	1,732,427	7%
Property Rental	6,640,430	6,108,927	-8%
Supplies	2,170,860	2,036,930	-6%
Tires & Tubes	316,802	142,518	-55%
Utilities	1,480,888	1,711,296	16%
Total Operating	\$ 55,419,238	\$ 50,809,071	-8%
Contract Services	259,106	55,640	-79%
Other	787,295	638,091	-19%
Total Other	\$ 1,046,401	\$ 693,731	-34%
Total Expenses	\$ 131,120,339	\$ 116,827,591	-11%

Table 11
Statement of Operating Ratios and Profit Margin
Recology Sunset Scavenger and Recology Golden Gate
October 2022 - June 2023

		Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
SOURCES	Residential	See Table 6	\$ 70,138,391	\$ 73,821,602	\$ 3,683,211	5%
	Apartment	See Table 6	56,012,204	60,634,220	4,622,016	8%
	Commercial	See Table 6	126,460,029	112,882,579	(13,577,450)	-11%
	Commercial Compactors	See Table 6	26,633,085	20,227,067	(6,406,018)	-24%
	Debris Box	See Table 6	5,244,877	2,662,786	(2,582,091)	-49%
	Current Ratepayer Revenue		284,488,586	270,228,254	(14,260,332)	-5%
	ZWI Rebate Revenue	See Table 6	6,089,026	6,089,026	-	0%
	Applied Ratepayer Revenue from Prior Years		6,089,026	6,089,026	-	0%
	Open Market Debris Box and Other Non Rate Revenue	See Table 6	18,005,196	10,795,903	(7,209,293)	-40%
	(a) Total Sources		308,582,808	287,113,183	(21,469,625)	-7%
USES	Impound Account Funding (Not OR Eligible)	See Table 6	17,425,626	17,425,626	-	0%
	ZWI Funding (Not OR Eligible)	See Table 6	3,962,389	3,962,389	-	0%
	Processing (Not OR Eligible)	See Table 9	66,286,342	44,077,559	(22,208,783)	-34%
	Disposal (Not OR Eligible)	See Table 9	42,739,131	39,468,670	(3,270,461)	-8%
	Licenses & Permits (Not OR Eligible)	See Table 9	1,520,453	1,973,293	452,840	30%
	(b) OR Eligible Expenses	See Table 9	161,858,428	161,575,870	(282,558)	0%
(c) Total Uses		293,792,369	268,483,407	(25,308,962)	-9%	
(d) NET PROFIT = (a) less (c)			\$ 14,790,439	\$ 18,629,776	\$ 3,839,337	26%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			91.6%	89.7%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			95.2%	93.5%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			4.8%	6.5%		

*Contracts revenue is included within Commercial and Commercial Compactors Revenue.

Table 12
Statement of Operating Ratios and Profit Margin
Recology San Francisco
October 2022 - June 2023

		Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
SOURCES	Tipping Fee Revenue	See Table 7	\$ 121,131,390	\$ 94,478,869	\$ (26,652,521)	-22%
	Net Recycling Revenue	See Table 7	18,832,678	11,786,969	(7,045,709)	-37%
	Other Revenue	See Table 7	2,123,890	2,874,732	750,842	35%
	Revenue		142,087,958	109,140,570	(32,947,388)	-23%
	(a) Total Sources		142,087,958	109,140,570	(32,947,388)	-23%
USES	ZWI Funding (Not OR Eligible)	See Table 7	2,494,200	2,494,200	-	0%
	I/C Processing & Disposal (Not OR Eligible)	See Table 10	24,429,362	19,174,666	(5,254,696)	-22%
	Licenses & Permits (Not OR Eligible)	See Table 10	3,119,948	3,487,035	367,087	12%
	(b) OR Eligible Expenses	See Table 10	103,571,029	94,165,890	(9,405,139)	-9%
	(c) Total Uses		133,614,539	119,321,791	(14,292,748)	-11%
(d) NET PROFIT (LOSS) = (a) less (c)			\$ 8,473,419	\$ (10,181,221)	\$ (18,654,640)	-220%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			92.4%	112.1%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			94.0%	109.3%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			6.0%	-9.3%		

Table 13
Statement of Operating Ratios and Profit Margin
Combined SF Companies
October 2022 - June 2023

	Crosswalk	Projection	Actual	Dollar Variance	Percentage Variance
RSS & RGG OR Eligible Expenses	See Table 11	\$ 161,858,428	\$ 161,575,870	\$ (282,558)	0%
RSF OR Eligible Expenses	See Table 12	103,571,029	94,165,890	(9,405,139)	-9%
(b) Combined Recology OR Eligible Expenses		265,429,457	255,741,760	(9,687,697)	-4%
RSS & RGG Total Uses	See Table 11	293,792,369	268,483,407	(25,308,962)	-9%
RSF Total Uses	See Table 12	133,614,539	119,321,791	(14,292,748)	-11%
(c) Combined Recology Total Uses		427,406,908	387,805,198	(39,601,710)	-9%
RSS & RGG Net Profit	See Table 11	14,790,439	18,629,776	3,839,337	26%
RSF Net Profit (Loss)	See Table 12	8,473,419	(10,181,221)	(18,654,640)	-220%
(d) Combined Recology Net Profit		\$ 23,263,858	\$ 8,448,555	\$ (14,815,303)	-64%
COMBINED OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))		91.9%	96.8%		
COMBINED OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))		94.8%	97.9%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by ((c) plus (d))		5.2%	2.1%		

Table 14
Amortization of ZWI Funds for Capital Expenditures
Recology San Francisco
October 2022 - June 2023

Capital Expenditure Project	ZWI Funds Received	Date Received	Amortization Start Date	ZWI Funds to be Amortized	Cumulative Amortization End of Prior Rate Year	Amortization in Current Report	Cumulative Amortization as of this Report	Remaining Balance
Improvements for Pier 96 - RY14	\$ 2,621,225	2/10/2016	10/1/2016	\$ 2,621,225	\$ (1,967,518)	\$ (243,266)	\$ (2,210,784)	\$ 410,441
Improvements for Pier 96 - RY15	3,157,691	2/10/2016	10/1/2016	3,157,691	(2,370,195)	(293,053)	(2,663,248)	494,443
Improvements for Pier 96 - RY16	3,200,551	9/21/2016	10/1/2016	3,200,551	(2,402,365)	(297,031)	(2,699,396)	501,155
Recycle Central Improvement - 2017	3,247,569	9/29/2017	10/1/2016	2,152,069	(1,615,364)	(199,725)	(1,815,089)	336,980
Recycle Central Improvement - 2017			10/1/2017	1,095,500	(709,626)	(101,669)	(811,295)	284,205
Pier 96 Upgrade Project	2,927,507	11/19/2019	10/1/2019	2,927,507	(804,617)	(219,068)	(1,023,685)	1,903,822
Pier 96 Baler Project	437,776	3/31/2020	4/1/2020	437,776	(109,295)	(32,788)	(142,083)	295,693
Tunnel Ave iMRF Upgrade Project	391,174	6/30/2020	10/1/2020	391,174	(94,552)	(35,457)	(130,009)	261,165
Tunnel Ave iMRF Upgrade Project	1,699,530	6/30/2020	10/1/2020	1,699,530	(410,802)	(154,051)	(564,853)	1,134,677
Tunnel Ave iMRF Upgrade Project	527,966	7/17/2020	10/1/2020	527,966	(127,618)	(47,856)	(175,474)	352,492
Tunnel Ave iMRF Upgrade Project	1,610,589	9/30/2020	10/1/2020	1,610,589	(389,304)	(145,989)	(535,293)	1,075,296
Tunnel Ave iMRF Upgrade Project	3,895,174	11/30/2020	10/1/2020	3,895,174	(941,522)	(353,072)	(1,294,594)	2,600,580
Total	\$ 23,716,752			\$ 23,716,752	\$ (11,942,778)	\$ (2,123,025)	\$ (14,065,803)	\$ 9,650,949

*Funds were released from the ZWI account to offset the cost of capital expenditures incurred by Recology San Francisco.

*The funds received are being amortized and recorded as negative expenses in Table 10 over the same period as the related capital expenditure project assets.

**APPENDIX A
COMBINED SF COMPANIES**

Account Details

Deposits, Disbursements and Balances for RY2023 Q3

Table A-1

Account Details	Reserve Fund	Impound	ZWI
Beginning Balance 10/1/2022	\$ 9,957,952	\$ (5)	\$ 8,422,389
Deposits	-	17,425,626	6,456,589
Disbursements	-	(17,425,626)	(6,029,702)
Interest	311,004	38,628	59,826
Administrative Fees	(3,657)	-	-
Reconciling Adjustment *	(1)	216,916	2
Ending Balance 6/30/2023	\$ 10,265,298	\$ 255,539	\$ 8,909,104

* Impound Accounts reconciling adjustment is undistributed interest earned since inception.

Interest for RY2023 Q3

Table A-2

Interest	Reserve Fund	Impound	ZWI
Oct-22	\$ 23,544	\$ -	\$ 1,973
Nov-22	27,985	-	3,246
Dec-22	31,915	179	4,888
Jan-23	34,043	6,937	6,150
Feb-23	33,132	5,206	6,307
Mar-23	38,199	5,180	8,096
Apr-23	38,781	6,310	8,688
May-23	42,143	7,918	9,987
Jun-23	41,262	6,898	10,491
Total	\$ 311,004	\$ 38,628	\$ 59,826

Administrative Fees for RY2023 Q3

Table A-3

Administrative Fees	Reserve Fund	Impound	ZWI
Oct-22	\$ -	\$ -	\$ -
Nov-22	-	-	-
Dec-22	-	-	-
Jan-23	542	-	-
Feb-23	946	-	-
Mar-23	424	-	-
Apr-23	585	-	-
May-23	582	-	-
Jun-23	578	-	-
Total	\$ 3,657	\$ -	\$ -

Impound

Deposit Detail for RY2023 Q3

Table A-4

Month	Recology Golden Gate	Recology Sunset Scavenger	Total Deposit Amount
Oct-22	\$ 790,844	\$ 1,043,124	\$ 1,833,968
Nov-22	790,844	1,043,124	1,833,968
Dec-22	790,843	1,043,124	1,833,967
Jan-23	856,959	1,130,329	1,987,288
Feb-23	856,958	1,130,329	1,987,287
Mar-23	856,958	1,130,329	1,987,287
Apr-23	856,958	1,130,329	1,987,287
May-23	856,958	1,130,329	1,987,287
Jun-23	856,958	1,130,329	1,987,287
Total	\$ 7,514,280	\$ 9,911,346	\$ 17,425,626

Impound

Disbursements for RY2023 Q3

Table A-5

Payee	Date	Check #	Total Disbursements
City & County of San Francisco (SF Public Works)	10/25/22	1108	\$ 790,843
San Francisco Department of Environment	10/25/22	1109	1,043,124
City & County of San Francisco (SF Public Works)	11/30/22	1110	790,844
San Francisco Department of Environment	11/30/22	1111	1,043,124
City & County of San Francisco (SF Public Works)	12/22/22	1112	790,844
San Francisco Department of Environment	12/22/22	1113	1,043,124
City & County of San Francisco (SF Public Works)	01/30/23	1114	856,959
San Francisco Department of Environment	01/30/23	1115	1,130,329
City & County of San Francisco (SF Public Works)	02/23/23	1116	856,958
San Francisco Department of Environment	02/23/23	1117	1,130,329
City & County of San Francisco (SF Public Works)	03/20/23	1118	856,958
San Francisco Department of Environment	03/20/23	1119	1,130,329
City & County of San Francisco (SF Public Works)	04/27/23	1120	856,958
San Francisco Department of Environment	04/27/23	1121	1,130,329
City & County of San Francisco (SF Public Works)	05/31/23	1122	856,958
San Francisco Department of Environment	05/31/23	1123	1,130,329
City & County of San Francisco (SF Public Works)	07/19/23	1124	856,958
San Francisco Department of Environment	07/19/23	1125	1,130,329
Total			\$ 17,425,626

*The June 2023 Impound disbursements of \$1,987,287 to the City and County of San Francisco (CCSF) was outstanding as of June 30, 2023. CCSF received the payment on June 27, 2023 and it cleared the bank on July 19, 2023.

Zero Waste Incentives

Deposit Detail for RY2023 Q3

Table A-6

Month	Recology Golden Gate	Recology Sunset Scavenger	Recology San Francisco	Total Deposit Amount
Oct-22	\$ 181,244	\$ 237,284	\$ 263,451	\$ 681,979
Nov-22	181,244	237,284	263,450	681,978
Dec-22	183,113	239,730	266,166	689,009
Jan-23	195,053	255,362	283,523	733,938
Feb-23	195,053	255,362	283,522	733,937
Mar-23	195,053	255,362	283,522	733,937
Apr-23	195,053	255,362	283,522	733,937
May-23	195,053	255,362	283,522	733,937
Jun-23	195,053	255,362	283,522	733,937
Total	\$ 1,715,919	\$ 2,246,470	\$ 2,494,200	\$ 6,456,589

Zero Waste Incentives

Disbursements for RY2023 Q3

Table A-7

Transaction Date	Payee	Description	Amount
01/03/23	RSF	October through December RY 2023 Tiers 1 through 4	\$ 1,930,802
03/14/23	RSF	January through March RY 2023 Tiers 1 through 4	2,049,450
04/20/23	RSF	April RY 2023 Tiers 1 through 4	683,150
05/31/23	RSF	May RY 2023 Tiers 1 through 4	683,150
06/27/23	RSF	June RY 2023 Tiers 1 through 4	683,150
Total			\$ 6,029,702

APPENDIX B
Substituted Costs
Combined SF Companies
October 2022 - June 2023

Substituted Costs means all material, elective expenses incurred by the SF Recology Companies in the RY 2023 Quarterly Rate report for the 9 months ending June 30, 2023 not previously reported as expenses in Tables 9 and 10 of the RY 2022 Quarterly Rate report for the 12 months ending June 30, 2022 (this report includes 12 months of reporting activity, of which Recology Companies are presenting the last 9 months for this reporting period), and not previously approved as expense types in the 2017 Rate Order. For the purposes of this definition, a material expense is the greater of (i) the dollar amount of the COLA applied to the prior rate year's line item amount or (ii) \$150,000. For the purposes of this definition, an elective expense is an expense incurred by the SF Recology Companies that was not incurred as a result of (a) changes in refuse volumes, including but not limited to, number of employees, employee overtime, employee benefits, fuel, and disposal and processing costs relating to those changes in refuse volumes; (b) fuel or other commodity costs; (c) changes in employee costs due to Collective Bargaining Agreements entered into on or after January 1, 2022; (d) federal, state, local, or other taxes or regulatory requirements; (e) GAAP required changes in accounting rules; (f) requirements of third-party lease amendments or agreements relating to real property leased by any of the Bound Recology Companies; and (g) bad debt.

Item Description	Rate Report Table	Q3 RY2023	Q3 RY2022 *	Increase in Expenses	Carve-Outs	Non-Elective	Substituted Costs	Notes
Payroll	Table 9	\$ 69,794,769	\$ 63,502,530	\$ 6,292,239	\$ 4,233,503	\$ 2,058,737	\$ -	Carve out is due to new Union payroll rates effective 1/1/2023. Non-elective increases are attributed to Overtime wages, Holiday pay, and Saturday & Sundays worked, which in total aggregate to \$2.9M, offset by a reduction in California Paid Sick Leave and timing of payroll accruals in the amounts of \$400k, and \$500k, respectively.
Payroll Taxes	Table 9	\$ 5,244,928	\$ 4,803,594	\$ 441,334	\$ 441,334	\$ -	\$ -	Payroll taxes are carved out per (d) of the substituted costs definition.
Health Insurance	Table 9	\$ 18,382,697	\$ 17,690,561	\$ 692,136	\$ -	\$ 692,136	\$ -	Non-elective costs of \$518k is due to increased health insurance costs and \$173k is due to new Union payroll rate effective 1/1/2023.
Corporate Allocations/ Environmental Compliance	Table 9/ Table 10	\$ 10,167,609	\$ 9,248,344	\$ 919,265	\$ -	\$ 919,265	\$ -	- Corporate Fees are based on an allocation percentage which changes with changes in the allocation base. - Higher overall IT, HR and C2C costs. IT costs increased for systems support and enhancements. HR costs increased due to benefits administration, company-wide projects, and employee training & development. C2C project is modernization of billing and operations system.
Bad Debt	Table 9	\$ 1,057,780	\$ 536,981	\$ 520,799	\$ 520,799	\$ -	\$ -	Bad debt is carved out per (g) of the substituted costs definition.
Professional Services	Table 9	\$ 1,483,528	\$ 889,433	\$ 594,095	\$ 43,404	\$ 550,691	\$ -	Carve out is due to Cost of Living Adjustment factors. Non-elective increases are attributed to higher audit fees, including agreed upon procedures reporting, and increase in legal fees.
Taxes	Table 9	\$ 3,306,831	\$ 2,788,328	\$ 518,503	\$ 518,503	\$ -	\$ -	Taxes are carved out per (d) of the substituted costs definition.
I/C Disposal	Table 9	\$ 39,468,670	\$ 36,847,039	\$ 2,621,631	\$ 2,621,631	\$ -	\$ -	I/C Disposal is carved out per (a) of the substituted costs definition.
Lease	Table 9	\$ 12,290,845	\$ 11,754,342	\$ 536,503	\$ -	\$ 536,503	\$ -	Increase due to timing of vehicle deliveries.
Payroll	Table 10	\$ 36,551,566	\$ 34,271,257	\$ 2,280,309	\$ 2,280,309	\$ -	\$ -	Carve out is attributable to retro pay accrual in FY23 for union payroll increases.
Payroll Taxes	Table 10	\$ 2,858,436	\$ 2,573,001	\$ 285,435	\$ 285,435	\$ -	\$ -	Payroll taxes are carved out per (d) of the substituted costs definition.
Workers Compensation	Table 10	\$ 2,929,294	\$ 2,528,717	\$ 400,577	\$ 151,723	\$ 248,855	\$ -	Carve out is due to Cost of Living Adjustment factors. Non-elective is due to higher workers compensation claims paid during the year.
Repairs & Maintenance	Table 10	\$ 892,553	\$ 652,462	\$ 240,091	\$ 34,189	\$ 205,902	\$ -	Carve out is due to Cost of Living Adjustment factors. Non-elective is due to outside labor costs for repairs and maintenance on Recology vehicles.
Taxes	Table 10	\$ 2,419,013	\$ 1,611,479	\$ 807,534	\$ 807,534	\$ -	\$ -	Taxes are carved out per (d) of the substituted costs definition.
Building & Facility Repair	Table 10	\$ 793,520	\$ 589,622	\$ 203,898	\$ 30,200	\$ 173,698	\$ -	Carve out is due to Cost of Living Adjustment factors. Non-Elective: YTD RY22 was lower compared to YTD RY23 due to a \$144k credit recorded in Nov 2021 (RY22 Q2) to reduce the Clean Energy settlement liability payment.
Freight	Table 10	\$ 3,941,478	\$ 2,139,384	\$ 1,802,094	\$ -	\$ 1,802,094	\$ -	Increase of \$2.2M for freight costs incurred to haul sustainable crushing material to Hay Road Landfill for disposal due to the requirement to vacate Pier 94 and close the sustainable crushing operations. This is offset by \$500k reduction in freight cost due to a reduction of RSF recycling sales.
Fuel	Table 10	\$ 2,644,161	\$ 2,096,731	\$ 547,430	\$ 547,430	\$ -	\$ -	Fuel is carved out per (b) of the substituted costs definition.
I/C Processing & Disposal	Table 10	\$ 19,174,666	\$ 18,713,523	\$ 461,143	\$ 461,143	\$ -	\$ -	I/C Processing & Disposal is carved out per (a) of the substituted costs definition.
Parts	Table 10	\$ 1,732,427	\$ 1,455,977	\$ 276,450	\$ -	\$ 276,450	\$ -	Increased cost of vehicle parts.
Property Rental	Table 10	\$ 6,108,927	\$ 5,743,026	\$ 365,901	\$ -	\$ 365,901	\$ -	Annual increase in Pier 94 and Pier 96 rents due to CPI, effective January 1, 2023.
Supplies	Table 10	\$ 2,036,930	\$ 1,722,047	\$ 314,883	\$ -	\$ 314,883	\$ -	Increase in operational supplies and supplies for sustainable crushing operations closure.

* Obtained by calculating the difference between the YTD 12 months ending 6/30/22 and the YTD 6 months ending 12/31/21 rate reports.

APPENDIX C
Notional Balancing Account Schedule
Combined SF Companies
As of June 30, 2023

	<u>Balance</u>	<u>Notes</u>
Initial ratepayer notional credit	\$ 25,000,000	[1]
Offsets:		
Profit Variance - 15 months ending September 30, 2022	\$ (6,628,465)	[2]
Profit Variance - 3 months ending December 31, 2022	\$ (2,598,211)	[3]
COLA Deferral - 3 months ending September 30, 2022	\$ (4,227,529)	[4]
COLA Deferral - 3 months ending December 31, 2022	\$ (4,225,607)	[5]
Profit Variance - 3 months ending March 31, 2023	\$ (2,371,065)	[6]
Profit Variance - 3 months ending June 30, 2023	<u>\$ (1,340,212)</u>	[7]
Ending notional balance as of June 30, 2023	<u>\$ 3,608,911</u>	

Notes:

[1] Article 8.1 of the 2022 Settlement Agreement states the Recology San Francisco Companies will establish a notional balancing account with an initial ratepayer notional credit of \$25,000,000.

[2] Article 8.2 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance by 50% of the profit above or below the target profit at 91% OR for the 15 months ending September 30, 2022 (July 2021 - September 2022).

[3] Article 8.4 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance by 50% of the profit above or below the target profit at 91% OR for the 3 months ending December 31, 2022 (October 2022 - December 2022).

[4] Article 8.3 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance for the amount foregone as a result of forgoing implementation of the RYE23 COLA for July 1, 2022 through December 31, 2022 for the 3 months ending September 30, 2022 (July 2022 - September 2022).

[5] Article 8.3 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance for the amount foregone as a result of forgoing implementation of the RYE23 COLA for July 1, 2022 through December 31, 2022 for the 3 months ending December 31, 2022 (October 2022 - December 2022).

[6] Article 8.4 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance by 50% of the profit above or below the target profit at 91% OR for the 3 months ending March 31, 2023 (January 2023 - March 2023).

[7] Article 8.4 of the 2022 Settlement Agreement states the Recology San Francisco Companies shall decrease the notional balance by 50% of the profit above or below the target profit at 91% OR for the 3 months ending June 30, 2023 (April 2023 - June 2023).