

Exhibit: Revised Pension Proposal

May 18, 2023

Background

Recology Inc. currently contributes \$25 million per year to a defined-benefit pension plan (the Plan), which serves a portion of the former and current employee-owners of multiple Recology operating companies. Most of those served by the Plan are former and current members of Local 350 who provide service to San Francisco. The SF Recology Companies are allocated a share of that annual contribution based on their respective share of the total service cost as calculated by the Plan's third-party actuaries.

The rate application includes projected cash contributions for the SF Recology Companies' share of the Plan's projected contributions for RY 2024 and RY 2025. For RY 2024, the SF Recology Companies' projected contributions are \$23,532,442, and for RY 2025, the SF Recology Companies' projected contributions are \$17,599,530. With these contributions, Recology's Plan actuary projected that the Plan would reach 100% funding as of June 2025.

The Refuse Rate Administrator asked the SF Recology Companies to provide scenarios to reach a Plan 100% funding status with a lower annual contribution over a greater number of years. Recology's Plan actuary projected the following funding statuses assuming a \$12 million annual contribution over the following five rate years (RY 2024 – RY 2028):

| RY 2026 (3 years) | RY 2028 (5 years) | RY 2032 (long-term) |
|--------------------------|--------------------------|----------------------------|
| 98% | 100% | 98% |

The Refuse Rate Administrator has indicated its preliminary support for this proposal.

Market volatility, affecting plan assets and applicable interest rates, and any pension obligation changes could affect these projections, and further contributions may be required in the future based on actual Plan asset returns, demographic changes, changes to benefits and other economic condition changes. Because the long-term funding status of the Plan is projected to be below 100%, it is likely that additional contributions will be required after RY 2028. Additional contributions above \$12 million may be required sooner than RY 2028 due to these same factors, as detailed below. The full details of the SF Recology Companies' proposal are below.

Pension Plan Contribution Proposal

The SF Recology Companies' allocable share of a \$12 million annual contribution in RY 2024 is \$11,295,572. The SF Recology Companies propose to include in the rates

\$11,295,572 as a Plan contribution in RY 2024, and \$11,408,511 as a Plan contribution in RY 2025. Contributions in subsequent rate years governed by the Rate Order through and including RY 2028 will vary slightly, based on the ratio of service cost for the SF Recology Companies as a percentage of total service cost, as determined by the Plan's third-party actuary.

This annual contribution shall be increased to the SF Recology Companies' allocable share of the full \$25 million contribution if the following scenario occurs:

Funding Status Falls Below 98% on Accounting Basis

If, after reaching 100% funding, the funding status of the Plan, as calculated by the Plan's then-existing actuary of record on an ASC 715 projected benefit obligation (PBO) basis, falls below 98%, monthly Plan contributions shall increase to one-twelfth of the SF Recology Companies' allocable share of a \$25 million contribution. These additional monthly contributions shall continue until the funding status of the Plan again reaches 100%. If the funding status of the Plan again falls below 98%, the additional monthly contributions described above shall resume until the funding status of the Plan again reaches 100%.

The Plan's actuary of record shall calculate the Plan's funding status on an ASC 715 PBO basis quarterly and shall furnish reports of that funding status to the SF Recology Companies. These reports shall be the sole basis for determining the funding status of the Plan on an ASC 715 PBO basis.

Minimum Required Contributions

Should the Plan be subject to a required cash contribution under the Employee Retirement Income Security Act of 1974 (ERISA), either a quarterly or residual Minimum Required Contribution after application of the Funding Balance, in excess of the annual contribution, with or without any additional contributions due to the funding status of the Plan falling below 98%, as outlined above, the SF Recology Companies shall increase monthly contributions to cover the allocable share of such excess contributions.

The Plan's actuary of record shall calculate the Minimum Required Contributions and quarterly contribution requirements of the Plan annually and shall furnish reports detailing those contribution requirements to the SF Recology Companies. These reports shall be the sole basis for determining the Minimum Required Contributions and quarterly contribution requirements of the Plan.

Pension Plan Rate Adjustment Account

If any additional Plan contributions above the annual contribution are made pursuant to the scenarios described above, the amount of such additional contributions shall be subtracted from the notional balance of a Pension Plan Rate Adjustment Account (PPRAA). The notional balance of the PPRAA shall start at 0. A negative balance in

the PPRAA shall be used to increase rates in the second following rate year. For example, if additional Plan contributions in the amount of \$3 million are made during RY 2024, rates for RY 2026 shall be increased by an amount necessary to generate \$3 million in additional revenue from ratepayers. Additional contributions above the annual contribution described above shall not be included in the calculation of above- or below-target profit necessary for calculating adjustments to the notional balance of the Balancing Account. The SF Recology Companies shall report the notional balance of the PPRAA as part of their quarterly and annual rate reporting requirements.

Other Contributions Not Included in Pension Plan Contribution Proposal

In addition to the Plan costs, the SF Recology Companies also incur costs for Local 3 pension contributions and 401(k) matching for non-union employees. These amounts are projected to be \$1,408,286 in each of RY 2024 and RY 2025. These pension costs are assumed to remain constant regardless of the status of Plan contributions. The line item “pension” in the rate application and rate reports includes these amounts in addition to Plan contributions.