



## Interrogatories of Commission Staff

**TO:** Island Waste Management Corporation  
**FROM:** Cheryl Mosher, Senior Financial Advisor  
**DATE:** January 23, 2024  
**RE:** 2024 Rate Application  
**DOCKET:** WM01307

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1. In the application, IWMC states that in May 2023, it issued detailed requests for proposal (RFPs) for residential cart collections for all six regions.
  - a. How many responses did IWMC receive to the RFPs?
2. Section 3.0 – Revenue – With respect to Other Revenue, IWMC states that it receives miscellaneous revenues from various sources, including various stewardship programs.
  - a. IWMC states that it has an agreement with various stewardship organizations to collect, manage and dispose of certain materials for a fee. Please explain how the stewardship programs work.
  - b. Are the fees paid to IWMC by the stewardship organizations tied to the recycling/disposal fees paid by customers when purchasing certain products (i.e. electronics, batteries, etc.)? Are the recycling/disposal fees paid by customers at point-of-sale ultimately paid to IWMC to cover the cost of recycling or disposing of these products? Please explain.
  - c. Do the stewardship programs operate at a breakeven for IWMC?
3. With respect to tire recycling, IWMC indicated prior to the 2020-2021 FY, IWMC was responsible to manage and dispose of used tires in the province; however, MECL is no longer responsible for the disposal of tires.
  - a. Can individuals still drop off tires at the various drop off locations? If so, are there any costs incurred by IWMC for this service?
  - b. If tires are still eligible for drop off at various waste watch drop off locations, what is the process to recycle the tires and who is responsible to do so?

- c. Are there any costs incurred by IWMC associated with the tire drop offs, storage and eventual pick up from a third party?
4. Section 5.0 – East Prince Landfill Obligation – As part of the 2022 Rate Application (Docket WM01306) IWMC advised that it had theoretically recovered \$2,446,180 from ratepayers over the years, which represents the amount that should have been set aside to fund the future retirement obligation of the East Prince Landfill.<sup>1</sup> As part of the 2022 Rate Application, IWMC stated that it *“intends to commence setting this annual amount aside going forward, but has not settled on a plan to fund the past amount of \$2,446,180 recognizing that those funds had previously been used to fund other things.”*

In the 2024 Rate Application, IWMC advises that the amount theoretically recovered from ratepayers has increased from \$2,446,180 to \$3,129,164. IWMC again states that it *“intends to commence setting this annual amount aside going forward”* but that there is nothing included in the proposed rates to set up a fund in respect of this amortized amount to date.

- a. How does IWMC intend to fund the \$3,129,164 that has been theoretically recovered from ratepayers for amortization of the East Prince Landfill?
  - b. Please explain if IWMC intends to recover additional costs from ratepayers to put into a fund, or if IWMC intends to set aside cash from the net asset balance from current rates into a fund.
5. Section 6.0 – Audited Financial Statements 2022-23 –What happens with the recycling products collected?
    - a. Do the recycling products generate any revenue for IWMC?
  6. Section 9.0 - Net Asset Balance (NAB) – IWMC states that costs would be lower if the organization was able to self finance lower dollar capital items rather than financing them. Please provide IWMC's analysis in support of this position.
  7. Section 9.0 - Net Asset Balance (NAB) – In the last rate application, IWMC indicated they would develop a policy to present a clearer picture of how corporate resources may be employed. IWMC has again presented this statement in the 2024 rate application. What is the current status of this policy?
  8. Section 9.0 - Net Asset Balance (NAB) – IWMC indicated the Net Asset Balance at the end of 2023 is approximately 14% of net assets and the goal is 20% of net assets. It appears IWMC has made considerable headway in achieving their goal over the last two years. Has IWMC considered alternatives, such as a change in the percentage? If yes, what alternatives were considered and why were they not selected?
  9. Section 9.0 – Net Asset Balance (NAB) – In Order WM22-01, the Commission did not approve IWMC's request to establish a net asset balance of \$5.5 million. However, the Commission has recognized that it is reasonable and prudent for IWMC to have a net asset balance on hand to deal with unforeseen financial situations. As part of the 2022

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<sup>1</sup> See Docket WM01306, 2022 IWMC Rate Application, IWMC Response to IR-2(c) of Commission Staff dated February 11, 2022.

Rate Application, the Commission approved a 1 percent contribution to the net asset balance with rates remaining in effect until December 31, 2024 or until such time as IWMC sought approval of new rates.

- a. As part of the 2022 Rate Application, IWMC forecast a contribution of \$357,000 to the NAB in 2022/2023 and a contribution of \$249,000 in 2023/2024. What were the actual contributions to the NAB in each of these years? Please explain any variance between forecast and actuals.
  - b. The net asset balance was \$4.381 million as of March 31, 2023. What is the current value of the net asset balance?
  - c. As the net asset balance was \$4.381 million as of March 31, 2023, please provide justification to continue contributing to the NAB.
  - d. Assuming the rates proposed by IWMC are approved, what are the forecast contributions to the NAB in 2024/2025 and in 2025/2026, and what is the forecast net asset balance as of March 31, 2025?
10. Section 10.0 – Projected Statements of Operations 2024-25 and 2025-26 – Please provide a projected statement of operations and a projected statement of net assets assuming the requested rates are approved.
11. Section 10.0 – Projected Statements of Operations 2024-25 and 2025-26 – Please provide a projected statement of operations and a projected statement of net assets assuming the requested rates are approved without the 1 percent Net Asset Balance.
12. Section 11.0 – Government Subsidies – Please confirm that IWMC received the government grant and identify where it is included in the 2022 and 2023 financial statements.
- a. In IWMC's Consolidated Statement of Cash Flows for the 2022 year, please explain what the Government Assistance received line item refers to.

**Additional interrogatories may follow.**



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