



September 11, 2012

Mr. Mohammed Nuru  
Director of Public Works  
City and County of San Francisco  
City Hall, Room 348  
1 Dr. Carlton Goodlett Place  
San Francisco, CA 94102-4645

Re: Notice of Intent to File Application

Dear Mr. Nuru:

This letter presents a notice of intent to file a rate application by the San Francisco refuse collection and processing companies – Sunset Scavenger Company, Golden Gate Disposal & Recycling Company, and Recology San Francisco (the “Companies”).

It should be noted that the last change in rates occurred on July 1, 2010. With the planned rate application, rates will have been held constant for at least three years. The implementation of mandatory recycling and composting in 2009 has led to continued growth of San Francisco’s diversion rate and has strengthened the City’s national position as an environmental leader.

As we and the City continue to move toward the City’s policy of zero waste, there is a growing recognition that a fundamental change in the refuse rate structure is needed because the current structure only bills residential customers on the basis of black cart service volume. As higher levels of diversion are reached, there is a shrinking volume of refuse on which to base all system costs. At the same time, the companies also plan to begin the challenging task of processing the mixed waste stream (i.e., black cart) to further reduce the quantity of materials being landfilled.

The planned rate application includes proposed changes to the residential rate structure, including (1) fixed charges to cover certain fixed system costs and (2) recycling and composting charges to at least partially cover the cost of these programs. It will also include some facility expansion and related equipment installation to begin increased sorting of the black bin to further the pursuit of Zero Waste and increase diversion from the landfill.

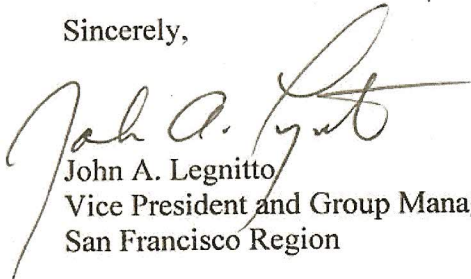
The Companies presently plan to submit an application that will set forward a new Zero Waste rate structure that covers a period of one year, plus Cost of Living Adjustments (COLA) that would apply to following years until the next rate process occurs. Working in conjunction with

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the Department of Public Works, the Companies will comply with the notice and majority protest provisions of Article XIII D of the State Constitution.

We look forward to working with you and City staff in the upcoming rate application process that will establish the new baseline rate structure that will facilitate the innovative changes and structural shift necessary to continue to progress towards the goal of Zero Waste.

Sincerely,



John A. Legnitto  
Vice President and Group Manager  
San Francisco Region

cc: Melanie Nutter, Department of the Environment  
Robert Haley, Department of the Environment  
Douglas Legg, Department of Public Works