

**Exh. BS-2C
Docket TG-230778
Witness: Benjamin Sharbono
REDACTED**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

MURREY'S DISPOSAL COMPANY,

Respondent

DOCKET TG-230778

EXHIBIT TO TESTIMONY OF

BENJAMIN SHARBONO

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Murrey's Responses to Staff DRs 1-6

May 29, 2024

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
Murrey's Disposal Co., Inc. d/b/a Olympic Disposal
Responses to Staff Data Requests 1-6

DATE PREPARED:	February 23, 2024	WITNESS:	Kevin Joyce/Joe Wonderlick
DOCKET:	TG-230778	RESPONDER:	Joe Wonderlick
REQUESTER:	UTC Commission Staff		

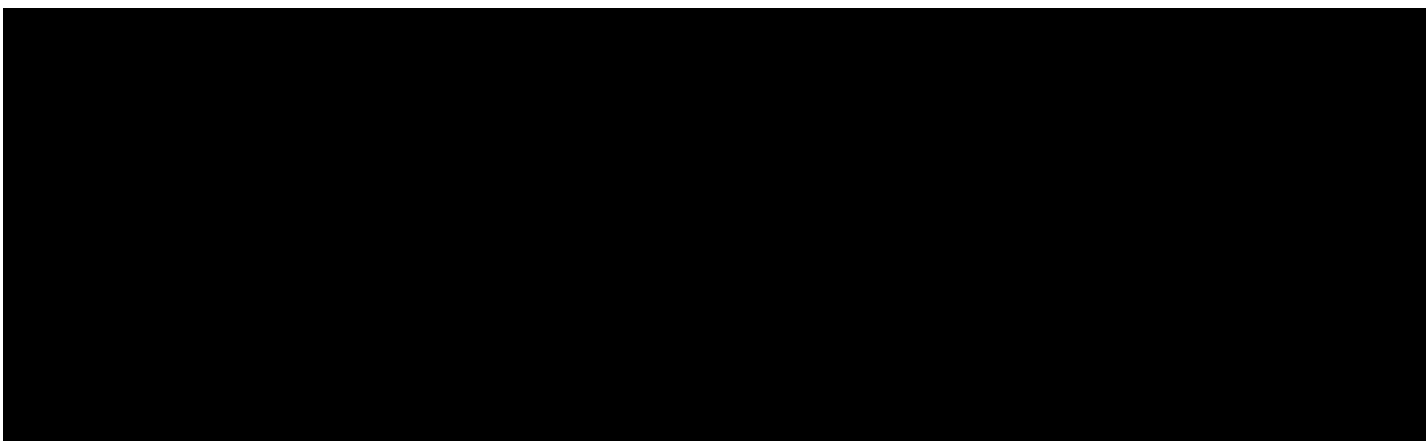
UTC STAFF DATA REQUEST NO. 1:

Please provide all documentation related to current insurance policies for vehicles utilized by the Company for regulated activity. Please make sure that the documentation includes the following information, as well as any and all other information available to the Company:

- a. Policy limits, deductibles, premiums, any accounting practices for the setting aside of premium amounts in holding accounts in anticipation of future claims, and the current balance of said accounts along with details of the type and interest rates of said accounts.
- b. Information on how claims are processed, what entity pays claims, the division of payment liability between different entities if multiple entities are responsible for payment of claim, and any certification or licensure for issuing insurance policies that is held by entities issuing these policies.

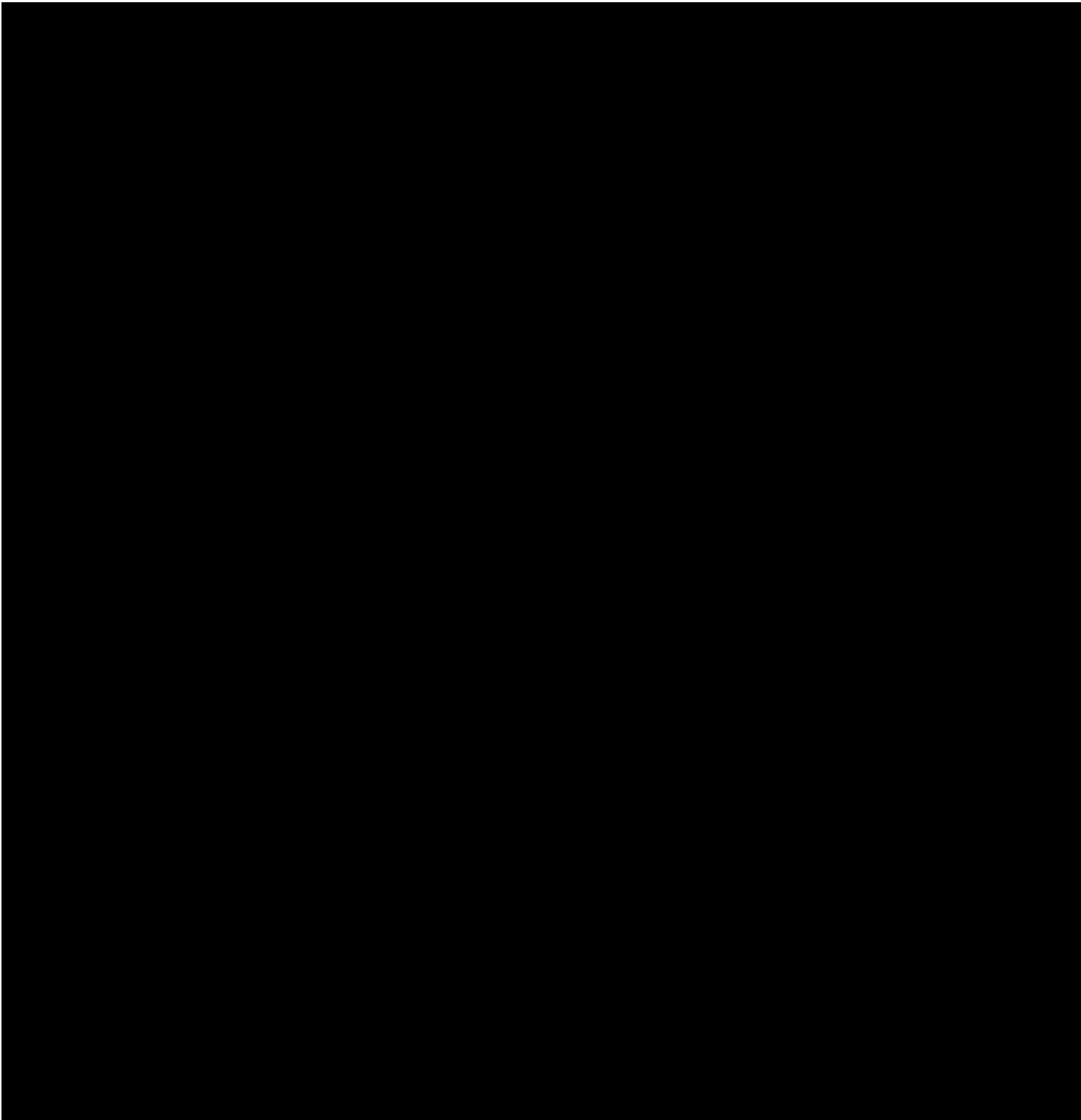
RESPONSE TO DATA REQUEST NO. 1:

Murrey's Disposal Co., Inc. d/b/a Olympic Disposal ("The Company") objects to this data request as overly broad, unduly burdensome, and not reasonably calculated to lead to admissible evidence. The Company also objects to this data request to the extent it seeks to violate legal privileges and immunities, including but not limited to, attorney-client privilege, work-product privilege, and to the extent it seeks legal conclusions or opinions. The Company also objects to the fact Staff has not provided sufficient definitions to identify the information it seeks and as such the data requests are vague and ambiguous. Without waiving these objections, the Company answers as follows:



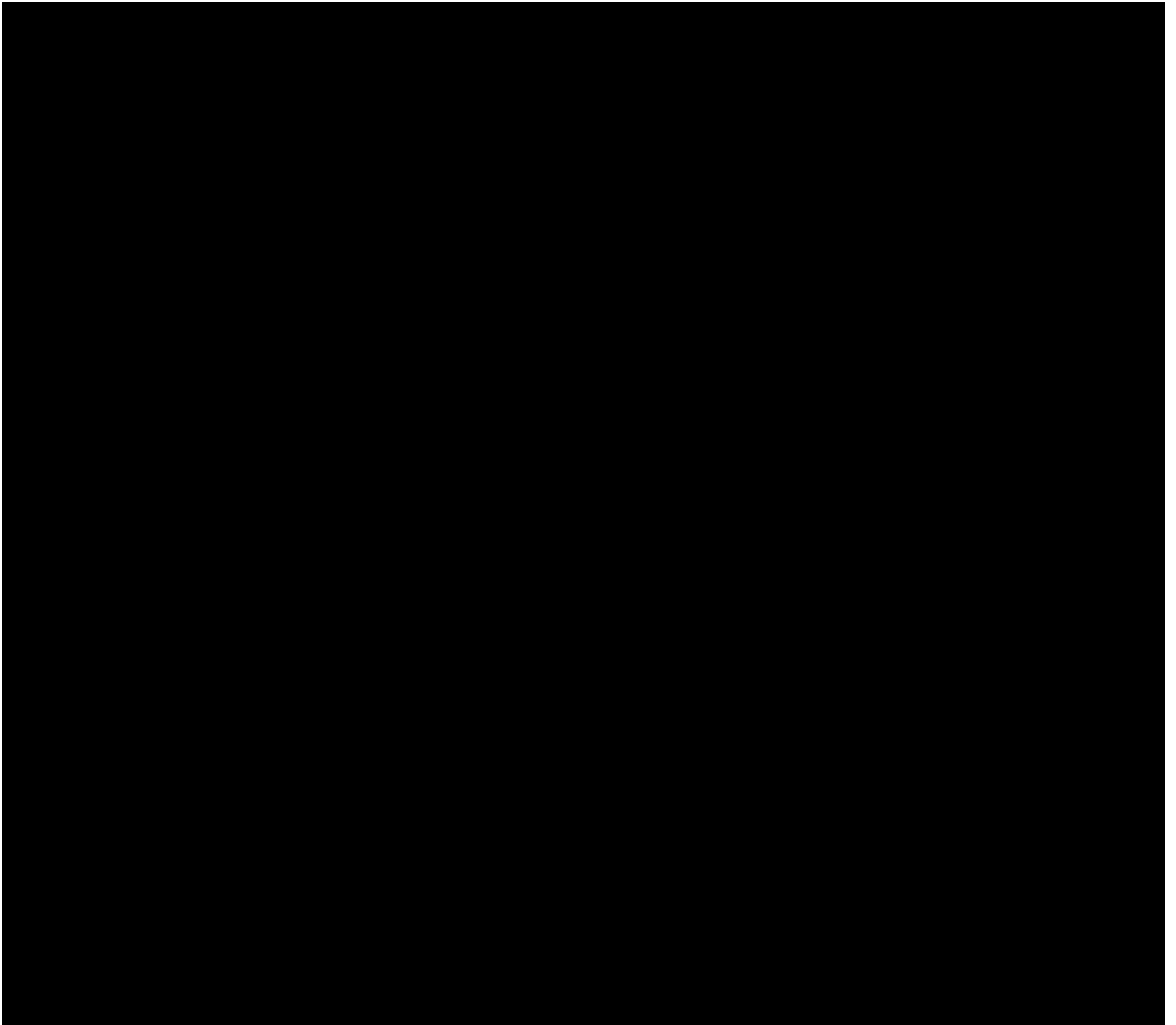
Designated Information is Confidential Per Protective Order in UTC Docket TG-230778

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DATE PREPARED: February 23, 2024	WITNESS: Adam Balogh
DOCKET: TG-230778	RESPONDER: Adam Balogh
REQUESTER: UTC Commission Staff	

UTC STAFF DATA REQUEST NO. 2:

Please provide additional detail of Account 70206 food and per diem transactions, including:

- a. What was the business need for providing the meal?
- b. What benefits are provided to customers by providing the meal?
- c. What employee categories (drivers, mechanics, office workers, managers, etc.) were included in each transaction?
- d. Who approves when meals may be charged to the company?
- e. For per diem:
 1. What position they were filling?
 2. How long was the position open?
 3. How long did a person need to be assigned to a site to receive per diem?

RESPONSE TO DATA REQUEST NO. 2:

The Company objects to this data request as overly broad, unduly burdensome, and not reasonably calculated to lead to admissible evidence. The Company also objects to this data request to the extent it seeks to violate legal privileges and immunities, including but not limited to, attorney-client privilege, work-product privilege, and to the extent it seeks legal conclusions or opinions. The Company also objects to the fact Staff has not provided sufficient definitions to identify the information it seeks and as such the data requests are vague and ambiguous. Without waiving these objections, the Company answers as follows:

- a. What was the business need for providing the meal?

For initial response, please see Exhibit SDR2-1-70206, "Food Detail," C. This exhibit provides an output from the Company's general ledger for account 70206 for the test period. The total of \$10,804.35 is listed by line item. Descriptions of the business purpose for each line item are provided in Column J. Amounts are subtotaled by major category in Cells F118-F124.

- b. What benefits are provided to customers by providing the meal?

The Company specifically objects to this sub-request also as argumentative. Without waiving the objections, the Company responds that this Data Request begs the issue of

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the indirect qualitative benefit to customers, regulated or not, in offering fringe benefits to an employee. In other words, this is not unlike medical insurance or pension benefits and is directly related to employee "wellness."

Here, meals are provided to employees during all-day training sessions so they do not have to leave the training site and so that nourishment can strengthen concentration and mental acuity and attention spans. It is also an efficiency factor to maximize focus and not interrupt the flow of information being exchanged. Thus, asking what "benefits" are provided to customers does not elicit objective criteria for all occasions, rather providing employee benefits in general enhances retention, continuity and ultimately stability of a workforce which unquestionably impacts customers by providing more experienced, knowledgeable and satisfied employees whose commitment to their jobs and their employer offers innumerable intangible benefits to those customers. To address the business needs of meal provision to employees, it may be useful to understand the types/categorizations of employee meals the company defines and offers as follows:

1. Travel meals: These are meals provided when employees are relocated from their operations base, making it difficult to safely or conveniently store food brought from home. This could be out of town travel for a long day or for overnight travel.

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

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

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

- c. What employee categories (drivers, mechanics, office workers, managers, etc.) were included in each transaction?

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See the descriptions in Column J of Exhibit SDR2-1-70206 Food Detail (C).

d. Who approves when meals may be charged to the company?

See the expense report policy provided as Exhibit SDR4-1 Expense Policy P026 (in response to Data Request Question 4). Expense reports are prepared by supervisors and managers. The site manager and/or controller approves all expense reports up to \$1,000. The division controller and division vice president approve the expense reports of the site manager, plus all expense reports over \$1,000. The region controller and/or region vice president also approve all expense reports over \$1,000. More specificity is provided in the Exhibit.

Some meals are paid for via company issued purchasing (Visa) cards. Expenditures through these cards are approved by the district controller and/or site manager. Amounts over \$5,000 are further approved by the Division Controller and/or Division Vice President.

e. For per diem:

1. What position they were filling?
2. How long was the position open?
3. How long did a person need to be assigned to a site to receive payment?

1. Per Diem Pay. Exhibit SDR2-2 Blue Team EE List-Dates (C) contains a list of all employees who received per diem pay from the Company through the food account during the test period. The list identifies their position. Per diem pay is provided to Blue Team front line employees, generally drivers and mechanics. Per diem is also sometimes provided to supervisors who are temporarily housed away from home by the Company. A per diem is generally \$50 per day and is intended to assist eligible employees meet the cost of eating out over the cost of eating meals that would otherwise be prepared and consumed at home. Because Blue Team members are employees of other subsidiaries (LeMay, Murrey's Tacoma, Island, etc.), per diem payments cannot be paid through the Company's payroll system. Loaning subsidiaries process the per diems in their local payroll system and write a journal entry that posts to the Company for the cumulative amount of per diem charges incurred during the period. The per diem entries labeled as such on Exhibit SDR2-1 are summary entries for several employees over varying periods. The total amount of these charges at the Company was \$5,436 during the test period, of which approximately 58.36%, or \$3,172, affects ratepayers.

2. Per diem is paid to employees who stay overnight at a hotel or similar location away from home in order to provide "boots on the ground" service to a district. Blue Team members are made available by other affiliated companies on an "as available"

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basis. Overnight stays varied from one night to approximately four months during the test period, depending on the employee's availability and skills.

3. Frontline employees can earn a per diem with as little as one overnight stay at the Company.

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DATE PREPARED: February 23, 2024	WITNESS: Mark Gingrich
DOCKET: TG-230778	RESPONDER: Mark Gingrich/Adam Balogh
REQUESTER: UTC Commission Staff	

UTC STAFF DATA REQUEST NO. 3:

Please explain the costs to benefits of the blue team program, including:

- a. Blue team compensation versus [sic] overtime compensation to onsite employees.
- b. How quickly positions are filled while using blue team personnel?
- c. How long employees may be assigned to a location?
- d. Employee eligibility for meal per diem while covering positions.

RESPONSE TO DATA REQUEST NO. 3:

General Response:

The Company objects to this data request as overly broad. The Company also objects to this data request to the extent it seeks to violate legal privileges and immunities, including but not limited to, attorney-client privilege, work-product privilege, and to the extent it seeks legal conclusions or opinions. Without waiving these objections, the Company answers as follows:

The benefit of the Blue Team to customers is continuity of quality service. The Blue Team allows an isolated operation like the Company to leverage a large-scale national service provider that is able to, in a superior cost-effective manner, utilize additional resources outside of a single district operation to ensure it provides consistent service to customers that a stand-alone provider would otherwise be unable to provide. Without a Blue Team presence, local supervisors would be more compelled to run vacant routes while ignoring their supervisory responsibilities. Routes may be operated more hurriedly and less safely, or in extreme circumstances, left unfinished.

- a. Blue team compensation versus overtime compensation to onsite employees.

The use of Blue Team cannot be viewed through a cost/benefit analysis compared to overtime, as Blue Team is used in cases where the site has exhausted all labor resources (including the use of overtime) at their site – and a Blue Team is necessary to avoid service interruptions. A site may require the use of a Blue Team to avoid service interruptions when there are not enough “people resources” locally at the site, either due to open, unfilled positions – or recently filled positions where new employees are being trained by an existing employee. Overtime is certainly a tool that is used to provide

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quality and safe service to customers; however, a Blue Team is sometimes needed when overtime resources are exhausted.

b. How quickly positions are filled while using blue team personnel?

Open positions may be filled by external hires within a wide time range, depending on the quantity of open positions and the labor conditions of the local economy at the time of job posting. Our site utilizes referral bonuses and has used sign-on bonuses to minimize the time it takes to recruit and hire potential candidates. At times, external recruiting firms are engaged to expand searches beyond the reach of in-house recruiters. The use of a Blue Team in no way 'slows' or 'delays' the hiring process, and the use of a Blue Team does not lower our motivation to quickly fill positions.

c. How long employees may be assigned to a location?

The duration may vary from a single day of a Blue Team to several months, depending on the circumstances. Typically, arranging for a Blue Team commitment of one to two weeks is common from a logistics and scheduling perspective; however, the usage varies greatly depending on need and circumstances.

d. Employee eligibility for meal per diem while covering positions.

Like any other business travel, Blue Team members will receive per diem in accordance with the guidelines set by the IRS. The meal per diem allows us to fairly compensate the employee for the additional cost of meals while away from home, and it helps us assure we have a roster of available Blue Team candidates.

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DATE PREPARED:	February 23, 2024	WITNESS:	Joe Wonderlick
DOCKET:	TG-230778	RESPONDER:	Joe Wonderlick/Kevin Joyce
REQUESTER:	UTC Commission Staff		

UTC STAFF DATA REQUEST NO. 4:

Please provide a copy of the company policy on providing food for events, travel, meetings, and other activities.

RESPONSE TO DATA REQUEST NO. 4

Please see Exhibit SDR4-1 Expense Policy P026. Note that the policy has inaccurate pagination. The policy suggests there are 14 pages; however, we confirmed the seven-page version is correct.

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DOCKET:	TG-230778	RESPONDER:	Joe Wonderlick
REQUESTER:	UTC Commission Staff		

UTC STAFF DATA REQUEST NO. 5:

Please provide an explanation of the community activities, Account 70095.

- a. What activities were included in this account during the test year?
- b. What business purposes do these activities serve?
- c. What benefits are provided to customers by these activities?
- d. How does the company track the effectiveness of these activities?

RESPONSE TO DATA REQUEST NO. 5:

General Response:

The Company objects to this data request to the extent it seeks to violate legal privileges and immunities, including but not limited to, attorney-client privilege, work-product privilege, and to the extent it seeks legal conclusions or opinions. Without waiving these objections, the Company answers as follows:

Concepts such as servant leadership, accountability to employees and communities, purposeful culture of caring are key components of the Company's differentiated strategy. Employees who consider themselves included are more likely to take pride in their customer service, their equipment, and their fellow employees. All this contributes to employee service at the vanguard of the national industry. Company values ask us to sacrifice as a team and to win as a team. Creating that culture has costs. Some of the costs are for food to celebrate a safety milestone or an employee's birthday. The Company might send flowers in memory of an employee's relative who has passed away. These expenses are not minor or incidental. They are critical expenses that provide intangible benefits that incentivize employees to take extra steps to cover for a team member and provide the extra layer of service which can often save overtime and other additional expenses. These expenses are supplemented with a robust training culture around the concepts of servant leadership. Most new supervisors are sent to a "servant leader discovery" course within their first one or two years of their hire or promotion. As leaders rise through the organization, they are required to take additional servant leadership coursework. Through that curriculum, they learn how to leverage the setting of expectations and accountability alongside the distribution of rewards and celebrations. With the servant leadership training as a backdrop, the expenses recorded in the Community and Employee Activities account is one way to put Management's words into action.

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The Company's Annual Bike Build is an ideal example of how the dollars expensed to this account are intended to be used. The Bike Build program encourages employees and vendors to contribute money and time to procure and build children's bicycles that are donated to local organizations that provide to children in need. The Company contributes money to procure bicycles and will buy food for an after-hours bike assembly event. The event builds community within the employee base and the spirit of community extends beyond the Company walls and into the greater service area of Olympic Disposal.

See Exhibit SDR5-1-70095 EE & Community Detail. This exhibit is a categorized listing of \$53,085.29 spent on employee and community activities at the Company during the test period. Approximately 54% of this expense is allocated to the regulated market area. This amounts to \$1.22 per customer per year, or \$0.10 per month.

- a. What activities were included in this account during the test year?

See Exhibit SDR5-1-70095 EE & Community Detail. Expenses are summarized by major groupings. Column S provides commentary about the nature each expenditure.

- b. What business purposes do these activities serve?

These expenses lead toward greater on-the-job effectiveness and efficiency. However, this cannot be demonstrated on a one-for-one transactional basis. Management attributes these activities and others toward superior overall operating results.

- c. What benefits are provided to customers by these activities?

On-time delivery of service and greater consistency of quality service as a result of committed drivers, customer service agents and technicians. This is the result of committed employees with low turnover rates and high safety standards.

- d. How does the company track the effectiveness of these activities?

See also, response to 5b, above.

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DATE PREPARED: February 23, 2024	WITNESS: Mark Gingrich/Kevin Joyce
DOCKET: TG-230778	RESPONDER: Mark Gingrich
REQUESTER: UTC Commission Staff	

UTC STAFF DATA REQUEST NO. 6:

Please explain why the company believes severance payments should be allowed, including:

- a. What business purpose is served by paying severance?
- b. What conditions lead to the company paying severance?
- c. How were the severance amounts calculated?
- d. The number of times each year that severance was paid by Olympic Disposal in the last five years.
- e. What benefits are provided to customers by paying severance?
- f. Why the costs of severance payment should be borne by customers?

RESPONSE TO DATA REQUEST NO. 6:

The Company objects to this data request as overly broad, unduly burdensome, and not reasonably calculated to lead to admissible evidence. The Company also objects to this data request to the extent it seeks to violate legal privileges and immunities, including but not limited to, attorney-client privilege, work-product privilege, and to the extent it seeks legal conclusions or opinions. The Company also objects to the fact Staff has not provided sufficient definitions to identify the information it seeks and as such the data requests are vague and ambiguous. Without waiving these objections, the Company answers as follows:

- a. What business purpose is served by paying severance?

Severance payments, as described in more detail in (e) and (f) below, are very practical tools available to employers of at-will workers to preclude expensive litigation with uncertain results in claims of wrongful termination, employment discrimination and/or wage and hour compensation challenges (no matter how meritless). Such claims significantly add to the costs and risks to an employer of defending such claims. In short, severance payments coupled with broad releases of claims are an increasingly common approach to limit exposure in increasingly litigious employment separation circumstances.

- b. What conditions lead to the company paying severance?

See response in (a) immediately above and (e), below.

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c. How were the severance amounts calculated?

Severance payment issues are carefully considered by management, human resources professionals, and attorneys. In effect, this process is used to assess the individual factual circumstances, risk/reward and any precedential impacts of individual severance payments under the particular circumstances.

While the company occasionally utilizes a formula that includes employment term and minimum and maximum calculations and sometimes offers other components such as COBRA contributions and outplacement assistance, there is no binding approach to crafting severance offers, "one size does not fit all." Severance payments are not a substantial line item in the income statement in any year, as noted immediately below.

d. The number of times each year that severance was paid by Olympic Disposal in the last five years.

2019-2021=0; 2022-2; 2023-1.

e. What benefits are provided to customers by paying severance?

The Company specifically also objects to this sub-request as argumentative. (See also response to DR 2 b., above). Without waiving its objections, the Company answers as follows: Severance payments allow the company to resolve any and all at-will employment claims on the affected employee's separation from employment. Under the Washington Law Against Discrimination ("WLAD"), this effectively "closes the loop" on any further challenges to the employment separation decision by obtaining a mutual release on any present or future employment claims in exchange for the severance payment. Because Washington law allows a Plaintiff to potentially recover all attorneys' fees, costs and double damages if it is awarded one dollar in damages by a court or jury, the cost of defending a claim often substantially exceeds the amount of the severance payment. From that risk evaluation standpoint alone, severance payments are clearly to the ratepayers' benefit.

f. Why the costs of severance payment should be borne by customers?

The Company specially objects to this sub-request as argumentative as well. See also, answers to 6(a) and 6(e), above. Without waiving the objections, the Company answers this question as follows: It is not accurate to say "the costs of severance" are "borne" by the customers unless the question sources all expenses to customer "burdens" (including nonregulated as well as regulated customers) whom a common carrier public utility serves. As described in response to 6(e) above, severance payments are essentially a

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buffer against costly employment litigation and, like questions about staffing levels and other day-to-day operational decisions of a company, are traditionally relegated to management discretion in the context of prudent and sound expense control.

Staff's Data Request here appears to suggest severance payments are superfluous, wasteful and tendered without careful consideration of individual circumstances which is completely contrary to the careful context in which they are made. Staff's question also implies there is a qualitative distinction between general employment decision-making and, for example, judgments on the employer percentage match for retirement plans, or the choice of medical insurance provider for employees. This is a false distinction.

The payment of severance does not exist in a vacuum and is a tool available to all prudent Washington employers in weighing the overall cost-benefit of offering or not offering severance based on the individual circumstances of any employment separation.