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December 3, 2019

Gerry Moore, Chief Executive Officer  
Island Waste Management Corporation  
110 Watts Avenue  
Charlottetown, PE C1E 2C1

Dear Mr. Moore:

With respect to the application by Island Waste Management Corporation requesting that the Island Regulatory and Appeals Commission (the "Commission") approve new rates for waste management service effective January 1, 2020, the Commission requests a response to the following interrogatories:

### **Application**

1. Application Section A "Summary Table of Proposed Rate Changes" does not include the category of OOP Contaminated Soil shown on the Proposed Disposal RATES 2019 sheet. The material type does not show on the Current Disposal RATES 2019 sheet. Is this a new rate class that is being established?
2. Application Section A "Summary Table of Proposed Rate Changes" notes a 3.9% increase in the household annual fee, a 21% increase in the Cottage Annual fee and a 16.7% increase in the Cottage Extended fee with a general statement that 42% of cottages have collection costs above the current fee. Please provide some additional rationale as to the 21% and 16.7% increase in rates for Cottage Annual fee and Cottage Extended fee?
3. The Application "Section A" notes that an average increase of \$11.33 per household for Compost and Waste collections and a \$6.97 average increase per household for Blue Bag Recycling collections. Please provide some detail on these calculations?
4. Application Section C "Summary chart – Collection Contracts for Waste and Compost". Please clarify if the Unit Price in 2019 is the household rate only and if it is in fact for the years ending August or October 2020 depending on contract.

## Contracts

5. Label Construction & Sanitation – Contract extension letter dated Jan 15, 2019 references monthly contract payments and annual housing and fuel adjustment being processed based on the terms of the original contracts and any amendments.
  - a. Please provide a copy of the original contracts and any amendments thereto for the East Prince area and West Prince which expired on August 31, 2019. The tender submissions for the previous contract were provided but the contracts were not.
  - b. Please provide detail on the assumptions (household, cottage, extended cottage counts, average fuel prices, etc.) used to determine the projected contract amounts in 2020 to 2023 for compost and waste collection contracts for the contract, housing and fuel adjustments.
6. Superior Sanitation – Contract extension letter dated Jan 15, 2019 references monthly contract payments and annual housing and fuel adjustment being processed based on the terms of the original contracts and any amendments.
  - a. Please provide a copy of the original contract for the Capital and Central area which expired on October 31, 2019. The tender submissions for the previous contract were provided but the contract was not.
  - b. Please provide detail on the assumptions (household, cottage, extended cottage counts, average fuel prices, etc.) used to determine the projected contract amounts in 2020 to 2023 for compost and waste collection contracts, and minimum wage adjustment, housing and fuel adjustments.
7. Superior Sanitation – Contract extension letter dated Jan 15, 2019 references monthly contract payments and annual housing and fuel adjustment being processed based on the terms of the original contracts and any amendments.
  - a. Please provide a copy of the original contract for the Southern Kings and Eastern Kings area which expired on October 31, 2019. The tender submissions for the previous contract for Southern Kings was provided but the contract(s) for Southern and Eastern Kings were not.
  - b. Please provide detail on the assumptions (Household, cottage, extended cottage counts, average fuel prices, etc.) used to determine the projected contract amounts in 2020 to 2023 for compost and waste collection contracts for the contract, minimum wage adjustment, housing and fuel adjustments.
8. Green Isle Environmental Inc. (Recyclables)
  - a. Please provide a copy of the prior contract for recyclables.
  - b. Please provide detail on the assumptions used to determine the projected contract amounts and wage, housing and fuel adjustments in 2020 to 2023.

- c. Is there a separate contract with Green Isle for Disposal - Waste Watch Drop-off Centers? (\$414,000 projected for 2020/21)

9. ADI International (Central Compost Facility)

- a. Every second page in original operating agreement dated April 1<sup>st</sup>, 2008 is missing. Please provide missing pages.
- b. Please provide a copy of the amendment which extended the original operating agreement to March 31, 2014.
- c. Please provide detail on the assumptions used to determine the projected amount for 2020 to 2023 (excess tonnage, diesel adjustment, propane adjustment, etc.)

10. PEI Energy Systems

- a. Please provide detail on the assumptions used to determine the projected contract amount for 2020 to 2023.

**Financial Statements**

- 11. The Net Assets balance has increased by 26% from 2016 to 2019 fiscal year and projected rate increases would see this balance grow by a further 7.6%.
  - a. What reflects the need to have a net assets balance at this level?
  - b. Is there an internal policy around the Net Asset balance?
- 12. Internal financial statements for 4 Months Ended July 31, 2019 the surplus (deficit), beginning of year for the Current Year Actual does not match the Net assets, end of year in the Audited financial statements for the year ended March 31, 2019. What would account for the difference?

**Financial Projections**

- 13. Please provide the detailed assumptions used to project the number of households and cottage counts for the projection of household user fee revenue for 2020 to 2023.
- 14. What inflationary rates have been assumed in projections for 2012-2023?
- 15. Disposal fees for various items is all grouped together in the financial statements and projections and it is not possible to understand the impact of the increase in the maximum fees for disposal of residential waste, compost and yard trim; the increase in the rate of asphalt shingles; the increase in the rate for out of province contaminated material and soil. Please provide detail on the assumptions used for projecting the revenue associated with these rate increases?
- 16. The expense for disposal at Waste Watch Drop-off Centers is projected to be decreased for the Green Isle Environmental Contract under the proposed fee increase. Please explain the rationale for this decreased expenditure.

17. Administration salaries and benefits are projected to increase by 8.7% in 2020 from the 2019 fiscal year actual. What accounts for this increase in salaries and benefits?

18. Environmental Industrial Services Inc. revenues and expenditures are not included in the projections. Are these always a net of 0 as they were in 2016 to 2019?

Further interrogatories may follow.

Yours truly,



Jonah R.K. Clements  
General Counsel  
Island Regulatory & Appeals Commission