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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In Re Application of  
WASTE MANAGEMENT OF  
WASHINGTON, INC.  
d/b/a WM Healthcare Solutions  
of Washington  
720 4th Ave. Ste 400  
Kirkland, WA 98033-8136

Docket No. TG-120033

PREFILED REBUTTAL TESTIMONY OF  
JEFF MERO

1. I am over the age of 18 and am competent to testify to the matters addressed below.

2. I am the Executive Director of the Association of Washington Public Hospital Districts ("AWPHD"), a trade association representing publicly owned hospitals throughout the state of Washington. Many AWPHD members operate hospitals in the more rural areas of the state and for that reason AWPHD has a particular focus on the needs of hospitals in rural areas. AWPHD works with the Washington State Hospital Association ("WSHA") and Washington Health Services ("WHS") to ensure that AWPHD members have access to the services they need to support their operations and facilities at the best prices, including biomedical waste collection services.

3. AWPHD has been aware of the services of Stericycle of Washington, Inc. and

1 medical waste market in Washington in the early 1990s. Many AWPID member hospitals use  
2 Stericycle's services. AWPID views Stericycle as a reliable and cost-effective provider of  
3 biomedical waste management and collection services.

4 4. Stericycle brought specialized biomedical waste services to Washington –  
5 services that included more than just sending a truck to pick up waste from a hospital's loading  
6 dock and transporting it to a landfill or incinerator. Stericycle introduced waste segregation  
7 training and OSHA compliance training for hospital personnel. Stericycle also pioneered new  
8 and environmentally desirable technologies and service options, including the use of reusable  
9 puncture-resistant plastic waste collection containers, biomedical waste tracking, record  
10 keeping and accountability from pickup to treatment and non-incinerative disposal.

11 5. Stericycle has continued to innovate in response to the environmental concerns  
12 and objectives of Washington healthcare providers. In recent years, Stericycle developed a  
13 new sharps waste management program with reusable sharps containers. This was a first in  
14 Washington. Much of the traditional sharps waste stream consists of the plastic sharps  
15 collection containers themselves. Disposable sharps containers provide most of the potentially  
16 recyclable plastic in the sharps waste stream. So, in responding to the environmental interests  
17 of Washington hospitals and other healthcare providers in reducing their waste, Stericycle  
18 invested in designing reusable sharps containers, obtaining clearance for their use by the federal  
19 Food & Drug Administration and designing and installing an entirely new sharps waste  
20 processing line for dumping and treating the waste and washing and disinfecting the containers  
21 to prepare them for reuse. The use of reusable sharps containers by Washington hospitals and  
22 other healthcare facilities has eliminated a huge amount of sharps waste that would have  
23 otherwise ended up in landfills.

24 8. Stericycle's innovative approach to sharps waste management did not stop there.  
25 To assist hospitals in managing their sharps waste, Stericycle introduced in-facility sharps  
26 waste management services. Under this program, Stericycle personnel exchange empty for full

1 sharps containers in patient care areas of the hospital on a regular schedule, thus helping to  
2 reduce needle-stick risks associated with over-filled sharps containers. To facilitate the  
3 distribution and collection of reusable sharps containers in patient care areas within a hospital  
4 and their subsequent transportation, Stericycle has designed and built special wheeled racks  
5 that can be wheeled through the hospital to distribute clean and collect filled sharps containers  
6 of various sizes, wheeled to the hospital loading dock and then wheeled into Stericycle's trucks  
7 for transportation to its Morton treatment facility. These racks are lockable for security both  
8 within the hospital and during transportation. The U.S. Department of Transportation has  
9 explicitly approved the use of these specially designed racks for the transportation of sharps  
10 waste under DOT's Hazardous Materials Regulations.

11 9. In our view, as implemented in Washington, Stericycle's reusable sharps  
12 container program has many advantages over the "recycling" of sharps waste (mostly the  
13 containers themselves). Stericycle's program does not require transportation of the waste to  
14 out-of-state sites for processing and reclamation and then further transportation to another  
15 destination for incorporation into other products. Stericycle's program does not involve the  
16 costs or energy inputs required to separate recyclable plastics from the waste or to introduce the  
17 recycled plastic into new products. These extra steps involve added cost and significant  
18 additional consumption of energy, including fossil fuels. The movement of reusable sharps  
19 containers in Stericycle's program involves no extra transportation steps. The sharps  
20 containers are moved with their contents to Stericycle's Morton facility for treatment; the  
21 containers are then returned to the hospital at a time when other waste is picked up, so there are  
22 no extra transportation steps in the Stericycle program.

23 10. Stericycle has provided reliable biomedical waste management and collection  
24 services to Washington healthcare facilities since the early 1990s at stable prices. This reflects  
25 cost control efforts responsive to the cost concerns of Washington healthcare providers.  
26 Stericycle's price per gallon of waste collected has remained essentially unchanged since it

1 entered the Washington market. Such price stability is very unusual among hospital service  
2 providers. Since January 1992, Bureau of Labor Statistics data indicate that the Consumer  
3 Price Index (CPI-U) has increased 68%. Obviously, Stericycle's costs of doing business have  
4 increased during this period. Yet, Stericycle has kept its rates substantially unchanged. In real  
5 dollars, Stericycle's rates are now lower than they were in the early 1990s. In our view, this  
6 shows that Stericycle is aggressively controlling its costs in response to the needs of the  
7 healthcare industry – and that The Commission's supervision of carrier rates is working as  
8 intended.

9       11     AWPHD takes no position on the pending application of Waste Management for  
10 biomedical waste collection authority. I understand that some Washington hospitals and other  
11 healthcare providers have expressed the desire for a choice of medical waste service providers  
12 and a belief that competition among providers will enable them to obtain more responsive  
13 service and better prices. My understanding, however, is that the Washington Legislature has  
14 chosen supervision and regulation by the Commission as the best means to ensure responsive  
15 service and fair pricing. AWPHD is not aware of any service option or service feature  
16 proposed by Waste Management that is not already offered (or offered in an equivalent or  
17 better form) by Stericycle. As previously noted, Stericycle's rates in real terms have decreased  
18 over the years.

19       12.     As noted above, AWPHD is particularly focused on the interests and needs of  
20 rural hospitals. AWPHD is particularly concerned that splitting the medical waste market in  
21 rural communities among multiple service providers may adversely affect rates or service  
22 levels to our member hospitals. Serving rural areas involves high transportation costs. If the  
23 revenues earned from serving rural communities are split among multiple service providers,  
24 there is a risk that economics will force carriers to abandon service to rural communities  
25 entirely, reduce their service levels or raise their rates to offset their higher costs per revenue  
26 dollar earned from serving those communities. The result could be to turn back the progress

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we have made in rural counties in getting biomedical waste out of local landfills. Most rural counties permit landfilling of biomedical waste, so a combination of reduced service and/or higher rates could force our members to reconsider landfilling their biomedical waste. The primary interest of AWPHD member hospitals is in reliable service.

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct to the best of my knowledge and belief.

EXECUTED this 15<sup>th</sup> day of November, 2012 at Seattle, Washington.

By  \_\_\_\_\_  
JEFF MERO,  
EXECUTIVE DIRECTOR

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**CERTIFICATE OF SERVICE**

I, Vickie L. Owen, certify under penalty of perjury under the laws of the State of Washington that, on November 16, 2012, I caused to be served on the person(s) listed below in the manner shown a copy of PREFILED REBUTTAL TESTIMONY OF JEFF MERO:

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11 Dated at Seattle, Washington this 16<sup>th</sup> day of November, 2012.

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