

**FINANCIAL QUARTERLY RATE REPORT
SAN FRANCISCO**

**1st Quarter of Rate Year 2024
3 Months Ending December 31, 2023**

Recology Golden Gate
Recology Sunset Scavenger
Recology San Francisco

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INTRODUCTION

The City and County of San Francisco Refuse Rate Board adopted the Refuse Rate Order for Rate Year 2024 and Rate Year 2025 (“Refuse Rate Order”) on August 31, 2023 for Recology Golden Gate, Recology Sunset Scavenger, and Recology San Francisco (“Recology San Francisco Companies”), which includes quarterly rate reporting requirements. The requirements address several areas, including revenues and expenses, operating ratios and profit margins, amortization of ZWI funds for capital expenditures, and bank activity reporting for the Reserve Fund account, the Impound account, the Zero Waste Incentives account, and the Programmatic Reserve account. Projections for Rate Year 2024 from the Refuse Rate Order were divided by four to arrive at the amounts listed in the Projection columns in this rate report. Recology Golden Gate and Recology Sunset Scavenger revenues and expenses include rate and non-rate activities for reporting purposes. Additional reporting requirements include Substituted Costs, the 2022 Settlement Notional Balancing Account, the RY2024 and RY2025 Notional Balancing Account, and the Programmatic Reserve. This report covers the first three months, October 2023 to December 2023 (Q1 RY2024), of the Rate Year 2024 ending September 30, 2024.

BANK ACCOUNT REPORTING

Appendix A contains reports of the bank account activities for the Reserve Fund account, the Impound account, the Zero Waste Incentives account, and the Programmatic Reserve 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

The purpose of the reserve fund is to reimburse Recology San Francisco for landfill disposal costs it incurs but cannot fully recover through the rate-setting process due to timing issues. 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

The Impound account funds select services at the Department of Public Works and Environment Department, which includes Citywide refuse-related cleaning services at the Department of Public Works and services to support meeting the San Francisco’s Zero Waste Goals at the Environment Department. The Refuse Rate Board may consider the cost of the City’s refuse programs when setting refuse rates, and order refuse companies to deposit a portion of their revenues in the Impound Account to fund these programs. Recology San Francisco Companies make monthly deposits to the Impound account in accordance with the amounts approved in the Refuse Rate Order adopted on August 31, 2023.

ZERO WASTE INCENTIVES

The Zero Waste Incentive account is a financial incentive account that Recology San Francisco Companies can draw down from if certain targets are met. Unearned Tier 3 and Tier 4 funds can be used with approval from Environment Department. Otherwise, any unearned funds are rebated to ratepayers the following year. The Zero Waste Incentives funded during RY2023 were withdrawn in Q1 RY2024 to rebate ratepayers through an offset

to the rate adjustment for RY2024, as approved in the Refuse Rate Order adopted on August 31, 2023. There has been a pause placed on new contributions to the Zero Waste Incentive account for RY2024 and RY2025.

PROGRAMMATIC RESERVE

The Programmatic Reserve Fund may be used to reimburse Recology San Francisco Companies for expenses incurred for services requested by the City that are above and beyond the service levels and the associated service level agreements from the Refuse Rate Order adopted on August 31, 2023. Any unused funds may be applied to offset future rate adjustments.

ZERO WASTE CAPITAL RESERVE

The Zero Waste Capital Reserve Fund is intended to fund future capital infrastructure costs. Funding will begin in Q2 RY2024.

SUBSTITUTED COSTS

Appendix B contains a report of Substituted Costs pursuant to Appendix J of the Refuse Rate Order adopted on August 31, 2023.

2022 SETTLEMENT NOTIONAL BALANCING ACCOUNT

Appendix C contains a report of the 2022 Settlement Notional Balancing Account pursuant to Appendix F of the Refuse Rate Order adopted on August 31, 2023.

RY2024 AND RY2025 NOTIONAL BALANCING ACCOUNT

Appendix D contains a report of the RY2024 and RY2025 Notional Balancing Account pursuant to Appendix F of the Refuse Rate Order adopted on August 31, 2023.

RATE-ELIGIBLE AND OPERATING RATIO-ELIGIBLE EXPENSES

Rate-eligible expenses are all expenses eligible to be recovered through the rates. Operating Ratio-eligible expenses are rate-eligible expenses that generate a return to Recology San Francisco Companies through an operating ratio mechanism.

DEFINED-BENEFIT PENSION PLAN

Recology San Francisco Companies participate in a noncontributory, defined-benefit pension plan (the Plan) sponsored by its Parent for the benefit of union and grandfathered nonunion employees. Benefits are based on a formula that includes years of service and average compensation. As of December 31, 2023, the plan is 94% funded based on the Actuarial Valuation of Assets as determined by the independent plan actuary and 91% funded based on the Market Valuation of Assets as determined by the plan investment managers.

Table 1
Net Revenue Retained
Recology Sunset Scavenger and Recology Golden Gate
October 2023 - December 2023

Revenue Description	Rate and Non-Rate Projection	Less Non-Rate Projection	Rate Projection	Rate and Non-Rate Actual	Less Non-Rate Actual	Rate Actual	\$ Variance Rate	Percentage Variance - Rate
Residential	\$ 25,252,615	\$ -	\$ 25,252,615	\$ 25,350,974	\$ -	\$ 25,350,974	\$ 98,359	0%
Apartment	20,734,035	-	20,734,035	20,672,024	-	20,672,024	(62,011)	0%
Commercial	34,238,132	-	34,238,132	36,042,782	-	36,042,782	1,804,650	5%
Commercial Compactors	6,902,117	-	6,902,117	6,022,466	-	6,022,466	(879,651)	-13%
Debris Box	980,415	-	980,415	538,693	-	538,693	(441,722)	-45%
Total Revenue from Ratepayers	\$ 88,107,314	\$ -	\$ 88,107,314	\$ 88,626,939	\$ -	\$ 88,626,939	\$ 519,625	1%
CalRecycle Payment	\$ 168,901	\$ -	\$ 168,901	\$ -	\$ -	\$ -	\$ (168,901)	-100%
Miscellaneous Income	125,099	-	125,099	71,853	-	71,853	(53,246)	-43%
Interest Income	-	-	-	24,809	-	24,809	24,809	100%
ZWI Addback	1,328,409	-	1,328,409	1,424,060	-	1,424,060	95,651	7%
Rate Stabilization	433,593	-	433,593	433,593	-	433,593	-	0%
Total Non Ratepayer Rate Revenue	\$ 2,056,002	\$ -	\$ 2,056,002	\$ 1,954,315	\$ -	\$ 1,954,315	\$ (101,687)	-5%
Total Rate Related Revenue	\$ 90,163,316	\$ -	\$ 90,163,316	\$ 90,581,254	\$ -	\$ 90,581,254	\$ 417,938	0%
Open Market Debris Box	\$ 2,412,111	\$ (2,412,111)	\$ -	\$ 2,117,854	\$ (2,117,854)	\$ -	\$ -	0%
Contract Customers	1,998,391	(1,998,391)	-	1,824,875	(1,824,875)	-	-	0%
City Services Contract	2,335,497	(2,335,497)	-	1,765,710	(1,765,710)	-	-	0%
Equipment & Supply Sales	435,431	(435,431)	-	693,270	(693,270)	-	-	0%
Total Revenue not Subject to Rate	\$ 7,181,430	\$ (7,181,430)	\$ -	\$ 6,401,709	\$ (6,401,709)	\$ -	\$ -	0%
Total Sources	\$ 97,344,746	\$ (7,181,430)	\$ 90,163,316	\$ 96,982,963	\$ (6,401,709)	\$ 90,581,254	\$ 417,938	0%
Impound Account Funding	\$ (6,054,666)	\$ -	\$ (6,054,666)	\$ (6,054,666)	\$ -	\$ (6,054,666)	\$ -	0%
Programmatic Reserve Funding	(208,974)	-	(208,974)	(208,974)	-	(208,974)	-	0%
Net Revenue Retained	\$ 91,081,106	\$ (7,181,430)	\$ 83,899,676	\$ 90,719,323	\$ (6,401,709)	\$ 84,317,614	\$ 417,938	0%

Table 2
Net Revenue Retained
Recology San Francisco
October 2023 - December 2023

Revenue Description	Tonnage				Revenue			
	Projection	Actual	Tonnage Variance	Percentage Variance	Projection	Actual	\$ Variance	Percentage Variance
Tonnage & Revenue from Tipping Fee								
Recology Sunset Scavenger/Golden Gate								
Recycle Central	33,008	30,461	(2,547)	-8%	\$ 7,957,912	\$ 7,343,781	\$ (614,131)	-8%
Compostables	34,887	32,485	(2,402)	-7%	8,410,879	7,831,692	(579,187)	-7%
i/MRF	2,256	2,246	(10)	0%	543,954	541,582	(2,372)	0%
Trash	58,041	58,153	112	0%	13,992,927	14,020,029	27,102	0%
Other	738	498	(240)	-33%	178,039	120,140	(57,899)	-33%
Subtotal (Recology Sunset Scavenger/Golden Gate)	128,930	123,843	(5,087)	-4%	\$ 31,083,711	\$ 29,857,224	\$ (1,226,487)	-4%
Non-Account Customers	7,910	7,382	(528)	-7%	1,907,037	1,779,666	(127,371)	-7%
Account Customers	7,705	13,842	6,137	80%	1,857,608	1,592,287	(265,321)	-14%
Non-Tip Fee Tonnage	-	9,264	9,264	100%	-	-	-	0%
Total San Francisco	144,545	154,331	9,786	7%	\$ 34,848,356	\$ 33,229,177	\$ (1,619,179)	-5%
Total Non-San Francisco	1,220	1,844	624	51%	294,163	444,628	150,465	51%
Tipping Fee Revenue	145,765	156,175	10,410	7%	\$ 35,142,519	\$ 33,673,805	\$ (1,468,714)	-4%
Net Recycling Revenue					\$ 4,461,199	\$ 4,281,609	\$ (179,590)	-4%
Minimums for PRRA					776,599	558,100	(218,499)	-28%
Intercompany Dirt, Inerts & Others					127,217	196,279	69,062	54%
Rental Income					6,000	6,000	-	0%
Total Other Revenue					\$ 5,371,015	\$ 5,041,988	\$ (329,027)	-6%
Total Sources					\$ 40,513,534	\$ 38,715,793	\$ (1,797,741)	-4%
ZWI Addback					\$ 793,067	\$ 850,171	\$ 57,104	7%
Net Revenue Retained					\$ 41,306,601	\$ 39,565,964	\$ (1,740,637)	-4%

Table 3
Net Recycling Revenue
Recology San Francisco
October 2023 - December 2023

Recycle Central	Tons				Revenue				Price Per Ton			
	Projection	Actual	Tons Variance	Percentage Variance	Projection	Actual	\$ Variance	Percentage Variance	Projection	Actual	Price Variance	Percentage Variance
Mixed Paper	9,809	6,540	(3,269)	-33%	\$ 553,625	\$ 574,878	\$ 21,253	4%	\$ 56.44	\$ 87.90	\$ 31.46	56%
Cardboard	10,598	10,243	(355)	-3%	1,299,609	1,685,121	385,512	30%	122.63	164.51	41.89	34%
Aseptic Carton	43	24	(19)	-44%	433	2,428	1,995	461%	10.07	101.17	91.10	905%
Aluminum	145	123	(22)	-15%	570,240	485,766	(84,474)	-15%	3,932.69	3,949.32	16.63	0%
Metal/Ferrous	479	409	(70)	-15%	63,047	71,003	7,956	13%	131.62	173.60	41.98	32%
PET	629	405	(224)	-36%	1,059,839	620,048	(439,791)	-41%	1,684.96	1,530.98	(153.98)	-9%
HDPE Blend	378	295	(83)	-22%	265,946	156,865	(109,081)	-41%	703.56	531.75	(171.82)	-24%
Plastic Film	18	-	(18)	-100%	3,738	-	(3,738)	-100%	207.67	-	(207.67)	-100%
Mixed Plastics 3-7	44	84	40	91%	8,393	8,782	389	5%	190.75	104.55	(86.20)	-45%
Mixed Glass	5,835	5,625	(210)	-4%	753,301	654,624	(98,677)	-13%	129.10	116.38	(12.72)	-10%
Total Recycle Central	27,978	23,748	(4,230)	-15%	\$ 4,578,171	\$ 4,259,515	\$ (318,656)	-7%				
Tunnel Avenue												
Metal	1,526	1,500	(26)	-2%	\$ 191,256	\$ 243,961	\$ 52,705	28%	\$ 125.33	\$ 162.64	\$ 37.31	30%
Wood	-	584	584	100%	-	-	-	0%	-	-	-	0%
Mixed Rigid Plastic	192	192	-	0%	1,631	1,280	(351)	-22%	8.49	6.67	(1.83)	-22%
SB20/50 E-Waste	74	96	22	30%	28,190	38,463	10,273	36%	380.95	400.66	19.71	5%
Total Tunnel Avenue	1,792	2,372	580	32%	\$ 221,077	\$ 283,704	\$ 62,627	28%				
Total Recycling Revenue					\$ 4,799,248	\$ 4,543,219	\$ (256,029)	-5%				
Processing Expenses					\$ (258,207)	\$ (43,370)	\$ 214,837	-83%				
Purchases					(79,842)	(218,240)	(138,398)	173%				
Net Recycling Revenue					\$ 4,461,199	\$ 4,281,609	\$ (179,590)	-4%				

Table 4(A)
Total Expenses
Recology Sunset Scavenger and Recology Golden Gate
October 2023 - December 2023

Item Description	Rate and Non-Rate Projection	Rate and Non-Rate Actual	\$ Variance	Percentage Variance
Payroll	\$ 23,332,237	\$ 24,375,942	\$ 1,043,705	4%
Payroll Taxes	1,642,591	1,569,143	(73,448)	-4%
Pension	1,975,901	1,982,243	6,342	0%
Health Insurance	6,116,084	6,981,532	865,448	14%
Workers Compensation	2,404,527	2,257,280	(147,247)	-6%
Total Payroll & Related	\$ 35,471,340	\$ 37,166,140	\$ 1,694,800	5%
Corporate Allocations	\$ 3,707,994	\$ 3,038,421	\$ (669,573)	-18%
Bad Debt	138,793	175,665	36,872	27%
O/S Billing Services	92,482	88,707	(3,775)	-4%
Office	90,470	79,200	(11,270)	-12%
Postage	46,257	5,924	(40,333)	-87%
Professional Services	358,360	307,880	(50,480)	-14%
Security & Janitorial	183,128	188,263	5,135	3%
Taxes	1,120,249	1,163,071	42,822	4%
Telephone	142,308	137,678	(4,630)	-3%
Total Administrative	\$ 5,880,041	\$ 5,184,809	\$ (695,232)	-12%
Building & Facility Repair	\$ 89,326	\$ 76,725	\$ (12,601)	-14%
Depreciation	275,813	266,226	(9,587)	-3%
Freight	16,147	9,478	(6,669)	-41%
Fuel	1,600,613	1,649,584	48,971	3%
I/C Disposal	14,109,599	15,475,955	1,366,356	10%
I/C Processing	17,020,076	14,919,578	(2,100,498)	-12%
Lease	5,590,956	4,126,364	(1,464,592)	-26%
Liability Insurance	1,421,526	1,670,928	249,402	18%
Licenses & Permits	649,956	616,072	(33,884)	-5%
O/S Disposal	13,167	5,650	(7,517)	-57%
O/S Equipment Rental	62,285	110,809	48,524	78%
Parts	795,356	796,182	826	0%
Outside Property Rental	208,498	204,062	(4,436)	-2%
Intercompany Property Rental	49,576	49,593	17	0%
Repairs & Maintenance	497,396	445,525	(51,871)	-10%
Supplies	615,651	887,040	271,389	44%
Tires & Tubes	199,459	197,954	(1,505)	-1%
Utilities	156,722	180,921	24,199	15%
Total Operating	\$ 43,372,122	\$ 41,688,646	\$ (1,683,476)	-4%
Contract Services	\$ 127,441	\$ 43,767	\$ (83,674)	-66%
Other	446,455	657,088	210,633	47%
Total Other	\$ 573,896	\$ 700,855	\$ 126,959	22%
Total Expenses	\$ 85,297,399	\$ 84,740,450	\$ (556,949)	-1%

*Environmental Compliance is presented as part of Corporate Allocations beginning with RY2024.

**As of December 31, 2023, there are 661 employees.

***Includes expenses for non-rate activity, these are removed in Table 4(B) for purposes of calculating the rate-related Operating Ratio.

Table 4(B)
Total Expenses Subject to Rate
Recology Sunset Scavenger and Recology Golden Gate
October 2023 - December 2023

Item Description	Rate and Non-Rate Projection	Less Non-Rate Projection	Rate Projection	Rate and Non-Rate Actual	Less Non-Rate Actual	Rate Actual	\$ Variance - Rate	Percentage Variance - Rate
OR Eligible Expenses	\$ 53,517,768	\$ (4,075,488)	\$ 49,442,280	\$ 53,728,845	\$ (3,380,844)	\$ 50,348,001	\$ 905,721	2%
Processing	17,020,076	(1,185,660)	15,834,416	14,919,578	(938,802)	13,980,776	(1,853,640)	-12%
Disposal	14,109,599	(982,909)	13,126,690	15,475,955	(973,812)	14,502,143	1,375,453	10%
Licenses & Permits	649,956	(41,506)	608,450	616,072	(38,766)	577,306	(31,144)	-5%
Total Expenses	\$ 85,297,399	\$ (6,285,563)	\$ 79,011,836	\$ 84,740,450	\$ (5,332,223)	\$ 79,408,227	\$ 396,391	1%

Table 5
Total Expenses Subject to Rate
Recology San Francisco
October 2023 - December 2023

Item Description	Projection	Actual	\$ Variance	Percentage Variance
Payroll	\$ 12,120,721	\$ 11,606,180	\$ (514,541)	-4%
Payroll Taxes	879,933	724,046	(155,887)	-18%
Pension	1,199,981	1,181,628	(18,353)	-2%
Health Insurance	3,572,495	3,923,393	350,898	10%
Workers Compensation	990,467	627,618	(362,849)	-37%
Total Payroll & Related	\$ 18,763,597	\$ 18,062,865	\$ (700,732)	-4%
Corporate Allocations	\$ 127,882	\$ 104,665	\$ (23,217)	-18%
Bad Debt	9,198	235,389	226,191	2459%
Office	57,803	43,512	(14,291)	-25%
Postage	2,340	7,708	5,368	229%
Professional Services	539,003	275,832	(263,171)	-49%
Repairs & Maintenance	217,804	244,666	26,862	12%
Security & Janitorial	336,517	343,916	7,399	2%
Taxes	869,523	891,456	21,933	3%
Telephone	82,124	64,904	(17,220)	-21%
Total Administrative	\$ 2,242,194	\$ 2,212,048	\$ (30,146)	-1%
Bridge Tolls	\$ 262,202	\$ 203,287	\$ (58,915)	-22%
Building & Facility Repair	265,769	187,494	(78,275)	-29%
Depreciation	1,186,158	1,098,199	(87,959)	-7%
Amortization of ZWI Funding For Capital Expenditures	(707,675)	(708,646)	(971)	0%
Freight	761,474	481,946	(279,528)	-37%
Fuel	1,006,795	1,007,883	1,088	0%
I/C Processing & Disposal	7,007,251	6,514,649	(492,602)	-7%
Lease	1,688,531	933,101	(755,430)	-45%
Liability Insurance	617,523	660,186	42,663	7%
Licenses & Permits	1,171,207	1,200,142	28,935	2%
O/S Disposal	315,830	328,964	13,134	4%
O/S Equipment Rental	58,301	35,702	(22,599)	-39%
Parts	502,023	580,964	78,941	16%
Outside Property Rental	1,078,831	1,318,391	239,560	22%
Intercompany Property Rental	543,676	543,676	-	0%
Supplies	589,159	526,802	(62,357)	-11%
Tires & Tubes	45,753	90,074	44,321	97%
Utilities	728,600	584,767	(143,833)	-20%
Total Operating	\$ 17,121,408	\$ 15,587,581	\$ (1,533,827)	-9%
Contract Services	\$ 26,578	\$ 14,023	\$ (12,555)	-47%
Other	171,300	170,183	(1,117)	-1%
Total Other	\$ 197,878	\$ 184,206	\$ (13,672)	-7%
Total Expenses	\$ 38,325,077	\$ 36,046,700	\$ (2,278,377)	-6%

*Environmental Compliance is presented as part of Corporate Allocations beginning with RY2024.

**As of December 31, 2023, there are 381 employees.

Table 6
Statement of Operating Ratios and Profit Margin Subject to Rates
Recology Sunset Scavenger and Recology Golden Gate
October 2023 - December 2023

		Crosswalk	Rate Projection	Rate Actual	\$ Variance - Rate	Percentage Variance - Rate
SOURCES	Residential	See Table 1	\$25,252,615	\$25,350,974	\$ 98,359	0%
	Apartment	See Table 1	20,734,035	20,672,024	(62,011)	0%
	Commercial	See Table 1	34,238,132	36,042,782	1,804,650	5%
	Commercial Compactors	See Table 1	6,902,117	6,022,466	(879,651)	-13%
	Debris Box	See Table 1	980,415	538,693	(441,722)	-45%
	Total Revenue from Ratepayers		\$ 88,107,314	\$ 88,626,939	\$ 519,625	1%
	CalRecycle Payment	See Table 1	\$ 168,901	\$ -	\$ (168,901)	-100%
	Miscellaneous Income	See Table 1	125,099	71,853	(53,246)	-43%
	Interest Income	See Table 1	-	24,809	24,809	100%
	ZWI Addback	See Table 1	1,328,409	1,424,060	95,651	7%
	Rate Stabilization	See Table 1	433,593	433,593	-	0%
Total Non Ratepayer Rate Revenue		\$ 2,056,002	\$ 1,954,315	\$ (101,687)	-5%	
(a) Total Sources		\$ 90,163,316	\$ 90,581,254	\$ 417,938	0%	
USES	Impound Account Funding (Not OR Eligible)	See Table 1	\$ 6,054,666	\$ 6,054,666	\$ -	0%
	Programmatic Reserve Funding (Not OR Eligible)	See Table 1	208,974	208,974	-	0%
	Processing (Not OR Eligible)	See Table 4(B)	15,834,416	13,980,776	(1,853,640)	-12%
	Disposal (Not OR Eligible)	See Table 4(B)	13,126,690	14,502,143	1,375,453	10%
	Licenses & Permits (Not OR Eligible)	See Table 4(B)	608,450	577,306	(31,144)	-5%
	(b) OR Eligible Expenses	See Table 4(B)	49,442,280	50,348,001	905,721	2%
(c) Total Uses		\$ 85,275,476	\$ 85,671,867	\$ 396,391	0%	
(d) NET PROFIT = (a) less (c)			\$ 4,887,840	\$ 4,909,387	\$ 21,547	0%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			91.0%	91.1%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			94.6%	94.6%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			5.4%	5.4%		

Table 7
Statement of Operating Ratios and Profit Margin Subject to Rates
Recology San Francisco
October 2023 - December 2023

		Crosswalk	Projection	Actual	\$ Variance	Percentage Variance
SOURCES	Tipping Fee Revenue	See Table 2	\$ 35,142,519	\$ 33,673,805	\$(1,468,714)	-4%
	Net Recycling Revenue	See Table 2	4,461,199	4,281,609	(179,590)	-4%
	Other Revenue	See Table 2	909,816	760,379	(149,437)	-16%
	ZWI Addback	See Table 2	793,067	850,171	57,104	7%
	Revenue		\$ 41,306,601	\$ 39,565,964	\$(1,740,637)	-4%
(a) Total Sources			\$ 41,306,601	\$ 39,565,964	\$(1,740,637)	-4%
USES	I/C Processing & Disposal (Not OR Eligible)	See Table 5	\$ 7,007,251	\$ 6,514,649	(492,602)	-7%
	Licenses & Permits (Not OR Eligible)	See Table 5	1,171,207	1,200,142	28,935	2%
	(b) OR Eligible Expenses	See Table 5	30,146,619	28,331,909	(1,814,710)	-6%
	(c) Total Uses		\$ 38,325,077	\$ 36,046,700	\$(2,278,377)	-6%
(d) NET PROFIT = (a) less (c)			\$ 2,981,524	\$ 3,519,264	\$ 537,740	18%
OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))			91.0%	89.0%		
OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))			92.8%	91.1%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by (a)			7.2%	8.9%		

Table 8
Statement of Operating Ratios and Profit Margin Subject to Rates
Combined SF Companies
October 2023 - December 2023

	Crosswalk	Projection	Actual	\$ Variance	Percentage Variance
RSS & RGG OR Eligible Expenses	See Table 6	\$ 49,442,280	\$ 50,348,001	\$ 905,721	2%
RSF OR Eligible Expenses	See Table 7	30,146,619	28,331,909	(1,814,710)	-6%
(b) Combined Recology OR Eligible Expenses		\$ 79,588,899	\$ 78,679,910	\$ (908,989)	-1%
RSS & RGG Total Uses	See Table 6	\$ 85,275,476	\$ 85,671,867	\$ 396,391	0%
RSF Total Uses	See Table 7	38,325,077	36,046,700	(2,278,377)	-6%
(c) Combined Recology Total Uses		\$ 123,600,553	\$ 121,718,567	\$ (1,881,986)	-2%
RSS & RGG Net Profit	See Table 6	\$ 4,887,840	\$ 4,909,387	\$ 21,547	0%
RSF Net Profit	See Table 7	2,981,524	3,519,264	537,740	18%
(d) Combined Recology Net Profit		\$ 7,869,364	\$ 8,428,651	\$ 559,287	7%
COMBINED OPERATING RATIO ON PROFIT ELIGIBLE EXPENSES = 100% less ((d) divided by ((b) plus (d)))		91.0%	90.3%		
COMBINED OPERATING RATIO ON ALL EXPENSES = 100% less ((d) divided by ((c) plus (d)))		94.0%	93.5%		
PROFIT MARGIN ON ALL EXPENSES = (d) divided by ((c) plus (d))		6.0%	6.5%		

Above/Below Target Profit Calculation	
Combined Recology Actual Net Profit	\$ 8,428,651
Target Profit ((b) divided by 91% less (b))	7,781,530
Above/Below Target Surplus (Shortfall)	647,122
50% of Above/Below Target Surplus (Shortfall)	\$ 323,561

Table 9
Amortization of ZWI Funds for Capital Expenditures
Recology San Francisco
October 2023 - December 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	\$ (2,291,873)	\$ (81,152)	\$ (2,373,025)	\$ 248,200
Improvements for Pier 96 - RY15	3,157,691	2/10/2016	10/1/2016	3,157,691	(2,760,933)	(97,761)	(2,858,694)	298,997
Improvements for Pier 96 - RY16	3,200,551	9/21/2016	10/1/2016	3,200,551	(2,798,406)	(99,088)	(2,897,494)	303,057
Recycle Central Improvement - 2017	3,247,569	9/29/2017	10/1/2016	2,152,069	(1,881,664)	(66,628)	(1,948,292)	203,777
Recycle Central Improvement - 2017			10/1/2017	1,095,500	(845,185)	(33,916)	(879,101)	216,399
Pier 96 Upgrade Project	2,927,507	11/19/2019	10/1/2019	2,927,507	(1,096,707)	(73,023)	(1,169,730)	1,757,777
Pier 96 Baler Project	437,776	3/31/2020	4/1/2020	437,776	(153,013)	(10,929)	(163,942)	273,834
Tunnel Ave iMRF Upgrade Project	391,174	6/30/2020	10/1/2020	391,174	(141,828)	(11,851)	(153,679)	237,495
Tunnel Ave iMRF Upgrade Project	1,699,530	6/30/2020	10/1/2020	1,699,530	(616,203)	(51,491)	(667,694)	1,031,836
Tunnel Ave iMRF Upgrade Project	527,966	7/17/2020	10/1/2020	527,966	(191,427)	(15,996)	(207,423)	320,543
Tunnel Ave iMRF Upgrade Project	1,610,589	9/30/2020	10/1/2020	1,610,589	(583,956)	(48,796)	(632,752)	977,837
Tunnel Ave iMRF Upgrade Project	3,895,174	11/30/2020	10/1/2020	3,895,174	(1,412,283)	(118,015)	(1,530,298)	2,364,876
Total	\$ 23,716,752			\$ 23,716,752	\$ (14,773,478)	\$ (708,646)	\$ (15,482,124)	\$ 8,234,628

*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 5 over the same period as the related capital expenditure project assets.

Table 10
Programmatic Reserve
Recology Sunset Scavenger and Recology Golden Gate
As of December 31, 2023

	Actual
Beginning Balance 10/1/2023	\$ -
Funding	208,974
Eligible Programmatic Expenses	-
Operating Ratio on Programmatic Expenses	-
Interest	1,324
Ending Balance 12/31/2023	\$ 210,298

APPENDIX A
COMBINED SF COMPANIES
Bank Account Details

Deposits, Disbursements and Balances for RY2024 Q1

Table A-1

Bank Account Details	Reserve Fund	Impound	ZWI	Programmatic Reserve
Beginning Balance 10/1/2023	\$ 10,395,438	\$ 285,857	\$ 9,096,925	\$ -
Deposits	-	6,054,666	-	190,167
Disbursements	-	(6,054,666)	(9,096,925)	-
Interest	135,804	42,199	5,806	1,324
Administrative Fees	(1,736)	-	(15)	-
Reconciling Adjustment	(31)	-	-	-
Ending Balance 12/31/2023	\$ 10,529,475	\$ 328,056	\$ 5,791	\$ 191,491

Interest for RY2024 Q1

Table A-2

Interest	Reserve Fund	Impound	ZWI	Programmatic Reserve
Oct-23	\$ 45,508	\$ 6,675	\$ 5,792	\$ 37
Nov-23	44,321	18,481	7	540
Dec-23	45,975	17,043	7	747
Total	\$ 135,804	\$ 42,199	\$ 5,806	\$ 1,324

Administrative Fees for RY2024 Q1

Table A-3

Administrative Fees	Reserve Fund	Impound	ZWI	Programmatic Reserve
Oct-23	\$ 580	\$ -	\$ 5	\$ -
Nov-23	576	-	5	-
Dec-23	580	-	5	-
Total	\$ 1,736	\$ -	\$ 15	\$ -

ImpoundDeposit Detail for RY2024 Q1**Table A-4**

Deposit Detail	Total Deposit Amount
Oct-23	\$ 2,018,222
Nov-23	2,018,222
Dec-23	2,018,222
Total	\$ 6,054,666

ImpoundDisbursements for RY2024 Q1**Table A-5**

Payee	Date	Check #	Total Disbursements
City & County of San Francisco	12/20/2023	1139	\$ 2,018,222
City & County of San Francisco	12/20/2023	1140	2,018,222
City & County of San Francisco	12/20/2023	1141	2,018,222
Total			\$ 6,054,666

*Impound disbursements allocated by the Refuse Rate Administrator:

San Francisco Department of the Environment - \$1,225,864

San Francisco Department of Public Works - \$792,358

Zero Waste IncentivesDisbursements for RY2024 Q1**Table A-6**

Disbursement Detail	Description	Total Disbursements
10/25/23	RY2023 Tiers 1 through 4 to Recology Golden Gate and Recology Sunset Scavenger	\$ 5,696,240
10/25/23	RY2023 Tiers 1 through 4 to Recology San Francisco	3,400,685
Total		\$ 9,096,925

*The total cash amount of \$9,096,925 was withdrawn on October 25, 2023 and will be recognized ratably in Table 1 and in Table 2, \$1,424,060, and \$850,171, respectively, per quarter in RY2024.

Programmatic ReserveDeposit Detail for RY2024 Q1**Table A-7**

Deposit Detail	Recology Golden Gate	Recology Sunset Scavenger	Total Deposit Amount
Oct-23	\$ 31,694	\$ 31,695	\$ 63,389
Nov-23	31,694	31,695	63,389
Dec-23	31,694	31,695	63,389
Total	\$ 95,082	\$ 95,085	\$ 190,167

*Balance does not reflect an additional deposit of \$18,807, which was made in Q2 2024.

APPENDIX B
Substituted Costs
Combined SF Companies
October 2023 - December 2023

“Substituted Costs” means all Material, Elective Expenses incurred by the San Francisco Recology Companies (Recology Sunset Scavenger, Recology Golden Gate, and Recology San Francisco) not included in the cost base used to set rates in the 2023 Rate Order. For purposes of this definition, a Material Expense is an annual variance greater than \$500,000 compared to each projected expense line item listed in Schedule G, as approved by the Refuse Rate Board in the Rate Order for Rate Year 2024 and Rate Year 2025. 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 customer service levels, refuse volumes or tonnage, including but not limited to, 1) the number of employees, employee overtime, and employee benefits to meet Service Level Agreement as adopted in the Rate Order, 2) associated fuel costs related to refuse collection and disposal, and 3) disposal and processing costs relating to those changes in refuse volumes or tonnage; (b) changes in employee costs due to Collective Bargaining Agreements (CBA) effective after July 24, 2023; (c) federal, state, local or other taxes or regulatory requirements; (d) GAAP required changes in accounting rules, to the degree said GAAP-basis Eligible Expenses were included in the Rate Order, i.e., GAAP changes that are related to Non-GAAP-basis, e.g. Rate-basis, Cash-basis, etc. shall not be permitted; (e) requirements of arms-length, third-party lease amendments or agreements relating to real property leased by any of the San Francisco Recology Companies; and (f) bad debt, limited to the revenues subject to rate setting pursuant to the Rate Order. In no event, shall uncollected revenues and bad debt, associated with Ratepayer revenues that are not subject to the Refuse Rate Board’s Rate Order, be included as a Substituted Cost.

Item Description	Recology Company on Schedule G	Q1 RY2024 Projection	Q1 RY2024 Actual	Variance Greater than \$500,000	Carve-Outs	Non-Elective	Substituted Costs	Non-Elective Explanation
Salaries and Wages	Golden Gate and Sunset Scavenger	\$23,332,237	\$24,375,942	\$ 1,043,705	\$ -	\$ 1,043,705	\$ -	The increase is primarily due to working two additional Saturdays to accommodate for the Christmas Holiday and New Year Holidays.
Health Insurance	Golden Gate and Sunset Scavenger	\$ 6,116,084	\$ 6,981,532	\$ 865,448	\$ -	\$ 865,448	\$ -	The non-elective increase is due to larger claims paid out during Q1 RY2024.

*Table includes expenses for Rate and Non-Rate activities.

APPENDIX C
2022 Settlement Notional Balancing Account
Combined SF Companies
As of December 31, 2023

	3 months ending <u>12/31/2023</u>
Beginning notional balancing account balance as of October 1, 2023	\$ 1,424,341
Offsets	<u>-</u>
Ending notional balancing account balance as of December 31, 2023	<u>\$ 1,424,341</u>

APPENDIX D
RY2024 and RY2025 Notional Balancing Account
Combined SF Companies
As of December 31, 2023

	3 months ending <u>12/31/2023</u>
Beginning notional balancing account balance as of October 1, 2023	\$ -
50% of Above/Below Target Surplus (Shortfall)	323,561
Notional Interest for RY2024	-
Ending notional balancing account balance as of December 31, 2023	<u>\$ 323,561</u>