

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

MURREY'S DISPOSAL COMPANY, INC.
d/b/a OLYMPIC DISPOSAL,

Respondent.

Docket No. TG-230778

RESPONDENT MURREY'S DISPOSAL COMPANY, INC'S

PREFILED DIRECT TESTIMONY

OF MARK GINGRICH

MARCH 19, 2024

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SUMMARY OF TESTIMONY

As detailed herein, Mr. Gingrich will address general operations and safety aspects of the Company's service and particularly address issues such as incentive pay, employee meals, "Blue Team" temporary employment assignments and safety and training expenses at issue in this proceeding.

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PREFILED DIRECT TESTIMONY OF MARK GINGRICH
LIST OF EXHIBITS

- Exh. MG-2 Gingrich Resume 2024
- Exh. MG-3 Expense Policy Report (C)

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I. IDENTIFICATION OF WITNESS

Q. Please state your name, business address for the record.

A. My Name is Mark Gingrich. My business address is 4822 70th Ave. E, Fife, WA 98424.

Q. Please describe your professional qualifications.

A. Refer to my resume at MG-2 "Gingrich Resume 2024"

Q. What are your responsibilities with respect to the operation of the Company?

A. I am responsible for all solid waste management operations for the Waste Connections 'Rainier Division,' which consists of 17 hauling and post-collection solid waste and recycling companies spread throughout a North-Western portion of Washington State. This includes management, oversight of hauling operations, post-collection, landfill, and recycling locations, as well as maintenance, customer service, sales, medical waste collection , and recycling. I am part of a management team that makes strategic decisions regarding municipal contracts, regulatory and environmental requirements, personnel, forecasting, budgeting, the deployment of capital post-corporate approval, customer service and sales initiatives. Specifically, my duties also include managing 46 employees in leadership capacities in the markets we serve.

Q. How long have you been working with the Company?

A. This August will be my twenty-second year working with the Company. During that time, I have had nearly 11 years of responsibility for operations within Washington State.

Q. During that time what have been your job duties?

A. During my nearly 22 years with the Company, I've held a variety of positions of increasing responsibility – working at and/or responsible for numerous Waste Connections sites throughout the western US. My background and knowledge of the industry is quite broad, having started as a Customer Service representative and holding

1 such leadership responsibilities as Customer Service Manager, Operations Manager,
2 District Manager, and Division Vice President. Approximately half of my career has
3 been in Washington State, including several years where I had responsibility for a large
4 hauling district with multiple tariffs. Additionally, I hold a commercial driver's license
5 (CDL) and am a current Board member of the Washington State Refuse and Recycling
6 Association. (WRRRA).

7 **II. SUMMARY OF TESTIMONY**

8 **Q. Please summarize the topics of your testimony in this docket.**

9 **A.** My testimony will provide additional information and perspective on some of the topics
10 described in Joe Wonderlick's testimony. I will provide information and insight from the
11 operational perspective I have cultivated over tenure with the Company. During this time,
12 I have seen firsthand the positive impact many of the items I will discuss have had on
13 employees, the Company, and the community. My testimony will discuss:

- 14 a. A description of work-performance, metric-based compensation programs, (also
15 referred to as incentive pay programs), and the indispensable nature of these programs
16 for the Company;
- 17 b. Description of travel-related expenses, including lodging, meals, automobile
18 mileage reimbursement and off-site meeting expenses, to include the Company's Blue
19 Team program, and the indispensable nature of these expenditures for the Company;
20 and
- 21 c. Description of the annual safety-event, and the indispensable nature of this program
22 for the Company.

23 **III. DISCUSSION OF INCENTIVE PROGRAMS**

24

1 **Q. What is a straight pay program, and what are the advantages of incentive pay programs?**

2 **A.** A straight pay program is a traditional hourly pay system in which an employee earns a
3 per-hour rate until an overtime threshold is reached, after which an employee earns a
4 premium pay rate (overtime).

5 Like many employers, Olympic Disposal has introduced a series of programs that allow
6 employees to earn above their straight pay when they prioritize or perform selected
7 activities with extra care and attention. Integrating incentive pay programs with
8 mentorship and coaching offers numerous advantages over a traditional straight pay
9 structure. These combined programs motivate employees to exceed expectations, align
10 efforts with organizational goals, foster a high-performance culture, and strengthen talent
11 retention while equipping employees with skills for consistent outstanding results. The
12 cost-effectiveness of incentive pay is clear, aligning directly with employee contributions
13 and creating a merit-based recognition system that fosters a results-oriented work
14 environment.

15 **Q. Does payment of a compensatory wage structure contribute to or otherwise insure**
16 **the development of a successful program?**

17 **A.** Absolutely, but the aim of our incentive programs extend beyond mere compensation; we
18 recognize that new hourly hires may initially hesitate to fully embrace incentive
19 structures, preferring the security of a consistent wage. Our strategy involves offering
20 competitive average “straight time” hourly and overtime pay to new hires while using
21 incentives to boost performance levels. We've observed that improved performance
22 becomes contagious within our workforce: self-motivated employees who engage with
23 incentive programs create an atmosphere of peer encouragement, inspiring others to
24 enhance their own performance. Ultimately, if our employees operate at 110% efficiency
compared to what we'd typically see with straight pay wages, we're willing to reward

1 them with incentive payments ranging from 105% to 110% above market average. This
2 approach yields a more productive, stable and positive workforce. Our ratepayers benefit
3 from the heightened satisfaction, efficiencies, experience and commitment of our service
4 professionals, surpassing what a straight wage could achieve.

5 **Q. Are these programs unique to Olympic Disposal or Waste Connections?**

6 **A.** No. As stated in an article published by Robert Half, from November 8, 2022, I
7 understand that about 57% of typical employers now offer some sort of incentive
8 payments. Post-pandemic I would expect that that percentage has only increased in the
9 face of nationwide labor shortages. Although incentive program specifics and goals
10 discussed here are unique to Olympic Disposal and Waste Connections, incentive
11 programs are again prevalent in a wide variety of organizations, as evidenced by the
12 article referenced above.

13 **Q. Does it concern you that your approach on incentive pay might be different than
14 others?**

15 **A.** No. Over the years, I have been involved in more than a dozen acquisitions of garbage
16 hauling companies. Within a year or two, we nearly always energize the prior company
17 workforce and see solid improvements in a variety of metrics, from safety performance,
18 reduced truck downtime, improved customer service, and more. Incentive programs are
19 not the only factor at play in these improvements, and progress is rarely linear, but I've
20 seen enough benefits of incentive programs over the past 20 years to now swear by them.

21 **Q. What are the specific incentive programs you are going to discuss in your
22 testimony?**

23 **A.** I will speak to the business benefits of the programs listed in the table below. I've also
24 listed the full cost to Olympic Disposal for each program in the test year. The cost
allocated to the regulated area is about 60% of these totals, depending on the allocation

1 factor used. Mr. Wonderlick's testimony contains the specific policies as exhibits, and
2 the general rate case workpapers also contain the exact dollars applicable to the regulated
3 area.

Incentive Program Name	Primary Purpose	Total Company Test Year Expense
Tooty "Secret Shopper" Incentive Program	High performing customer service individuals and teams	\$10,975
Accounts Receivable Collection Program	Effective use of customer collection calls and other tools to expedite payment from delinquent customers	\$1,663
Sign On/Stay On Incentive Program	Motivates a potential candidate to take a position with Olympic Disposal	\$23,000
Referral Incentive Program	Encourages employees to actively promote employment with the Company to like-minded people in the community	\$3,200
Safety Culture Incentive Program	Encourages employees to take safety and a positive workplace culture to heart through action	\$13,108

20 **Q. Please describe the Tooty "Secret Shopper" incentive program listed above, and its**
21 **benefit to the organization.**

22 **A.** "Tooty" Program –Tooty, Inc. ("Tooty") offers a variety of programs to evaluate
23 customer service and employee performance. Tooty's qualifications include garbage
24 industry experience, including offering "Garbage University Training." Although the
Company does not subscribe to this employee training program, we appreciate the

1 industry specific knowledge that Tooty brings to the company to evaluate and provide
2 coaching opportunities for our Customer Service Representatives.

3 The Tooty Incentive program evolved out of the Company's subscription to Tooty's
4 "secret shopper" training program. In this program, Tooty places 5 calls each month to
5 our Customer Service Representatives. On these calls, a Tooty employee acts as a
6 customer in the Company's service area. They pose a variety of different questions and
7 scenarios, including requests for new service, service change, and cancellation of service.
8 The customer service representative is evaluated and scored on specific procedures they
9 do or do not follow during the call. Tooty then submits the results to a Company
10 manager, and those results are utilized for important coaching sessions. Only employees
11 who receive a score of 90% or higher are eligible for incentive pay.

12 **Q. Why the focus on customer service representatives?**

13 A. As front-line employees, Customer Service Representatives are employees that interact
14 with customers and government entities every day. Learning the nuances of solid waste
15 service takes continuous training and attention to detail. Customer Service
16 Representatives must have knowledge on multiple tariff areas and rate structures,
17 including ensuring compliance with Washington Utilities and Transportation
18 Commission ("WUTC") approved tariffs. The Company also prides itself on having very
19 brief hold times when an inquiring customer calls.
20 Further, the skills developed through this program translate well into other Customer
21 Service roles, such as billing accuracy and customer education. These individuals are key
22 in communicating the Company's acceptable recyclable materials, and receptacle
23 placement instructions for efficient and safe collection, among many other service-related
24 education elements.

1 **Q. What is your view is the cost/benefit of this specialized Tooty training and incentive**
2 **pay program?**

3 **A.** The overall cost of this program is minimal, at approximately \$.30 to \$1.25 per hour. The
4 benefits of this program outweigh the nominal cost of the program. For all the reasons I
5 stated above, I believe it is imperative Tooty program incentive pay is included in rates.
6 For additional program specifics please also refer to the Tooty Program Policy in Joe
7 Wonderlick's testimony – Exhibit "JW-21C Tooty Incentive Program (C)."

8 **Q. Please describe the Accounts Receivable incentive program listed above, and its**
9 **benefit to the organization.**

10 **A.** The objective of this incentive program is to reward Account Receivable Collections
11 Representatives for meeting and/or exceeding Company payment collection goals and
12 continually improving collection metrics while remaining customer service focused.
13 Metrics include: dollar percent of 60 and 90 day customer outstanding balances collected,
14 number of accounts in those categories collected, Days Sales Outstanding improvement,
15 and bad debt expense improvement.

16 Collecting outstanding customer balances is a challenging task in any industry. Our
17 industry is complicated by the overlay of various City contract and State regulatory rules
18 and laws that govern collection procedures. As you are aware, the required collection
19 process and related service cancellation for our regulated customers is specifically
20 prescribed in WAC 480-70-376 for regulated customers.

21 **Q. What other issues are implicated by invoice collection rates?**

22 **A.** The percentage of bad debt is one of the components the Company inputs into the Lurito-
23 Gallagher model to arrive at our revenue requirement. The higher the bad debt
24 percentage, the higher the revenue requirement. Therefore, reducing bad debt also results
in a reduced impact on customer rates. At a cost of approximately \$1.25 per hour, this

1 incentive program pay is a cost that is targeted, reasonable and necessary for our
2 Company and should be included in rates.
3 For more program specifics, refer to the Accounts Receivable Collections Program Policy
4 in Joe Wonderlick’s testimony – Exhibit JW-17C “Accounts Receivable Collection
5 Program (C).”

6 **Q. Please describe the Onboarding (Sign On and Referral) incentive programs listed**
7 **above, and their benefit to the organization.**

8 **A.** Sign-On incentive pay can range from \$1,000 to \$5,000 per individual employee,
9 depending on the position, market, and amount of time the position has been open. The
10 Company has historically found that attracting and retaining employees, at any level
11 within the Company, is historically difficult in the solid waste industry and that has been
12 exacerbated by the post-pandemic labor market nationally and the low unemployment
13 rates. Driver candidates for instance, must pass strict driving record standards,
14 potentially work non-standard shifts, including some holidays, and endure the day-to-day
15 difficulties and risks inherent to operating a heavy vehicle. This is not always appealing
16 to those in the job market. Hiring for professional positions also has its difficulties. Our
17 industry requires a unique mix of professional, technical, and “boots on the ground”
18 traits. Many professionals are not drawn to this environment. We continuously
19 experience the loss of good candidates to employers with more recognizable branding or
20 those that do not require front-line employee and managerial in-person attendance in the
21 environmental arena. For more program specifics, refer to the Employee Referral and
22 Stay On Incentive Program Policies in Joe Wonderlick’s testimony - Exhibit JW-19C
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1 “Employee Referral Program (C),” and Exhibit JW-20C “Stay On Incentive Program
2 (C).”

3 **Q. Are there other benefits to offering incentive pay particularly to front-line
4 employees?**

5 **A.** Yes. Through experience, the Company has found that reducing the time a position is
6 open by offering sign-on incentive pay is less expensive than paying overtime. Further,
7 continued unfilled positions increase the risk of additional turnover due to reduced
8 employee morale and “burn-out,” safety risks, and the potential for service interruptions
9 caused by understaffing.

10 **Q. What about pay for referring prospective employees?**

11 **A.** The same points apply to Referral Incentive Pay, with the addition of lower cost per hire
12 compared to engaging external marketing/recruiting agencies, higher-quality candidates
13 which means less time spent interviewing candidates who don’t fit the Company’s needs,
14 and protection of Company culture and brand, with increased employee retention.
15 According to HR Morning, “candidates hired through employee referral programs have
16 higher retention rates than those sourced through other channels. In fact, referred
17 employees remain with the company 70% longer than non-referral hires. On average,
18 they have a 46% retention rate compared to 33% for job board hire.”¹ An additional
19 benefit from a financial standpoint is the reduced hiring costs, which allows us to rely
20 less on external marketing programs and focus on our current employees as tools to a
21 candidate pool. Interestingly, “7% of all applicants are referrals, but comprise up to 45%
22 of all hires”.

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¹ Castrillon, Caroline, “The Complete Guide To Effective Employee Referral Programs, *HR Morning*, June 5, 2023, <https://www.hrmorning.com/articles/employee-referral/#:~:text=Candidates%20hired%20through%20employee%20referral,according%20to%20research%20by%20Zippia> (Last accessed March 19, 2024).

1 **Q. What are your conclusions about sign-on and referral incentive pay programs**
2 **continuing in the future?**

3 **A.** Sign-On and Referral Incentive Program payments are and will continue to be recurring
4 and necessary business expenses as the labor market continues to evolve and present
5 challenges for our industry. For this and the reasons I listed above, I believe these
6 program costs should be included in rates.

7 **Q. Please describe the Safety Culture incentive program listed above.**

8 **A.** At Waste Connections, our employees are accountable for creating a culture that
9 perpetuates our values: Safety, Integrity, Customer Service, To Be a Great Place to Work,
10 and Be the Premier Waste Services Company in North America. The goal of the Safety
11 Culture Program is to recognize and reward positive contributions to the culture at Waste
12 Connections. In this program, employees are eligible to earn recognition in the form of
13 Safety Culture Incentive Pay for each pre-planned, approved, and intentional action they
14 complete. Examples of these activities include, leading a safety “tailgate” meeting,
15 leading a designated portion of a safety meeting, having zero coachable DriveCam events
16 for a semi-annual period, formally mentoring a new hire or struggling employee, and
17 getting CPR certification. The maximum incentive earning potential for this program is
18 less than \$.30 per hour, or about \$600/year.

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21 For more program specifics, refer to the Safety Culture Program Policy in Joe
22 Wonderlick’s testimony - Exhibit JW-18C “Safety Culture Program (C).”
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1 **Q. What does the Safety Culture Incentive program entail?**

2 **A.** This program encourages employees to venture from their day-to-day duties and
3 learn/cross-train the functions of other departments. When employees understand the full
4 scope of our business, they are empowered to find ways to improve their job duties,
5 contribute in additional ways as well as communicate throughout departments for better
6 synergy. Promoting from within is a strong value of the Company. This program fosters
7 that initiative, in turn reducing hiring and training costs, and improving employee morale
8 and engagement. For this reason, and the reasons I listed above, I also believe these
9 program costs should be included in rates.
10

11 **Q. How has the workplace culture that you've have observed changed over the past 22**
12 **years?**

13 **A.** Over the past few decades, employee expectations and motivators have undeniably
14 changed. To continue to be a premier waste services company, we have had to stretch to
15 develop innovative incentive programs that drive home our values, including safety, and
16 deliver observable results. These results may often be hard to quantify but based on my
17 22 years of experience either being managed, and managing employees myself, it is clear
18 these programs produce tangible workplace improvements. Such plans are ongoing and
19 consistent and are definitely not "management paying management."
20

21 **Q. How do you view some of these more novel and innovative training and incentive**
22 **programs?**

23 **A.** It is true that incentive programs such as those described above likely did not exist when
24 the WUTC started regulatory solid waste collection oversight in 1961. Over the years, as

1 incentive programs have developed and evolved, the term “bonus” has been used an all-
2 encompassing term to describe any pay other than non-straight hourly or salary pay.

3 **Q. How do you perceive the “bonus pay” label is viewed by staff?**

4 **A.** In my view, Staff has developed an aversion to that term, and almost automatically
5 disallows any pay that holds that generic title. I believe however that the Staff should
6 evaluate, in the context of the current employment environment and increasing
7 expectation that companies work to foster a culture that benefits employees and
8 customers, the merit of the program and the related pay before making wholesale
9 eliminations or adjustments to the costs associated with the program.
10

11 **IV. DISCUSSION OF TRAVEL EXPENSES**

12 **Q. There is also disagreement between the Parties on what is termed “travel expenses”**
13 **in this case as you understand. Please define what expenses are included in the**
14 **broad category “travel expenses” you mentioned in your introduction?**

15 **A.** Employee travel at our Company is a commonplace and necessary activity. We are
16 largely “front line” workers. One cannot provide integrated solid waste collection
17 services remotely, obviously. When employees travel for business purposes, it is the
18 Company’s policy to reimburse them for reasonable meals, lodging, airfare or personal
19 vehicle mileage reimbursement. This is standard business practice in virtually any
20 organization..

21 **Q. What types of travel expenses are incurred?**

22 **A.** Employees travel to training courses, meetings, and to help cover open positions at other
23 affiliate companies. The Company and its affiliates have extensive operating locations
24 and resources expertise throughout the Country. The Company leverages that expertise

1 for training, leadership, and support. Travel expense is related to that leverage,
2 minimizing duplication of costs across the system. For instance, in-house training reduces
3 the need for third-party trainers. Sending employees to help at a district with open
4 positions reduces the risk of service delays. For a detailed list of all travel expenses
5 incurred during the test period refer to Exhibit JW-24C “DR8-10 Travel – Details” in
6 Joe’s Wonderlick’s testimony.

7 **Q. What other illustrations of travel expense can you provide?**

8 **A.** For example, my jurisdiction includes 17 locations. Although the evolution of virtual
9 meetings has decreased the need for travel, there are still circumstances that require me to
10 travel to provide effective leadership and supervision. There are certain conversations and
11 tasks that are more effectively accomplished in-person. This is especially true of
12 meetings with our front-line employees. These employees do not have an office where
13 virtual meetings can be held. In my experience, the intangible benefit of taking the time
14 to meet face-to-face has proven beneficial. Examples of in-person meetings include
15 safety meetings, interviews, coaching sessions, and overall operational review and
16 improvement discussions. To reduce travel expenses, an alternative could be hiring
17 additional senior-level managers to lead a smaller number of locations. This may or may
18 not materially decrease travel, but it would certainly increase salary expenses.

19 **Q. Please provide specific examples and details for training meetings employees
20 travelled to during the test period.**

21 **A.** The Company’s Maintenance Manager attended the Maintenance Manager training at the
22 Vancouver, WA Regional Office. The topics included:
23
24

- 1 a. Safety – Cultural Drift presented by Herb Bailey, WCN Western Region Safety
2 Manager
- 3 b. Are you a manager or leader? Presented by Kurt Froening, WCN Division VP,
4 Denali (Alaska) Division
- 5 c. Financial review presented by Kevin Joyce, WCN Western Region Controller
- 6 d. Maintenance update presented by Jared Streuli and Dave Torrey, WCN Western
7 Region Maintenance Managers

8 Some Company employees attended the annual division Meeting. Employees from all
9 departments, including Customer Service, Operations, Human Resources, and
10 Accounting, attended the Division Meeting. The topics there included:

- 11 a. Region and Division Financial Updates by WCN Region VP Dan Schooler and
12 WCN Region Controller Kevin Joyce
- 13 b. Driver Training, Accountability presented by Michael Grove, WCN Western
14 Region Assistant Safety Manager
- 15 c. Engineering Update presented by George Duvendack, WCN Western Region
16 Engineering Team
- 17 d. Legislative Update (WRAP Act, WA Carbon Tax) presented by Jody Snyder, WCN
18 Western Region Government Affairs Manager
- 19 e. Billing and Customer Service training presented by Marie Most, WCN Rainier
20 Division Billing Manager
- 21 f. Managing a Shop with an Ops Background presented by Jared Streuli, WCN
22 Western Region Maintenance Manager
- 23 g. Recruiting Update presented by Mya Kim, WCN Western Region Recruiter
24 assigned to Rainier Division
- h. Recruiting Brainstorm with entire management team in attendance
- i. First Five – Starting them Off Right presented by Laura Hoel, WCN Western
Region HR Manager

1 j. Managing Expense presented by Mark Gingrich and Adam Balogh, WCN Rainier
2 Division Senior Managers

3 **Q. You mention travel meals above. Can you provide more detail on employee meals
4 and their purpose?**

5 **A.** Yes. First, I would like to note that non-travel work-related employee meal expenses are
6 also included in this category of expenses. I will include them here so I can address all
7 employee provided meal expenses in this question. As employee meal expenses arise out
8 of several different business purposes, it will be helpful for me to describe each of those
9 business purposes.

10 1. Travel meals: These are meals provided when employees travel away from
11 their operations base, for reasons I state above, making it difficult to safely or
12 conveniently store food brought from home. This could be out of town travel for a
13 long day or for overnight travel.

14 2. Training meals: Meals purchased to accompany important training
15 presentations, usually in a group setting. Group meals foster networking and
16 topical discussions around the training material. They also foster teamwork and
17 camaraderie, which is important when employees must rely on each other to
18 complete routes after breakdowns or other problems that occur in the field.

19 3. Coaching meals: Supervisors and employees often find it easier to break
20 through communication issues or solve work problems when sharing a meal.
21 Route supervisors perform in-cab route observations, and these often include a
22 meal/break following or during the observation to go over issues without the
23 interference of a truck or other operational equipment running in the background.
24

1 4. Celebration meals: These meals, often presented in the form of an all-employee
2 BBQ, celebrate an achievement, such as one year of zero safety incidents at a site
3 and encourage recognition and acknowledgment of accomplishments that benefit
4 the company, employees and our customers as a whole.

5 **Q. Who initiates the purchase of non-travel employee meals?**

6 **A.** Generally, a Supervisor or Manager initiates the purchase of these meals.

7 **Q. Who approves the purchase of employee meals?**

8 **A.** Meals are reimbursed to employees via the expense report process. Expense reports are
9 prepared by Supervisors and Managers. A Manager and/or Controller who did not incur
10 the expense, or submit the expense report, approves all expense reports up to \$1,000. The
11 Division Controller and Division Vice President approve the expense reports of the site
12 manager, plus all expense reports over \$1,000. The Region controller and/or region vice
13 president also approve all expense reports over \$1,000. See Exhibit MG-3 “Expense
14 Report Policy” for the full report.²

15
16 **Q. Above you mention travel expenses related to employees traveling to assist another
17 site. Can you explain that further?**

18 **A.** Yes. The Company has a program called “Blue Team.” The Blue Team program provides
19 staffing for sites in need of additional support. These staffing needs can arise from
20 voluntary or involuntary turnover, or to fulfill a sudden surge of business at the location.
21 Blue Teams are most often made up of drivers and mechanics but can consist of supervisors
22 or customer service employees. The District Manager will request help from the Division
23 Vice President (DVP) if Blue Team assistance is needed. That DVP will then reach out to
24

² While it references another number, that Report is actually six pages in total.

1 other districts to see if they have any employees available to assist. Based on the responses,
2 the DVP will identify the most efficient options, typically based on location and experience
3 of the Blue Team employees. Blue Team employees will travel to the site in need, and
4 perform their normal functions (i.e. Driver, supervisor, maintenance, customer service,
5 etc.). Depending upon needs at the home site and the recipient site, Blue Team members
6 may only be able to serve in short stints, so several Blue Team workers may fill a single
7 vacancy over different work periods. Mr. Wonderlick reports that Blue Team travel
8 expenses made up more than half of Olympic's travel expense cost for the test year.

9 **Q. Why is the "Blue Team" important?**

10 **A.** The Blue Team program is a clear illustration of how the Company and its affiliates pool
11 resources to serve our customers and employees when there is a temporary dip in staffing
12 levels due to turnover or vacant positions. Without the Blue Team, there is a risk the
13 affected site might not be able to operate scheduled routes, or repair equipment in a timely
14 manner with immediate impacts on service. While overtime is a tool that can assist in
15 periods of low staffing, CDL (commercial driver's license) holders are regulated by their
16 hours of service and there occasionally may not be enough available hours within our local
17 driver rosters to lawfully operate all our routes. Although Blue Team members are required
18 to travel away from home, the employees selected for this program carry a sense of pride
19 in being able to assist affiliate companies, and more importantly, their fellow co-workers.

20 **Q. What are Blue Team members reimbursed and/or compensated for while assisting**
21 **another location?**

22 **A.** Blue Team members receive \$75/day to recognize their extra effort, dedication, and burden
23 of traveling away from home. They also receive another \$50 per diem as reimbursement
24 for food and expenses incidental to traveling away from home. Overnight lodging and

1 transportation from their home site to the work site is also reimbursed or paid for directly
2 by the Company.

3 **Q. Does the Blue Team employee's home location or their work reflect/ recognize these**
4 **expenses?**

5 **A.** All Blue Team expenses, including regular wage pay incurred while assisting the location
6 in need, are recognized by that location. This is important to ensure each location knows
7 the true cost of operating their business.

8 **Q. Can you explain your mention of "safety-event" above, and its significance to the**
9 **Company?**

10 **A.** The company celebrates positive safety outcomes and prioritizes safety in several ways.
11 Most importantly, the Company uses a variety of tools to keep safety at the forefront of
12 our employees' minds. As identified previously, daily tailgate meetings and required
13 reading material attempt to implant safety values in the hearts and minds of our
14 employees. Rewards for safe operations over various periods (30 days, quarters, years)
15 without reportable incidents encourage employees to operate safely to maintain spotless
16 records for the entire group.

17
18 Finally, drivers who achieve exceptional safety and operational excellence have the
19 opportunity to participate in a driver skill showcase event in which drivers compete to be
20 the best driver at their district, division, region, and potentially, the Company. This event
21 has been named "Safety Rodeo," as drivers compete against one another, testing their
22 driving agility, maneuverability and backing skills against other recognized outstanding
23 CDL holders. Although the name of the event may be unconventional, it is not an event
24

1 the employees take lightly, and it is not easy to be eligible to participate. Participation in
2 the safety-event requires the following:

- 3 • 3 years of employment with the Company, or affiliated company.
- 4 • Zero scored DriveCam events for the previous three years.
- 5 • Zero incidents for the previous 3 years.
- 6 • Zero disciplinary actions for the previous 3 years.

7 **Q. By the way, what are DriveCams that you have mentioned previously?**

8 **A.** DriveCams are on-board cameras and driving activity recording devices. Scored
9 DriveCam events include following another vehicle too closely, rolling through a stop-
10 sign, using a cell phone, and not looking far enough ahead, reacting slow to a changing
11 light, for example.

12 With these safety elements in mind, including the annual safety event, drivers are more
13 likely to be alert and safety focused as they do their work along the roads of Clallam and
14 Jefferson Counties Washington. In my view, the ratepayers and their friends, family and
15 neighbors in their respective operating territory are safer and therefore direct beneficiaries
16 of this culture.
17
18

19 **Q. Does this otherwise conclude your testimony at this point?**

20 **A.** Yes, it does.
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