

Before the
Washington Utilities and Transportation Commission

In the Matter of the Application of Waste Management of Washington, Inc.
D/B/A WM Healthcare Solutions of Washington
Docket No. TG-120033

DIRECT TESTIMONY OF JEFF NORTON

On behalf of Waste Management of Washington, Inc.

October 1, 2012

Direct Testimony of Jeff Norton

1 **Q. Please state your name and business address.**

2 A. My name is Jeff Norton. My business address is 720 4th Avenue, Ste. 400, Kirkland,
3 WA 98033.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by WM Healthcare Solutions, Inc. as Account Development Manager.

6 **Q. Would you please describe your educational background and professional
7 employment experience?**

8 A. I graduated from Central Washington University with a Bachelors Degree in
9 Administrative Office Management in 1995. I worked as an Account Executive and
10 Sales Solution Executive for BFI Medical Waste Systems starting in 1996 and then for
11 Stericycle, Inc., after Stericycle acquired BFI, from 1998 until I resigned at the end of
12 2008. In January of 2009, I began working as an Account Executive for Sterilmed, a
13 medical device reprocessing and repair company. I left Sterilmed in July 2010 and
14 began working for WM Healthcare Solutions as a Business Development Manager.
15 Throughout the past 16 years (since starting with BFI Medical Waste), I have generally
16 covered the Pacific Northwest (Washington, Oregon, and Idaho) and Western Canada.
17 I have been responsible for customer development, product development, training,
18 consulting, sales and sales management for multiple types of healthcare wastes
19 generated by healthcare facilities and/or medical devices used by the healthcare
20 community.

21 **Q. What are your primary responsibilities for Waste Management?**

22 A. My current role is to help develop Waste Management, Inc.'s healthcare waste business
23 in the Pacific Northwest and Northern California including the business of Waste
24

1 Management of Washington, Inc. (“Waste Management”). I currently provide sales,
2 consulting for all waste streams and recyclables, and overall customer development of
3 waste generators for my region.

4 **Q. What are the subjects of the testimony you are offering today?**

5 A. I will testify about Stericycle of Washington, Inc.’s (“Stericycle”) response to customer
6 complaints and to competition from Waste Management as well as describing some of
7 the differences between the regulated biomedical waste (“RMW”) services offered by
8 Waste Management and the Protestants.

9 **Q. How has Stericycle responded to direct competition from Waste Management?**

10 A. Since I had worked at Stericycle for a number of years, I knew that Stericycle’s black
11 “Steritubs” were disliked by most of the customers that used them because they stick
12 together when they nest, customers in some cases could not get them apart, and the lids
13 rarely fit properly. When I worked at Stericycle, on numerous occasions I mentioned
14 the problems with the black Steritubs to Stericycle’s District Manager Mike Philpott,
15 but his answer was always that the company had too much capital invested in them and
16 that Stericycle would not change the containers. Based on this background, I knew that
17 Waste Management’s new Rehrig biohazard containers would be a great benefit to the
18 medical waste generators in the Pacific Northwest because they nest easily, the lids are
19 attached and close easily, and they stack evenly and minimize the storage space needed.
20 I had discussions with two Stericycle customers, Virginia Mason and Northwest
21 Hospital, about moving their business to Waste Management. Stericycle inevitably
22 obtained one of my emails in which I talked about the new biohazard containers and the
23 fact that Waste Management’s tariff rates were slightly lower than Stericycle’s. Within
24 a month of Waste Management starting its RMW services in June 2011, Stericycle
purchased and started marketing the exact Rehrig containers Waste Management was
using. Stericycle also reduced its tariff rates to match Waste Management’s for those

Direct Testimony of Jeff Norton

1 containers only (Stericycle's other containers remained at the same tariff rates). Waste
2 Management has a tariff rate that is a sliding scale and is charged per-gallon depending
3 on how many gallons are picked up at a specific stop. Stericycle's tariff is similar,
4 although Stericycle charges a direct per-container charge on a sliding scale. When
5 Stericycle added its "new" Rehrig containers to its tariff, instead of aligning its pricing
6 with its other containers and the pricing Stericycle has had since 1990, Stericycle
7 converted Waste Management's per-gallon price exactly to a per-container price and
8 used those charges for Stericycle's new container. For example, Stericycle's black 31-
9 gallon container is \$50.22 if only one is collected. Stericycle's new 31-gallon Rehrig
10 container, which Stericycle offers only in Waste Management's Certificate No. G-237
11 territory, is \$44.95. It is obvious to me that Stericycle changed its container and its
12 pricing only as a result of direct competition from Waste Management and still does not
13 offer either in the territory where Stericycle alone is authorized to provide RMW
14 service. As a result of Stericycle's reduction in its tariff rate to meet Waste
15 Management's pricing and Stericycle's switch to the Rehrig containers to compete with
16 Waste Management's service, Virginia Mason decided to keep its business with
17 Stericycle.

16 **Q. What services does Waste Management offer which the Protestants do not?**

17 A. Waste Management is conducting a pilot recycling program with one Washington
18 customer which offers a more sustainable way to handle RMW. I was responsible for
19 working with the customer to set up and monitor this pilot project. Through the Becton
20 Dickinson ecoFinity program, Waste Management collects uniquely marked, reusable,
21 lined tubs filled with sharps containers. Once these tubs are received at Waste
22 Management's Seattle processing plant, the tubs are loaded onto trailers and transported
23 to WM Healthcare Solution's Vernon, California facility. There, the tubs are processed
24 in a Red Bag Solutions ("RBS") system designed to safely, efficiently, and effectively
sterilize and grind medical waste. By exposing infectious medical waste to superheated

1 water and steam (272°F) and simultaneously employing a proprietary cutting system,
2 the RBS renders infectious medical waste non-infectious, non-hazardous, and non-
3 recognizable. Once processed through the RBS, the non-infectious medical waste is
4 sent to Talco Plastics in Corona, California where the non-infectious ground sharps are
5 processed and the metals and plastics separated utilizing float/sink technology. The
6 recovered plastics are pelletized at Talco and sent to Becton Dickinson to be
7 manufactured into BD Recykleen products. In May and June 2012, recycled sharps and
8 sharps containers collected by Waste Management yielded between 17% and 28% of
9 the original product collected from Waste Management's customer. A true and correct
10 copy of a flyer describing the ecoFinity program is attached hereto as Exhibit 1.

11 **Q. What other differences are there between the Protestants and Waste
12 Management?**

13 A. Stericycle charges a minimum monthly fee for small quantity generators which do not
14 use their services in a particular month. Waste Management does not charge a
15 minimum monthly fee. Waste Management only charges customers when service is
16 provided. Many smaller doctor's and dentist's offices do not generate enough waste to
17 warrant a monthly pickup and dislike Stericycle's minimum fee. Waste Management's
18 treatment facility in Seattle is closer to most of the facilities generating RMW in
19 Washington than is Stericycle's treatment facility in Lewis County which is used by
20 Stericycle and all of the other Protestants. This includes generators in King, Pierce,
21 Snohomish and Spokane Counties which represent the large majority of RMW. Less
22 travel time for untreated waste from the generator to the treatment facility reduces the
23 risk of liability and the environmental impact of the transportation. Waste Management
24 also has the ability to utilize rail for final disposal, further reducing the number of trucks
on the road. Moreover, proximity to the treatment facility makes it more convenient for
generators to perform audits on their service provider.

1 **Q. Does this conclude your direct testimony?**

2 **A. Yes.**

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EXHIBIT 1 TO
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BD ecoFinity™

Life Cycle Solution

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*Data on file at BD.

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BD ecoFinity™

Life Cycle Solution

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How **BD ecoFinity™** Life Cycle Solution works:



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