



Refuse Rate Board Hearing

Agenda Item #4
September 30, 2024



Executive Summary

- Recology made significant improvements to its rate reporting process through expanded review and analysis
- In performing the quarterly variance analysis for Q3 of RY24, 2 projection discrepancies were discovered in the RY24/25 rate application
- Recology proactively notified the RRA and is addressing these issues promptly, fairly and transparently

Projection Discrepancies

- Revenue at Current Rates for RY 2024 was projected based on RY23 revenue rather than rates in effect on 9/30/23
- Leases that should have expired at the end of their lease term were extended through the RY24/25 rate period

	RY24 (in millions)				
	<u>Revenue</u>		<u>Lease</u>		<u>Total RY24</u>
Recology San Francisco	\$	-	\$	2.3	\$ 2.3
Golden Gate and Sunset Scavenger	\$	7.3	\$	1.2	\$ 8.6
Total	\$	7.3	\$	3.5	\$ 10.8

	RY25 (in millions)				
	<u>Revenue</u>		<u>Lease</u>		<u>Total RY25</u>
Recology San Francisco	\$	-	\$	2.2	\$ 2.2
Golden Gate and Sunset Scavenger	\$	7.5	\$	3.4	\$ 10.9
Total	\$	7.5	\$	5.6	\$ 13.1

Next Steps

- Rate Year 2024:
 - RSF: Credit adjustment of 1.78% for self-haul customers
 - RSS/RGG: Credit adjustment of 1.91% for Q1 and 3.24% for Q2/Q3/Q4
- Rate Year 2025 (eff. 10/1/24):
 - RSF: Tipping fee increase of 1.39% (instead of planned increase of 3.08%)
 - RSS/RGG: Rate decrease of 1.01% (instead of planned increase of 2.47%)

Mitigating Procedures

- Expanded 3rd party review
- Development / validation of key assumptions by 3rd parties
- Increased project management support and internal oversight
- Manual recalculation of all high-impact schedules