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GARVEY SCHUBERT BARER

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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September 22, 2004

VIA EMAIL and LEGAL MESSENGER

Ms. Carole Washburn
Executive Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504

Re: Kleen Environmental Technologies, Inc. Application, Consolidated Docket Nos. TG-040221, TG-040248 and TG-040553


Dear Ms. Washburn:

Enclosed please find an original and 6 copies of Exhibit NMW-9 to the Prefiled Testimony of Nanette M. Walker which was filed with the Commission on Friday, September 17, 2004. This Exhibit was inadvertently omitted from Ms. Walker's prefiled testimony. By copy of this letter I am providing copies of Exhibit NMW-9 to all parties of record via email and legal messenger.

Thank you.

Sincerely,

GARVEY SCHUBERT BARER

By 
Stephen B. Johnson

SBJ:r

Enclosure

cc: Greg Haffner
James Sells
Greg Trautman

SEA_DOCS:724966.1 [04833-01900]

STERICYCLE OF WASHINGTON, INC.
WUTC - WASHINGTON ONLY

Effect of diversion 2003	Total 12 months 2003	<u>If Kleen diverted waste</u>	<u>Adjusted Stericycle of WA Profit</u>	See notes at bottom of page
REVENUES:				
Service:				
Med waste - LQG - 140 customers	\$ 4,197,035	\$ (1,289,089)	\$ 2,907,946	Note W1
Med waste - SQG - 5,803 customers	3,018,085		3,018,085	
Sterisafe - LQG	18,641	(5,725)	12,916	Note W2
Sterisafe - SQG	379,205		379,205	
Total service revenue	<u>7,612,966</u>	<u>\$ (1,294,814)</u>	<u>6,318,152</u>	
TOTAL REVENUE	<u>7,612,966</u>	<u>\$ (1,294,814)</u>	<u>6,318,152</u>	
PLANT EXPENSES:				
Compensation:				
Management salaries	64,909		64,909	
Workers compensation	19,999		19,999	
Fringes	16,507		16,507	
Total compensation	<u>101,415</u>	<u>0</u>	<u>101,415</u>	
Other:				
Travel	9,499		9,499	
Equipment maintenance	354		354	
Employee services & support	346		346	
Telephone	119		119	
Postage	50		50	
Total other plant expenses	<u>10,369</u>	<u>0</u>	<u>10,369</u>	
TOTAL PLANT EXPENSES	<u>111,783</u>	<u>0</u>	<u>111,783</u>	
DISPOSAL EXPENSES:				
Treatment - 3rd party	188,258		188,258	
Disposal - post	846		846	
Disposal - supplies/freight	135,112		135,112	
Disposal - Intercompany	2,819,576	(361,401)	2,458,175	Note W3
TOTAL DISPOSAL EXPENSES	<u>3,143,791</u>	<u>(361,401)</u>	<u>2,782,390</u>	
TRANSPORTATION EXPENSES - ROUTE :				
Compensation:				
Direct labor	720,161		720,161	
Transportation administration	86,203		86,203	
Transportation management	58,861		58,861	
Overtime	116,375		116,375	
Workers compensation	141,010		141,010	
Fringes	261,022		261,022	
Total compensation	<u>1,383,631</u>	<u>0</u>	<u>1,383,631</u>	

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Other:			-	
Travel	14,964		14,964	
Buildings & property	154,257		154,257	
Utilities	16,336		16,336	
Depreciation - building	7,992		7,992	
Depreciation - transportation equipment - R'	100,135		100,135	
Insurance	109,140		109,140	
Equipment rental	354,484		354,484	
Equipment maintenance	137,479		137,479	
Fuel and oil	126,639		126,639	
3rd party trailers	6,551		6,551	
Licenses & professional fees	15,530	(13,492)	2,038	Note W4
Safety & other supplies	81,773		81,773	
Tolls, fees and other transportation	18,684		18,684	
Office expense	2,786		2,786	
Telephone	52,819		52,819	
Postage	5,344		5,344	
Manifests for customers	26,402	(5,674)	20,728	Note W5
Total other transportation - route	1,231,314	(19,166)	1,212,149	
Total transportation expenses - route	2,614,946	(19,166)	2,595,780	
			-	
			-	
CONTAINER EXPENSES:				
Service:				
Boxes, liners, bags	178,167	(38,288)	139,879	Note W5
Depreciation - med waste	16,245		16,245	
Sterisafe - products	1,514	(325)	1,189	Note W5
Sterisafe - inspection	2,546	(547)	1,999	Note W5
Total container service expenses	198,473	(39,161)	159,312	
Product:				
Sharps containers, liners	10,721	(2,304)	8,417	Note W5
Total container product expenses	10,721	(2,304)	8,417	
Total container expenses	209,194	(41,465)	167,730	
			-	
TOTAL COST OF REVENUE	6,079,715	(422,031)	5,657,683	
			-	

STERICYCLE OF WASHINGTON, INC.
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SELLING EXPENSES:			-	
Compensation:			-	
Compensation - selling	137,180		137,180	
Commissions	77,379		77,379	
Overtime	2,876		2,876	
Fringes	58,841		58,841	
Total selling compensation	<u>276,275</u>		<u>276,275</u>	
Other:			-	
Travel	46,949		46,949	
Buildings & property	7,698		7,698	
Depreciation	35		35	
Equipment rental	2,237		2,237	
Professional fees, advertising	14,356		14,356	
Office expense	29,536		29,536	
Telephone	27,435		27,435	
Postage	4,236		4,236	
Total other selling expenses	<u>132,483</u>	0	<u>132,483</u>	
Total selling expenses	<u>408,758</u>	0	<u>408,758</u>	
			-	
GENERAL & ADMINISTRATIVE EXPENSES:			-	
Compensation:			-	
Salaries - General administration	115,558		115,558	
Overtime	47		47	
Fringes	27,918		27,918	
Total general & admin. compensation	<u>143,523</u>	0	<u>143,523</u>	
Other:			-	
Travel	13,839		13,839	
Depreciation	531		531	
Equipment rental	1,509		1,509	
Professional fees - legal	450		450	
Professional fees - other	849		849	
Office expenses	49,671		49,671	
Postage	1,862		1,862	
Bad debt expense	40,210		40,210	
Corp/Regional/District office expenses	360,092		360,092	
Total other general & admin.	<u>469,014</u>	0	<u>469,014</u>	
Total general & administration	<u>612,537</u>	0	<u>612,537</u>	
			-	
TOTAL EXPENSES	<u>7,101,010</u>	<u>(422,031)</u>	<u>6,678,979</u>	
			-	
OPERATING PROFIT	<u>\$ 511,956</u>	<u>\$ (872,783)</u>	<u>(360,827)</u>	
			-	
Operating ratio	<u>93.28%</u>		<u>105.71%</u>	
			-	
Increase to restore operating ratio			<u>\$ 360,827</u>	
Increase in rates needed to restore operating ratio			<u>6.09%</u>	
			-	
Per container increase			\$ 0.99	

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2003

NOTES:

W1	Stericycle of Wa average annual revenue per LQG customer \$ 4,197,035/140 customers = \$ 29,979 x 43 lost customers Kleens customers are all LQG > \$1,000/month			
W2	Stericycle of WA-140 total LQG K- diverts 43 or 30.71%			
W3	Diversion of 99,462 containers at \$5.46 per container plus additional cost of \$.50 per container from Morton due to diversion 462,785-99,462=363,323 x \$.50		\$	(543,063)
				<u>181,662</u>
			\$	<u>(361,401)</u>
W4	Reduce Public Utility Tax and WUTC fee on lost revenue			
W5	<u>% of containers diverted</u>			
	# LQG of containers - Stericycle of WA	<u>323,874</u>		
	# of containers - Kleen Exhibit KRL-5	<u>21,548</u>		6.65%
	# of LQG containers lost using % of customers lost			99,462
	% of LQG containers lost to total containers			21.49%