

BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION

In re Application No. GA-079331 of  
SURE-WAY SYSTEMS, INC.  
For A Certificate of Public Convenience and  
Necessity to Operate Motor Vehicles in  
Furnishing Solid Waste Collection Service

DOCKET NO. TG-042089  
PREFILED TESTIMONY OF GARY  
CHILCOTT

I, Gary Chilcott, declare under penalty of perjury of the laws of the State of Washington, that the following is true and correct:

**Overview**

1. I am the President and CEO of Sure-Way Systems, Inc. ("Sure-Way"). I have held that title since August 1991. My responsibilities include development of all new business and oversight of all divisions of Sure-way's biomedical waste program. I graduated from University of Alaska earning a Masters degree in Public School Administration. I have 15 years of experience in the transportation industry and 15 years of experience in the biomedical waste industry. I have a Bachelors degree in Special Education K-12, Elementary and Secondary endorsements Minor in Sociology and History. I was a school teacher for 6 years and a school administrator for 13 years.

2. Sure-Way is a Montana corporation. See attached Exhibit GC-2. Sure-Way started in 1990 as a transport company. Bill Lawrence, Dudley Chilcott and I purchased Sure-Way in 1992. The company is privately owned by us and nine other individuals. Of the twelve shareholders, only myself, Dudley (Vice President) and Christie Shelton (Chief Financial Officer) are actively involved in the company.

3. Sure-Way provides biomedical waste collection, transportation and disposal services in ten states (Montana, Wyoming, Utah, Idaho, North Dakota, South Dakota, Minnesota, Florida, Georgia, and Alabama). Sure-Way provides reusable sharps containers to other companies for use in another six states (New York, Kansas, Nebraska, Missouri, Arkansas and Oklahoma). Sure-Way also has minority ownership in a company that operates a biomedical waste processing facility in Hawaii.

4. The operations of Sure-Way are divided into territorial divisions. The Western Division serves over 1,000 customers in Montana, Wyoming, Utah, and Idaho. In that division, we employ three and a half (3.5) drivers, six (6) plant personal, one (1) plant manager, one (1) CEO/President, one (1) Safety/Operations Manager, two (2) customer service representatives, and two (2) accounting staff. Our services include: medical waste disposal, reusable sharps containers, confidential

**ORIGINAL**

1 document shredding, X-ray film and fixer recycling, mercury and silver recovery from amalgam, and  
2 on-site training.

3 5. Sure-Way owns three biomedical waste processing plants utilizing autoclave technology.  
4 Each plant includes a wash station for reusable sharps containers.

5 6. Sure-Way has been providing quality biomedical waste disposal services for over fourteen  
6 (14) years. Sure-Way is dedicated to continually increasing the effectiveness and safety of medical  
7 waste disposal, as is demonstrated by the development of the reusable sharps container program that  
8 is now being utilized throughout the nation. Sure-Way serves both urban and rural customers. Sure-  
9 Way focuses on environmentally sound and cost effective approaches to bio-medical waste disposal.  
10 Through Sure-Way's programs silver, mercury and paper are recovered, thereby reducing toxic  
11 landfill accumulation volumes. Sure-Way's customer retention ratio is 98% (excluding those who  
12 retire or leave the service area).

13 7. Sure-Way has offered its expertise in waste stream management to hospitals that used to use  
14 their own incinerators. Sure-Way's innovative approach to staff training in waste segregation has  
15 allowed some of our hospital customers a 50% reduction in their medical waste stream thus making  
16 it much more cost effective. Sure-Way's reusable sharps disposal program was developed from  
17 scratch when there was not a sharps disposal system available that completely complied with  
18 standards set by the National Institute of Occupational Safety and Health ("NIOSH"). See attached  
19 Exhibit GC-3. This program has been adopted in hospitals across the nation including renowned  
20 institutions like Mayo Clinic.

### 21 Services

22 8. Sure-Way will offer both scheduled and on call service in Washington in the counties  
23 identified in our amended application. See attached Exhibits GC-4 and GC-5. We will serve all  
24 customers with biomedical waste needs within our territory. When Sure-Way receives a request for  
25 service from a new customer we will fax or mail the customer an introduction packet that includes  
26 our Medical Waste Profile Sheet, which outlines the types of waste Sure-Way is able to accept, a  
copy of our contract, and an information sheet for the customer to complete. See attached Exhibits  
GC-6, GC-7 and GC-8.

9. In Washington, Sure-Way will handle all forms of biomedical waste, including pathological,  
sharps, and trace-chemotherapy. Sure-Way will not handle hazardous materials like bulk  
chemotherapy waste that exceeds the definition of trace chemotherapy waste.

10. The waste will be segregated by the generator into the following types of containers:

- a. Sharps into reusable sharps containers (if on our reusable sharps program) or disposable sharps containers if they are not on our program (no lose sharps will be accepted);
- b. Gross pathological waste into various sizes of containers identified for incineration; and

- 1 c. The rest in various sizes of containers identified for treatment by autoclave before  
2 being landfilled.

3 See our Tariff attached as part of Exhibit GC-4 for the sizes of containers to be used, pricing and  
4 description of services. Our reusable sharps container program is described in more detail below.

5 11. Sure-Way will rely primarily on direct personal sales calls and referrals for its marketing and  
6 promotion. One employee will have this as his primary responsibility. Sure-Way also has a web-site  
7 at www.sure-way.net. See attached Exhibit GC-9.

### 8 **Documentation**

9 12. Sure-Way uses a manifest system that allows tracking of each customer's waste and the  
10 volume of waste that each customer generates at the time of pick-up. See attached Exhibits GC-10  
11 and GC-11. The manifest is completed with the pick-up date, volume, and type of waste collected.  
12 The manifest is signed by the generator's representative and the driver. A copy of that manifest is  
13 left with the generator. The other 2 copies of the numbered manifest are taken back to the processing  
14 plant where the waste is treated. Once the waste is treated the manifest is sent to the main office  
15 where it is used for billing. A second copy of the manifest, which shows the treatment date and  
16 closure of the documentation loop, is sent to the generator to show for their records that the waste  
17 was properly disposed of with the statement. The last copy of the manifest is kept in the generators  
18 file for 7 years in case they ever need it.

19 13. Sure-Way is the only sharps disposal company that can identify each of its containers by lot  
20 date of manufacture to insure that any defective lots of containers can be found and taken out of  
21 service. See attached Exhibit GC-20. Sure-Way is developing a computerized bar code program to  
22 track sharps containers and service cycles and update our hand method of labeling containers. See  
23 attached Exhibit GC-21 for current labels.

### 24 **Transportation**

25 14. Waste from Washington will be kept in a locked semi-trailer at our storage yard in Hayden,  
26 Idaho. When the trailer is filled it will be taken to the Sure-Way biomedical waste processing plant  
in Butte, Montana. A sanitized trailer with clean containers will be left in its place to continue the  
process. Once at the plant, the loaded trucks are taken into the plant for processing, the trailers are  
sanitized, and reloaded with clean, empty containers for the next day's route. The drivers complete  
their manifests and submit them to the Plant Manager. The waste is processed that day or the next  
depending on the time of day they arrive. Sure-Way has authority to transport biohazardous waste in  
Montana. See attached Exhibit GC-12.

15 15. Each week the drivers have their route sheets e-mailed to them showing them addresses,  
16 phone number and names of their pick-ups for the week. This manifest sheet shows the customer I.D.  
17 number as well as the contact person. In addition to the information provided there is space for the  
18 driver to write comments about the pick-up.

1 16. All drivers are cell phone equipped and can modify their routes should an emergency pick-up  
2 be needed while they are on their route. Regular on call and special customers normally get picked  
up on the next time the truck comes through their area on his regular route.

3 17. Sure-Way can handle the biomedical waste generated in Eastern Washington in its Butte,  
4 Montana facility because we did so for several years when we handled the same waste for Stericycle.  
We anticipate being able to obtain a 25% market share by the end of the first year.

5 18. Sure-Way already has existing equipment, including trucks and trailers, sufficient to handle  
6 the Eastern Washington biomedical waste stream. We will use a 24 ft box van for running routes in  
7 Washington to our Idaho transfer station, where we will transfer the waste to a semi-trailer for  
transport to Butte, Montana.

8 19. Sure-Way will use one route driver based in Northern Idaho who has worked for the company  
9 as a mainline driver for over five (5) years with no accidents and excellent customer relations skills.  
A long-haul driver will operate the semi-trailer.

### 10 **Treatment and Disposal**

11 20. Sure-Way utilizes autoclave steam treatment in all of our medical waste processing facilities.  
12 Sure-Way's Butte, Montana plant is certified by the Montana Department of Environmental Quality.  
13 See attached Exhibit GC-13. Sure-Way's Fargo, North Dakota plant is certified by the North Dakota  
14 Department of Health. See attached Exhibit GC-14. Any gross pathological, or other special  
15 medical waste designated by the generator for incineration is taken to Stericycle's incinerator in Salt  
Lake City, Utah or the Health Care Incinerators ("HCI") incinerator in Fargo, North Dakota.

16 21. The steam autoclave technology is best described as a "pressure cooker". The steam heats the  
17 waste inside the enclosed autoclave to 285 degrees to kill all the pathogens. Once the waste has  
18 completed the autoclave treatment cycle, it is compacted reducing the volume by about 65%. Since  
19 it is no longer infectious it is considered solid waste and can be landfilled. The waste is transported  
by Montana Waste Systems to a lined landfill in Great Falls, Montana owned and operated by  
Montana Waste Systems. See attached Exhibit GC-15.

20 22. Sure-Way has used the autoclave process in Butte nearly 10 years and has not had any  
21 neighbor complaints about emissions and has not had any employee lawsuits for unsafe working  
conditions like tuberculosis exposure.

### 22 **Recycling/Reuse**

23 23. The introduction of the reusable sharps container program in 1998 has allowed for a dramatic  
24 reduction in the amount of disposable sharps containers in the waste stream. Disposable sharps  
25 containers constitute about 30%-35% of the normal red bag waste volume going to the landfill. This  
26 revolutionary program provides a win-win program for the environment (less waste to the landfill)  
and the customer saves money by not having to purchase disposable sharps containers and pay for  
their shipment and disposal over and over again.

1  
2  
3  
4  
5  
6  
24. Sure-Way received its 510K approval from the Food and Drug Administration ("FDA") for Sure-Way's reusable sharps containers in 1999. See attached Exhibit GC-16. Sure-Way also uses a container produced by Rotonics that was also approved by the FDA. See attached Exhibit GC-17. Sure-Way developed a proprietary tipper for the "hands-free" emptying of the containers. See attached Exhibit GC-22. The containers are sent automatically from the tipper directly to the washer (no human contact is required throughout this process) where they are sanitized. Once they are completed with the cleaning process, a technician inspects and reassembles the containers for distribution to customers.

7  
8  
9  
25. Sure-Way will offer a mail back program for recycling mercury and silver found in dental amalgam, a product that dentists generate from fillings. However, it is generally cheaper for the product to be picked up and transported by Sure-Way to the recycler than to have the customer mail it to us. If this application is granted, Sure-Way will apply for a common carrier permit to transport the recyclable material before any such transportation.

### 10 **Compliance**

11  
12  
13  
14  
15  
26. Sure-Way will comply with all the laws, rules and regulations applicable to the services it seeks to provide in Washington. Sure-Way has a proven record of regulatory compliance. Sure-Way's Butte, Montana plant has been accident free with no workers compensation claims over the last 18 months. Sure-Way has never been sued by a customer or state agency. The Sure-Way plant in Butte, Montana has been inspected by Stericycle staff on several occasions for compliance and has always passed. Stericycle uses the Sure-Way Butte, Montana plant for biomedical waste Stericycle collects from Eastern Washington.

16  
17  
27. Sure-Way supervisors, plant workers and drivers are all trained in blood borne pathogen regulations and have monthly safety training.

18  
19  
20  
28. Sure-Way's plants in Montana and North Dakota support each other in case of an emergency. Both operate autoclaves. When Stericycle had a fire in Illinois Stericycle relied on Sure-Way to run Stericycle's waste in the North Dakota plant while Stericycle rebuilt. Sure-Way also has an agreement with Larson Miller in Idaho for back up processing which we have never had to use.

### 21 **Differences between Sure-Way and Stericycle**

22  
23  
29. The Stericycle system only offers one type of lid that is not adequate for all uses. Sure-Way offers five lid types and six container sizes which meet the needs for most all applications.

24  
25  
26  
30. Sure-Way offers single containers for its reusable sharps container program. Stericycle customers must purchase full racks of containers, which makes reusable containers economically not an option for small and medium quantity generators, which are the majority of the generators in the state. See attached Exhibit GC-18.

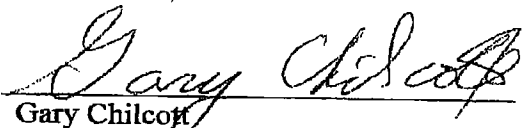
1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26

31. NIOSH recommends that once containers are locked for shipment they should not be able to be reopened manually. See attached Exhibit GC-3. Sure-Way containers comply. Stericycle containers do not. Stericycle's containers simply have a cap that can easily be removed without a tool. See also the comparison of other compliance issues among the major reusable sharps container companies attached as Exhibit GC-19.

32. The FDA classifies sharps containers as a Class 2 medical device. Sure-Way's program was the first to go through the new FDA acceptance program that came out in 1999 requiring the total system to be reviewed not just the containers. The Stericycle program was developed long before the FDA required the review of the entire system.

33. Very recently Sure-Way have received a letter that according to FDA guidelines our wash out plants are considered "refurbishing facilities" since we do not change the specifications of the devices. According to the FDA, our wash out plants are not under FDA review. Sure-Way still uses its Quality Systems Regulations ("QSR") Manual and follows it as if we were under FDA scrutiny.

DATED this 16 day of June, 2005 at Tampa, Florida.

  
\_\_\_\_\_  
Gary Chilcott