



A T T O R N E Y S

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September 23, 2004

Ms. Carole Washburn
Executive Secretary
Washington Utilities and Transportation Commission
PO BOX 47250
Olympia, WA 98504-7250

Re: *Application for Kleen Environmental Technologies, Inc.*
TG-040248

Dear Ms. Washburn:

Enclosed please find two pages were inadvertently omitted from Exhibit KRL5 of the Prefiled Testimony of Kenneth Lee that was filed in August. The attached pages have been marked as Exhibit KRL7 since the other exhibits have been organized by now. All parties of record will receive copies of this exhibit by email and regular mail or legal messenger

Sincerely,

Greg W. Haffner

GWH/gwh

Enclosure

cc: Allen McCloskey
James K. Sells
Stephen B. Johnson
Greg Trautman

Theresa M. Ahern
John M. Casey
Gregory F. Cromwell
Mark W. Davis

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Brie Ann McCarthy
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Jane C. Rhodes
Shana E. Thompson

Diana M. Zottman
Of Counsel:
C. Peter Curran
Melvin L. Kleweno, Jr.

ORIGINAL

COMBINED REGIONS 1-4		KLEEN ENVIRONMENTAL TECHNOLOGIES, INC. BIOHAZARD WASTE DISPOSAL DIVISION PROFORMA BALANCE SHEET ANALYSIS											
Initial Values	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	
ASSETS													
CURRENT ASSETS:													
CASH	66270.00	55974.39	52495.44	46997.19	45694.77	48553.50	54367.50	61870.38	66288.02	74810.37	82825.54	92523.86	101221.48
ACCOUNTS RECEIVABLE	0	9957.60	14363.20	22128.00	28766.40	33192.00	35404.80	35404.80	40936.80	40936.80	43149.60	43149.60	47575.20
MATERIALS	950.40	1372.80	2112.00	2745.60	3168.00	3379.20	3379.20	3907.20	3907.20	4118.40	4118.40	4540.80	37699.20
SUPPLIES	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00	20000.00
TOTAL CURRENT ASSETS	87220.4	87304.79	88990.64	91870.79	97629.17	105124.70	113151.50	121182.38	131132.02	139865.57	150093.54	160214.26	206495.88
LONG TERM ASSETS:													
EQUIPMENT	23500	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00
DEPOSITS													
TOTAL LONG TERM ASSETS	23500	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00	23500.00
TOTAL ASSETS	110720.4	110804.79	112490.64	115370.79	121129.17	128624.70	136651.50	144682.38	154632.02	163365.57	173593.54	183714.26	229995.88
LIABILITIES AND EQUITY													
LIABILITIES:													
ACCRUED ACCOUNTS PAYABLE	950.40	3532.80	5232.00	7545.60	9408.00	10579.20	11059.20	11587.20	12787.20	12998.40	13478.40	13900.80	48019.20
ACCRUED L & I	0	331.15	331.15	659.15	659.15	659.15	659.15	659.15	823.15	823.15	823.15	823.15	823.15
ACCRUED B & O	0	48.19	69.61	107.10	139.23	160.65	171.36	171.36	198.13	198.13	208.84	208.84	230.26
TOTAL LIABILITIES	950.4	3912.14	5632.76	8311.85	10206.38	11399.00	11889.71	12417.71	13808.48	14019.68	14510.39	14932.79	49072.61
EQUITY													
CAPITAL INVESTMENT	5000	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00	5000.00
STOCKHOLDER LOANS	104770	104770.00	104770.00	104770.00	104770.00	104770.00	104770.00	104770.00	104770.00	104770.00	104770.00	104770.00	104770.00
RETAINED EARNINGS	0.00	-2877.36	-2912.13	-2711.06	1152.79	7455.70	14991.79	22494.67	31053.53	39575.88	49313.15	59011.47	71153.26
TOTAL EQUITY	109770	106892.64	106857.87	107058.94	110922.79	117225.70	124761.79	132264.67	140823.53	149345.88	159083.15	168781.47	180923.26
TOTAL LIAB & EQUITY	110720.4	110804.79	112490.64	115370.79	121129.17	128624.70	136651.50	144682.38	154632.02	163365.57	173593.54	183714.26	229995.88

PROFORMA ASSUMPTIONS:					
BALANCE SHEET:					
Assets:					
1) CASH:	Ending balance of prior month + prior month A/R - prior months Accrueds - current months P & L expenses				
2) A/R:	Current months Sales (assumes AVR collected in 30 days)				
3) MATERIALS:	Purchased sufficient for nexts' month needs (boxes and labels)				
4) SUPPLIES:	Initial purchase would be replaced as used				
5) EQUIPMENT:	No changes				
Liabilities:					
6) ACCRUED ACCOUNTS PAYABLE:	Material purchases for next months' needs + current months Disposal costs				
7) ACCRUED L & I:	Current month's Direct Workers Comp and Admin Workers Comp				
8) ACCRUED B & O:	Current month's Taxes @ 0.00484 X Sales				
9) RETAINED EARNINGS:	Accumulated Net Profits bef depr & amort				
PROFIT AND LOSS:					
1) No. of Clients Obtained:	Our estimate of expectations based on interviews with our existing client base				
2) Units for Disposal:	Estimate of # boxes at 15 per pickup per week per client				
3) Sales:	Units for Disposal times Tariff rate of \$18.44/unit				
4) Labor Hours:	assume 1 person can handle load through February, 2 persons thru July, 2.5 persons thru December				
5) Labor Wages:	Labor hours times \$20.00 per hour				
6) Payroll Taxes:	Labor wages times our current rate for FICA + SUTA + FUJA (.076+ .008+.012)				
7) Workers Comp:	Direct labor hours + Admin labor hours times \$2.05 per hour				
8) Empl. Health Insur:	One employee times our current Health Insur rate				
9) Material Boxes:	Current months Units for Disposal times \$1.40 per unit				
10) Material Labels:	Current months Units for Disposal times \$.36 per unit				
11) Disposal:	Current months Units for Disposal times \$4.00 per box				
12) Disposal Admin:	Current months Units for Disposal times \$2.00 per unit				
13) Miles driven per month:	Assumes weekly trip to Salem, Oregon plus weekly trips for client pickups				
14) Vehicle Lease:	Assumes two (2) 24-27 foot van to be leased for the first year				
15) Vehicle Operating:	Mileage per month times \$.22 per mile (based on gas, oil, maint and insurance)				
16) Employee Training:	Training 6 employees @ \$500.00 per employee				
17) Admin Hours:	Estimated Management hours devoted to this division				
18) Wages:	Admin Hours times \$30.00 per hour				
19) Payroll Taxes:	Admin Wages times our rate as above for FICA + SUTA + FUJA				
20) Admin Workers Comp:	Admin labor hours times our current management rate of \$.09 per hour				
21) Marginal Indirect Expenses:	are based on current rates for like expenses				

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served Exhibit KRL5 of the Perfiled Testimony of Kenneth Lee upon the persons and entities listed below by electronically transmitting said document with attachments in PDF Format to the UTC Records Center at records@wutc.wa.gov and the e-mail address for each person shown below and that, in addition, I have this day deposited the original and six (6) copies of said documents in the United States mail addressed to:


**Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
Olympia, WA 98504-7250**

with first class postage paid.

The following persons served via e-mail and U.S. Mail (if requested):

Stephen B. Johnson Garvey Schubert Barer 1191 Second Avenue – 18 th Floor Seattle, WA 98101-2939 sjohnson@gsblaw.com	James K. Sells Ryan Sells Uptegraft 9657 Levin Road N.W., Suite 240 Silverdale, WA 98383 jimsells@rsulaw.com
Greg Trautman Assistant Attorney General 1400 S. Evergreen Park Drive S.W. P.O. Box 40128 Olympia, WA 98504-0128 Gtrautma@wutc.wa.gov	

DATED at Kent, WA this 23rd Day of September, 2004


Marina Anna Baker