UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 000-23211

CASELLA WASTE SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**03-0338873**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
25 Greens Hill Lane, Rutland, Vermont	**05701**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (802) 775-0325

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, $0.01 par value per share	CWST	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of each of the registrant's classes of common stock, as of October 15, 2021:

Class A common stock, $0.01 par value per share:	50,409,773
Class B common stock, $0.01 par value per share:	988,200

PART I.

ITEM 1. FINANCIAL STATEMENTS

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2021 (Unaudited)	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 46,481	$ 154,342
Accounts receivable, net of allowance for credit losses of $3,057 and $2,333, respectively	90,500	74,198
Refundable income taxes	—	229
Prepaid expenses	16,806	9,289
Inventory	9,797	7,868
Other current assets	3,575	1,328
Total current assets	167,159	247,254
Property, plant and equipment, net of accumulated depreciation and amortization of $952,032 and $900,882, respectively	617,348	510,512
Operating lease right-of-use assets	96,712	95,310
Goodwill	227,929	194,901
Intangible assets, net	92,908	58,324
Restricted assets	1,948	1,848
Cost method investments	11,264	11,264
Deferred income taxes	46,777	61,163
Other non-current assets	18,352	13,322
Total assets	$ 1,280,397	$ 1,193,898

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(in thousands, except for share and per share data)

	September 30, 2021 (Unaudited)	December 31, 2020
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of debt	$ 16,751	$ 9,240
Current operating lease liabilities	7,128	8,547
Accounts payable	69,516	49,198
Accrued payroll and related expenses	19,793	17,282
Accrued interest	1,960	2,126
Contract liabilities	3,422	2,685
Current accrued capping, closure and post-closure costs	17,848	10,268
Other accrued liabilities	41,951	31,862
Total current liabilities	178,369	131,208
Debt, less current portion	534,752	530,411
Operating lease liabilities, less current portion	59,001	60,979
Accrued capping, closure and post-closure costs, less current portion	68,425	72,265
Deferred income taxes	879	912
Other long-term liabilities	31,020	35,981
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A common stock, $0.01 par value per share; 100,000,000 shares authorized; 50,410,000 and 50,101,000 shares issued and outstanding, respectively	504	501
Class B common stock, $0.01 par value per share; 1,000,000 shares authorized; 988,000 shares issued and outstanding, respectively; 10 votes per share	10	10
Additional paid-in capital	648,611	639,247
Accumulated deficit	(234,144)	(266,099)
Accumulated other comprehensive loss, net of tax	(7,030)	(11,517)
Total stockholders' equity	407,951	362,142
Total liabilities and stockholders' equity	$ 1,280,397	$ 1,193,898

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except for per share data)

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Revenues	$ 241,969	$ 202,667	$ 647,375	$ 574,344
Operating expenses:				
Cost of operations	153,892	130,406	419,583	382,386
General and administration	30,993	25,014	87,336	74,240
Depreciation and amortization	27,491	23,799	74,510	67,281
Expense from acquisition activities	1,904	173	3,950	1,533
Southbridge Landfill closure charge	302	2,642	653	3,815
	214,582	182,034	586,032	529,255
Operating income	27,387	20,633	61,343	45,089
Other expense (income):				
Interest income	(61)	(107)	(191)	(203)
Interest expense	5,164	5,406	15,928	16,869
Other income	(178)	(157)	(825)	(606)
Other expense, net	4,925	5,142	14,912	16,060
Income before income taxes	22,462	15,491	46,431	29,029
Provision for income taxes	6,601	374	14,476	840
Net income	$ 15,861	$ 15,117	$ 31,955	$ 28,189
Basic earnings per share attributable to common stockholders:				
Weighted average common shares outstanding	51,389	48,370	51,312	48,241
Basic earnings per common share	$ 0.31	$ 0.31	$ 0.62	$ 0.58
Diluted earnings per share attributable to common stockholders:				
Weighted average common shares outstanding	51,586	48,619	51,506	48,481
Diluted earnings per common share	$ 0.31	$ 0.31	$ 0.62	$ 0.58

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
(Unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Net income	$ 15,861	$ 15,117	$ 31,955	$ 28,189
Other comprehensive income (loss), before tax:				
Hedging activity:				
Interest rate swap settlements	(1,205)	(1,141)	(3,551)	(2,492)
Interest rate swap amounts reclassified into interest expense	1,204	1,156	3,551	2,513
Unrealized gain (loss) resulting from changes in fair value of derivative instruments	1,215	145	5,866	(8,731)
Other comprehensive income (loss), before tax	1,214	160	5,866	(8,710)
Income tax provision (benefit) related to items of other comprehensive income (loss)	322	—	1,379	(112)
Other comprehensive income (loss), net of tax	892	160	4,487	(8,598)
Comprehensive income	$ 16,753	$ 15,277	$ 36,442	$ 19,591

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY
(Unaudited)
(in thousands)

		Class A Common Stock		Class B Common Stock				
	Total	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss
Balance, December 31, 2020	$ 362,142	50,101	$ 501	988	$ 10	$ 639,247	$ (266,099)	$ (11,517)
Issuances of Class A common stock	112	273	3	—	—	109	—	—
Stock-based compensation	2,941	—	—	—	—	2,941	—	—
Comprehensive income:								
Net income	4,311	—	—	—	—	—	4,311	—
Other comprehensive income:								
Hedging activity	3,830	—	—	—	—	—	—	3,830
Balance, March 31, 2021	373,336	50,374	504	988	10	642,297	(261,788)	(7,687)
Issuances of Class A common stock	492	24	—	—	—	492	—	—
Stock-based compensation	3,116	—	—	—	—	3,116	—	—
Comprehensive income:								
Net income	11,783	—	—	—	—	—	11,783	—
Other comprehensive loss:								
Hedging activity	(235)	—	—	—	—	—	—	(235)
Balance, June 30, 2021	388,492	50,398	504	988	10	645,905	(250,005)	(7,922)
Issuances of Class A common stock	51	12	—	—	—	51	—	—
Stock-based compensation	2,655	—	—	—	—	2,655	—	—
Comprehensive income:								
Net income	15,861	—	—	—	—	—	15,861	—
Other comprehensive income:								
Hedging activity	892	—	—	—	—	—	—	892
Balance, September 30, 2021	$ 407,951	50,410	$ 504	988	$ 10	$ 648,611	$ (234,144)	$ (7,030)

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY (Continued)
(Unaudited)
(in thousands)

	Total	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss
		Shares	Amount	Shares	Amount			
Balance, December 31, 2019	$ 122,753	46,803	$ 468	988	$ 10	$ 485,332	$ (357,016)	$ (6,041)
Cumulative effect of new accounting principle	(189)	—	—	—	—	—	(189)	—
Issuances of Class A common stock	100	517	5	—	—	95	—	—
Stock-based compensation	1,562	—	—	—	—	1,562	—	—
Comprehensive loss:								
Net income	959	—	—	—	—	—	959	—
Other comprehensive loss:								
Hedging activity	(7,189)	—	—	—	—	—	—	(7,189)
Balance, March 31, 2020	117,996	47,320	473	988	10	486,989	(356,246)	(13,230)
Issuance of Class A common stock - acquisition	—	36	1	—	—	(1)	—	—
Issuances of Class A common stock	387	26	—	—	—	387	—	—
Stock-based compensation	1,818	—	—	—	—	1,818	—	—
Comprehensive income:								
Net income	12,113	—	—	—	—	—	12,113	—
Other comprehensive loss:								
Hedging activity	(1,569)	—	—	—	—	—	—	(1,569)
Balance, June 30, 2020	130,745	47,382	474	988	10	489,193	(344,133)	(14,799)
Issuances of Class A common stock	—	2	—	—	—	—	—	—
Stock-based compensation	1,965	—	—	—	—	1,965	—	—
Comprehensive income:								
Net income	15,117	—	—	—	—	—	15,117	—
Other comprehensive income:								
Hedging activity	160	—	—	—	—	—	—	160
Balance, September 30, 2020	$ 147,987	47,384	$ 474	988	$ 10	$ 491,158	$ (329,016)	$ (14,639)

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Nine Months Ended September 30,	
	2021	**2020**
Cash Flows from Operating Activities:		
Net income	$ 31,955	$ 28,189
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74,510	67,281
Interest accretion on landfill and environmental remediation liabilities	5,915	5,324
Amortization of debt issuance costs	1,716	1,597
Stock-based compensation	8,712	5,345
Operating lease right-of-use assets expense	9,981	12,347
(Gain) loss on sale of property and equipment	(1)	254
Southbridge Landfill non-cash closure charge	112	2,077
Non-cash expense from acquisition activities	532	549
Deferred income taxes	12,974	1,514
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts receivable	(10,943)	6,400
Landfill operating lease contract expenditures	(3,646)	(3,386)
Accounts payable	20,318	(8,585)
Prepaid expenses, inventories and other assets	(14,391)	(2,908)
Accrued expenses, contract liabilities and other liabilities	(3,655)	(4,083)
Net cash provided by operating activities	134,089	111,915
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	(153,112)	(25,379)
Additions to property, plant and equipment	(81,577)	(77,271)
Proceeds from sale of property and equipment	593	430
Net cash used in investing activities	(234,096)	(102,220)
Cash Flows from Financing Activities:		
Proceeds from debt borrowings	500	154,400
Principal payments on debt	(8,517)	(145,008)
Payments of debt issuance costs	—	(1,531)
Proceeds from the exercise of share based awards	163	100
Net cash (used in) provided by financing activities	(7,854)	7,961
Net (decrease) increase in cash and cash equivalents	(107,861)	17,656
Cash and cash equivalents, beginning of period	154,342	3,471
Cash and cash equivalents, end of period	$ 46,481	$ 21,127
Supplemental Disclosure of Cash Flow Information:		
Cash interest payments	$ 14,378	$ 15,239
Cash income tax payments	$ 597	$ (1,650)
Non-current assets obtained through long-term financing obligations	$ 18,153	$ 16,937
Right-of-use assets obtained in exchange for operating lease liabilities	$ 3,566	$ 3,289

The accompanying notes are an integral part of these consolidated financial statements.

1. BASIS OF PRESENTATION

Casella Waste Systems, Inc. (“Parent”), and its subsidiaries (collectively, “we”, “us” or “our”), is a regional, vertically integrated solid waste services company that provides collection, transfer, disposal, landfill, landfill gas-to-energy, recycling and organics services in the northeastern United States. We market recyclable metals, aluminum, plastics, paper, and corrugated cardboard, which have been processed at our recycling facilities or purchased from third-parties. We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which provides a full range of solid waste services. We manage our resource-renewal operations through the Resource Solutions operating segment, which includes our larger-scale recycling and commodity brokerage operations along with our organics services and large scale commercial and industrial services. Legal, tax, information technology, human resources, certain finance and accounting and other administrative functions are included in our Corporate Entities segment.

The accompanying unaudited consolidated financial statements, which include the accounts of the Parent and our wholly-owned subsidiaries, have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). All significant intercompany accounts and transactions are eliminated in consolidation. Investments in entities in which we do not have a controlling financial interest are accounted for under either the equity method or the cost method of accounting, as appropriate. Our significant accounting policies are more fully discussed in Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 ("fiscal year 2020"), which was filed with the SEC on February 19, 2021.

Preparation of our consolidated financial statements in accordance with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision given the available data, or simply cannot be readily calculated. In the opinion of management, these consolidated financial statements include all adjustments, which include normal recurring and nonrecurring adjustments, necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. The results for the three and nine months ended September 30, 2021 may not be indicative of the results for any other interim period or the entire fiscal year. The consolidated financial statements presented herein should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K for fiscal year 2020.

Recent Events

The global outbreak of the novel coronavirus ("COVID-19") pandemic has caused economic disruption across our geographic footprint and has adversely affected our business. The COVID-19 pandemic negatively impacted our revenues starting at the end of the three months ended March 31, 2020, as many small business and construction collection customers required service level changes and volumes into our landfills declined due to lower economic activity. Demand for services has improved as local economies have reopened as allowed by State Governments and our collection and disposal volumes, as well as overall operations, have been less impacted by the effects of the COVID-19 pandemic in the three and nine months ended September 30, 2021.

The COVID-19 pandemic has negatively impacted and may continue to impact our business in other ways, as we have experienced increased costs as a result of the COVID-19 pandemic, including, but not limited to, higher costs associated with providing a safe working environment for our employees (such as increased costs associated with the protection of our employees, including costs for additional safety equipment, hygiene products and enhanced facility cleaning), employee impacts from illness, supporting a remote administrative workforce, community response measures, the inability of customers to continue to pay for services, and temporary facility closures of our customers. Furthermore, residual macroeconomic effects associated with the pandemic have negatively impacted the global supply chain, labor markets and distribution networks leading to heightened inflation across labor, select services and goods, and capital investments. As of the date of this filing, we are unable to determine or predict the full extent of any possible continuing impact that the COVID-19 pandemic will have on our business, results of operations, liquidity and capital resources. Future developments, such as the possibility of continuing spread of COVID-19 across our geographic footprint, the administration rates and effectiveness of vaccinations, the severity and containment of certain COVID-19 variants along with the pace and extent to which the States in which we operate continue to facilitate a return to normal economic and operation conditions, are uncertain and cannot be predicted at this time.

Subsequent Events

We have evaluated subsequent events or transactions that have occurred after the consolidated balance sheet date of September 30, 2021 through the date of filing of the consolidated financial statements with the SEC on this Quarterly Report on Form 10-Q. We have determined that there are no subsequent events that require disclosure in this Quarterly Report on Form 10-Q.

2. ACCOUNTING CHANGES

A table providing a brief description of recent Accounting Standards Updates ("ASUs") to the Accounting Standards Codification (“ASC”) issued by the Financial Accounting Standards Board (“FASB”) that we adopted and deemed to have a material impact on our consolidated financial statements, or a possible material impact in the future, based on current account balances and activity follows:

Standard	Description	Effect on the Financial Statements or Other Significant Matters
Accounting standards adopted effective January 1, 2021		
ASU No. 2019-12: Income Taxes (Topic 740)	Reduces the complexity over accounting for income taxes by removing certain exceptions and amending guidance to improve consistent application of accounting over income taxes.	This guidance did not have a material impact on our consolidated financial statements and related disclosures upon adoption, but may in the future. This guidance was effective January 1, 2021.

A table providing a brief description of recent ASUs to the ASC issued by the FASB that are pending adoption and deemed to have a possible material impact on our consolidated financial statements based on current account balances and activity follows:

Standard	Description	Effect on the Financial Statements or Other Significant Matters
Accounting standards issued pending adoption		
ASU No. 2020-04: Reference Rate Reform (Topic 848), as amended through January 2021	Provides temporary optional guidance to ease the potential burden in applying GAAP to contract modifications and hedging relationships that reference London Inter-Bank Offered Rate ("LIBOR") or another reference rate expected to be discontinued, subject to meeting certain criteria.	We currently have interest rate derivative agreements with hedging relationships that reference LIBOR, which extend past the fiscal year ended December 31, 2021. We are currently assessing the provisions of this guidance as LIBOR is still in place and do not expect that its adoption will have a material impact on our consolidated financial statements and related disclosures. This guidance will be in effect from March 12, 2020 through December 31, 2022.

3. REVENUE RECOGNITION

Revenues associated with our solid waste operations are derived mainly from solid waste collection and disposal, landfill, landfill gas-to-energy, processing, transfer and recycling services in the northeastern United States. Effective January 1, 2021, we reorganized the Resource Solutions operating segment, which includes our larger-scale recycling and commodity brokerage operations along with our organics services and large scale commercial and industrial services, from our historical lines-of-service of recycling, organics and customer solutions into two lines-of-service: processing and non-processing.

Processing services consist of the receipt of recycled, sludge or other organic materials at one of our materials recovery, processing or disposal facilities, where it is then sorted, mixed and/or processed, and then disposed of or sold. Revenues from processing services are derived from municipalities and customers in the form of processing fees, tipping fees, commodity sales, and organic material sales.

Revenues from non-processing services are derived from brokerage services; overall resource management services providing a wide range of environmental services and zero waste solutions to large and complex organizations; and traditional collection, disposal and recycling services provided to large account multi-site customers. In brokerage arrangements, we act as an agent that facilitates the sale of recyclable materials between an inbound customer and an outbound customer. Revenues from the brokerage of recycled materials are recognized on a net basis at the time of shipment. In general, these fees are variable in nature.

Classification of revenues by service line reported in the three and nine months ended September 30, 2020 has been reclassified to conform with the presentation for the three and nine months ended September 30, 2021.

The following tables set forth revenues disaggregated by service line and timing of revenue recognition by operating segment for each of the three and nine months ended September 30, 2021 and 2020:

Three Months Ended September 30, 2021

	Eastern	Western	Resource Solutions	Total Revenues
Collection	$ 48,951	$ 69,921	$ —	$ 118,872
Landfill	6,622	18,201	—	24,823
Transfer	16,948	10,375	—	27,323
Transportation	54	3,393	—	3,447
Landfill gas-to-energy	269	984	—	1,253
Processing	2,310	649	27,418	30,377
Non-processing	—	—	35,874	35,874
Total revenues	$ 75,154	$ 103,523	$ 63,292	$ 241,969
Transferred at a point-in-time	$ 43	$ 296	$ 19,927	$ 20,266
Transferred over time	75,111	103,227	43,365	221,703
Total revenues	$ 75,154	$ 103,523	$ 63,292	$ 241,969

Three Months Ended September 30, 2020

	Eastern	Western	Resource Solutions	Total Revenues
Collection	$ 38,659	$ 63,611	$ —	$ 102,270
Landfill	5,694	17,880	—	23,574
Transfer	11,861	9,756	—	21,617
Transportation	61	2,348	—	2,409
Landfill gas-to-energy	210	777	—	987
Processing	1,838	356	15,701	17,895
Non-processing	—	—	33,915	33,915
Total revenues	$ 58,323	$ 94,728	$ 49,616	$ 202,667
Transferred at a point-in-time	$ 52	$ 347	$ 7,736	$ 8,135
Transferred over time	58,271	94,381	41,880	194,532
Total revenues	$ 58,323	$ 94,728	$ 49,616	$ 202,667

Nine Months Ended September 30, 2021

	Eastern	Western	Resource Solutions	Total Revenues
Collection	$ 124,389	$ 199,278	$ —	$ 323,667
Landfill	18,143	48,336	—	66,479
Transfer	39,847	27,498	—	67,345
Transportation	148	8,646	—	8,794
Landfill gas-to-energy	784	2,873	—	3,657
Processing	5,246	1,508	65,721	72,475
Non-processing	—	—	104,958	104,958
Total revenues	$ 188,557	$ 288,139	$ 170,679	$ 647,375
Transferred at a point-in-time	$ 125	$ 1,284	$ 44,964	$ 46,373
Transferred over time	188,432	286,855	125,715	601,002
Total revenues	$ 188,557	$ 288,139	$ 170,679	$ 647,375

Nine Months Ended September 30, 2020

	Eastern	Western	Resource Solutions	Total Revenues
Collection	$ 110,059	$ 180,778	$ —	$ 290,837
Landfill	13,807	49,409	—	63,216
Transfer	32,695	25,429	—	58,124
Transportation	159	8,472	—	8,631
Landfill gas-to-energy	793	2,138	—	2,931
Processing	4,290	992	45,724	51,006
Non-processing	—	—	99,599	99,599
Total revenues	$ 161,803	$ 267,218	$ 145,323	$ 574,344
Transferred at a point-in-time	$ 177	$ 949	$ 20,428	$ 21,554
Transferred over time	161,626	266,269	124,895	552,790
Total revenues	$ 161,803	$ 267,218	$ 145,323	$ 574,344

Payments to customers that are not in exchange for a distinct good or service are recorded as a reduction of revenues. Rebates to certain customers associated with payments for recycled or organic materials that are received and subsequently processed and sold to other third-parties amounted to $4,341 and $8,440 in the three and nine months ended September 30, 2021, respectively, and $1,018 and $3,555 in the three and nine months ended September 30, 2020, respectively. Rebates are generally recorded as a reduction of revenues upon the sale of such materials, or upon receipt of the recycled materials at our facilities. We did not record any revenues in the three and nine months ended September 30, 2021 or September 30, 2020 from performance obligations satisfied in previous periods.

Contract receivables, which are included in Accounts receivable, net are recorded when billed or when related revenue is earned, if earlier, and represent claims against third-parties that will be settled in cash. Accounts receivable, net includes gross receivables from contracts of $91,469 and $74,162 as of September 30, 2021 and December 31, 2020, respectively. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred as a contract liability until the services are provided and control transferred to the customer. We recognized contract liabilities of $3,422 and $2,685 as of September 30, 2021 and December 31, 2020, respectively. Due to the short term nature of advanced billings, substantially all of the deferred revenue recognized as a contract liability as of December 31, 2020 and December 31, 2019 was recognized as revenue during the nine months ended September 30, 2021 and September 30, 2020, respectively, when the services were performed.

4. BUSINESS COMBINATIONS

In the nine months ended September 30, 2021, we acquired the following businesses: a residential, commercial and roll-off collection business in eastern Connecticut that operates a rail-served construction and demolition processing and waste transfer facility, a waste transfer station, a single-stream recycling facility, and several other recycling operations whose assets and liabilities are allocated between our Eastern region and Resource Solutions operating segments; a solid-waste collection business that operates a waste transfer station, a septic and portable toilet business, and a tuck-in solid-waste collection business in our Eastern region; and a waste composting and food-scrap hauling business, a solid-waste collection business that operates a waste transfer station, and two tuck-in solid-waste collection businesses in our Western region. In the nine months ended September 30, 2020, we acquired six businesses: five tuck-in solid-waste collection businesses in our Western region and one recycling operation in our Resource Solutions operating segment. The operating results of the acquired businesses are included in the accompanying unaudited consolidated statements of operations from each date of acquisition, and the purchase price has been allocated to the net assets acquired based on fair values at each date of acquisition, with the residual amounts recorded as goodwill. Acquired intangible assets other than goodwill that are subject to amortization include client lists, trade names, and non-compete covenants. Such assets are amortized over a four-year to ten-year period from the date of acquisition. All amounts recorded to goodwill, except goodwill related to certain acquisitions, are expected to be deductible for tax purposes.

A summary of the purchase price paid and the purchase price allocation for these acquisitions follows:

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Purchase Price:		
Cash used in acquisitions, net of cash acquired	$ 150,364	$ 23,062
Contingent consideration	3,000	—
Holdbacks	1,865	3,387
Total	155,229	26,449
Allocated as follows:		
Current assets	7,260	227
Operating lease right-of-use assets	6,500	—
Land	803	895
Finance lease right-of-use-assets	31,467	—
Buildings and improvements	8,468	1,908
Equipment	42,458	10,006
Intangible assets	41,759	7,159
Other liabilities, net	(5,120)	(306)
Finance leases	(11,367)	—
Fair value of assets acquired and liabilities assumed	122,228	19,889
Excess purchase price allocated to goodwill	$ 33,001	$ 6,560

Certain purchase price allocations are preliminary and are based on information existing at the acquisition dates or upon closing the transaction. This includes purchase price allocations associated with the accounting for three acquisitions, acquired during the three months ended September 30, 2021, that have not yet been completed because we have not finalized the valuations of certain tangible and intangible assets, as well as the contingent consideration. Accordingly, these purchase price allocations are subject to change. Unaudited pro forma combined information that shows our operational results as though each acquisition completed since the beginning of the prior fiscal year had occurred as of January 1, 2020 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenues	$ 248,981	$ 225,580	$ 696,391	$ 646,004
Operating income	$ 26,996	$ 20,100	$ 59,526	$ 43,660
Net income	$ 14,996	$ 12,976	$ 26,542	$ 21,845
Basic earnings per share attributable to common stockholders:				
Weighted average common shares outstanding	51,389	48,370	51,312	48,241
Basic earnings per common share	$ 0.29	$ 0.27	$ 0.52	$ 0.45
Diluted earnings per share attributable to common stockholders:				
Weighted average common shares outstanding	51,586	48,619	51,506	48,481
Diluted earnings per common share	$ 0.29	$ 0.27	$ 0.52	$ 0.45

The unaudited pro forma results set forth in the table above have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations had the acquisitions occurred as of January 1, 2020 or of the results of our future operations. Furthermore, the unaudited pro forma results do not give effect to all cost savings or incremental costs that may occur as a result of the integration and consolidation of the completed acquisitions.

5. GOODWILL AND INTANGIBLE ASSETS

A summary of the activity and balances related to goodwill by reporting segment is as follows:

	December 31, 2020	Acquisitions	September 30, 2021
Eastern region	$ 30,873	$ 18,984	$ 49,857
Western region	149,984	10,156	160,140
Resource solutions	14,044	3,888	17,932
Total	$ 194,901	$ 33,028	$ 227,929

Summaries of intangible assets by type follows:

	Covenants Not-to-Compete	Client Lists	Trade Names	Total
Balance, September 30, 2021				
Intangible assets	$ 29,514	$ 109,676	$ 8,350	$ 147,540
Less accumulated amortization	(21,752)	(32,298)	(582)	(54,632)
	$ 7,762	$ 77,378	$ 7,768	$ 92,908

	Covenants Not-to-Compete	Client Lists	Total
Balance, December 31, 2020			
Intangible assets	$ 26,971	$ 78,809	$ 105,780
Less accumulated amortization	(20,547)	(26,909)	(47,456)
	$ 6,424	$ 51,900	$ 58,324

Intangible amortization expense was $3,133 and $7,175 during the three and nine months ended September 30, 2021, respectively, and $2,265 and $6,580 during the three and nine months ended September 30, 2020, respectively.

A summary of intangible amortization expense estimated for the five fiscal years following fiscal year 2020 and thereafter follows:

Estimated Future Amortization Expense as of September 30, 2021	
Fiscal year ending December 31, 2021	$ 3,694
Fiscal year ending December 31, 2022	$ 14,007
Fiscal year ending December 31, 2023	$ 12,970
Fiscal year ending December 31, 2024	$ 12,634
Fiscal year ending December 31, 2025	$ 11,945
Thereafter	$ 37,658

6. ACCRUED FINAL CAPPING, CLOSURE AND POST CLOSURE

Accrued final capping, closure and post-closure costs include the current and non-current portion of costs associated with obligations for final capping, closure and post-closure of our landfills. We estimate our future final capping, closure and post-closure costs in order to determine the final capping, closure and post-closure expense per ton of waste placed into each landfill. The anticipated time frame for paying these costs varies based on the remaining useful life of each landfill as well as the duration of the post-closure monitoring period.

A summary of the changes to accrued final capping, closure and post-closure liabilities follows:

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Beginning balance	$ 82,533	$ 71,927
Obligations incurred	3,638	2,820
Revision in estimates (1)	—	152
Accretion expense	5,496	4,826
Obligations settled (2)	(5,394)	(2,706)
Ending balance	$ 86,273	$ 77,019

(1) Relates to changes in estimated costs and timing of final capping, closure and post-closure activities at the Town of Southbridge, Massachusetts landfill. See Note 8, *Commitments and Contingencies* and Note 11, *Other Items and Charges* for further discussion.

(2) May include amounts that are being processed through accounts payable as a part of our disbursements cycle.

7. DEBT

A summary of debt is as follows:

	September 30, 2021	December 31, 2020
Senior Secured Credit Facility:		
Revolving line of credit facility ("Revolving Credit Facility") due May 2023; bearing interest at LIBOR plus 1.50%	$ —	$ —
Term loan A facility ("Term Loan Facility") due May 2023; bearing interest at LIBOR plus 1.50%	347,375	350,000
Tax-Exempt Bonds:		
New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2014 ("New York Bonds 2014R-1") due December 2044 - fixed rate interest period through 2029; bearing interest at 2.875%	25,000	25,000
New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2014R-2 ("New York Bonds 2014R-2") due December 2044 - fixed rate interest period through 2026; bearing interest at 3.125%	15,000	15,000
New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2020 ("New York Bonds 2020") due September 2050 - fixed rate interest period through 2025; bearing interest at 2.750%	40,000	40,000
Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-3 ("FAME Bonds 2005R-3") due January 2025 - fixed rate interest period through 2025; bearing interest at 5.25%	25,000	25,000
Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2015R-1 ("FAME Bonds 2015R-1") due August 2035 - fixed rate interest period through 2025; bearing interest at 5.125%	15,000	15,000
Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2015R-2 ("FAME Bonds 2015R-2") due August 2035 - fixed rate interest period through 2025; bearing interest at 4.375%	15,000	15,000
Vermont Economic Development Authority Solid Waste Disposal Long-Term Revenue Bonds Series 2013 ("Vermont Bonds") due April 2036 - fixed rate interest period through 2028; bearing interest at 4.625%	16,000	16,000
Business Finance Authority of the State of New Hampshire Solid Waste Disposal Revenue Bonds Series 2013 ("New Hampshire Bonds") due April 2029 - fixed rate interest period through 2029; bearing interest at 2.95%	11,000	11,000
Other:		
Finance leases maturing through December 2107; bearing interest at a weighted average of 3.6%	44,804	31,486
Notes payable maturing through June 2027; bearing interest at a weighted average of 3.4%	4,377	4,933
Principal amount of debt	558,556	548,419
Less—unamortized debt issuance costs (1)	7,053	8,768
Debt less unamortized debt issuance costs	551,503	539,651
Less—current maturities of debt	16,751	9,240
	$ 534,752	$ 530,411

(1) A summary of unamortized debt issuance costs by debt instrument follows:

	September 30, 2021	December 31, 2020
Revolving Credit Facility and Term Loan Facility (collectively, the "Credit Facility")	$ 2,609	$ 3,839
New York Bonds 2014R-1	950	1,000
New York Bonds 2014R-2	283	329
New York Bonds 2020	1,328	1,461
FAME Bonds 2005R-3	283	347
FAME Bonds 2015R-1	430	482
FAME Bonds 2015R-2	287	343
Vermont Bonds	446	487
New Hampshire Bonds	437	480
	$ 7,053	$ 8,768

Credit Facility

As of September 30, 2021, we are party to a credit agreement ("Credit Agreement"), which provides for a $350,000 aggregate principal amount Term Loan Facility and a $200,000 Revolving Credit Facility. We have the right to request, at our discretion, an increase in the amount of loans under the Credit Facility by an aggregate amount of $125,000, subject to the terms and conditions set forth in the Credit Agreement. The Credit Facility has a 5-year term that matures in May 2023 and bears interest at a rate of LIBOR plus 1.50% per annum, which will be reduced to a rate of LIBOR plus as low as 1.25% upon us reaching a consolidated net leverage ratio of less than 2.25x. The Credit Facility is guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries and secured by substantially all of our assets. As of September 30, 2021, further advances were available under the Credit Facility in the amount of $172,030. The available amount is net of outstanding irrevocable letters of credit totaling $27,970, and as of September 30, 2021 no amount had been drawn.

The Credit Agreement requires us to maintain a minimum interest coverage ratio and a maximum consolidated net leverage ratio, to be measured at the end of each fiscal quarter. As of September 30, 2021, we were in compliance with the covenants contained in the Credit Agreement. In addition to these financial covenants, the Credit Agreement also contains a number of important customary affirmative and negative covenants which restrict, among other things, our ability to sell assets, incur additional debt, create liens, make investments, and pay dividends. We do not believe that these restrictions impact our ability to meet future liquidity needs.

Cash Flow Hedges

Our strategy to reduce exposure to interest rate risk involves entering into interest rate derivative agreements to hedge against adverse movements in interest rates related to the variable rate portion of our long-term debt. We have designated these derivative instruments as highly effective cash flow hedges, and therefore the change in fair value is recorded in our stockholders’ equity as a component of accumulated other comprehensive loss and included in interest expense at the same time as interest expense is affected by the hedged transactions. Differences paid or received over the life of the agreements are recorded as additions to or reductions of interest expense on the underlying debt and included in cash flows from operating activities.

As of September 30, 2021 and December 31, 2020, our active interest rate derivative agreements had total notional amounts of $195,000 and $190,000, respectively. According to the terms of the agreements, we receive interest based on the 1-month LIBOR index and pay interest at a weighted average rate of approximately 2.51% as of September 30, 2021. The agreements mature between February 2022 and December 2026. As of September 30, 2021 and December 31, 2020, we had forward starting interest rate derivative agreements with total notional amounts of $85,000 and $125,000, respectively. According to the terms of the agreements, we receive interest based on the 1-month LIBOR index, restricted by a 0.0% floor, and will pay interest at a weighted average rate of approximately 1.55%. The agreements mature between February 2027 and May 2028.

A summary of the effect of cash flow hedges related to derivative instruments on the consolidated balance sheet follows:

		Fair Value	
	Balance Sheet Location	September 30, 2021	December 31, 2020
Interest rate swaps	Other non-current assets	$ 228	$ —
Interest rate swaps	Other accrued liabilities	$ 4,612	$ 4,774
Interest rate swaps	Other long-term liabilities	2,992	8,463
		$ 7,604	$ 13,237
Interest rate swaps	Accumulated other comprehensive loss, net of tax	$ (7,568)	$ (13,434)
Interest rate swaps - tax effect	Accumulated other comprehensive loss, net of tax	538	1,917
		$ (7,030)	$ (11,517)

A summary of the amount of expense on cash flow hedging relationships related to interest rate swaps reclassified from accumulated other comprehensive loss into earnings follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Statement of Operations Location	2021	2020	2021	2020
Interest expense	$ 1,204	$ 1,156	$ 3,551	$ 2,513

8. COMMITMENTS AND CONTINGENCIES

In the ordinary course of our business and as a result of the extensive governmental regulation of the solid waste industry, we are subject to various judicial and administrative proceedings involving state and local agencies. In these proceedings, an agency may seek to impose fines or to revoke or deny renewal of an operating permit held by us. From time to time, we may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills and transfer stations, or allegations of environmental damage or violations of the permits and licenses pursuant to which we operate. In addition, we may be named defendants in various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the ordinary operation of a waste management business.

In accordance with FASB ASC 450 - Contingencies, we accrue for legal proceedings, inclusive of legal costs, when losses become probable and reasonably estimable. As of the end of each applicable reporting period, we review each of our legal proceedings to determine whether it is probable, reasonably possible or remote that a liability has been incurred and, if it is at least reasonably possible, whether a range of loss can be reasonably estimated under the provisions of FASB ASC 450-20. In instances where we determine that a loss is probable and we can reasonably estimate a range of loss we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate of the possible loss. If we are able to reasonably estimate a range, but no amount within the range appears to be a better estimate than any other, we record an accrual in the amount that is the low end of such range. When a loss is reasonably possible, but not probable, we will not record an accrual, but we will disclose our estimate of the possible range of loss where such estimate can be made in accordance with FASB ASC 450-20.

Legal Proceedings

North Country Environmental Services vs. New Hampshire Citizens Group

On or about March 8, 2018, NELC and the Conservation Law Foundation ("CLF") (the "NH Citizen Groups") delivered correspondence to our subsidiary, North Country Environmental Services, Inc. ("NCES"), and us, providing notice of the NH Citizen Groups' intent to sue NCES and us for violations of the CWA in conjunction with NCES's operation of its landfill in Bethlehem, New Hampshire ("NCES Landfill"). On May 14, 2018, the NH Citizen Groups filed a lawsuit against NCES and us in the United States District Court for the District of New Hampshire (the “New Hampshire Court”) alleging violations of the CWA, arguing that ground water discharging into the Ammonoosuc River is a "point source" under the CWA (the "New Hampshire Litigation"). The New Hampshire Litigation seeks remediation and fines under the CWA and an order requiring NCES to seek a Federal National Pollutant Discharge Elimination System permit for the operation of the NCES Landfill. On June 15, 2018, we and NCES filed a Motion to Dismiss the New Hampshire Litigation. On July 13, 2018, the NH Citizen Groups filed objections to our Motion to Dismiss. On July 27, 2018, we filed a reply in support of our Motion to Dismiss. On September 25, 2018, the New Hampshire Court denied our Motion to Dismiss. In March of 2019, we filed a motion in the New Hampshire Litigation asking for a stay of this litigation until certain appeals from discordant federal circuit courts were heard by the Supreme Court of the United States (“SCOTUS”), in the case identified as “County of Maui v. Hawaii Wildlife Fund (“MAUI”)". Our motion for a stay was granted in the New Hampshire Litigation, and SCOTUS heard the case in 2019 and issued a ruling on April 23, 2020. SCOTUS remanded the case to the U.S. Court of Appeals for the Ninth Circuit in San Francisco (the “Circuit Court”) ruling that the Circuit Court’s standard as to whether ground water impacts to navigable waters is too broad. We do not believe that the MAUI decision resolves the issues presented in the New Hampshire Litigation, and until the Circuit Court rules in the remanded MAUI case, we intend to continue to vigorously defend against the New Hampshire Litigation, which we believe is without merit. The NH Citizens Groups filed a motion with the New Hampshire Court on July 15, 2020 to amend their complaint based on MAUI. The New Hampshire Court granted the NH Citizen Groups' motion on September 2, 2020 and encouraged the parties to file motions for summary judgment. We filed our Motion for Summary Judgment on November 20, 2020 and the NH Citizens Groups filed a Motion for Summary Judgment on February 19, 2021. A hearing on motions for summary judgment was held on May 14, 2021. On May 24, 2021 the NH Citizens Group submitted a post-hearing filing requesting that the New Hampshire Court consider purported supplemental material facts discovered after the hearing, and to provide a response to questions posed by the Court at the hearing, in response to which we filed a Motion to Strike on June 2, 2021. The NH Citizens Group filed an Objection to the Motion to Strike on June 8, 2021. We filed a response on June 25, 2021. On August 11, 2021, the New Hampshire Court denied the parties’ Motions for Summary Judgment and denied as moot the NH Citizens Groups’ request that the Court consider purported supplemental material facts and NCES’s Motion to Strike. We filed a Motion for Partial Reconsideration on September 7, 2021, and on September 22, 2021 we filed a Motion to Temporarily Suspend the Procedural Schedule (assented to by the NH Citizens Groups) to allow the parties the opportunity to engage in settlement negotiations, which was granted by the New Hampshire Court on October 5, 2021.

North Country Environmental Services Expansion Permit

On October 9, 2020, NCES received a Type I-A Permit Modification for Expansion in the Stage VI area of the NCES Landfill (the “Permit”). On November 9, 2020, CLF filed an appeal of the Permit to the New Hampshire Waste Management Council (the “Council”) on the grounds it failed to meet the public benefit criteria. On January 19, 2021, CLF filed a Complaint for Injunctive Relief with the Grafton Superior Court to enjoin NCES from accepting waste pursuant to the new Permit until such a time as CLF has exhausted its appeal rights. A hearing on the Complaint for Injunctive Relief was held on March 10, 2021; the Grafton Superior Court denied the motion on May 14, 2021. CLF did not appeal this decision. The Council denied NCES’s Motion to Dismiss CLF’s appeal for lack of standing by Order dated March 17, 2021. NCES filed a Motion to Reconsider on March 26, 2021, which was denied by the Council on May 11, 2021. A prehearing conference was held and a schedule for the case was established on June 8, 2021. NCES filed a Motion to Dismiss on the merits of the appeal on June 30, 2021, and will continue to vigorously defend against this litigation pending the Council’s ruling. On July 16, 2021, CLF filed its objection to the Motion to Dismiss, and NCES filed its reply on July 26, 2021. The Council issued an Order on September 3, 2021 granting NCES’s Motion to Dismiss, in part. CLF filed a Motion for Reconsideration on September 23, 2021, and NCES filed its objection on September 28, 2021 and CLF filed a reply on September 30, 2021. A hearing on the merits is expected to take place in February 2022.

Hakes Landfill Litigation

On or about December 19, 2019, the New York State Department of Environmental Conservation (“Department”) issued certain permits to us to expand the landfill owned and operated by Hakes C&D Disposal Inc. in the Town of Campbell, Steuben County, New York (“Hakes Landfill”). The permits authorize approximately five years of expansion capacity at the Hakes Landfill. The authorizations issued by the Department followed approvals issued by the Town of Campbell Planning Board (“Planning Board”) in January 2019, and the Town Board of the Town of Campbell (“Town Board”) in March 2019, granting site plan review and a zoning change for the project.

Litigation was commenced by the Sierra Club, several other non-governmental organizations, and several individuals (“the Petitioners”), challenging the approvals issued by the Department, the Planning Board and the Town Board in New York State Supreme Court, Steuben County (the “Hakes Litigation”). The challenge was based upon allegations that the agencies issuing these approvals did not follow the requirements of Article 8 of the Environmental Conservation Law of the State of New York, the State Environmental Quality Review Act, by failing to address certain radioactivity issues alleged by Petitioners to be associated with certain drilling wastes authorized for disposal at the Hakes Landfill. The Department opposed the Hakes Litigation on procedural grounds. We and the Town of Campbell opposed the Hakes Litigation on the merits, and on July 31, 2020, the Court dismissed the Hakes Litigation on the merits. The Petitioners filed a notice of appeal. The time to appeal expired on February 10, 2021, and the attorney for the Petitioners confirmed that they are not pursuing the appeal. Accordingly, all approvals issued for the expansion project are now final and binding.

Ontario County, New York Class Action Litigation

On or about September 17, 2019, Richard Vandemortel and Deb Vandemortel ("Named Plaintiffs") filed a class action complaint against us in Ontario County Supreme Court (the "New York Court") on behalf of similarly situated citizens ("Class Members") in Ontario County, New York (the "New York Litigation"). The New York Litigation alleges that over one thousand (1,000) citizens constitute the putative class in the New York Litigation, and it seeks damages for diminution of property values and infringement of the putative class’ rights to live without interference to their daily lives due to odors emanating from the Subtitle D landfill located in Seneca, New York, which is operated by us pursuant to a long-term Operation, Maintenance and Lease Agreement with Ontario County. The New York Litigation was served on us on October 14, 2019, and the parties commenced settlement negotiations in early 2020. On December 1, 2020, the parties entered into a settlement agreement (the "Settlement Agreement") and thereafter the Named Plaintiffs and Class Members' counsel ("Counsel") moved the New York Court for entry of the Order on Notice/Preliminary Approvals. A settlement fairness hearing was held on July 7, 2021, and the judge issued an Order and Final Judgment that was filed on July 8, 2021. The settlement includes a $750 payment to a Qualified Settlement Fund for the benefit of Counsel and one-time lump sum payments to the Named Plaintiffs and Class Members who opt into the Settlement Agreement. We also committed $900 in expenses and capital improvements for remediation measures to be completed by December 31, 2022.

Conservation Law Foundation, Inc. v Robert R. Scott, Commissioner, New Hampshire Department of Environmental Services

On or about February 11, 2021, the CLF filed a complaint against Robert R. Scott, Commissioner of the New Hampshire Department of Environmental Services (“DES”), in the Merrimac County Superior Court. The complaint alleges that DES has failed to comply with the duty to establish and update a solid waste plan for the State of New Hampshire, and the duty to rely on that solid waste plan in determining whether to grant permits for proposed waste disposal facilities, and seeks a declaratory judgment that DES is violating statutory solid waste planning and regulatory requirements; a writ of mandamus ordering DES to achieve compliance with the statutory solid waste plan requirement; and an order enjoining DES from reviewing, and issuing decisions on, permit applications for new or expanded waste facilities, including a landfill under development by us in Dalton, New Hampshire, as well as any further review and decision-making required for permits it has already granted, including our NCES Landfill, until it has a legally valid state solid waste plan. On or about February 16, 2021, our subsidiary, Granite State Landfill, LLC, filed a Motion to Intervene in the action, which was granted by the Merrimac County Superior Court on February 17, 2021. A hearing on CLF's request for preliminary injunctive relief and the parties' motions to dismiss was held April 9, 2021. The Court issued a decision on May 14, 2021 granting the defendants’ Motions to Dismiss. CLF filed a Motion for Reconsideration which was denied by the Court on July 13, 2021.

Environmental Remediation Liability

We are subject to liability for environmental damage, including personal injury and property damage, that our solid waste, recycling and power generation facilities may cause to neighboring property owners, particularly as a result of the contamination of drinking water sources or soil, possibly including damage resulting from conditions that existed before we acquired the facilities. We may also be subject to liability for similar claims arising from off-site environmental contamination caused by pollutants or hazardous substances if we or our predecessors arrange or arranged to transport, treat or dispose of those materials. The following matters represent our material outstanding claims.

Southbridge Recycling & Disposal Park, Inc.

In October 2015, our Southbridge Recycling and Disposal Park, Inc. ("SRD") subsidiary reported to the Massachusetts Department of Environmental Protection ("MADEP") results of analysis of samples collected pursuant to our existing permit from private drinking water wells located near the Town of Southbridge, Massachusetts ("Town") Landfill ("Southbridge Landfill"), which was operated by SRD and later closed in November 2018 when Southbridge Landfill reached its final capacity. Those results indicated the presence of contaminants above the levels triggering notice and response obligations under MADEP regulations. In response to those results, we carried out an Immediate Response Action pursuant to Massachusetts General Law Chapter 21E (the "Charlton 21E Obligations"). Further, we implemented a plan to analyze and better understand the groundwater near the Southbridge Landfill and we investigated with the objective of identifying the source or sources of the elevated levels of contamination measured in the well samples.

We entered into an Administrative Consent Order on April 26, 2017 (the "ACO"), with MADEP, the Town, and the Town of Charlton, committing us to equally share the costs with MADEP, of up to $10,000 ($5,000 each) for the Town to install a municipal waterline in the Town of Charlton ("Waterline"). Upon satisfactory completion of that Waterline, and other matters covered by the ACO, we and the Town will be released by MADEP from any future responsibilities for the Charlton 21E Obligations. We also entered into an agreement with the Town on April 28, 2017 entitled the "21E Settlement and Water System Construction Funding Agreement" (the "Waterline Agreement"), wherein we and the Town released each other from claims arising from the Charlton 21E Obligations. Pursuant to the Waterline Agreement, the Town issued a twenty (20) year bond for our portion of the Waterline costs in the amount of $4,089. We have agreed to reimburse the Town for periodic payments under such bond. Construction of the Waterline is complete and homeowners are relying on municipal water supply. Bond reimbursement to the Town commenced in the quarter ended June 30, 2020.

We have recorded an environmental remediation liability related to our obligation associated with installation of the Waterline in other accrued liabilities and other long-term liabilities. We inflate the estimated costs in current dollars to the expected time of payment and discount the total cost to present value using a risk-free interest rate of 2.6%. Our expenditures could be significantly higher if costs exceed estimates.

A summary of the changes to the environmental remediation liability associated with the Southbridge Landfill follows:

	Nine Months Ended September 30,	
	2021	**2020**
Beginning balance	$ 4,261	$ 4,596
Accretion expense	82	90
Obligations incurred	—	28
Revision in estimates (1)	—	(188)
Obligations settled (2)	(281)	(293)
Ending balance	$ 4,062	$ 4,233

(1) The revision in estimates is associated with the completion of the environmental remediation at the site. See Note 11, *Other Items and Charges* to our consolidated financial statements for further discussion.

(2) May include amounts that are being processed through accounts payable as a part of our disbursements cycle.

The costs and liabilities we may be required to incur in connection with the foregoing Southbridge Landfill matters could be material to our results of operations, our cash flows and our financial condition.

Potsdam Environmental Remediation Liability

On December 20, 2000, the State of New York Department of Environmental Conservation (“DEC”) issued an Order on Consent (“Order”) which named Waste-Stream, Inc. (“WSI”), our subsidiary, General Motors Corporation and Niagara Mohawk Power Corporation (“NiMo”) as Respondents. The Order required that the Respondents undertake certain work on a 25-acre scrap yard and solid waste transfer station owned by WSI in Potsdam, New York, including the preparation of a Remedial Investigation and Feasibility Study (“Study”). A draft of the Study was submitted to the DEC in January 2009 (followed by a final report in May 2009). The Study estimated that the undiscounted costs associated with implementing the preferred remedies would be approximately $10,219. On February 28, 2011, the DEC issued a Proposed Remedial Action Plan for the site and accepted public comments on the proposed remedy through March 29, 2011. We submitted comments to the DEC on this matter. In April 2011, the DEC issued the final Record of Decision (“ROD”) for the site. The ROD was subsequently rescinded by the DEC for failure to respond to all submitted comments. The preliminary ROD, however, estimated that the present cost associated with implementing the preferred remedies would be approximately $12,130. The DEC issued the final ROD in June 2011 with proposed remedies consistent with its earlier ROD. An Order on Consent and Administrative Settlement naming WSI and NiMo as Respondents was executed by the Respondents and DEC with an effective date of October 25, 2013. On January 29, 2016, a Cost-Sharing Agreement was executed between WSI, NiMo, Alcoa Inc. (“Alcoa”) and Reynolds Metal Company (“Reynolds”) whereby Alcoa and Reynolds elected to voluntarily participate in the onsite remediation activities at a combined 15% participant share. The majority of the remediation work has been completed as of September 30, 2021. WSI is jointly and severally liable with NiMo, Alcoa and Reynolds for the total cost to remediate.

We have recorded an environmental remediation liability associated with the Potsdam site based on incurred costs to date and estimated costs to complete the remediation in other accrued liabilities and other long-term liabilities. We inflate the estimated costs in current dollars to the expected time of payment and discount the total cost to present value using a risk-free interest rate of 1.9%. The environmental remediation liability associated with the Potsdam site was $939 as of both September 30, 2021 and December 31, 2020.

9. STOCKHOLDERS' EQUITY

Stock Based Compensation

Shares Available For Issuance

In the fiscal year ended December 31, 2016, we adopted the 2016 Incentive Plan (“2016 Plan”). Under the 2016 Plan, we may grant awards up to an aggregate amount of shares equal to the sum of: (i) 2,250 shares of Class A common stock (subject to adjustment in the event of stock splits and other similar events), plus (ii) such additional number of shares of Class A common stock (up to 2,723 shares) as is equal to the sum of the number of shares of Class A common stock that remained available for grant under the 2006 Stock Incentive Plan (“2006 Plan”) immediately prior to the expiration of the 2006 Plan and the number of shares of Class A common stock subject to awards granted under the 2006 Plan that expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by us. As of September 30, 2021, there were 932 Class A common stock equivalents available for future grant under the 2016 Plan.

Stock Options

Stock options are granted at a price equal to the prevailing fair value of our Class A common stock at the date of grant. Generally, stock options granted have a term not to exceed ten years and vest over a one-year to four-year period from the date of grant.

The fair value of each stock option granted is estimated using a Black-Scholes option-pricing model, which requires extensive use of accounting judgment and financial estimation, including estimates of the expected term stock option holders will retain their vested stock options before exercising them and the estimated volatility of our Class A common stock price over the expected term.

A summary of stock option activity follows:

	Stock Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding, December 31, 2020	90	$ 8.91		
Granted	8	$ 68.78		
Exercised	(19)	$ 8.36		
Forfeited	—	$ —		
Outstanding, September 30, 2021	79	$ 15.41	4.6	$ 4,779
Exercisable, September 30, 2021	71	$ 9.06	4.0	$ 4,719

Stock-based compensation expense related to stock options was $11 and $11 during the three and nine months ended September 30, 2021, respectively. We did not record any stock-based compensation expense for stock options during the three and nine months ended and September 30, 2020. As of September 30, 2021, we had $188 of unrecognized stock-based compensation expense related to outstanding stock options to be recognized over a weighted average period of 2.8 years.

During the three and nine months ended September 30, 2021, the aggregate intrinsic value of stock options exercised was $733 and $1,181, respectively.

Other Stock Awards

Restricted stock awards, restricted stock units and performance stock units, with the exception of market-based performance stock units, are granted at a price equal to the fair value of our Class A common stock at the date of grant. The fair value of each market-based performance stock unit is estimated using a Monte Carlo pricing model, which requires extensive use of accounting judgment and financial estimation, including the estimated share price appreciation plus, if applicable, the value of dividends of our Class A common stock as compared to the Russell 2000 Index over the requisite service period.

Generally, restricted stock awards granted to non-employee directors vest incrementally over a three year period beginning on the first anniversary of the date of grant. Restricted stock units granted to non-employee directors vest in full on the first anniversary of the grant date. Restricted stock units granted to employees vest incrementally over an identified service period beginning on the grant date based on continued employment. Performance stock units granted to employees, including market-based performance stock units, vest at a future date following the grant date and are based on the attainment of performance targets and market achievements, as applicable.

A summary of restricted stock, restricted stock unit and performance stock unit activity follows:

	Restricted Stock, Restricted Stock Units, and Performance Stock Units (1)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding, December 31, 2020	307	$ 41.55		
Granted	108	$ 67.65		
Class A Common Stock Vested	(82)	$ 35.44		
Forfeited	(8)	$ 51.22		
Outstanding, September 30, 2021	325	$ 51.56	1.8	$ 24,647
Unvested, September 30, 2021	590	$ 51.26	1.5	$ 44,796

(1) Market-based performance stock unit grants are included at the 100% attainment level. Attainment of the maximum performance targets and market achievements would result in the issuance of an additional 265 shares of Class A common stock currently included in unvested.

Stock-based compensation expense related to restricted stock, restricted stock units and performance stock units was $2,576 and $8,505 during the three and nine months ended September 30, 2021, respectively, as compared to $1,898 and $5,175 during the three and nine months ended September 30, 2020, respectively.

During the three and nine months ended September 30, 2021, the total fair value of other stock awards vested was $71 and $5,364, respectively.

As of September 30, 2021, total unrecognized stock-based compensation expense related to outstanding restricted stock was $96, which will be recognized over a weighted average period of 2.1 years. As of September 30, 2021, total unrecognized stock-based compensation expense related to outstanding restricted stock units was $4,931, which will be recognized over a weighted average period of 1.9 years. As of September 30, 2021, total expected unrecognized stock-based compensation expense related to outstanding performance stock units was $8,137 to be recognized over a weighted average period of 1.8 years.

We also recorded $67 and $196 of stock-based compensation expense related to our Amended and Restated 1997 Employee Stock Purchase Plan during the three and nine months ended September 30, 2021, respectively, as compared to $67 and $171 during the three and nine months ended September 30, 2020, respectively.

Accumulated Other Comprehensive Loss, Net of Tax

A summary of the changes in the balances of each component of accumulated other comprehensive loss, net of tax follows:

	Interest Rate Swaps
Balance, December 31, 2020	$ (11,517)
Other comprehensive income before reclassifications	2,315
Amounts reclassified from accumulated other comprehensive loss	3,551
Income tax provision related to items of other comprehensive income	(1,379)
Net current-period other comprehensive income	4,487
Balance, September 30, 2021	$ (7,030)

A summary of reclassifications out of accumulated other comprehensive loss, net of tax follows:

Details About Accumulated Other Comprehensive Loss Components	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	Affected Line Item in the Consolidated Statements of Operations
	Amounts Reclassified Out of Accumulated Other Comprehensive Loss				
Interest rate swaps	$ 1,204	$ 1,156	$ 3,551	$ 2,513	Interest expense
	(1,204)	(1,156)	(3,551)	(2,513)	Income before income taxes
	(496)	—	(765)	112	Provision for income taxes
	$ (708)	$ (1,156)	$ (2,786)	$ (2,625)	Net income

10. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the combined weighted average number of common shares and potentially dilutive shares, which include the assumed exercise of employee stock options, unvested restricted stock awards, unvested restricted stock units and unvested performance stock units, including market-based performance units based on the expected achievement of performance targets. In computing diluted earnings per share, we utilize the treasury stock method.

A summary of the numerator and denominators used in the computation of earnings per share follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Numerator:				
Net income	$ 15,861	$ 15,117	$ 31,955	$ 28,189
Denominators:				
Number of shares outstanding, end of period:				
Class A common stock	50,410	47,384	50,410	47,384
Class B common stock	988	988	988	988
Unvested restricted stock	(2)	(2)	(2)	(2)
Effect of weighted average shares outstanding	(7)	—	(84)	(129)
Basic weighted average common shares outstanding	51,389	48,370	51,312	48,241
Impact of potentially dilutive securities:				
Dilutive effect of stock options and other stock awards	197	249	194	240
Diluted weighted average common shares outstanding	51,586	48,619	51,506	48,481
Anti-dilutive potentially issuable shares	12	—	12	1

11. OTHER ITEMS AND CHARGES

Expense from Acquisition Activities

In the three and nine months ended September 30, 2021, we recorded charges of $1,904 and $3,950, respectively, and in the three and nine months ended September 30, 2020 we recorded charges of $173 and $1,533, respectively, comprised primarily of legal, consulting and other similar costs associated with the acquisition and integration of acquired businesses or select development projects.

Southbridge Landfill Closure Charge

In 2017, we initiated the plan to cease operations of the Southbridge Landfill and later closed it in November 2018 when Southbridge Landfill reached its final capacity. Accordingly, in the three and nine months ended September 30, 2021, we recorded charges of $302 and $653, respectively, associated with legal and other costs pertaining to various matters as part of the unplanned early closure of the Southbridge Landfill through completion of the closure process. In the three and nine months ended September 30, 2020, we recorded charges of $2,642 and $3,815, respectively, comprised of the following: $642 and $1,851, respectively, of legal and other costs pertaining to various matters as part of the unplanned early closure of the Southbridge Landfill through completion of the closure process, a charge of $2,000 in both the three and nine months ended September 30, 2020 associated with a settlement pertaining to the Southbridge Landfill, a charge of $152 in the nine months ended September 30, 2020 due to changes in estimated costs and timing of final capping, closure and post-closure activities at the Southbridge Landfill, and a recovery of $(188) in the nine months ended September 30, 2020 associated with the completion of the environmental remediation at the site.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

We use a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

We use valuation techniques that maximize the use of market prices and observable inputs and minimize the use of unobservable inputs. In measuring the fair value of our financial assets and liabilities, we rely on market data or assumptions that we believe market participants would use in pricing an asset or a liability.

Assets and Liabilities Accounted for at Fair Value

Our financial instruments include cash and cash equivalents, accounts receivable, restricted investment securities held in trust on deposit with various banks as collateral for our obligations relative to our landfill final capping, closure and post-closure costs, interest rate swaps, trade payables and long-term debt. The carrying values of cash and cash equivalents, accounts receivable and trade payables approximate their respective fair values due to their short-term nature. The fair value of restricted investment securities held in trust, which are valued using quoted market prices, are included as restricted assets in the Level 1 tier below. The fair value of the interest rate swaps included in the Level 2 tier below is calculated using discounted cash flow valuation methodologies based upon the one-month LIBOR yield curves that are observable at commonly quoted intervals for the full term of the swaps.

Recurring Fair Value Measurements

Summaries of our financial assets and liabilities that are measured at fair value on a recurring basis follow:

	Fair Value Measurement at September 30, 2021 Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Restricted investment securities - landfill closure	$ 1,948	$ —	$ —
Interest rate swaps	—	228	—
	$ 1,948	$ 228	$ —
Liabilities:			
Interest rate swaps	$ —	$ 7,604	$ —

	Fair Value Measurement at December 31, 2020 Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Restricted investment securities - landfill closure	$ 1,848	$ —	$ —
Liabilities:			
Interest rate swaps	$ —	$ 13,237	$ —

Fair Value of Debt

As of September 30, 2021, the fair value of our fixed rate debt, including our FAME Bonds 2005R-3, FAME Bonds 2015R-1, FAME Bonds 2015R-2, Vermont Bonds, New York Bonds 2014R-1, New York Bonds 2014R-2, New York Bonds 2020 and New Hampshire Bonds was approximately $177,501 and the carrying value was $162,000. The fair value of the FAME Bonds 2005R-3, the FAME Bonds 2015R-1, the FAME Bonds 2015R-2, the Vermont Bonds, the New York Bonds 2014R-1, the New York Bonds 2014R-2, New York Bonds 2020 and the New Hampshire Bonds is considered to be Level 2 within the fair value hierarchy as the fair value is determined using market approach pricing provided by a third-party that utilizes pricing models and pricing systems, mathematical tools and judgment to determine the evaluated price for the security based on the market information of each of the bonds or securities with similar characteristics.

As of September 30, 2021, the carrying value of our Term Loan Facility was $347,375 and the carrying value of our Revolving Credit Facility was $0. Their fair values are based on current borrowing rates for similar types of borrowing arrangements, or Level 2 inputs, and approximate their carrying values.

Although we have determined the estimated fair value amounts of FAME Bonds 2005R-3, FAME Bonds 2015R-1, FAME Bonds 2015R-2, Vermont Bonds, New York Bonds 2014R-1, New York Bonds 2014R-2, New York Bonds 2020 and New Hampshire Bonds using available market information and commonly accepted valuation methodologies, a change in available market information, and/or the use of different assumptions and/or estimation methodologies could have a material effect on the estimated fair values. These amounts have not been revalued, and current estimates of fair value could differ significantly from the amounts presented.

13. SEGMENT REPORTING

We report selected information about our reportable operating segments in a manner consistent with that used for internal management reporting. We classify our solid waste operations on a geographic basis through regional operating segments, our Western and Eastern regions. Revenues associated with our solid waste operations are derived mainly from solid waste collection, transfer, transportation and disposal, landfill gas-to-energy, processing, and recycling services in the northeastern United States. Effective January 1, 2021, we reorganized the Resource Solutions operating segment, which includes our larger-scale recycling and commodity brokerage operations along with our organics services and large scale commercial and industrial services, from our historical lines-of-service of recycling, organics and customer solutions into two lines-of-service: processing and non-processing. Revenues from processing services are derived from municipalities and customers in the form of processing fees, tipping fees, commodity sales, and organic material sales. Revenues from non-processing services are derived from brokerage services; overall resource management services providing a wide range of environmental services and zero waste solutions to large and complex organizations; and traditional collection, disposal and recycling services provided to large account multi-site customers. Revenues classification by service line reported in the three and nine months ended September 30, 2020 has been reclassified to conform with the presentation for the three and nine months ended September 30, 2021. Legal, tax, information technology, human resources, certain finance and accounting and other administrative functions are included in our Corporate Entities segment.

Three Months Ended September 30, 2021

Segment	Outside revenues	Inter-company revenues	Depreciation and amortization	Operating income (loss)	Total assets
Eastern	$ 75,154	$ 18,768	$ 9,407	$ 5,374	$ 352,067
Western	103,523	35,523	15,710	15,805	673,608
Resource solutions	63,292	156	1,903	6,679	126,529
Corporate entities	—	—	471	(471)	128,193
Eliminations	—	(54,447)	—	—	—
	$ 241,969	$ —	$ 27,491	$ 27,387	$ 1,280,397

Three Months Ended September 30, 2020

Segment	Outside revenues	Inter-company revenues	Depreciation and amortization	Operating income (loss)	Total assets
Eastern	$ 58,323	$ 14,261	$ 6,659	$ 3,683	$ 215,639
Western	94,728	31,692	15,000	15,344	635,153
Resource solutions	49,616	2,806	1,544	2,204	89,870
Corporate entities	—	—	596	(598)	53,593
Eliminations	—	(48,759)	—	—	—
	$ 202,667	$ —	$ 23,799	$ 20,633	$ 994,255

Nine Months Ended September 30, 2021

Segment	Outside revenues	Inter-company revenues	Depreciation and amortization	Operating income (loss)	Total assets
Eastern	$ 188,557	$ 47,322	$ 23,342	$ 11,401	$ 352,067
Western	288,139	97,771	44,838	38,462	673,608
Resource solutions	170,679	3,337	5,020	12,792	126,529
Corporate entities	—	—	1,310	(1,312)	128,193
Eliminations	—	(148,430)	—	—	—
	$ 647,375	$ —	$ 74,510	$ 61,343	$ 1,280,397

Nine Months Ended September 30, 2020

Segment	Outside revenues	Inter-company revenues	Depreciation and amortization	Operating income (loss)	Total assets
Eastern	$ 161,803	$ 39,936	$ 18,956	$ 9,023	$ 215,639
Western	267,218	86,259	41,847	32,849	635,153
Resource solutions	145,323	8,147	4,692	5,008	89,870
Corporate entities	—	—	1,786	(1,791)	53,593
Eliminations	—	(134,342)	—	—	—
	$ 574,344	$ —	$ 67,281	$ 45,089	$ 994,255

A summary of our revenues attributable to services provided follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Collection	$ 118,872	$ 102,270	$ 323,667	$ 290,837
Disposal	55,593	47,600	142,618	129,971
Power generation	1,253	987	3,657	2,931
Processing	2,959	2,194	6,754	5,282
Solid waste operations	178,677	153,051	476,696	429,021
Processing	27,418	15,701	65,721	45,724
Non-processing	35,874	33,915	104,958	99,599
Resource solutions operations	63,292	49,616	170,679	145,323
Total revenues	$ 241,969	$ 202,667	$ 647,375	$ 574,344

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our unaudited consolidated financial statements and notes thereto included under Item 1. In addition, reference should be made to our audited consolidated financial statements and notes thereto and related Management's Discussion and Analysis of Financial Condition and Results of Operations appearing in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 filed with the Securities and Exchange Commission ("SEC") on February 19, 2021.

This Quarterly Report on Form 10-Q and, in particular, this Management's Discussion and Analysis of Financial Condition and Results of Operations, may contain or incorporate a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended, including statements regarding:

- the projected development of additional disposal capacity or expectations regarding permits for existing capacity;
- the outcome of any legal or regulatory matter;
- the expected and potential direct or indirect impacts of the novel coronavirus ("COVID-19") pandemic on our business;
- expected liquidity and financing plans;
- expected future revenues, operations, expenditures and cash needs;
- fluctuations in commodity pricing of our recyclables, increases in landfill tipping fees and fuel costs and general economic and weather conditions;
- projected future obligations related to final capping, closure and post-closure costs of our existing landfills and any disposal facilities which we may own or operate in the future;
- our ability to use our net operating losses and tax positions;
- our ability to service our debt obligations;
- the recoverability or impairment of any of our assets or goodwill;
- estimates of the potential markets for our products and services, including the anticipated drivers for future growth;
- sales and marketing plans or price and volume assumptions;
- potential business combinations or divestitures; and
- projected improvements to our infrastructure and the impact of such improvements on our business and operations.

In addition, any statements contained in or incorporated by reference into this report that are not statements of historical fact should be considered forward-looking statements. You can identify these forward-looking statements by the use of the words "believes", "expects", "anticipates", "plans", "may", "will", "would", "intends", "estimates" and other similar expressions, whether in the negative or affirmative. These forward-looking statements are based on current expectations, estimates, forecasts and projections about the industry and markets in which we operate, as well as management's beliefs and assumptions, and should be read in conjunction with our consolidated financial statements and notes thereto. These forward-looking statements are not guarantees of future performance, circumstances or events. The occurrence of the events described and the achievement of the expected results depends on many events, some or all of which are not predictable or within our control. Actual results may differ materially from those set forth in the forward-looking statements.

There are a number of important risks and uncertainties that could cause our actual results to differ materially from those indicated by such forward-looking statements. These risks and uncertainties include, without limitation, those detailed in Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

There may be additional risks that we are not presently aware of or that we currently believe are immaterial, which could have an adverse impact on our business. We explicitly disclaim any obligation to update any forward-looking statements whether as a result of new information, future events or otherwise, except as otherwise required by law.

Company Overview

Founded in 1975 with a single truck, Casella Waste Systems, Inc., a Delaware corporation and its wholly-owned subsidiaries (collectively, “we”, “us” or “our”), is a regional, vertically-integrated solid waste services company. We provide resource management expertise and services to residential, commercial, municipal and industrial customers, primarily in the areas of solid waste collection and disposal, transfer, recycling and organics services. We provide integrated solid waste services in six states: Vermont, New Hampshire, New York, Massachusetts, Connecticut, Maine and Pennsylvania, with our headquarters located in Rutland, Vermont. We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which provides a full range of solid waste services. We manage our resource-renewal operations through the Resource Solutions operating segment, which includes our larger-scale recycling and commodity brokerage operations along with our organics services and large scale commercial and industrial services.

As of October 15, 2021, we owned and/or operated 51 solid waste collection operations, 65 transfer stations, 23 recycling facilities, eight Subtitle D landfills, three landfill gas-to-energy facilities and one landfill permitted to accept construction and demolition (“C&D”) materials.

Results of Operations

Recent Events

COVID-19

The global outbreak of the COVID-19 pandemic has caused economic disruption across our geographic footprint and has adversely affected our business. The COVID-19 pandemic negatively impacted our revenues starting at the end of the three months ended March 31, 2020, as many small business and construction collection customers required service level changes and volumes into our landfills declined due to lower economic activity. Demand for services has improved as local economies have reopened as allowed by State Governments and our collection and disposal volumes, as well as overall operations, have been less impacted by the effects of the COVID-19 pandemic in the three and nine months ended September 30, 2021.

The COVID-19 pandemic has negatively impacted and may continue to impact our business in other ways, as we have experienced increased costs as a result of the COVID-19 pandemic, including, but not limited to, higher costs associated with providing a safe working environment for our employees (such as increased costs associated with the protection of our employees, including costs for additional safety equipment, hygiene products and enhanced facility cleaning), employee impacts from illness, supporting a remote administrative workforce, community response measures, the inability of customers to continue to pay for services, and temporary facility closures of our customers. Furthermore, residual macroeconomic effects associated with the pandemic have negatively impacted the global supply chain, labor markets and distribution networks leading to heightened inflation across labor, select services and goods, and capital investments. As of the date of this filing, we are unable to determine or predict the full extent of any possible continuing impact that the COVID-19 pandemic will have on our business, results of operations, liquidity and capital resources. Future developments, such as the possibility of continuing spread of COVID-19 across our geographic footprint, the administration rates and effectiveness of vaccinations, the severity and containment of certain COVID-19 variants along with the pace and extent to which the States in which we operate continue to facilitate a return to normal economic and operation conditions, are uncertain and cannot be predicted at this time.

Revenues

We manage our solid waste operations, which include a full range of solid waste services, on a geographic basis through two regional operating segments, which we designate as the Eastern and Western regions. Revenues in our Eastern and Western regions consist primarily of fees charged to customers for solid waste collection, transfer, transportation and disposal, landfill gas-to-energy, processing, and recycling services. We derive a substantial portion of our collection revenues from commercial, industrial and municipal services that are generally performed under service agreements or pursuant to contracts with municipalities. The majority of our residential collection services are performed on a subscription basis with individual households. Landfill and transfer customers are charged a tipping fee on a per ton basis for disposing of their solid waste at our disposal facilities and transfer stations. We also generate and sell electricity at certain of our landfill facilities. We manage our resource-renewal operations as either processing or non-processing services in our Resource Solutions operating segment. Revenues from processing services consist of revenues derived from municipalities and customers in the form of processing fees, tipping fees, commodity sales, and organic material sales. Revenues from non-processing services consist of brokerage services; overall resource management services providing a wide range of environmental services and zero waste solutions to large and complex organizations; and traditional collection, disposal and recycling services provided to large account multi-site customers.

A summary of revenues attributable to service provided (dollars in millions and as a percentage of total revenues) follows:

	Three Months Ended September 30,				$ Change	Nine Months Ended September 30,				$ Change
	2021		2020			2021		2020		
Collection	$ 118.9	49.1 %	$ 102.3	50.5 %	$ 16.6	$ 323.7	50.0 %	$ 290.8	50.6 %	$ 32.9
Disposal	55.6	23.0 %	47.6	23.5 %	8.0	142.6	22.0 %	130.0	22.6 %	12.6
Power	1.3	0.5 %	1.0	0.5 %	0.3	3.7	0.6 %	2.9	0.5 %	0.8
Processing	2.9	1.2 %	2.2	1.0 %	0.7	6.7	1.0 %	5.3	1.0 %	1.4
Solid waste	178.7	73.8 %	153.1	75.5 %	25.6	476.7	73.6 %	429.0	74.7 %	47.7
Processing	27.4	11.4 %	15.7	7.8 %	11.7	65.7	10.2 %	45.7	8.0 %	20.0
Non-processing	35.9	14.8 %	33.9	16.7 %	2.0	105.0	16.2 %	99.6	17.3 %	5.4
Resource solutions	63.3	26.2 %	49.6	24.5 %	13.7	170.7	26.4 %	145.3	25.3 %	25.4
Total revenues	$ 242.0	100.0 %	$ 202.7	100.0 %	$ 39.3	$ 647.4	100.0 %	$ 574.3	100.0 %	$ 73.1

A summary of the period-to-period changes in solid waste revenues (dollars in millions and as percentage growth of solid waste revenues) follows:

	Period-to-Period Change for the Three Months Ended September 30, 2021 vs. 2020		Period-to-Period Change for the Nine Months Ended September 30, 2021 vs. 2020	
	Amount	% Growth	Amount	% Growth
Price	$ 6.2	4.1 %	$ 16.4	3.8 %
Volume	4.3	2.8 %	10.1	2.3 %
Surcharges and other fees	(0.2)	(0.2)%	(2.2)	(0.5)%
Commodity price and volume	0.5	0.3 %	1.2	0.3 %
Acquisitions	14.8	9.7 %	22.3	5.2 %
Closed operations	—	— %	(0.1)	— %
Solid waste revenues	$ 25.6	16.7 %	$ 47.7	11.1 %

Solid waste revenues

Price.

The price change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is the result of the following:

- $4.7 million quarterly and $11.9 million year-to-date from favorable collection pricing; and
- $1.5 million quarterly and $4.5 million year-to-date from favorable disposal pricing associated with our landfills and transfer stations.

Volume.

The volume change component in quarterly solid waste revenues growth from the prior year is the result of the following:

- $3.5 million from higher disposal volumes (of which $2.3 million relates to higher transfer station volumes, $0.9 million relates to higher transportation volumes associated primarily with one of our larger customers, and $0.3 million relates to higher third-party landfill volumes); and
- $0.5 million from higher collection volumes as a result of increased activity and new customer acquisition; and
- $0.3 million from higher processing volumes.

The volume change component in year-to-date solid waste revenues growth from the prior year is the result of the following:

- $4.7 million from higher disposal volumes (of which $4.4 million relates to higher transfer station volumes and $0.8 million relates to higher third-party landfill volumes as a result of increased activity and an increased demand for services due to economic recovery from the prior year, which was negatively impacted by the COVID-19 pandemic, and $(0.5) million relates to lower transportation volumes);

- $4.6 million from higher collection volumes as a result of increased activity, new customer acquisition and an increased demand for services due to economic recovery from the prior year, which was negatively impacted by the COVID-19 pandemic; and
- $0.8 million from higher processing volumes.

Surcharges and other fees.

The surcharges and other fees change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is associated with the energy component of the energy and environmental fee and the sustainability recycling adjustment fee. The sustainability recycling adjustment fee floats on a monthly basis conversely with recycled commodity prices, which were higher as compared to the prior year periods, resulting in lower sustainability recycling adjustment fee revenues. This was partially offset by the impact of the energy component of the energy and environmental fee, which floats on a monthly basis in conjunction with diesel fuel prices, that were higher as compared to the prior year periods, resulting in higher energy fee revenues.

Commodity price and volume.

The commodity price and volume change component in quarterly solid waste revenues growth from the prior year is the result of $0.5 million from favorable commodity and energy pricing.

The commodity price and volume change component in year-to-date solid waste revenues growth from the prior year is the result of the following:

- $1.1 million from favorable commodity and energy pricing; and
- $0.1 million due to higher landfill gas-to-energy volumes.

Acquisitions.

The acquisitions change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is the result of the following:

- the timing and acquisition of: a residential, commercial and roll-off collection business in eastern Connecticut that operates a rail-served construction and demolition processing and waste transfer facility and a waste transfer station whose assets and liabilities are allocated to our Eastern region; a solid-waste collection business that operates a waste transfer station, a septic and portable toilet business, and a tuck-in solid-waste collection business in our Eastern region; and a waste composting and food-scrap hauling business, a solid-waste collection business that operates a waste transfer station, and two tuck-in solid-waste collection businesses in our Western region in the nine months ended September 30, 2021; and
- the timing and acquisition of seven tuck-in solid-waste collection businesses and a solid-waste collection business in our Western region in the prior year.

Resource Solutions revenues

The change component in quarterly and year-to-date resource solutions revenues growth of $13.7 million and $25.4 million, respectively, from the prior year periods is the result of the following:

- $6.0 million quarterly and $12.7 million year-to-date from the favorable impact of commodity pricing in the marketplace (not including the negative impact of lower intercompany tipping fees that were reduced due to higher commodity pricing);
- $4.2 million quarterly and $4.2 million year-to-date from an acquisition, which operates a single stream recycling facility and several other recycling operations, in the three months ended September 30, 2021;
- $2.0 million quarterly and $5.4 million year-to-date from higher non-processing revenues primarily due to higher volumes; and
- $1.5 million quarterly and $3.1 million year-to-date from higher processing volumes driven by higher recycling commodity volumes and other processing volumes.

Operating Expenses

A summary of cost of operations, general and administration expense, and depreciation and amortization expense (dollars in millions and as a percentage of total revenues) is as follows:

	Three Months Ended September 30,				$ Change	Nine Months Ended September 30,				$ Change
	2021		2020			2021		2020		
Cost of operations	$ 153.9	63.6 %	$ 130.4	64.3 %	$ 23.5	$ 419.6	64.8 %	$ 382.4	66.6 %	$ 37.2
General and administration	$ 31.0	12.8 %	$ 25.0	12.3 %	$ 6.0	$ 87.3	13.5 %	$ 74.2	12.9 %	$ 13.1
Depreciation and amortization	$ 27.5	11.4 %	$ 23.8	11.7 %	$ 3.7	$ 74.5	11.5 %	$ 67.3	11.7 %	$ 7.2

Cost of Operations

Cost of operations includes labor costs, tipping fees paid to third-party disposal facilities, fuel costs, maintenance and repair costs of vehicles and equipment, workers' compensation and vehicle insurance costs, third-party transportation costs, district and state taxes, host community fees, and royalties. Cost of operations also includes accretion expense related to final capping, closure and post-closure obligations, leachate treatment and disposal costs, and depletion of landfill operating lease obligations.

As a percentage of revenues, cost of operations decreased approximately (70) basis points and (180) basis points during the three and nine months ended September 30, 2021, respectively, from the same periods of the prior year. The period-to-period changes in cost of operations can be primarily attributed to the following:

Third-party direct costs increased $9.5 million quarterly while decreasing approximately (20) basis points as a percentage of revenues, and increased $13.4 million year-to-date while decreasing approximately (90) basis points as a percentage of revenues, due to the following:

- higher third-party disposal costs associated with increased volumes, including higher organic collection and transfer station volumes; higher third-party landfill volumes; higher collection volumes related to acquisition activity; and higher non-processing volumes, and the internalization of more non-processing volumes, in our Resource Solutions operating segment; and
- higher hauling and third-party transportation costs associated with increased volumes, including higher organic collection and transfer station volumes; higher third-party landfill volumes driven by our Eastern region; higher collection and transportation volumes related to acquisition activity; and higher brokerage, other processing and non-processing volumes in our Resource Solutions operating segment; partially offset by lower third-party transportation costs on a year-to-date basis associated with lower transportation volumes in the Western region on less drill cutting activity.

Maintenance and repair costs increased $4.4 million quarterly while decreasing approximately (50) basis points as a percentage of revenues, and increased $10.3 million year-to-date while decreasing approximately (10) basis points as a percentage of revenues, due primarily to higher fleet maintenance costs, higher facility maintenance costs, and higher resource renewal facility operational support costs in our Resource Solutions operating segment associated with acquisition activity and an increased demand for services.

Direct labor costs increased $5.6 million quarterly while increasing approximately 20 basis points as a percentage of revenues, and increased $9.3 million year-to-date while remaining flat as a percentage of revenues, due primarily to: higher labor costs due to wage inflation in our markets and increased overtime on higher collection, disposal and processing volumes associated with an increased demand for services and acquisition activity; and higher health insurance costs; partially offset on a year-to-date basis by lower labor costs within our Resource Solutions operating segment.

Fuel costs increased $1.6 million quarterly while increasing approximately 30 basis points as a percentage of revenues, and increased $2.9 million year-to-date while increasing approximately 10 basis points as a percentage of revenues, due to higher volumes primarily associated with acquisition activity, along with higher fuel prices.

Direct operational costs increased $2.4 million quarterly while decreasing approximately (50) basis points as a percentage of revenues, and increased $1.3 million year-to-date while decreasing approximately (90) basis points as a percentage of revenues, due primarily to: higher landfill operating costs, including higher leachate costs in the quarter, and higher variable operating costs on increased activity; partially offset by lower equipment operating lease expense.

General and Administration

General and administration expense includes management, clerical and administrative compensation, bad debt expense, as well as overhead costs, professional service fees and costs associated with marketing, sales force and community relations efforts.

The period-to-period changes in general and administration expense can be primarily attributed to: increased overhead costs associated with wage inflation, human resources costs to attract, train and retain employees and business growth; higher professional fees and quarterly bad debt expense on business growth; and higher equity compensation costs and higher accrued incentive compensation on improved performance; partially offset by lower bad debt expense year-to-date attributed to the timing of the COVID-19 pandemic, which resulted in a large increase in the allowance for credit losses in prior periods.

Depreciation and Amortization

Depreciation and amortization expense includes: (i) depreciation of property and equipment (including assets recorded for finance leases) on a straight-line basis over the estimated useful lives of the assets; (ii) amortization of landfill costs (including those costs incurred and all estimated future costs for landfill development and construction, along with asset retirement costs arising from closure and post-closure obligations) on a units-of-consumption method as landfill airspace is consumed over the total estimated remaining capacity of a site, which includes both permitted capacity and unpermitted expansion capacity that meets certain criteria for amortization purposes, and amortization of landfill asset retirement costs arising from final capping obligations on a units-of-consumption method as airspace is consumed over the estimated capacity associated with each final capping event; and (iii) amortization of intangible assets with a definite life, using either an economic benefit provided approach or on a straight-line basis over the definitive terms of the related agreements.

A summary of the components of depreciation and amortization expense (dollars in millions and as a percentage of total revenues) follows:

	Three Months Ended September 30,				$ Change	Nine Months Ended September 30,				$ Change
	2021		2020			2021		2020		
Depreciation	$ 16.3	6.7 %	$ 13.9	6.9 %	$ 2.4	$ 45.1	7.0 %	$ 40.2	7.0 %	$ 4.9
Landfill amortization	8.1	3.3 %	7.6	3.8 %	0.5	22.3	3.4 %	20.5	3.6 %	1.8
Other amortization	3.1	1.4 %	2.3	1.1 %	0.8	7.1	1.1 %	6.6	1.1 %	0.5
	$ 27.5	11.4 %	$ 23.8	11.8 %	$ 3.7	$ 74.5	11.5 %	$ 67.3	11.7 %	$ 7.2

The period-to-period increases in depreciation and amortization expense can be primarily attributed to increased investments in our fleet and acquisition activity. Landfill amortization expense increased in the three and nine months ended September 30, 2021 due primarily to higher third-party and overall landfill volumes and changes to cost estimates and other assumptions from prior year periods.

Expense from Acquisition Activities

In the three and nine months ended September 30, 2021, we recorded charges of $1.9 million and $4.0 million, respectively, and in the three and nine months ended September 30, 2020 we recorded charges of $0.2 million and $1.5 million, respectively, comprised primarily of legal, consulting and other similar costs associated with the acquisition and integration of acquired businesses or select development projects.

Southbridge Landfill Closure Charge

In 2017, we initiated the plan to cease operations of our landfill located in Southbridge, Massachusetts ("Southbridge Landfill") and later closed it in November 2018 when Southbridge Landfill reached its final capacity. Accordingly, in the three and nine months ended September 30, 2021, we recorded charges of $0.3 million and $0.7 million, respectively, associated with legal and other costs pertaining to various matters as part of the unplanned early closure of the Southbridge Landfill through completion of the closure process. In the three and nine months ended September 30, 2020, we recorded charges of $2.6 million and $3.8 million, respectively, comprised of the following: $0.6 million and $1.9 million, respectively, of legal and other costs pertaining to various matters as part of the unplanned early closure of the Southbridge Landfill through completion of the closure process, a charge of $2.0 million in both the three and nine months ended September 30, 2020 associated with a settlement pertaining to the Southbridge Landfill, a charge of $0.2 million in the nine months ended September 30, 2020 due to changes in estimated costs and timing of final capping, closure and post-closure activities at the Southbridge Landfill, and a recovery of $(0.2) million in the nine months ended September 30, 2020 associated with the completion of the environmental remediation at the site.

Other Expenses

Interest Expense, net

Our interest expense, net decreased $(0.2) million quarterly and $(0.9) million year-to-date due primarily to lower average interest rates on our debt associated with changes in London Inter-Bank Offered Rate ("LIBOR").

Provision for Income Taxes

Our provision for income taxes increased $6.2 million quarterly and $13.6 million year-to-date, as compared to the same periods in the prior year. The provision for income taxes in the nine months ended September 30, 2021 included $1.5 million of current income taxes and $13.0 million of deferred income taxes. For the nine months ended September 30, 2020, the provision included a $(0.7) million current income tax benefit and $1.5 million of deferred income taxes. The effective rate for the three months ended September 30, 2021 was 31%, before the one-time adjustments primarily related to accumulated other comprehensive losses, and is computed based on the statutory rate of 21%, adjusted primarily for state taxes and nondeductible officer compensation.

An increase of $11.5 million in the year-to-date deferred tax provision between the periods relates to the release of a significant portion of our valuation allowance in the fourth quarter ended December 31, 2020. On a periodic basis, we reassess the valuation allowance on our deferred income tax assets, weighing positive and negative evidence to assess the recoverability of the deferred tax assets. In the quarter ended December 31, 2020, we assessed the valuation allowance and considered positive evidence, including significant cumulative consolidated income over the three years ended December 31, 2020, revenue growth and expectations of future profitability, and negative evidence, including the impact of a negative change in the economic climate, significant risks and uncertainties in the business and restrictions on tax loss utilization in certain state jurisdictions. After assessing both the positive evidence and the negative evidence, we determined it was more likely than not that the majority of our deferred tax assets would be realized in the future and released the valuation allowance on the majority of our net operating loss carryforwards and other deferred tax assets as of December 31, 2020, resulting in a benefit from income taxes of $61.3 million. We continue to maintain a valuation allowance related to deferred tax assets that would generate capital losses when realized and deferred tax assets related to certain state jurisdictions.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was enacted which, among other things, allows the carryback of remaining minimum tax credit carryforwards to tax year 2018. Prior to the CARES Act, the minimum tax credit carryforwards were fully refunded through tax year 2021, if not otherwise used to offset tax liabilities. A current income tax benefit of $(1.0) million, offset by a $1.0 million deferred tax provision, was recognized in the three months ended March 31, 2020 for the remaining minimum tax credit carried back to tax year 2018.

On December 22, 2017, the Tax Cuts and Jobs Act (the “TCJ Act”) was enacted. The TCJ Act significantly changed U.S. corporate income tax laws by, among other things, changing carryforward rules for net operating losses. Our $92.5 million in federal net operating loss carryforwards generated as of the end of 2017 continue to be carried forward for 20 years and are expected to be available to fully offset taxable income earned in 2021 and future tax years. Federal net operating losses generated after 2017, totaling $46.5 million carried forward to 2021, will be carried forward indefinitely, but generally may only offset up to 80% of taxable income earned in a tax year.

Segment Reporting

Revenues

A summary of revenues by reportable operating segment (in millions) follows:

	Three Months Ended September 30,		$	Nine Months Ended September 30,		$
	2021	2020	Change	2021	2020	Change
Eastern	$ 75.2	$ 58.3	$ 16.9	$ 188.6	$ 161.8	$ 26.8
Western	103.5	94.7	8.8	288.1	267.2	20.9
Resource solutions	63.3	49.7	13.6	170.7	145.3	25.4
Total revenues	$ 242.0	$ 202.7	$ 39.3	$ 647.4	$ 574.3	$ 73.1

Eastern Region

A summary of the period-to-period changes in solid waste revenues (dollars in millions and as percentage growth of solid waste revenues) follows:

	Period-to-Period Change for the Three Months Ended September 30, 2021 vs. 2020		Period-to-Period Change for the Nine Months Ended September 30, 2021 vs. 2020	
	Amount	% Growth	Amount	% Growth
Price	$ 2.3	4.0 %	$ 6.4	3.9 %
Volume	3.6	6.1 %	10.2	6.4 %
Surcharges and other fees	(0.2)	(0.3)%	(0.9)	(0.6)%
Commodity price and volume	0.1	0.2 %	0.1	— %
Acquisitions	11.1	19.0 %	11.1	6.9 %
Closed landfill	—	(0.1)%	(0.1)	(0.1)%
Solid waste revenues	$ 16.9	28.9 %	$ 26.8	16.5 %

Price.

The price change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is the result of the following:

- $1.6 million quarterly and $4.3 million year-to-date from favorable collection pricing; and
- $0.7 million quarterly and $2.1 million year-to-date from favorable disposal pricing related to transfer stations and landfills.

Volume.

The volume change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is the result of the following:

- $2.7 million quarterly and $6.8 million year-to-date from higher disposal volumes related to transfer stations and landfills as a result of increased activity and an increased demand for services due to economic recovery from the prior year, which was negatively impacted by the COVID-19 pandemic;
- $0.5 million quarterly and $2.6 million year-to-date from higher collection volumes as a result of increased activity, new customer acquisition and an increased demand for services due to economic recovery from the prior year, which was negatively impacted by the COVID-19 pandemic; and
- $0.4 million quarterly and $0.8 million year-to-date from higher processing volumes.

Surcharges and other fees.

The surcharges and other fees change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is associated with the energy component of the energy and environmental fee and the sustainability recycling adjustment fee. The sustainability recycling adjustment fee floats on a monthly basis conversely with recycled commodity prices, which were higher as compared to the prior year periods, resulting in lower sustainability recycling adjustment fee revenues. This was partially offset by the impact of the energy component of the energy and environmental fee, which floats on a monthly basis in conjunction with diesel fuel prices, that were higher as compared to the prior year periods, resulting in higher energy fee revenues.

Acquisitions.

The acquisitions change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is associated with the timing and acquisition of: a residential, commercial and roll-off collection business in eastern Connecticut that operates a rail-served construction and demolition processing and waste transfer facility and a waste transfer station whose assets and liabilities are allocated to our Eastern region; a solid-waste collection business that operates a waste transfer station; a septic and portable toilet business; and a tuck-in solid-waste collection business in the nine months ended September 30, 2021.

Western Region

A summary of the period-to-period changes in solid waste revenues (dollars in millions and as percentage growth of solid waste revenues) follows:

	Period-to-Period Change for the Three Months Ended September 30, 2021 vs. 2020		Period-to-Period Change for the Nine Months Ended September 30, 2021 vs. 2020	
	Amount	% Growth	Amount	% Growth
Price	$ 3.9	4.1 %	$ 10.1	3.8 %
Volume	0.9	0.9 %	(0.3)	(0.1)%
Surcharges and other fees	(0.1)	(0.1)%	(1.3)	(0.5)%
Commodity price and volume	0.4	0.5 %	1.2	0.4 %
Acquisitions	3.7	3.9 %	11.2	4.2 %
Solid waste revenues	$ 8.8	9.3 %	$ 20.9	7.8 %

Price.

The price change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is the result of the following:

- $3.1 million quarterly and $7.6 million year-to-date from favorable collection pricing; and
- $0.8 million quarterly and $2.5 million year-to-date from favorable disposal pricing related to landfills and transfer stations.

Volume.

The volume change component in quarterly solid waste revenues growth from the prior year is the result of $0.9 million from higher disposal volumes related to transportation, associated with a large customer, and higher transfer station volumes, partially offset by lower landfill volumes on lower drill cuttings activity).

The volume impact on the change in year-to-date solid waste revenues growth from the prior year is the result of the following:

- $(2.2) million from lower disposal volumes, despite higher volumes at transfer stations, related to transportation and landfills on lower drill cuttings activity, combined with timing around the negative impacts and recent recovery from the COVID-19 pandemic; partially offset by
- $1.9 million from higher collection volumes as a result of increased activity, new customer acquisition and an increased demand for services due to economic recovery from the prior year, which was negatively impacted by the COVID-19 pandemic.

Surcharges and other fees.

The surcharges and other fees change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is associated with the energy component of the energy and environmental fee and the sustainability recycling adjustment fee. The sustainability recycling adjustment fee floats on a monthly basis conversely with recycled commodity prices, which were higher as compared to the prior year periods, resulting in lower sustainability recycling adjustment fee revenues. This was partially offset by the impact of the energy component of the energy and environmental fee, which floats on a monthly basis in conjunction with diesel fuel prices, that were higher as compared to the prior year periods, resulting in higher energy fee revenues.

Commodity price and volume.

The commodity price and volume change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is the result of favorable energy and commodity pricing, combined with higher commodity volumes and year-to-date landfill gas-to-energy volumes.

Acquisitions.

The acquisitions change component in quarterly and year-to-date solid waste revenues growth from the prior year periods is the result of the timing and acquisition of: two tuck-in solid waste collection businesses; a solid waste collection business that operates a waste transfer station; and a waste composting and food-scrap hauling business in the nine months ended September 30, 2021; along with the timing and acquisition of seven tuck-in solid waste collection businesses and a solid waste collection business during the prior year.

Operating Income

A summary of operating income (loss) by operating segment (in millions) follows:

	Three Months Ended September 30, 2021	Three Months Ended September 30, 2020	$ Change	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	$ Change
Eastern	$ 5.4	$ 3.7	$ 1.7	$ 11.4	$ 9.0	$ 2.4
Western	15.8	15.3	0.5	38.5	32.8	5.7
Resource solutions	6.7	2.2	4.5	12.8	5.0	7.8
Corporate entities	(0.5)	(0.6)	0.1	(1.4)	(1.7)	0.3
Operating income	$ 27.4	$ 20.6	$ 6.8	$ 61.3	$ 45.1	$ 16.2

Eastern Region

Operating income increased $1.7 million quarterly and increased $2.4 million year-to-date. Excluding the impact of the Southbridge Landfill closure charge and the expense from acquisition activities, our operating performance in the three and nine months ended September 30, 2021 was driven by revenue growth, inclusive of inter-company revenues, more than offsetting the following cost changes:

Cost of operations: Cost of operations increased $16.0 million quarterly and $23.5 million year-to-date due to: higher disposal, hauling and transportation costs associated with increased volumes, including acquisition activity as well as higher organic collection, transfer station and landfill volumes; higher labor and benefit costs due to wage inflation in our markets, increased overtime and increased health insurance costs; higher landfill operating costs on increased volumes; higher fleet and facility maintenance costs; and higher fuel costs on higher volumes and higher fuel prices. Volume increases and related costs were associated with increased demand for services due to increased activity associated with the economic recovery from the prior year and acquisition activity.

General and administration: General and administration expense increased $2.2 million quarterly and $4.8 million year-to-date due to higher accrued incentive compensation on a year-to-date basis, higher overhead costs associated with improved performance and acquisition activity, and higher quarterly bad debt expense on business growth.

Depreciation and amortization: Depreciation and amortization expense increased $2.7 million quarterly and $4.3 million year-to-date due to higher depreciation and amortization expense associated with increased investments in our fleet and acquisition activity, and higher landfill amortization primarily on higher landfill volumes and changes to cost estimates and other assumptions from prior year periods.

Western Region

Operating income increased $0.5 million quarterly and $5.7 million year-to-date. Excluding the impact of the expense from acquisition activities, our improved operating performance in the three and nine months ended September 30, 2021 was driven by revenue growth, inclusive of inter-company revenues, more than offsetting the following cost changes:

Cost of operations: Cost of operations increased $8.0 million quarterly and $17.4 million year-to-date due to: higher disposal costs associated with increased volumes, including acquisition activity as well as higher organic collection volumes and transfer station volumes; higher labor and benefit costs due to wage inflation in our markets, increased overtime and higher health insurance costs; higher fleet and facility maintenance costs; and higher fuel costs on higher volumes and higher fuel prices; partially offset by lower third-party transportation costs on a year-to-date basis associated with lower transportation volumes on lower drill cuttings activity; and lower equipment operating lease expense. Volume increases and related costs were associated with increased demand for services due to increased activity associated with the economic recovery from the prior year and acquisition activity.

General and administration: General and administration expense increased $3.2 million quarterly and $7.0 million year-to-date due to higher accrued incentive compensation and higher overhead costs associated with improved performance and acquisition activity, and higher quarterly bad debt expense on business growth; partially offset by lower bad debt expense year-to-date attributed to the timing of the COVID-19 pandemic, which resulted in a large increase in the allowance for credit losses in prior periods.

Depreciation and amortization: Depreciation and amortization expense increased $0.7 million quarterly and $3.0 million year-to-date primarily due to higher depreciation and amortization expense associated with increased investments in our fleet and acquisition activity, and higher landfill amortization on higher landfill volumes at certain of our landfills and changes to cost estimates and other assumptions from prior year periods.

Resource Solutions

Operating income increased $4.5 million quarterly and $7.8 million year-to-date driven by revenue growth, inclusive of inter-company revenues, more than offsetting the following cost changes:

Cost of operations: Cost of operations increased $5.2 million quarterly and $10.3 million year-to-date due to: higher hauling and third-party transportation costs associated with higher brokerage volumes with high pass through direct costs and higher volumes on acquisition activity; higher disposal costs associated with internalizing more non-processing volumes; and higher resource renewal facility operation support costs; partially offset by lower salaries and labor costs on a year-to-date basis.

General and administration: General and administration increased $0.6 million quarterly and increased $1.4 million year-to-date due to higher accrued incentive compensation costs on improved performance, and higher quarterly bad debt expense and higher labor costs on business growth.

Liquidity and Capital Resources

We continue to monitor the impact that the COVID-19 pandemic has had and may continue to have on our actual and forecasted cash flows, our liquidity, and our capital requirements in order to properly manage our liquidity needs as we move forward. Because of the nature of the services we provide, we expect to continue to generate positive operating cash flows through stable revenue sources.

We had $172.0 million of undrawn capacity from our $200.0 million revolving line of credit facility ("Revolving Credit Facility") and $46.5 million of cash and cash equivalents as of September 30, 2021 to help meet our liquidity needs, and our next significant debt maturity, which is comprised of our Revolving Credit Facility and term loan A facility ("Term Loan Facility", and together with the Revolving Credit Facility, the "Credit Facility"), is in May 2023. We believe that we will remain in compliance with all necessary covenants of our Credit Facility over the remaining term of this facility.

A summary of cash and cash equivalents, restricted assets and debt balances, excluding any debt issuance costs (in millions) follows:

	September 30, 2021	December 31, 2020
Cash and cash equivalents	$ 46.5	$ 154.3
Restricted assets:		
Restricted investment securities - landfill closure	$ 1.9	$ 1.8
Debt:		
Current portion	$ 16.8	$ 9.2
Non-current portion	541.8	539.2
Total debt	$ 558.6	$ 548.4

Summary of Cash Flow Activity

A summary of cash flows (in millions) follows:

	Nine Months Ended September 30,		
	2021	2020	$ Change
Net cash provided by operating activities	$ 134.1	$ 111.9	$ 22.2
Net cash used in investing activities	$ (234.1)	$ (102.2)	$ (131.9)
Net cash (used in) provided by financing activities	$ (7.9)	$ 8.0	$ (15.9)

Cash flows from operating activities.

A summary of operating cash flows (in millions) follows:

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Net income	$ 32.0	$ 28.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	74.5	67.3
Interest accretion on landfill and environmental remediation liabilities	5.9	5.3
Amortization of debt issuance costs	1.7	1.6
Stock-based compensation	8.7	5.3
Operating lease right-of-use assets expense	10.0	12.3
(Gain) loss on sale of property and equipment	—	0.3
Southbridge Landfill non-cash closure charge	0.1	2.1
Non-cash expense from acquisition activities	0.5	0.5
Deferred income taxes	13.0	1.5
	146.4	124.4
Changes in assets and liabilities, net	(12.3)	(12.5)
Net cash provided by operating activities	$ 134.1	$ 111.9

A summary of the most significant items affecting the change in our operating cash flows follows:

Net cash provided by operating activities increased $22.2 million in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020. This was the result of improved operational performance, combined with a decline in the unfavorable cash flow impact associated with the changes in our assets and liabilities, net of effects of acquisitions and divestitures. For discussion of our improved operational performance in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020, see "*Results of Operations*" above. The decline in the unfavorable cash flow impact associated with the changes in our assets and liabilities, net of effects of acquisitions and divestitures, which are affected by both cost changes and the timing of payments, in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020 was primarily due to the following:

- a $28.9 million favorable impact to operating cash flows associated with the change in accounts payable; partially offset by
- a $(17.3) million unfavorable impact to operating cash flows associated with the change in accounts receivable; and
- a $(11.5) million unfavorable impact to operating cash flows associated with the change in prepaid expenses, inventories and other assets.

Cash flows from investing activities.

A summary of investing cash flows (in millions) follows:

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Acquisitions, net of cash acquired	$ (153.1)	$ (25.4)
Additions to property, plant and equipment	(81.6)	(77.3)
Proceeds from sale of property and equipment	0.6	0.5
Net cash used in investing activities	$ (234.1)	$ (102.2)

A summary of the most significant items affecting the change in our investing cash flows follows:

Acquisitions, net of cash acquired. In the nine months ended September 30, 2021, we acquired the following businesses: a residential, commercial and roll-off collection business in eastern Connecticut that operates a rail-served construction and demolition processing and waste transfer facility, a waste transfer station, a single stream recycling facility, and several other recycling operations whose assets and liabilities are allocated between our Eastern region and Resource Solutions operating segments; a solid-waste collection business that operates a transfer station, a septic and portable toilet business, and a tuck-in solid waste collection business in our Eastern region; and a waste composting and food-scrap hauling business, a solid waste collection business that operates a waste transfer station, and two tuck-in solid waste collection businesses in our Western region for total consideration of $155.2 million, including $150.4 million in cash, and paid $2.7 million in holdback payments on businesses previously acquired, as compared to the nine months ended September 30, 2020 during which we paid $26.4 million in total consideration, including $23.1 million in cash, to acquire six businesses, including five tuck-in solid waste collection business in our Western region and one recycling operation in our Resource Solutions operating segment, and paid $2.3 million in holdback payments on businesses previously acquired.

Capital expenditures. Capital expenditures were $4.3 million higher in the nine months ended September 30, 2021 as compared to the nine months ended September 30, 2020 primarily due to:

- $3.5 million in higher capital expenditures from phase VI construction and development costs related to long-term infrastructure at the Subtitle D landfill in Coventry, Vermont ("Waste USA Landfill") to facilitate future landfill airspace construction, which will significantly enhance the economic useful life of the Waste USA Landfill once construction is finished; and
- $3.1 million in higher growth capital expenditures related primarily to other landfill development; partially offset by
- $(0.9) million in lower replacement capital expenditures as lower capital spend on landfill development more than offset additional capital spend, including vehicles, machinery, equipment and containers, associated with business growth; and
- $(1.4) million in lower capital expenditures associated with the integration of newly acquired operations, which includes planned capital expenditures following an acquisition, as well as non-routine development investments that are expected to provide long-term returns.

Cash flows from financing activities.

A summary of financing cash flows (in millions) follows:

	Nine Months Ended September 30,	
	2021	**2020**
Proceeds from long-term borrowings	$ 0.5	$ 154.4
Principal payments on debt	(8.6)	(145.0)
Payments of debt issuance costs	—	(1.5)
Proceeds from the exercise of share based awards	0.2	0.1
Net cash (used in) provided by financing activities	$ (7.9)	$ 8.0

A summary of the most significant items affecting the change in our financing cash flows follows:

Debt activity. Net cash associated with debt activity decreased $(17.5) million. The decrease in financing cash flows is related to our strong cash position in the nine months ended September 30, 2021, combined with prior year borrowings against our Revolving Credit Facility, which was subsequently paid down in the prior year.

Payments of debt issuance costs. We recorded $1.5 million of debt issuance cost payments in the nine months ended September 30, 2020 related to the issuance of $40.0 million aggregate principal amount of New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2020.

Outstanding Long-Term Debt

Credit Facility

As of September 30, 2021, we had outstanding $347.4 million aggregate principal amount of borrowings under our Term Loan Facility and no borrowings under our $200.0 million Revolving Credit Facility. The Credit Facility has a 5-year term that matures in May 2023 and bears interest at a rate of LIBOR plus 1.50% per annum, which will be reduced to a rate of LIBOR plus as low as 1.25% upon us reaching a consolidated net leverage ratio of less than 2.25x. Our Credit Facility is guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries and secured by substantially all of our assets. As of September 30, 2021, further advances were available under the Revolving Credit Facility in the amount of $172.0 million. The available amount is net of outstanding irrevocable letters of credit totaling $28.0 million, at which date no amount had been drawn. We have the right to request, at our discretion, an increase in the amount of loans under the Credit Facility by an aggregate amount of $125.0 million, subject to the terms and conditions set forth in the credit agreement ("Credit Agreement").

The Credit Agreement requires us to maintain a minimum interest coverage ratio and a maximum consolidated net leverage ratio, to be measured at the end of each fiscal quarter. As of September 30, 2021, financial covenant requirements included a minimum interest coverage ratio of 3.00 times and a maximum consolidated net leverage ratio of 4.00 times. In addition to the financial covenants described above, the Credit Agreement also contains a number of important customary affirmative and negative covenants which restrict, among other things, our ability to sell assets, incur additional debt, create liens, make investments, and pay dividends. We do not believe that these restrictions impact our ability to meet future liquidity needs. As of September 30, 2021, we were in compliance with all covenants contained in the Credit Agreement.

Based on the seasonality of our business, operating results in the late fall, winter and early spring months are generally lower than the remainder of our fiscal year. Given the cash flow impact that this seasonality, the capital intensive nature of our business and the timing of debt payments has on our business, we typically incur higher debt borrowings in order to meet our liquidity needs during these times. Consequently, our availability and performance against our financial covenants may tighten during these times as well.

Tax-Exempt Financings and Other Debt

As of September 30, 2021, we had outstanding $162.0 aggregate principal amount of tax exempt bonds, $44.8 million aggregate principal amount of finance leases and $4.4 million aggregate principal amount of notes payable. See Note 7, *Debt* to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q for further disclosure over debt.

Inflation

Inflationary increases in costs have affected our historical operating margins, including current inflationary pressures associated primarily with fuel, labor and certain capital items. We believe that inflation generally has not had a significant impact on our operating results. Consistent with industry practice, most of our contracts provide for a pass-through of certain costs to our customers, including increases in landfill tipping fees and in some cases fuel costs, intended to mitigate the impact of inflation on our operating results. We have also implemented a number of operating efficiency programs that seek to improve productivity and reduce our service costs, and a fuel surcharge, which is designed to recover escalating fuel price fluctuations above an annually reset floor. Based on these implementations, we believe we should be able to sufficiently offset most cost increases resulting from inflation. However, competitive factors may require us to absorb at least a portion of these cost increases. Additionally, management's estimates associated with inflation have had, and will continue to have, an impact on our accounting for landfill and environmental remediation liabilities.

Regional Economic Conditions

Our business is primarily located in the northeastern United States. Therefore, our business, financial condition and results of operations are susceptible to downturns in the general economy in this geographic region and other factors affecting the region, such as state regulations and severe weather conditions. There can be no assurance that the economic conditions in the northeastern United States will recover from the impact of the COVID-19 pandemic at the same time as, or at the same rate as, other areas of the United States.

Seasonality and Severe Weather

Our transfer and disposal revenues historically have been higher in the late spring, summer and early fall months. This seasonality reflects lower volumes of waste in the late fall, winter and early spring months because:

- the volume of waste relating to C&D activities decreases substantially during the winter months in the northeastern United States; and
- decreased tourism in Vermont, New Hampshire, Maine and eastern New York during the winter months tends to lower the volume of waste generated by commercial and restaurant customers, which is partially offset by increased volume from the ski industry.

Because certain of our operating and fixed costs remain constant throughout the fiscal year, operating income is therefore impacted by a similar seasonality. Our operations can be adversely affected by periods of inclement or severe weather, which could increase our operating costs associated with the collection and disposal of waste, delay the collection and disposal of waste, reduce the volume of waste delivered to our disposal sites, increase the volume of waste collected under our existing contracts (without corresponding compensation), decrease the throughput and operating efficiency of our materials recycling facilities, or delay construction or expansion of our landfill sites and other facilities. Our operations can also be favorably affected by severe weather, which could increase the volume of waste in situations where we are able to charge for our additional services provided.

Our processing line-of-business in the Resource Solutions operating segment experiences increased volumes of fiber in November and December due to increased retail activity during the holiday season.

Critical Accounting Policies and Estimates

The preparation of our financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, as applicable, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances. The results of their evaluation form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions and circumstances. Our significant accounting policies are more fully discussed in Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

New Accounting Pronouncements

For a description of the new accounting standards that may affect us, see Note 2, *Accounting Changes* to our consolidated financial statements included under Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business we are exposed to market risks, including changes in interest rates and certain commodity prices. We have a variety of strategies to mitigate these market risks, including at times using derivative instruments to hedge some portion of these risks.

Interest Rate Volatility

Our strategy to reduce exposure to interest rate risk involves entering into interest rate derivative agreements to hedge against adverse movements in interest rates related to the variable rate portion of our long-term debt. We have designated these derivative instruments as highly effective cash flow hedges, and therefore the change in fair value is recorded in our stockholders’ equity as a component of accumulated other comprehensive loss and included in interest expense at the same time as interest expense is affected by the hedged transactions. Differences paid or received over the life of the agreements are recorded as additions to or reductions of interest expense on the underlying debt and included in cash flows from operating activities.

As of September 30, 2021 and December 31, 2020, our active interest rate derivative agreements had a total notional amount of $195.0 million and $190.0 million, respectively. According to the terms of the agreements, we receive interest based on the 1-month LIBOR index and pay interest at a weighted average rate of approximately 2.51% as of September 30, 2021. The agreements mature between February 2022 and December 2026. As of September 30, 2021 and December 31, 2020, we had forward starting interest rate derivative agreements with a total notional amount of $85.0 million and $125.0 million, respectively. According to the terms of the agreements, we receive interest based on the 1-month LIBOR index, restricted by a 0.0% floor, and will pay interest at a weighted average rate of approximately 1.55%. The agreements mature between February 2027 and May 2028.

As of September 30, 2021, we had $211.2 million of fixed rate debt in addition to the $195.0 million fixed through our interest rate derivative agreements. We had interest rate risk relating to approximately $152.4 million of long-term debt as of September 30, 2021. The weighted average interest rate on the variable rate portion of long-term debt was approximately 1.6% at September 30, 2021. Should the average interest rate on the variable rate portion of long-term debt change by 100 basis points, we estimate that our annual interest expense would change by up to approximately $1.5 million.

Commodity Price Volatility

Our sensitivity to changes in commodity prices is complex because each customer contract is unique relative to revenue sharing, tipping or processing fees and other arrangements. Many of our recycling contracts are structured with customer pricing based on certain thresholds that limit our exposure should market prices decline. Based on current market pricing, should commodity prices change by $10 per ton, we estimate that our annual operating income margin would change by up to $2.0 million annually, or up to $0.5 million quarterly. The above operating income impact may not be indicative of future operating results and actual results may vary materially.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures. Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2021. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (“Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of September 30, 2021, our chief executive officer and chief financial officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal controls over financial reporting. No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II.

ITEM 1. LEGAL PROCEEDINGS

The information required by this Item is provided in Note 8, *Commitments and Contingencies* to our consolidated financial statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Our business is subject to a number of risks, including those identified in Item 1A, "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, that could have a material effect on our business, results of operations, financial condition and/or liquidity and that could cause our operating results to vary significantly from period to period. We may disclose additional changes to our risk factors or disclose additional factors from time to time in our future filings with the Securities and Exchange Commission.

ITEM 5. OTHER INFORMATION

On October 25, 2021, we entered into an Amended and Restated Employment (the "Amended Agreement") with Christopher B. Heald, our Vice President and Chief Accounting Officer, which amends and restates in their entirety the terms of Mr. Heald's Employment Agreement, dated as of March 1, 2016 (the "Original Agreement"). The Amended Agreement will be effective on March 31, 2022 (the "Effective Date"), provided that Mr. Heald remains employed by us as of the Effective Date. Until the Effective Date, the Original Agreement will remain in full force and effect.

Pursuant to the terms of the Amended Agreement, following his resignation as Vice President and Chief Accounting Officer effective as of the Effective Date, Mr. Heald will serve as Finance Advisor for a period beginning on the Effective Date and ending on March 31, 2023 (the "End Date") unless sooner terminated in accordance with the Amended Agreement (as applicable, the "Term"). Mr. Heald will receive an annual base salary of $100,000. In the event of a termination of Mr. Heald's employment without "cause" (as such term is defined in the Amended Agreement) prior to the End Date, Mr. Heald will be entitled to (i) the amount of base salary payments he would have received between his termination date and the End Date had he remained employed by us through the End Date; (ii) group medical and dental insurance benefits for the period of time from his termination date through the End Date; and (iii) the accelerated vesting of the time-based vesting of any remaining unvested portion of restricted stock unit awards granted to him in 2020 and 2021 and the performance-based restricted stock unit award granted to him in 2020 (the "2020 PSU"), with the 2020 PSU remaining subject to the performance vesting requirements of such grant and with the number of shares of our stock that Mr. Heald ultimately vests in with respect to the 2020 PSU determined in the same manner and on the same terms as are applicable to other senior executive holders of such grant.

If not earlier terminated, Mr. Heald's employment will end on the End Date and upon such event he will be entitled to accelerated vesting of the restricted stock unit award granted to him in 2021. The Amended Agreement also provides that Mr. Heald is subject to covenants not to compete and not to solicit during the Term and for a period of one year thereafter.

The foregoing description of the Employment Agreement is qualified in its entirety by reference to the full text of the Employment Agreement, a copy of which is filed as Exhibit 10.1 to this Quarterly Report on Form 10-Q and is incorporated in this Part II, Item 5, "Other Information" by reference.

ITEM 6. EXHIBITS

Exhibit No.	Description
10.1 +	Amendment to Employment Agreement by and between Casella Waste Systems, Inc. and Christopher B. Heald dated as of October 25, 2021.
31.1 +	Certification of John W. Casella, Principal Executive Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
31.2 +	Certification of Edmond R. Coletta, Principal Financial Officer, pursuant to Section 302 of the Sarbanes – Oxley Act of 2002.
32.1 ++	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.
32.2 ++	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002.
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.**
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document.**
101.LAB	Inline XBRL Taxonomy Label Linkbase Document.**
101.PRE	Inline XBRL Taxonomy Presentation Linkbase Document.**
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.**
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.)

**	Submitted Electronically Herewith. Attached as Exhibit 101 to this report are the following formatted in inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020, (ii) Consolidated Statements of Operations for the three and nine months ended September 30, 2021 and 2020, (iii) Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2021 and 2020, (iv) Consolidated Statements of Stockholders' Equity for the nine months ended September 30, 2021 and 2020, (v) Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020, and (vi) Notes to Consolidated Financial Statements.
+	Filed Herewith
++	Furnished Herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Casella Waste Systems, Inc.
Date: October 29, 2021	By: /s/ Christopher B. Heald
	Christopher B. Heald Vice President and Chief Accounting Officer (Principal Accounting Officer)
Date: October 29, 2021	By: /s/ Edmond R. Coletta
	Edmond R. Coletta Senior Vice President and Chief Financial Officer (Principal Financial Officer)

EXHIBIT 10.1

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT, dated as of the 25th day of October, 2021 (the "Agreement"), is made by and between Casella Waste Systems, Inc., a Delaware corporation with an address of 25 Greens Hill Lane, Rutland, Vermont 05701 ("Company"), and Christopher B. Heald, an individual and a resident of Center Rutland, Vermont ("Employee"). This Agreement shall be effective on March 31, 2022 (the "Effective Date"), provided that Employee remains employed by Company as of the Effective Date. Until the Effective Date, the Employment Agreement between Company and Employee dated as of the 1st day of March, 2016 (the "Original Agreement") will remain in full force and effect and continue to govern Employee's employment with the Company.

WHEREAS, Company is in the business of providing solid waste management, disposal, resource recovery and recycling services and related businesses;

WHEREAS, Company and Executive are parties to the Original Agreement; and

WHEREAS, Company and Employee are mutually desirous to enter into this Agreement to amend and restate the Original Agreement in its entirety as of the Effective Date.

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the parties herein contained, Company and Employee, intending to be legally bound, do hereby agree as follows:

3.1 Duties. Effective as of the Effective Date, Employee hereby resigns from his position as Vice President of Finance and Chief Accounting Officer and from any and all other positions he holds as an officer of Company and, as may be applicable, its subsidiaries, and further agrees to execute and deliver any documents reasonably necessary to effectuate such resignations, as requested by Company. Effective as of April 1, 2022, Employee shall be employed by Company in the role of Finance Advisor, reporting to the Chief Financial Officer of Company. Employee shall devote substantially all of his business time and effort to the performance of his duties hereunder, shall use all reasonable efforts to advance the best interests of Company and shall not engage in outside business activities which materially interfere with the performance of his duties hereunder; provided, however, that, subject to Sections 5 and 6 below, nothing in this Agreement shall preclude Employee from devoting reasonable periods required for participating in professional, educational, philanthropic, public interest, charitable, social or community activities.

The duties to be performed by Employee hereunder shall be performed primarily in Rutland, Vermont, subject to reasonable travel requirements on behalf of Company.

3.2 Agreement Term. Subject to the terms and conditions of this Agreement, and provided Employee remains employed by Company as of the Effective Date, Company hereby agrees to continue to employ Employee, and Employee hereby accepts such continued employment, for a term commencing on the Effective Date and ending on the first anniversary of such date (the

“End Date”), unless sooner terminated in accordance with the provisions of Section 4 (as applicable, the “Term”).

3.3 Compensation and Expenses.

3.1 Base Salary. Employee shall be compensated at the annual rate of One Hundred Thousand Dollars ($100,000) (“Base Salary”), payable on a bi-weekly basis in accordance with Company’s standard payroll procedures.

3.2 Business Expenses. Upon submission of appropriate invoices or vouchers, Company shall pay or reimburse Employee for all reasonable and necessary expenses actually incurred or paid by him during the Term in the performance of his duties hereunder.

3.3 Participation in Benefit Plans. Subject to each plan’s employee eligibility and contribution requirement, Employee shall be entitled to continue to participate in any health benefit or other employee benefit plans available to similarly situated Company employees as in effect from time to time, including, without limitation, any qualified or non-qualified pension, profit sharing and savings plans, any death and disability benefit plans, any medical, dental, health and welfare plans and any stock purchase programs, on terms and conditions at least as favorable as provided to other similarly situated employees of Company, to the extent that he may be eligible to do so under the applicable provisions of any such plan and applicable law. Following the termination of Employee hereunder or, if later, the expiration of any Severance Benefit Term (as defined below), Employee and his eligible dependents shall be eligible for health care continuation under the Consolidated Omnibus Reconciliation Act of 1985 (“COBRA”) to the extent authorized by law and at Employee’s own cost.

3.4 Vacation. Employee shall be entitled to four (4) weeks of annual vacation and shall be subject to the Company’s standard holiday schedule. Company shall have no obligation to pay Employee for any unused vacation, except as provided by applicable law.

3.5 Fringe Benefits and Perquisites. Employee shall be entitled to any fringe benefits and perquisites that are generally made available to similarly situated employees of Company from time to time and that are approved by the Compensation Committee.

4 Termination. Employee’s employment hereunder may be terminated only under the following circumstances:

4.1 Death. Employee’s employment hereunder shall terminate upon his death, in which event Company shall pay to Employee’s written designee or, if he has no written designee, to his spouse or, if he leaves no spouse and has no written designee, to his estate the Accrued Obligations (as defined below).

4.2 Disability. Company may terminate Employee’s employment hereunder if (i) as a result of Employee’s incapacity due to physical or mental illness, Employee shall have been absent from his duties hereunder on a full-time basis for an aggregate of one hundred eighty (180) consecutive or non-consecutive business days during the Term and (ii) within ten (10) days after written notice of termination hereunder is given by Company, Employee shall not have returned to the performance of his duties hereunder on a full-time basis. The determination of incapacity or disability under the preceding sentence shall be made in good faith by Company based upon information supplied by a physician selected by Company or its insurers and reasonably acceptable to Employee or his legal representative. During any period that Employee fails to perform his duties hereunder as a result of incapacity due to physical or mental illness (the “Disability Period”), Employee shall continue to receive his full Base Salary hereunder until his employment is terminated pursuant to this Section 4.2, provided that amounts payable to Employee shall be reduced by the sum of the amounts, if any, paid to Employee during the Disability Period under any disability benefit plans of Company. If Employee is terminated pursuant to this Section 4.2, Company shall pay or provide to Employee (or his legal representative) the Accrued Obligations.

4.3 Termination by Company.

4.3.1 Termination by Company for Cause. Company shall have “Cause” to terminate Employee’s employment hereunder upon Employee (A) being convicted of a crime involving Company (other than pursuant to actions taken at the direction or with the approval of the Board), (B) having engaged in (1) willful misconduct which has a material adverse effect on Company, (2) willful or gross neglect or behavior which has a material adverse effect on Company, (3) fraud, (4) misappropriation or (5) embezzlement in the performance of his duties hereunder, or (C) having breached in any material respect the material terms and provisions of this Agreement and failed to cure such breach within fifteen (15) days following written notice from Company specifying such breach. In the event Employee’s employment is terminated by Company for Cause prior to the End Date, Employee shall be entitled to continue to receive Base Salary accrued but unpaid and expenses incurred but not repaid to Employee, in each case only until the effective date of such termination (the “Accrued Obligations”).

4.3.2 Termination by Company other than for Cause. In the event Employee’s employment is terminated by Company other than for Cause prior to the End Date, in addition to the Accrued Obligations, Employee shall, subject to the provisions of, and at the time set forth in, Section 11, be entitled to (i) Severance, payable as described in Section 4.3.3(a), (ii) Severance Benefits for the Severance Benefit Term, and (iii) accelerated vesting of the time-based vesting of any remaining unvested portion of (A) the restricted stock unit awards granted to Employee by the Company on each of March 12, 2020 (the “2020 RSU”) and March 12, 2021 (the “2021 RSU”) and (B) the performance-based restricted stock unit award granted to Employee by the Company on March 21, 2020 (the “2020 PSU”), with the 2020 PSU remaining subject the performance vesting requirements of such grant and with the number of shares of Company stock that Employee ultimately vests in with respect to the 2020 PSU determined in the same manner and on the same terms as are applicable to other senior executive holders of such grant, and with such shares delivered to Employee at the same time and on the same conditions as are set forth in the 2020 PSU award agreement and as are applicable to other senior executive holders of such grant (together, the “Accelerated Vesting”), provided that the Accelerated Vesting shall only occur to the extent permitted by Section 409A (as defined below).

4.3.3 Definitions. For purposes of this Agreement, the following terms shall have the respective meanings set forth below:

(a) "Severance" means the amount of Base Salary payments Employee would have received between Employee's termination date and the End Date had Employee remained employed by the company through the End Date. Severance due hereunder shall be paid bi-weekly in accordance with Company payroll procedures, commencing within sixty (60) days following Employee's termination, in all cases subject to Section 11 and, to the extent applicable, Section 20, and less applicable Employee payroll deductions. Severance is intended to, and shall be construed to, fit within the short-term deferral and separation pay exceptions to Section 409A to the maximum permissible extent and each installment payment thereof shall be treated as a separate payment.

(b) "Severance Benefits" means, should Employee be eligible for and elect to receive continued group medical and dental insurance through COBRA, that Company and Employee shall each continue to pay their respective portions of the premiums for such benefits as would be applicable to active and similarly situated employees of Company. The Severance Benefits are intended to, and shall be construed to, fit within the short-term deferral and separation pay exceptions to Section 409A to the maximum permissible extent and each installment thereof shall be treated as a separate payment for purposes of Section 409A.

(c) "Severance Benefit Term" means the period of time from the date of Employee's termination by Company other than for Cause through the End Date; provided, however, that Company's obligation to provide Severance Benefits (i) shall terminate upon Employee becoming eligible for coverage under the medical benefits program of a subsequent employer and (ii) shall not be construed to extend any period of continuation coverage (e.g., COBRA) required by U.S. federal law.

(d) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, and the regulations issued thereunder, as each may be amended from time to time.

4.4 Termination by Employee. Upon fourteen (14) days' prior written notice, Employee may terminate his employment with Company prior to the End Date for any reason. If Employee terminates his employment with Company, Company shall pay to Employee the Accrued Obligations. The indemnification provisions pursuant to Section 10 hereof shall survive any termination of employment of Employee hereunder.

4.5 Termination on End Date. If not earlier terminated, Employee's employment will end on the End Date. In such event, in addition to the Accrued Obligations, Employee shall, subject to the provisions of Section 11, be entitled to accelerated vesting of the 2021 RSU at the time set forth in Section 11 ("End of Term Accelerated Vesting"), provided that the End of Term Accelerated Vesting shall only occur to the extent permitted by Section 409A.

4.6 Effect of Termination on Certain Obligations. No termination of the employment of Employee by either Company or Employee shall terminate, affect or impair any of the obligations or rights of the parties set forth in Sections 4, 5, 6, 7, 8, 10 and 21 of this Agreement, all of which obligations and rights shall survive any termination of employment of Employee hereunder.

5. Covenant Not to Disclose Confidential Information. During the Term, and at all times thereafter, Employee acknowledges that during the course of his affiliation with Company he has or will have access to and knowledge of certain information and data which Company considers confidential and/or proprietary and the release of such information or data to unauthorized persons would be extremely detrimental to Company. As a consequence, Employee hereby agrees and acknowledges that he owes a duty to Company not to disclose, and agrees that without the prior written consent of Company, at any time, either during or after his employment with Company, he will not communicate, publish or disclose, to any person anywhere, or use, any Confidential Information (as hereinafter defined), except as may be necessary or appropriate to conduct his duties hereunder, provided Employee is acting in good faith and in the best interest of Company. Employee will use all reasonable efforts at all times to hold in confidence and to safeguard any Confidential Information from falling into the hands of any unauthorized person and, in particular, will not permit any Confidential Information to be read, duplicated or copied. Employee will return to Company all Confidential Information in Employee's possession or under Employee's control when the duties of Employee no longer require Employee's possession thereof, or whenever Company shall so request, and in any event will promptly return all such Confidential Information if Employee's employment with Company is terminated for any or no reason and will not retain any copies thereof. For purposes hereof, the term "Confidential Information" shall mean any information or data used by or belonging or relating to Company whether communication is verbal or in writing that is not known generally to the industry in which Company is or may be engaged, including without limitation, any and all trade secrets, proprietary data and information relating to Company's business and products, intellectual property, patents, or copyrightable works, price list, customer lists, processes, procedures or standards, know-how, manuals, business strategies, records, drawings, specifications, designs, financial information, whether or not reduced to writing, or information or data which Company advises Employee should be treated as Confidential Information.

6. Covenant Not to Compete and Non-Solicitation and Non-Disparagement. Employee acknowledges that he, at the expense of Company, has been and will be specially trained in the business of Company, has established and will continue to establish favorable relations with the customers, clients and accounts of Company and will have access to trade secrets of Company. Therefore, in consideration of the compensation paid Employee hereunder, and of such training and relations and to further protect trade secrets, directly or indirectly, of Company, Employee agrees that during the Term, and for a period of one (1) year thereafter, he will not, directly or indirectly, without the express written consent of Company:

(a) own or have any interest in or act as an officer, director, partner, principal, employee, agent, representative, consultant or independent contractor of, or in any way assist in, any business located in or doing business in the United States of America or Canada in any area within one hundred (100) miles of any facility of Company during the term of Employee's employment, by Company, which is engaged, directly or indirectly, in (i) the solid waste processing, disposal and management business, (ii) the utilization of recyclable materials business or (iii) any other business Company is engaged in or proposes to engage in on the date this Agreement, or subsequently, at the date of termination of this Agreement, including, without limitation, businesses in the nature of, or relating to, sustainability programs, waste reduction, the creation of power or fuels out of waste, landfill gas to energy or gasification businesses, waste water treatment facilities (the businesses described in clauses (a)(i), (ii) and (iii) are collectively referred to as the "Competitive Businesses"); provided, however, that notwithstanding the above, Employee may own, directly or indirectly, solely as an investment, securities of any such person which are traded on any national securities exchange or NASDAQ if Employee (A) is not a controlling person of, or a member of a group which controls, such person and (B) does not, directly or indirectly, own 5% or more of any class of securities of such person;

(b) solicit clients, customers (who are or were customers of Company, or were prospects to be customers of Company, within the twelve (12) months prior to termination) or accounts of Company for, on behalf of or otherwise related to any such Competitive Businesses or any products related thereto; or

(c) solicit, employ or in any manner influence or encourage any person who is or shall be in the employ or service of Company to leave such employ or service.

If any court determines that the covenant not to compete, or any part thereof, is unenforceable because of the duration of such provision or the geographic area or scope covered thereby, such court shall have the power to reduce the duration, area or scope of such provisions and, in its reduced form, such provision shall then be enforceable and shall be enforced.

7. Assignment of Inventions and Work. Employee hereby agrees to disclose in writing to Company any inventions or copyrightable works ("Inventions or Works"), which are conceived, made, discovered, written or created by Employee, alone and/or in combination with others, during Employee's employment with Company, and that Employee will, voluntarily and without additional consideration, assign Employee's rights and title to such Inventions or Works to Company. This assignment of Inventions or Works relates only to Inventions or Works which are directly related to the businesses of Company.

8. Specific Performance. Recognizing that irreparable damage will result to Company in the event of the breach or threatened breach of any of the foregoing covenants and assurances by Employee contained in Sections 5, 6 or 7 hereof, and that Company's remedies at law for any such breach or threatened breach will be inadequate, Company and its successors and assigns, in addition to such other remedies which may be available to them, shall be entitled to an injunction, including a mandatory injunction, to be issued by any court of competent jurisdiction ordering compliance with this Agreement or enjoining and restraining Employee, and each and every person, firm or company acting in concert or participation with him, from the continuation of such breach.

9. Potential Unenforceability of Any Provision. Employee acknowledges and agrees that he has had an opportunity to seek advice of counsel in connection with this Agreement. If a final judicial determination is made that any provision of this Agreement is an unenforceable restriction against Employee or Company, the provisions hereof shall be rendered void only to the extent that such judicial determination finds such provisions unenforceable, and such unenforceable provisions shall automatically be reconstituted and became a part of this Agreement, effective as of the date first written above, to the maximum extent in favor of Company (in the case of an Employee breach) or Employee (in the case of a Company breach) that is lawfully enforceable. A judicial determination that any provision of this Agreement is unenforceable shall in no instance render the entire Agreement unenforceable, but rather the

Agreement will continue in full force and effect absent any unenforceable provision to the maximum extent permitted by law.

(10) Indemnification. Company agrees that, except as limited by Company’s Certificate of Incorporation or By-Laws (as either or both may be amended from time to time), or applicable law, Company shall indemnify Employee (and promptly advance expenses as may be required) to the fullest extent permitted by applicable law in effect on the date hereof and to such greater extent as applicable law may thereafter from time to time permit. Employee shall be entitled to this indemnification if by reason of his employment or by any reason of anything done or not done by Employee in any such capacity he is or is threatened to be made, a party to any threatened, pending, or completed Proceeding (as defined herein). Employee will be indemnified to the full extent permitted by applicable law against expenses, judgments, penalties, fines and amounts paid in settlement (including all interest assessments and other charges paid or payable in connection with or in respect of such expenses, judgments, fines, penalties or amounts paid in settlement) actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Company, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful. “Proceeding” includes any threatened, pending, or completed claim, action, suit, arbitration, alternate dispute resolution mechanism, administrative hearing, appeal, inquiry or investigation, whether civil, criminal, administrative, arbitrative, investigative, or other (whether instituted by Company or any other party), or any inquiry or investigation that Employee in good faith believes might lead to the institution of any such action, suit or proceeding whether civil, criminal, administrative, investigative, or other, including any action, suit arbitration, alternate dispute resolution mechanism, administrative hearing, appeal, or any inquiry or investigation pending on or prior to the date hereof or initiated by Employee to enforce his rights under this indemnification section of this Agreement. This indemnification and the advancement of expenses shall include attorney’s fees and other reasonable expenses incurred by Employee pursuant to this clause. In the event that there is a potential conflict of interest between Employee and Company, Employee may select his own counsel (and still be entitled to the benefit of this indemnification). Employee must submit written requests for payment pursuant to the Section 10 within one hundred twenty (120) days after Employee incurs any expenses or other amounts under this Section 10. Payment or reimbursement shall be governed by Section 20. This indemnification clause shall survive the termination of this Agreement.

(11) General Release. Employee recognizes, understands and agrees that the provision of this Agreement by Company, and its terms of employment, as well as its terms of Severance, Severance Benefits, and Accelerated Vesting and End of Term Accelerated Vesting, as applicable, are generous and extraordinary, and that in consideration thereof, Employee agrees in this Agreement that in advance of and as a condition to the receipt of such Severance Benefits Severance, and Accelerated Vesting or End of Term Accelerated Vesting, as applicable, and if any, Employee will execute a General Release in a form mutually satisfactory to Company and Employee, but in any case, including appropriate releases for all claims or demands Employee may have against Company, including, without limitation, claims or demands for violation of any laws, rules, regulations, orders or decrees established to protect the rights of employees pursuant to anti-discrimination laws and including all protections required by law to be afforded to Employee relative to the execution and revocation of such a General Release. Employee

understands and agrees that no Severance Benefits, Severance, and Accelerated Vesting or End of Term Accelerated Vesting, as applicable, will be provided to Employee unless, and until, Employee and Company execute such a General Release, and Employee's rights to revoke such General Release have expired or have been extinguished as a matter of law. Such General Release must be executed and submitted to Company within sixty (60) days following termination of employment or such shorter period as may be directed by Company. Payment of amounts exempt from Section 409A shall be made (or shall begin, as the case may be) immediately upon the expiration of the revocation period, as shall the payment of any amounts that constitute "deferred compensation" within the meaning of Section 409A (subject to any delay under Section 20 and also provided that if the sixty (60) day period ends in the calendar year subsequent to the year containing the termination of employment, the payment of deferred compensation shall not be made or begin earlier than the first business day in that subsequent year).

(12) Corporate Authority. Company represents and warrants to Employee that (a) Company has all necessary power and authority to enter into, and be bound by the terms of, this Agreement, (b) the execution, delivery, and performance of the undertakings contemplated by the Agreement have been duly authorized by Company, and (c) this Agreement shall be a legal, valid and binding obligation of Company, enforceable against Company in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar laws affecting the enforcement of creditors rights generally.

(13) Notice. Any notice or other communication hereunder shall be in writing and shall be mailed or delivered to the respective parties hereto as follows:

(a) If to Company:

Casella Waste Systems, Inc.
25 Greens Hill Lane
Rutland, VT 05701
Attention: Senior Vice President and General Counsel

(b) If to Employee:

Christopher B. Heald
Finance Advisor 25 Greens Hill Lane
Rutland, VT 05701

The addresses of either party hereto above may be changed by written notice to the other party.

14. Amendment; Waiver. This Agreement may be amended, modified, superseded, cancelled, renewed or extended and the terms of covenants hereof may be waived, only by written instrument executed by the party against whom such modification or waiver is sought to be enforced. The failure of either party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by either party of the breach of any term or covenant contained in this Agreement,

whether by conduct or otherwise, in anyone or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant in this Agreement.

15. Benefit and Binding Effect. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of Company, but shall be personal to and not assignable by Employee. The obligations of Company hereunder are personal to Employee or where applicable to his spouse or estate, and shall be continued only so long as Employee shall be personally discharging his duties hereunder. Company may assign its rights, together with its obligations, to any corporation which is a direct or indirect wholly-owned subsidiary of Company; provided, however, that Company shall not be released from its obligations hereunder without the prior written consent of Employee, which consent shall not be unreasonably withheld.

16. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF VERMONT REGARDLESS OF THE LAWS THAT MIGHT BE APPLICABLE UNDER PRINCIPLES OF CONFLICTS OF LAW.

17. Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts together shall constitute one and the same instrument. Each counterpart may consist of two copies hereof each signed by one of the parties hereto.

18. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

19. Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof, superseding all negotiations, prior discussions and agreements, including, as of the Effective Date, the Original Agreement. No subsequent modifications may be made to this Agreement except by signed writing of the parties.

20. Compliance with Section 409A.

Payments and benefits under this Agreement are intended to be exempt from Section 409A to the maximum possible extent and, to the extent not exempt, are intended to comply with the requirements of Section 409A. The provisions of this Agreement shall be construed in a manner consistent with such intent.

With respect to any “deferred compensation” within the meaning of Section 409A that is payable or commences to be payable under this Agreement solely by reason of Employee’s termination of employment, such amount shall be payable or commence to be payable as soon as, and no later than, Employee experiences a “separation from service” as defined in Section 409A, subject to this Section 11 of the Agreement and subject to the six-month delay described below, if applicable. In addition, nothing in the Agreement shall require Company to, and Company shall not, accelerate the payment of any amount that constitutes “deferred compensation” except to the extent permitted under Section 409A.

If Employee is a “Specified Employee” within the meaning of Section 409A at the time his employment terminates and any amount payable to Employee by virtue of his separation from service constitutes “deferred compensation” within the meaning of Section 409A, any such amounts that otherwise would be payable during the first six months following separation from service shall be delayed and accumulated for a period of six months and paid in a lump sum on the first day of the seventh month. Amounts exempt from Section 409A shall not be so delayed. The Severance, Severance Benefits, and Accelerated Vesting or End of Term Accelerated Vesting, as applicable, are intended to, and shall be construed to, fit within the short-term deferral and separation pay exceptions to Section 409A to the maximum permissible extent and each installment thereof shall be treated as a separate payment for such purposes.

Any reimbursements or in-kind benefits provided to Employee shall be administered in accordance with Section 409A, such that: (a) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during one year shall not affect the expenses eligible for reimbursement or the in-kind benefits provided in any other year; (b) reimbursement of eligible expenses shall be made on or before December 31 of the year following the year in which the expense was incurred; and (c) the right to reimbursement or in-kind benefits shall not be subject to liquidation or to exchange for another benefit.

21. AGREEMENT TO ARBITRATE.

The undersigned parties agree that any disputes that may arise between them (including but not limited to any controversies or claims arising out of or relating to this Agreement or any alleged breach thereof, and any dispute over the interpretation or scope of this arbitration clause) shall be settled by arbitration by a single arbitrator agreed to by the parties, or if one cannot be agreed to by the parties, then by a three (3) person arbitration panel which is selected by the party of the first party, the second member chosen by the party of the second party, and the third member being selected by the first two arbitrators as previously selected by the parties. The arbitrator(s) shall administer the arbitration in accordance with the American Arbitration Association, Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. No party shall be entitled to punitive, consequential or treble damages. The arbitrator(s) selection process shall be concluded by the parties within sixty (60) days of a party’s Notice of Arbitration.

ACKNOWLEDGMENT OF ARBITRATION PURSUANT TO 12 V.S.A. § 5651 et seq. THE PARTIES HERETO ACKNOWLEDGE THAT THIS DOCUMENT CONTAINS AN AGREEMENT TO ARBITRATE. AFTER SIGNING THIS DOCUMENT EACH PARTY UNDERSTANDS THAT HE WILL NOT BE ABLE TO BRING A LAWSUIT CONCERNING ANY DISPUTE THAT MAY ARISE WHICH IS COVERED BY THIS ARBITRATION AGREEMENT EXCEPT AS PROVIDED IN THIS PARAGRAPH OR UNLESS IT INVOLVES A QUESTION OF CONSTITUTIONAL LAW OR CIVIL RIGHTS. INSTEAD EACH PARTY HAS AGREED TO SUBMIT ANY SUCH DISPUTE TO AN IMPARTIAL ARBITRATOR.

IN WITNESS WHEREOF, all parties have set their hand and seal to this Agreement and Acknowledgement of Arbitration pursuant to 12 V.S.A. § 5651 et seq. as of the dates written below:

		Christopher B. Heald	
Witness:	/s/ Ashley Hathaway		/s/ Christopher B. Heald
Date:	10/25/2021	Date:	10/25/2021
		CASELLA WASTE SYSTEMS, INC.	
Witness:	/s/ Ashley Hathaway	By:	/s/ Edmond R. Coletta
Date:	10/25/2021	Name:	Edmond R. Coletta
		Date:	10/25/2021

EXHIBIT 31.1

CERTIFICATION

I, John W. Casella, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Casella Waste Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: October 29, 2021

By: /s/ John W. Casella
John W. Casella
Chairman and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Edmond R. Coletta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Casella Waste Systems, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 29, 2021

By: /s/ Edmond R. Coletta
Edmond R. Coletta
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Casella Waste Systems, Inc. for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof ("Report"), the undersigned, John W. Casella, Chairman and Chief Executive Officer, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, our financial condition and results of operations.

Date: October 29, 2021	By: /s/ John W. Casella
	Chairman and Chief Executive Officer
	(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Casella Waste Systems, Inc. for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (“Report”), the undersigned, Edmond R. Coletta, Senior Vice President and Chief Financial Officer, hereby certifies, pursuant to 18 U.S.C. Section 1350, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, our financial condition and results of operations.

Date: October 29, 2021	By: /s/ Edmond R. Coletta
	Senior Vice President and Chief Financial Officer
	(Principal Financial Officer)