

Office of the Attorney General

NEWSRELEASE

ATTORNEY GENERAL OF TEXAS GREG ABBOTT

Wednesday, December 3, 2008

Attorney General Abbott Reaches Agreement To Ensure Market Competitiveness After Waste Industry Merger

Settlement preserves market competition in Houston, Fort Worth and Lubbock

AUSTIN – Texas Attorney General Greg Abbott, seven state attorneys general, and the U.S. Department of Justice today reached an agreement that will ensure the merger of Allied Waste Industries, Inc. and Republic Services, Inc. does not reduce competition in three Texas markets. Under today’s agreed final judgment, the combined company will divest, or sell off, certain waste-hauling routes and landfills in Fort Worth, Houston and Lubbock. An investigation begun last June by the Office of the Attorney General (OAG) concluded that the proposed merger would reduce competition and therefore likely result in higher prices or lower quality service in all three cities.

Separate from the multi-state agreement, the OAG also reached an agreement with the combined company that will help ensure competitiveness in the Dallas market.

Media links
Letter affecting the Dallas area
Final judgment against Republic and Allied Waste

“Texas must continue fostering its vibrant, competitive, free-market economy,” said Attorney General Greg Abbott. “To protect competition within the waste management sector, the Office of the Attorney General conducted a thorough investigation into the proposed merger of two industry giants. Today’s agreement requires that the newly-combined company divest crucial assets to ensure that competition continues to thrive in the Fort Worth, Houston and Lubbock markets.”

The other states that joined today’s settlement are California, Indiana, Kentucky, Michigan, North Carolina, Ohio and Pennsylvania.

Three waste management companies – Allied, Republic, and Waste Management – dominate several Texas markets. These three companies control more than 80 percent of the commercial hauling routes and all of the landfills in Houston. Private waste management companies depend upon privately owned landfills for waste disposal sites. Without competition among these landfills, they could face higher prices or be forced to drive long distances to dump their customers’ waste.

Under today’s agreement, Allied and Republic must sell three waste disposal assets and 32 hauling routes in Houston. The combined company must also divest five routes in Fort Worth, where it must also sell off one of its landfills.

After the waste management giants' proposed merger was announced, the OAG's Antitrust Division began investigating the deal's impact on Texas markets. In Lubbock, the city's only landfill is owned and operated by the City of Lubbock. However, because Allied and Republic currently control more than 60 percent of the commercial hauling routes in Lubbock County, the OAG expressed concerns about trash collection routes. As a result, the combined company agreed to divest seven commercial hauling routes in the county.

To help ensure competition among landfill operators in Dallas, the combined company also agreed to allow the state to challenge any future attempts by the company to privatize the municipal McCommas Bluff landfill, which currently serves as a vital source of independent competition in that market.

To report suspected violations of state antitrust laws, contact the Office of the Attorney General at (800) 252-8011 or visit the agency's Web site at www.texasattorneygeneral.gov.