

**SAN FRANCISCO
ANNUAL RATE REPORT**

**4th Quarter of Rate Year 2023
12 Months Ended September 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, the Zero Waste Incentives account, substituted costs, and the balancing account. This report covers Rate Year 2023 for the twelve months ended September 30, 2023, for the period from October 2022 to September 2023 (RY2023 Q4 YTD)

LOW-INCOME AND DISABLED SERVICES PROGRAMS

As of September 30, 2023, 8,780 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. These activities are reported on a cash basis.

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 increased for cost-of-living adjustments in subsequent rate years.

ZERO WASTE INCENTIVES

Recology makes 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.

SUBSTITUTED COSTS

Appendix B contains a report of the 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 (the Settlement Agreement).

NOTIONAL BALANCING ACCOUNT

Appendix C contains a report on the Notional Balancing Account created pursuant to Article 8 of the Settlement Agreement.

**Table 1
Disposal Tonnage
Recology San Francisco
October 2022 - September 2023**

| | Actual | Tier 1 | Tier 2 | Tier 3 | Tier 4 |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Tons Disposed | 416,917 | 352,561 | 331,561 | 300,000 | 275,000 |

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

| Source | Tonnage |
|--------------------------------------|----------------|
| Composting Overs | - |
| iMRF Fines | 11,537 |
| C-soil | - |
| Clean Wood | - |
| Total Alternative Daily Cover | 11,537 |

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

| | Received | Recovered | Disposed | % Recovered |
|---|----------------|----------------|----------------|--------------|
| Recycle Central Recyclables | | | | |
| Collected | 124,716 | 100,961 | 23,755 | 81.0% |
| Buyback | 10,868 | 10,868 | - | 100.0% |
| Total Recyclables | 135,584 | 111,829 | 23,755 | 82.5% |
| Tunnel Avenue Compostables | | | | |
| Collected | 136,726 | 90,575 | 46,151 | 66.2% |
| San Francisco Public Works | 4,091 | 4,091 | - | 100.0% |
| Other City of San Francisco Departments | 845 | 845 | - | 100.0% |
| Account Customers | 322 | 322 | - | 100.0% |
| Non-Account Customers | 858 | 858 | - | 100.0% |
| Total Compostables | 142,842 | 96,691 | 46,151 | 67.7% |
| Tunnel Avenue iMRF | | | | |
| Collected | 10,447 | 4,801 | 5,646 | 46.0% |
| San Francisco Public Works | - | - | - | 0.0% |
| Other City of San Francisco Departments | 54 | 25 | 29 | 46.3% |
| Account Customers | 10,621 | 4,881 | 5,740 | 46.0% |
| Total iMRF | 21,122 | 9,707 | 11,415 | 46.0% |
| Other Tunnel Avenue | | | | |
| Collected Other Trash | 185,819 | - | 185,819 | 0.0% |
| Collected Roll-off Trash | 34,667 | - | 34,667 | 0.0% |
| Bulky Item Recycling & Abandoned Materials Collection | 12,605 | 1,425 | 11,180 | 11.3% |
| Public Refuse Receptacles | 19,365 | - | 19,365 | 0.0% |
| San Francisco Public Works | 28,862 | 1,636 | 27,226 | 5.7% |
| Other City of San Francisco Departments | 1,469 | - | 1,469 | 0.0% |
| Account Customers | 8,434 | 1,227 | 7,207 | 14.5% |
| Non-Account Customers | 31,358 | 8,762 | 22,596 | 27.9% |
| Collected Inerts | 3,530 | 3,530 | - | 100.0% |
| Construction Material Reuse | 6 | 6 | - | 100.0% |
| Other Recycling | 865 | 865 | - | 100.0% |
| Total Other Tunnel Avenue | 326,980 | 17,451 | 309,529 | 5.3% |
| Sustainable Crushing | - | - | - | 0.0% |
| Adjustments (Inventory, moisture, etc.) | 5,147 | - | 5,147 | 0.0% |
| Pre-screening Organics Residuals | 20,920 | - | 20,920 | 0.0% |
| Total Tons | 652,595 | 235,678 | 416,917 | 36.1% |
| Disposal Breakdown | | | | |
| Recology Hay Road Landfill | | | 370,436 | |
| Recology Hay Road Landfill (RBVON residual) | | | 46,139 | |
| Recology Ostrom Road Landfill (RBVON residual) | | | 13 | |
| Zanker Material Processing Facility (C&D residual) | | | 329 | |
| Total Disposal | | | 416,917 | |

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

| | Number of Accounts | Trash Compliant | | Recycling Compliant | | Composting Compliant | |
|----------------------------------|--------------------|-----------------|---------------|---------------------|--------------|----------------------|--------------|
| | | | | | | | |
| Residential | 138,830 | 138,821 | 99.9% | 138,744 | 99.9% | 138,698 | 99.9% |
| Apartment | 8,499 | 8,498 | 99.9% | 8,423 | 99.1% | 8,421 | 99.1% |
| Commercial | 14,805 | 14,792 | 99.9% | 14,769 | 99.8% | 14,720 | 99.4% |
| City and County of San Francisco | 375 | 372 | 99.2% | 366 | 97.6% | 358 | 95.5% |
| School District & UC | 182 | 176 | 96.7% | 176 | 96.7% | 179 | 98.4% |
| Total | 162,691 | 162,659 | 100.0% | 162,478 | 99.9% | 162,376 | 99.8% |

| Residential Single Dwelling Unit Accounts | |
|--|--------|
| 16-Gallon Trash Bins | 48,264 |
| 20-Gallon Trash Bins | 23,077 |

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

| Program | Collection Weight Tons Handled | Service Standard | |
|---|-----------------------------------|------------------|-----------------------|
| | | Number | Unit |
| HHW Facility Drop Off | 175.68 | 8,172 | Customers Served |
| HHW Home Collection | 75.30 | 2,245 | Pickups |
| HHW Home Collection | - | 3,922 | Equivalent Loads |
| Very Small Quantity Generator | 53.53 | 494 | Business Appointments |
| Residential Curbside Battery Collection | 62.00 | - | |
| Apartment Building Battery Collection | 7.77 | 534 | Pickups |
| Commercial Battery Collection | 2.69 | - | |
| Retail Collection Partners | 38.00 | 773 | Pickups |
| Gigantic 3 Collection Events | - | - | |
| Waste Acceptance Control Program | 33.46 | - | |
| Bulky Item Recycling - E-Waste* | - | 75,849 | Pickups |
| E-Waste sent to Processor | 605.03 | - | |

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

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

| | Projection | Actual | Variance |
|--|-----------------------|-----------------------|-------------|
| Residential | \$ 94,169,819 | \$ 99,152,686 | 5% |
| Apartment | 75,203,594 | 81,389,640 | 8% |
| Commercial | 169,788,868 | 151,589,077 | -11% |
| Commercial Compactors | 35,758,345 | 27,307,212 | -24% |
| Debris Box | 6,915,269 | 3,540,021 | -49% |
| ZWI Rebate Revenue | 8,138,476 | 8,138,476 | 0% |
| Total Revenue Subject to Rate | \$ 389,974,371 | \$ 371,117,112 | -5% |
| Open Market Debris Box Revenue | \$ 21,036,742 | \$ 10,768,996 | -49% |
| Equipment & Supply Sales | 2,219,376 | 1,284,187 | -42% |
| CalRecycle Payment | 657,459 | 1,277,893 | 94% |
| Miscellaneous Income | 375,818 | 484,979 | 29% |
| Interest Income | - | 318,368 | 100% |
| Total Other Revenue not Subject to Rate | \$ 24,289,395 | \$ 14,134,423 | -42% |
| Total Sources | \$ 414,263,766 | \$ 385,251,535 | -7% |
| Impound Account Funding | \$ (23,387,488) | \$ (23,387,488) | 0% |
| ZWI Funding | (5,313,634) | (5,313,634) | 0% |
| Net Revenue Retained | \$ 385,562,644 | \$ 356,550,413 | -8% |

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

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

*CalRecycle Payment include payments for calendar years 2021 and 2022.

Table 7
Revenue
Recology San Francisco
October 2022 - September 2023

| | Tonnage | | | Revenue | | |
|--|----------------|----------------|-------------|-----------------------|-----------------------|-------------|
| | Projection | Actual | Variance | Projection | Actual | Variance |
| Tonnage & Revenue from Tipping Fee | | | | | | |
| Recology Sunset Scavenger/Golden Gate | | | | | | |
| Recycle Central | 145,738 | 125,011 | -14% | \$ 32,041,867 | \$ 27,484,532 | -14% |
| Compostables | 172,766 | 136,726 | -21% | 37,984,368 | 30,060,605 | -21% |
| iMRF | 72,834 | 10,453 | -86% | 16,013,288 | 2,298,272 | -86% |
| Trash | 264,137 | 231,338 | -12% | 58,073,247 | 50,861,943 | -12% |
| Other | 13,404 | 2,366 | -82% | 2,946,920 | 520,268 | -82% |
| Subtotal (Recology Sunset Scavenger/Golden Gate) | 668,879 | 505,894 | -24% | \$ 147,059,690 | \$ 111,225,620 | -24% |
| Non-Account Customers | 38,484 | 32,184 | -16% | 8,461,138 | 7,076,058 | -16% |
| Account Customers | 24,619 | 40,988 | 66% | 5,412,788 | 6,022,773 | 11% |
| Total San Francisco | 731,982 | 579,066 | -21% | \$ 160,933,616 | \$ 124,324,451 | -23% |
| Total Non-San Francisco | 2,615 | 7,368 | 182% | 574,908 | 1,620,012 | 182% |
| Non-rate Tonnage | 173,662 | 73,529 | -58% | | | |
| Tipping Fee | 908,259 | 659,963 | -27% | \$ 161,508,524 | \$ 125,944,463 | -22% |
| Net Recycling Revenue | | | | \$ 25,110,234 | \$ 16,120,425 | -36% |
| Non-rate Revenue | | | | 1,073,349 | 3,071,303 | 186% |
| Intercompany Dirt, Inerts & Others | | | | 1,704,629 | 763,494 | -55% |
| Rental Income | | | | 53,874 | 24,000 | -55% |
| Total Other Revenue | | | | \$ 27,942,086 | \$ 19,979,222 | -28% |
| Total Sources | | | | \$ 189,450,610 | \$ 145,923,685 | -23% |
| ZWI Funding | | | | \$ (3,344,767) | \$ (3,344,767) | 0% |
| Net Revenue Retained | | | | \$ 186,105,843 | \$ 142,578,918 | -23% |

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

| Recycle Central | Tons | | | Revenue | | | Price Per Ton | | |
|--------------------------------|----------------|----------------|-------------|----------------------|----------------------|-------------|---------------|-----------|----------|
| | Projection | Actual | Variance | Projection | Actual | Variance | Projection | Actual | Variance |
| Mixed Paper | 76,350 | 30,718 | -60% | \$ 10,322,379 | \$ 1,562,790 | -85% | \$ 135.20 | \$ 50.88 | -62% |
| Cardboard | 31,560 | 42,026 | 33% | 6,048,163 | 4,968,110 | -18% | 191.64 | 118.22 | -38% |
| Aseptic Carton | - | 172 | 100% | - | 4,966 | 100% | - | 28.87 | 100% |
| EPS Foam | - | 12 | 100% | - | 6,630 | 100% | - | 552.50 | 100% |
| Aluminum | 400 | 649 | 62% | 1,974,652 | 2,478,266 | 26% | 4,936.63 | 3,818.59 | -23% |
| Metal/Ferrous | 1,600 | 2,065 | 29% | 243,446 | 311,759 | 28% | 152.15 | 150.97 | -1% |
| PET | 1,400 | 2,187 | 56% | 3,342,701 | 3,416,476 | 2% | 2,387.64 | 1,562.17 | -35% |
| HDPE Blend | 1,300 | 1,259 | -3% | 1,112,174 | 971,165 | -13% | 855.52 | 771.38 | -10% |
| Plastic Film | - | 34 | 100% | - | 8,056 | 100% | - | 236.94 | 100% |
| Mixed Plastics 3-7 | 1,100 | 375 | -66% | 81,818 | 47,506 | -42% | 74.38 | 126.68 | 70% |
| Flint Glass | 350 | - | -100% | 98,014 | - | -100% | 280.04 | - | -100% |
| Amber Glass | 325 | - | -100% | 89,217 | - | -100% | 274.51 | - | -100% |
| Green Glass | 215 | - | -100% | 56,456 | - | -100% | 262.59 | - | -100% |
| Mixed Glass | 23,000 | 22,284 | -3% | 3,408,582 | 2,770,714 | -19% | 148.20 | 124.34 | -16% |
| Glass Fines | 1,450 | - | -100% | 209,562 | - | -100% | 144.53 | - | -100% |
| Total Recycle Central | 139,050 | 101,781 | -27% | \$ 26,987,164 | \$ 16,546,438 | -39% | | | |
| Tunnel Avenue | | | | | | | | | |
| Metal | 13,189 | 6,433 | -51% | \$ 2,516,973 | \$ 898,554 | -64% | \$ 190.84 | \$ 139.68 | -27% |
| Wood | 13,325 | - | -100% | 305,131 | - | -100% | 22.90 | - | -100% |
| Mixed Rigid Plastic | 1,686 | 739 | -56% | 319,096 | 3,492 | -99% | 189.26 | 4.73 | -98% |
| SB20/50 E-Waste | 450 | 314 | -30% | 147,740 | 152,490 | 3% | 328.31 | 485.64 | 48% |
| Total Tunnel Avenue | 28,650 | 7,486 | -74% | \$ 3,288,940 | \$ 1,054,536 | -68% | | | |
| Sustainable Crushing | | | | \$ 856,160 | \$ 7,543 | -99% | | | |
| Total Recycling Revenue | | | | \$ 31,132,264 | \$ 17,608,517 | -43% | | | |
| Processing Expenses | | | | \$ (1,064,194) | \$ (629,939) | -41% | | | |
| Purchases | | | | (4,957,836) | (858,153) | -83% | | | |
| Net Recycling Revenue | | | | \$ 25,110,234 | \$ 16,120,425 | -36% | | | |

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

| Item Description | Projection | Actual | Variance |
|------------------------------------|-----------------------|-----------------------|-----------------|
| Payroll | \$ 96,130,648 | \$ 92,837,377 | -3% |
| Payroll Taxes | 7,285,507 | 6,824,982 | -6% |
| Pension | 14,855,250 | 15,992,709 | 8% |
| Health Insurance | 29,634,197 | 24,934,438 | -16% |
| Workers Compensation | 12,306,919 | 9,123,355 | -26% |
| Total Payroll & Related | \$ 160,212,521 | \$ 149,712,861 | -7% |
| Corporate Allocations | \$ 8,759,788 | \$ 13,181,715 | 50% |
| Bad Debt | 184,620 | 2,193,614 | 1088% |
| O/S Billing Services | 383,394 | 484,221 | 26% |
| Office | 521,579 | 336,062 | -36% |
| Postage | 406,945 | 31,045 | -92% |
| Professional Services | 860,860 | 1,919,776 | 123% |
| Security & Janitorial | 543,374 | 781,989 | 44% |
| Taxes | 2,134,748 | 4,473,388 | 110% |
| Telephone | 720,757 | 531,395 | -26% |
| Total Administrative | \$ 14,516,065 | \$ 23,933,205 | 65% |
| Building & Facility Repair | \$ 188,025 | \$ 369,071 | 96% |
| Depreciation | 250,132 | 1,045,981 | 318% |
| Environmental Compliance | 717,829 | 394,961 | -45% |
| Freight | 85,958 | 91,639 | 7% |
| Fuel | 8,145,775 | 5,877,116 | -28% |
| I/C Disposal | 57,257,720 | 53,196,656 | -7% |
| I/C Processing | 88,803,977 | 58,147,436 | -35% |
| Lease | 14,118,986 | 16,328,768 | 16% |
| Liability Insurance | 3,795,158 | 6,350,416 | 67% |
| Licenses & Permits | 2,043,331 | 2,589,420 | 27% |
| O/S Disposal | 41,389 | 53,598 | 29% |
| O/S Equipment Rental | 260,924 | 393,646 | 51% |
| Parts | 2,981,507 | 3,119,371 | 5% |
| Property Rental | 2,159,508 | 1,104,346 | -49% |
| Repairs & Maintenance | 1,581,214 | 1,931,574 | 22% |
| Supplies | 2,925,736 | 2,402,066 | -18% |
| Tires & Tubes | 1,047,732 | 687,174 | -34% |
| Utilities | 619,276 | 953,911 | 54% |
| Total Operating | \$ 187,024,177 | \$ 155,037,150 | -17% |
| Contract Services | \$ 1,287,726 | \$ 364,658 | -72% |
| Other | 2,429,746 | 2,360,566 | -3% |
| Total Other | \$ 3,717,472 | \$ 2,725,224 | -27% |
| Total Expenses | \$ 365,470,235 | \$ 331,408,440 | -9% |

Table 10
Expenses
Recology San Francisco
October 2022 - September 2023

| Item Description | Projection | Actual | Variance |
|--|-----------------------|-----------------------|-----------------|
| Payroll | \$ 56,272,195 | \$ 48,422,793 | -14% |
| Payroll Taxes | 4,399,549 | 3,720,794 | -15% |
| Pension | 6,768,047 | 8,537,476 | 26% |
| Health Insurance | 18,156,928 | 14,279,112 | -21% |
| Workers Compensation | 4,482,558 | 4,001,444 | -11% |
| Total Payroll & Related | \$ 90,079,277 | \$ 78,961,619 | -12% |
| Corporate Allocations | \$ 1,884,885 | \$ 232,634 | -88% |
| Bad Debt | 65,804 | 783,599 | 1091% |
| Office | 270,487 | 198,277 | -27% |
| Postage | 4,032 | 4,968 | 23% |
| Professional Services | 2,966,149 | 1,428,692 | -52% |
| Repairs & Maintenance | 946,177 | 1,156,872 | 22% |
| Security & Janitorial | 797,089 | 1,336,030 | 68% |
| Taxes | 2,192,693 | 3,308,999 | 51% |
| Telephone | 333,007 | 290,001 | -13% |
| Total Administrative | \$ 9,460,323 | \$ 8,740,072 | -8% |
| Bridge Tolls | \$ 1,548,408 | \$ 923,631 | -40% |
| Building & Facility Repair | 870,189 | 1,553,223 | 78% |
| Depreciation | 1,461,030 | 4,878,786 | 234% |
| Amortization of ZWI Funding For Capital Expenditures | - | (2,830,700) | 100% |
| Environmental Compliance | 52,720 | 6,684 | -87% |
| Freight | 2,091,840 | 4,398,866 | 110% |
| Fuel | 6,478,964 | 3,513,334 | -46% |
| I/C Processing & Disposal | 32,572,483 | 25,767,864 | -21% |
| Lease | 5,296,449 | 4,726,658 | -11% |
| Liability Insurance | 1,082,380 | 2,477,285 | 129% |
| Licenses & Permits | 4,159,931 | 4,684,177 | 13% |
| O/S Disposal | 1,665,387 | 1,171,423 | -30% |
| O/S Equipment Rental | 299,504 | 279,961 | -7% |
| Parts | 2,167,725 | 2,351,273 | 8% |
| Property Rental | 8,853,907 | 7,338,732 | -17% |
| Supplies | 2,894,480 | 2,565,141 | -11% |
| Tires & Tubes | 422,403 | 229,771 | -46% |
| Utilities | 1,974,518 | 2,429,396 | 23% |
| Total Operating | \$ 73,892,318 | \$ 66,465,505 | -10% |
| Contract Services | \$ 345,475 | \$ 77,374 | -78% |
| Other | 1,049,727 | 853,869 | -19% |
| Total Other | \$ 1,395,202 | \$ 931,243 | -33% |
| Total Expenses | \$ 174,827,120 | \$ 155,098,439 | -11% |

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

| | | Crosswalk | Projection | Actual | Dollar Variance | Percentage Variance |
|---|---|-----------------------|-----------------------|------------------------|------------------------|---------------------|
| SOURCES | Residential | See Table 6 | \$ 94,169,819 | \$ 99,152,686 | \$ 4,982,867 | 5% |
| | Apartment | See Table 6 | 75,203,594 | 81,389,640 | 6,186,046 | 8% |
| | Commercial | See Table 6 | 169,788,868 | 151,589,077 | (18,199,791) | -11% |
| | Commercial Compactors | See Table 6 | 35,758,345 | 27,307,212 | (8,451,133) | -24% |
| | Debris Box | See Table 6 | 6,915,269 | 3,540,021 | (3,375,248) | -49% |
| | Current Ratepayer Revenue | | \$ 381,835,895 | \$ 362,978,636 | \$ (18,857,259) | -5% |
| | ZWI Rebate Revenue | See Table 6 | \$ 8,138,476 | \$ 8,138,476 | \$ - | 0% |
| | Applied Ratepayer Revenue from Prior Years | | \$ 8,138,476 | \$ 8,138,476 | \$ - | 0% |
| | Open Market Debris Box and Other Non Rate Revenue | See Table 6 | \$ 24,289,395 | \$ 14,134,423 | \$ (10,154,972) | -42% |
| | (a) Total Sources | | \$ 414,263,766 | \$ 385,251,535 | \$ (29,012,231) | -7% |
| USES | Impound Account Funding (Not OR Eligible) | See Table 6 | \$ 23,387,488 | \$ 23,387,488 | \$ - | 0% |
| | ZWI Funding (Not OR Eligible) | See Table 6 | 5,313,634 | 5,313,634 | - | 0% |
| | Processing (Not OR Eligible) | See Table 9 | 88,803,977 | 58,147,436 | (30,656,541) | -35% |
| | Disposal (Not OR Eligible) | See Table 9 | 57,257,720 | 53,196,656 | (4,061,064) | -7% |
| | Licenses & Permits (Not OR Eligible) | See Table 9 | 2,043,331 | 2,589,420 | 546,089 | 27% |
| | (b) OR Eligible Expenses | See Table 9 | 217,365,207 | 217,474,928 | 109,721 | 1% |
| (c) Total Uses | | \$ 394,171,357 | \$ 360,109,562 | \$ (34,061,795) | -9% | |
| (d) NET PROFIT = (a) less (c) | | | \$ 20,092,409 | \$ 25,141,973 | \$ 5,049,564 | 25% |
| OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d))) | | | 91.5% | 89.6% | | |
| OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d))) | | | 95.1% | 93.5% | | |
| PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a) | | | 4.9% | 6.5% | | |

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

| | | Crosswalk | Projection | Actual | Dollar Variance | Percentage Variance |
|---|---|--------------|-----------------------|------------------------|------------------------|---------------------|
| SOURCES | Tipping Fee Revenue | See Table 7 | \$ 161,508,524 | \$ 125,944,463 | \$ (35,564,061) | -22% |
| | Net Recycling Revenue | See Table 7 | 25,110,234 | 16,120,425 | (8,989,809) | -36% |
| | Other Revenue | See Table 7 | 2,831,852 | 3,858,797 | 1,026,945 | 36% |
| | Revenue | | \$ 189,450,610 | \$ 145,923,685 | \$ (43,526,925) | -23% |
| | (a) Total Sources | | \$ 189,450,610 | \$ 145,923,685 | \$ (43,526,925) | -23% |
| USES | ZWI Funding (Not OR Eligible) | See Table 7 | \$ 3,344,767 | \$ 3,344,767 | \$ - | 0% |
| | I/C Processing & Disposal (Not OR Eligible) | See Table 10 | 32,572,483 | 25,767,864 | (6,804,619) | -21% |
| | Licenses & Permits (Not OR Eligible) | See Table 10 | 4,159,931 | 4,684,177 | 524,246 | 13% |
| | (b) OR Eligible Expenses | See Table 10 | 138,094,706 | 124,646,398 | (13,448,308) | -10% |
| | (c) Total Uses | | \$ 178,171,887 | \$ 158,443,206 | \$ (19,728,681) | -11% |
| (d) NET PROFIT (LOSS) = (a) less (c) | | | \$ 11,278,723 | \$ (12,519,521) | \$ (23,798,244) | -211% |
| OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d))) | | | 92.4% | 111.2% | | |
| OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d))) | | | 94.0% | 108.6% | | |
| PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a) | | | 6.0% | -8.6% | | |

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

| | Crosswalk | Projection | Actual | Dollar Variance | Percentage Variance |
|--|--------------|-----------------------|-----------------------|------------------------|---------------------|
| RSS & RGG OR Eligible Expenses | See Table 11 | \$ 217,365,207 | \$ 217,474,928 | \$ 109,721 | 1% |
| RSF OR Eligible Expenses | See Table 12 | 138,094,706 | 124,646,398 | (13,448,308) | -10% |
| (b) Combined Recology OR Eligible Expenses | | \$ 355,459,913 | \$ 342,121,326 | \$ (13,338,587) | -4% |
| RSS & RGG Total Uses | See Table 11 | \$ 394,171,357 | \$ 360,109,562 | \$ (34,061,795) | -9% |
| RSF Total Uses | See Table 12 | 178,171,887 | 158,443,206 | (19,728,681) | -11% |
| (c) Combined Recology Total Uses | | \$ 572,343,244 | \$ 518,552,768 | \$ (53,790,476) | -9% |
| RSS & RGG Net Profit | See Table 11 | \$ 20,092,409 | \$ 25,141,973 | \$ 5,049,564 | 25% |
| RSF Net Profit (Loss) | See Table 12 | 11,278,723 | (12,519,521) | (23,798,244) | -211% |
| (d) Combined Recology Net Profit | | \$ 31,371,132 | \$ 12,622,452 | \$ (18,748,680) | -60% |
| COMBINED OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d))) | | 91.9% | 96.4% | | |
| COMBINED OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d))) | | 94.8% | 97.6% | | |
| PROFIT MARGIN ON ALL EXPENSES = (d) divided by ((c) plus (d)) | | 5.2% | 2.4% | | |

Table 14
Amortization of ZWI Funds for Capital Expenditures
Recology San Francisco
October 2022 - September 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) | \$ (324,355) | \$ (2,291,873) | \$ 329,352 |
| Improvements for Pier 96 - RY15 | 3,157,691 | 2/10/2016 | 10/1/2016 | 3,157,691 | (2,370,195) | (390,738) | (2,760,933) | 396,758 |
| Improvements for Pier 96 - RY16 | 3,200,551 | 9/21/2016 | 10/1/2016 | 3,200,551 | (2,402,365) | (396,041) | (2,798,406) | 402,145 |
| Recycle Central Improvement - 2017 | 3,247,569 | 9/29/2017 | 10/1/2016 | 2,152,069 | (1,615,364) | (266,300) | (1,881,664) | 270,405 |
| Recycle Central Improvement - 2017 | | | 10/1/2017 | 1,095,500 | (709,626) | (135,559) | (845,185) | 250,315 |
| Pier 96 Upgrade Project | 2,927,507 | 11/19/2019 | 10/1/2019 | 2,927,507 | (804,617) | (292,090) | (1,096,707) | 1,830,800 |
| Pier 96 Baler Project | 437,776 | 3/31/2020 | 4/1/2020 | 437,776 | (109,295) | (43,718) | (153,013) | 284,763 |
| Tunnel Ave iMRF Upgrade Project | 391,174 | 6/30/2020 | 10/1/2020 | 391,174 | (94,552) | (47,276) | (141,828) | 249,346 |
| Tunnel Ave iMRF Upgrade Project | 1,699,530 | 6/30/2020 | 10/1/2020 | 1,699,530 | (410,802) | (205,401) | (616,203) | 1,083,327 |
| Tunnel Ave iMRF Upgrade Project | 527,966 | 7/17/2020 | 10/1/2020 | 527,966 | (127,618) | (63,809) | (191,427) | 336,539 |
| Tunnel Ave iMRF Upgrade Project | 1,610,589 | 9/30/2020 | 10/1/2020 | 1,610,589 | (389,304) | (194,652) | (583,956) | 1,026,633 |
| Tunnel Ave iMRF Upgrade Project | 3,895,174 | 11/30/2020 | 10/1/2020 | 3,895,174 | (941,522) | (470,761) | (1,412,283) | 2,482,891 |
| Total | \$ 23,716,752 | | | \$ 23,716,752 | \$ (11,942,778) | \$ (2,830,700) | \$ (14,773,478) | \$ 8,943,274 |

*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

Table A-1

| Account Details | Reserve Fund | Impound | ZWI |
|---------------------------------|----------------------|-------------------|---------------------|
| Beginning Balance 10/1/2022 | \$ 9,957,952 | \$ (5) | \$ 8,422,388 |
| Deposits | - | 23,387,488 | 8,658,401 |
| Disbursements | - | (23,387,488) | (8,079,152) |
| Interest | 442,885 | 68,947 | 95,286 |
| Administrative Fees | (5,398) | - | - |
| Reconciling Adjustment * | (1) | 216,915 | 2 |
| Ending Balance 9/30/2023 | \$ 10,395,438 | \$ 285,857 | \$ 9,096,925 |

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

Interest for RY2023

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 |
| Jul-23 | 43,212 | 11,757 | 11,793 |
| Aug-23 | 44,904 | 9,206 | 12,272 |
| Sep-23 | 43,765 | 9,356 | 11,395 |
| Total | \$ 442,885 | \$ 68,947 | \$ 95,286 |

Administrative Fees for RY2023

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 | - | - |
| Jul-23 | 580 | - | - |
| Aug-23 | 578 | - | - |
| Sep-23 | 583 | - | - |
| Total | \$ 5,398 | \$ - | \$ - |

Impound

Deposit Detail for RY2023

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 |
| Jul-23 | 856,958 | 1,130,329 | 1,987,287 |
| Aug-23 | 856,958 | 1,130,329 | 1,987,287 |
| Sep-23 | 856,959 | 1,130,329 | 1,987,288 |
| Total | \$ 10,085,155 | \$ 13,302,333 | \$ 23,387,488 |

ImpoundDisbursements for RY2023**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 |
| City & County of San Francisco (SF Public Works) | 08/02/23 | 1126 | 856,958 |
| San Francisco Department of Environment | 08/02/23 | 1127 | 1,130,329 |
| City & County of San Francisco (SF Public Works) | 09/13/23 | 1129 | 856,958 |
| San Francisco Department of Environment | 09/13/23 | 1128 | 1,130,329 |
| City & County of San Francisco (SF Public Works) | 09/20/23 | 1130 | 856,958 |
| San Francisco Department of Environment | 09/20/23 | 1131 | 1,130,330 |
| Total | | | \$ 23,387,488 |

Zero Waste Incentives
Deposit Detail for RY2023

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 |
| Jul-23 | 195,053 | 255,362 | 283,522 | 733,937 |
| Aug-23 | 195,053 | 255,362 | 283,522 | 733,937 |
| Sep-23 | 195,053 | 255,362 | 283,523 | 733,938 |
| Total | \$ 2,301,078 | \$ 3,012,556 | \$ 3,344,767 | \$ 8,658,401 |

Zero Waste Incentives
Disbursements for RY2023

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 |
| 08/22/23 | RSF | July through August RY 2023 Tiers 1 through 4 | 1,366,300 |
| 09/25/23 | RSF | September RY 2023 Tiers 1 through 4 | 683,150 |
| Total | | | \$ 8,079,152 |

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

Substituted Costs means all material, elective expenses incurred by the SF Recology Companies in the RY 2023 Quarterly Rate report for the 12 months ending September 30, 2023 not previously reported as expenses in Tables 9 and 10 of the RY 2022 Quarterly Rate report for the 15 months ending September 30, 2022 (this report includes 15 months of reporting activity, of which Recology Companies are presenting the last 12 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 | RY2023 | RY2022 * | Increase in Expenses | Carve-Outs | Non-Elective | Substituted Costs | Notes |
|--|----------------------|---------------|---------------|----------------------|--------------|--------------|-------------------|--|
| Payroll | Table 9 | \$ 92,837,377 | \$ 85,893,564 | \$ 6,943,813 | \$ 4,600,000 | \$ 2,343,813 | \$ - | Approximately \$4.6M of the increase is from new Union payroll rates effective 1/1/2023 and is carved out per (c) of the substituted costs definition. The remainder of \$2.3M is for non-elective Overtime wages, Holiday pay, and Saturday & Sundays pay due to workplace absenteeism. |
| Payroll Taxes | Table 9 | \$ 6,824,982 | \$ 6,428,103 | \$ 396,879 | \$ 396,879 | \$ - | \$ - | Payroll taxes are carved out per (d) of the substituted costs definition. |
| Pension | Table 9/ Table 10 | \$ 24,530,185 | \$ 24,314,138 | \$ 216,047 | \$ - | \$ 216,047 | \$ - | Non-elective costs of \$216k is due to updated actuarial assumptions and consequent changes in allocation to the San Francisco entities. |
| Health Insurance | Table 9 | \$ 24,934,438 | \$ 22,203,719 | \$ 2,730,719 | \$ - | \$ 2,730,719 | \$ - | Non-elective higher insurance premiums paid in RY23 compared to more insurance settlements received in RY22 are the cause of the change from RY22 to RY23. |
| Workers Compensation | Table 9 | \$ 9,123,355 | \$ 8,099,806 | \$ 1,023,549 | \$ - | \$ 1,023,549 | \$ - | Increase is attributable to higher claim payments from large settlements, an increase in non-elective medical costs paid, non-elective increased policy premiums, and non-elective increases in liability reserves as determined by an actuary. |
| Corporate Allocations/ Environmental Compliance | Table 9/ Table 10 | \$ 13,815,994 | \$ 12,802,997 | \$ 1,012,997 | \$ - | \$ 1,012,997 | \$ - | - Corporate fees are based on an allocation methodology that may fluctuate with changes in the allocation inputs. - Higher overall HR, IT and C2C costs. HR costs increased due to non-elective benefits administration, company-wide projects, and employee training & development, offset by a settlement received in RY22 and the Chief Human Resources Officer position vacancy for most of RY22. Non-elective IT and C2C costs increased due to systems support and enhancements. |
| Bad Debt | Table 9 | \$ 2,193,614 | \$ 1,180,745 | \$ 1,012,869 | \$ 1,012,869 | \$ - | \$ - | Bad debt is carved out per (g) of the substituted costs definition. |
| Professional Services | Table 9 | \$ 1,919,776 | \$ 1,046,263 | \$ 873,513 | \$ - | \$ 873,513 | \$ - | Non-elective increases are attributed to higher audit fees, including agreed-upon procedures reporting, increased labor management fees, and costs for the 2024 rate application process. |
| Taxes | Table 9 | \$ 4,473,388 | \$ 3,802,935 | \$ 670,453 | \$ 670,453 | \$ - | \$ - | Taxes are carved out per (d) of the substituted costs definition. |
| Fuel | Table 9 | \$ 5,877,116 | \$ 5,378,556 | \$ 498,560 | \$ 498,560 | \$ - | \$ - | Fuel is carved out per (b) of the substituted costs definition. |
| I/C Disposal | Table 9 | \$ 53,196,656 | \$ 50,093,931 | \$ 3,102,725 | \$ 3,102,725 | \$ - | \$ - | I/C Disposal is carved out per (a) of the substituted costs definition. |
| Lease | Table 9 | \$ 16,328,768 | \$ 15,825,639 | \$ 503,129 | \$ - | \$ 503,129 | \$ - | Non-elective Increase due to timing of vehicle deliveries. |
| Liability Insurance | Table 9 | \$ 6,350,416 | \$ 5,522,159 | \$ 828,257 | \$ - | \$ 828,257 | \$ - | Non-elective increase is due to higher premium costs, non-recurring auto claim payments, and increased auto reserve liabilities as determined by an actuary. |
| Payroll | Table 10 | \$ 48,422,793 | \$ 45,528,404 | \$ 2,894,389 | \$ 2,400,000 | \$ 494,389 | \$ - | Approximately \$2.4M of the increase is from new Union payroll rates effective 1/1/2023 and is carved out per (c) of the substituted costs definition. The remainder of \$0.5M is for non-elective Overtime wages, Holiday pay, and Saturday & Sundays pay due to workplace absenteeism and reopening of PRRA operations on Sunday. |
| Payroll Taxes | Table 10 | \$ 3,720,794 | \$ 3,410,298 | \$ 310,496 | \$ 310,496 | \$ - | \$ - | Payroll taxes are carved out per (d) of the substituted costs definition. |
| Health Insurance | Table 10 | \$ 14,279,112 | \$ 12,926,087 | \$ 1,353,025 | \$ - | \$ 1,353,025 | \$ - | Non-elective costs of \$1.3M is attributable to increased cost of premiums paid in RY23, offset by insurance settlements received in RY22. |
| Workers Compensation | Table 10 | \$ 4,001,444 | \$ 3,503,623 | \$ 497,821 | \$ - | \$ 497,821 | \$ - | Increase is attributable to higher claim payments made due to large settlements, an increase in non-elective medical costs, non-elective increased policy premiums, and non-elective increases in liability reserves as determined by an actuary. |
| Repairs & Maintenance | Table 10 | \$ 1,156,872 | \$ 863,299 | \$ 293,573 | \$ - | \$ 293,573 | \$ - | Non-elective costs of \$294k is due to scheduled and unscheduled but necessary repairs and maintenance on machinery, equipment and trucks. |
| Taxes | Table 10 | \$ 3,308,999 | \$ 2,561,830 | \$ 747,169 | \$ 747,169 | \$ - | \$ - | Taxes are carved out per (d) of the substituted costs definition. |
| Building & Facility Repair | Table 10 | \$ 1,553,223 | \$ 904,332 | \$ 648,891 | \$ - | \$ 648,891 | \$ - | Non-Elective costs are attributable to Pier 94 closure costs, repair costs to the transfer station and Pier 96, maintenance of the storm water systems to be clean water compliant, and replacement of a fire suppression system, offset by \$144K of credits recorded in RY22 for the reduction of the Clean Energy settlement liability. |
| Freight | Table 10 | \$ 4,398,866 | \$ 2,850,341 | \$ 1,548,525 | \$ - | \$ 1,548,525 | \$ - | Non-elective increase of \$2.2M for freight cost 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 \$600K reduction in freight cost due to a reduction of RSF recycling sales. |
| Fuel | Table 10 | \$ 3,513,334 | \$ 3,196,580 | \$ 316,754 | \$ 316,754 | \$ - | \$ - | Fuel is carved out per (b) of the substituted costs definition. |
| I/C Processing & Disposal | Table 10 | \$ 25,767,864 | \$ 25,208,668 | \$ 559,196 | \$ 559,196 | \$ - | \$ - | I/C Processing & Disposal is carved out per (a) of the substituted costs definition. |
| Licenses & Permits | Table 10 | \$ 4,684,177 | \$ 4,419,928 | \$ 264,249 | \$ - | \$ 264,249 | \$ - | Non-elective increase is mainly due to the annual increase of the City of Brisbane license fee. |
| Parts | Table 10 | \$ 2,351,273 | \$ 2,120,522 | \$ 230,751 | \$ - | \$ 230,751 | \$ - | Mainly due to cost of parts needed for non-elective scheduled and unscheduled machinery and vehicle repairs and maintenance described above. |
| Other | Table 10 | \$ 853,869 | \$ 646,324 | \$ 207,545 | \$ - | \$ 207,545 | \$ - | Non-elective increase is due to higher costs for shoes and uniforms and the timing of purchasing replacements in RY23. |

* Obtained by calculating the difference between the YTD 15 months ending 9/30/22 and the YTD 3 months ending 9/30/21 rate reports.

APPENDIX C
Notional Balancing Account
Combined SF Companies
As of September 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] |
| COLA Deferral - 3 months ending September 30, 2022 | \$ (4,227,529) | [3] |
| COLA Deferral - 3 months ending December 31, 2022 | \$ (4,225,607) | [4] |
| Profit Variance - 3 months ending December 31, 2022 | \$ (2,598,211) | [5] |
| Profit Variance - 3 months ending March 31, 2023 | \$ (2,371,066) | [6] |
| Profit Variance - 3 months ending June 30, 2023 | \$ (1,340,212) | [7] |
| Profit Variance - 3 months ending September 30, 2023 | \$ (2,184,569) | [8] |
| Ending notional balancing account balance as of September 30, 2023 | <u>\$ 1,424,341</u> | [9] |

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 8.3 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).

[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 December 31, 2022 (October 2022 - December 2022).

[5] 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).

[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).

[8] 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 September 30, 2023 (July 2023 - September 2023).

[9] The Final Balance has been adjusted from the 2023 Audited Financial Statements, and will be used to offset future rate increases across RY2025 and RY2029 per Article 8.4 of the Settlement Agreement.