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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

POINTS RECYCLING AND REFUSE,
LLC,

Respondent.

WHATCOM COUNTY,

Complainant,

vs.

POINTS RECYCLING AND REFUSE,
LLC,

Respondent.

RENEE COE, SHELLEY DAMEWOOD
and SHANNON TOMSEN,

Complainant,

vs.

POINTS RECYCLING AND REFUSE,
LLC and WHATCOM COUNTY,

Respondents.

DOCKET NO. TG-080913
DOCKET NO. TG-080914

DOCKET NO. TG-081089

DOCKET NO. TG-082129

ARTHUR WILKOWSKI'S
PREFILED DIRECT TESTIMONY

1 **Q. State your full name and business address.**

2 A. Arthur Wilkowski, PMB 1542, 145 Tyee Drive, Pt. Roberts,
3 Washington 98281-9602.

4 **Q. What is your business name and form?**

5 A. Points Recycling and Refuse, LLC. We are a Limited Liability
6 Company, engaged in collection and transportation of solid waste and
7 recyclable materials.
8

9 **Q. Does the company hold a Certificate of Public Convenience
10 and Necessity from the WUTC?**

11 A. Yes, G-155.

12 **Q. What is the territory served by that Certificate?**

13 A. "That portion of Whatcom County described as Pt. Roberts."

14 **Q. Where is Pt. Roberts?**

15 A. Pt. Roberts is an enclave of the United States located at the
16 southernmost tip of the Tsawwassen Peninsula, just south of Delta, British
17 Columbia. It can only be reached by land by traveling through Canada. It is
18 within Whatcom County.
19

20 **Q. Does Points have any other service territory, either in the
21 U.S. or Canada?**

22 A. No.

23 **Q. Is the Point Roberts area subject to the Whatcom County
24 Solid Waste Plan?**

25 A. Yes.
26

1 **Q. Are you the sole shareholder in the company?**

2 A. Yes.

3 **Q. Are you also the Manager?**

4 A. Yes.

5 **Q. Are you responsible for the day-to-day operations of the**
6 **Company?**

7 A. Yes.

8 **Q. Did you file an Annual Report for 2007?**

9 A. Yes.

10 **Q. Is Exhibit _____ a true copy of that Report? (AW-1T)**

11 A. Yes.

12 **Q. Is Exhibit _____ a true copy of your equipment list? (AW-2T)**

13 A. Yes.

14 **Q. Did Points Recycling and Refuse provide curbside recycling**
15 **collection under Whatcom County Ordinance and its WUTC Tariff for G-**
16 **155?**

17 A. Yes, we have provided the service since I purchased the Company
18 in April of 1999 until January of 2008.

19 **Q. Are you currently providing curbside recycling collection**
20 **under Whatcom County Ordinance and your WUTC Tariff for G-155?**

21 A. No.

22 **Q. Why?**

23 A. We no longer have functioning equipment to provide the service
24
25
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1 as our single 18 year old recycling truck deteriorated beyond repair and finally
2 blew the engine. The annual program revenue was insufficient to cover repair
3 and replacement costs of equipment. Even if repaired, the recycling truck is a
4 complex machine that has far exceeded its operational life expectancy and is
5 prone to regular breakdowns.

6 **Q. What did you do when the program collapsed?**

7
8 A. Customers were notified and offered free self-haul recycling at the
9 transfer station. Customer accounts were credited for unused service. I
10 notified Whatcom County and the WUTC. I requested an immediate meeting
11 with Whatcom County to discuss the situation and requested to be placed on
12 the County's Solid Waste Advisory Committee agenda.

13 **Q. What was the result of discussions with the County?**

14 A. The County would not meet with me to discuss the situation and
15 would not put the issue on the SWAC agenda. The County sent a 60-day
16 notice to cure.

17
18 **Q. Did you propose third-party mediation or evaluation of the**
19 **problem?**

20 A. Yes, I proposed meeting with WUTC staff, Department of Ecology
21 and local industry experts to evaluate the problem and explore options. I
22 suggested that the County survey my customers to determine the desire and
23 need for curbside recycling collection.

24 **Q. Did the County respond to these proposals?**

25 A. No.

1 **Q. You have asked the Commission to remove residential**
2 **recycling from you tariff under Docket TG-080913?**

3 A. Yes.

4 **Q. Why?**

5 A. I am required to operate under the conditions of my tariff. Since I
6 am unable to provide curbside recycling, then I am compelled to file a change
7 in the tariff. This action also provided all my customers a formal process to
8 comment on their need and desire for curbside recycling.
9

10 **Q. Are a significant number of your customers requesting that**
11 **curbside recycling be restarted?**

12 A. No, the vast majority of customers understand the economics of
13 the situation and are satisfied with self-haul recycling.

14 **Q. What about people of special needs who cannot self-haul their**
15 **recycling?**

16 A. I personally contacted any elderly or disabled customers, whom I
17 thought may not be able to self-haul their recycling. Most of them had family,
18 friends or neighbors to bring in their recycling. I offered to pick up their
19 recycling myself if necessary, and I do so for two customers at no charge. I
20 have proposed a “special needs” category in my tariff to address this problem.
21

22 **Q. In the time since you filed TG-080913, have you had**
23 **discussions with the County about resolution?**

24 A. There have only been informal discussions with County staff.
25 Staff discontinued dialog because of the Freedom 2000 application. The issue
26

1 has not been placed on the SWAC agenda for consideration.

2 **Q. Does the County have the authority and right to order Point**
3 **Recycling and Refuse to provide curbside recycling collection?**

4 A. Technically, yes. Under RCW 70.95.90, the County is required to
5 have a Solid Waste Management plan and under RCW 36.58.040 to instruct
6 the Commission to carry out and implement the provisions of that Plan.
7

8 **Q. Has the County complied with RCW 70.95 in regards to Point**
9 **Roberts?**

10 A. No. RCW 70.95.090 clearly states that the County is required to
11 do an assessment of the need and feasibility of recycling programs, to do a
12 determination of Urban and Rural areas and determine service levels based
13 on that determination. The County is required to project anticipated recovery
14 rates and levels of public participation. RCW 70.95.010 requires the County
15 to monitor the cost effectiveness of recycling programs.
16

17 **Q. Has the County ever done analysis on the curbside recycling**
18 **needs and feasibility in Point Roberts, either initially or as periodic**
19 **review?**

20 A. No.

21 **Q. Has Point Recycling requested that the County conduct**
22 **analysis on Point Roberts?**

23 A. Yes, many times since 2000.

24 **Q. Has Point Recycling provided the County with information**
25 **and analysis of curbside recycling in Point Roberts?**
26

1 A. Yes, many times, including customer surveys, customer counts,
2 recycling volumes and information answering direct questions from the
3 SWAC.

4 **Q. Has the County taken any action on this analysis?**

5 A. No.

6 **Q. Has the County made a rural determination in the Plan for**
7 **Point Roberts or any other part of the County?**

8 A. No, the County avoided that issue by simply designating all areas
9 in the County to be urban when the curbside recycling programs were first
10 started.

11 **Q. What model did the County use to implement countywide**
12 **recycling?**

13 A. There was an existing pilot curbside recycling program in the City
14 of Bellingham. The County modeled their program on Bellingham's and just
15 ordered it to be implemented countywide without any analysis.

16 **Q. Does Point Roberts meet the Department of Ecology criteria**
17 **for rural determination?**

18 A. Yes, Point Roberts is geographically and politically isolated from the
19 rest of the County and has unique demographics, housing occupancy patterns
20 and economic barriers.

21 **Q. Has Point Recycling requested that the County conduct**
22 **analysis on Point Roberts and make a rural determination?**

23 A. Yes.

1 **Q. Has the WUTC complied with RCW 70.95.090.8 regarding cost**
2 **assessment of the County Plan on Point Roberts ratepayers?**

3 A. I do not believe so. The WUTC cost assessment has been very
4 superficial and deals with the entire county population. The cost assessment
5 does not determine the impacts of the County Plan or Service Level Ordinance
6 on the ratepayers of Point Roberts.
7

8 **Q. Has Point Recycling requested a detailed cost assessment or**
9 **economic feasibility of the curbside recycling program from the WUTC**
10 **staff?**

11 A. Yes, staff refused to conduct a Point Roberts specific cost impact
12 assessment.

13 **Q. Has either the WUTC or the County conducted any analysis to**
14 **determine if curbside recycling collection in Point Roberts is economically**
15 **feasible?**

16 A. No.

17 **Q. In your view, what options does the County have to deal with**
18 **the Point Roberts situation?**
19

20 A. The County can modify their Solid Waste Plan and make a rural
21 determination for Point Roberts. The County may then modify their service level
22 ordinance to remove curbside recycling for Point Roberts and have a self-haul
23 recycling system instead. The County can also contract for curbside recycling
24 collection under RCW 36.58.040, and Whatcom County Code 8.10.050
25 determines that if the Certificated Hauler fails to provide curbside recycling
26

1 collection then the County will contract with another party to provide the
2 service.

3 **Q. Does the Department of Ecology require Whatcom County to**
4 **have curbside recycling collection?**

5 A. No, many small rural or isolated communities and even entire
6 counties have successful self-haul recycling programs. The Department of
7 Ecology only requires that counties conduct an urban/rural designation process
8 and design effective and economical recycling programs.
9

10 **Q. Why do rural areas have self-haul recycling programs?**

11 A. Curbside recycling programs are designed for high density/high
12 volume urban/suburban areas in order to efficiently cover the cost of
13 equipment and collection time. Many rural or transitional areas can piggy-back
14 into urban areas in order to have curbside recycling. This piggy-backing is a
15 fundamental principle of the regulatory system, each customer pays equally for
16 service and the cost of more remote customers is averaged into the entire
17 system. Some areas do not have a high density core to support the recycling
18 collection so they are serviced more economically through self-haul recycling.
19

20 **Q. Would removing curbside recycling in Point Roberts set a**
21 **precedent to eliminate curbside recycling in other areas of the County?**

22 A. No. The other rural areas in the County are piggy-backed onto
23 high density urban areas. The Certificated Haulers serving those areas are able
24 to provide the service cost effectively with very little increased cost to their entire
25 customer base.
26

1 **Q. What is the history of curbside recycling in Point Roberts?**

2 A. I took over operations in April of 1999. At that time, there were
3 about 200 households that used garbage service full time and another 200
4 occasional/seasonal households. The previous company had allowed
5 households not wanting to pay for recycling to opt out of the service. Only
6 about 150 households used recycling collection, predominantly the year-round
7 customers. Knowing that recycling collection was required as part of service, I
8 notified all customers that they would be provided the service from then on and
9 charged for it. Approximately 40 customers cancelled service rather than pay
10 for recycling collection. All seasonal households were placed on the program.
11 This led to another problem: the system had to have capacity to deal with the
12 summer customers, as well as the cost of providing them with recycling bins,
13 however, the financial contribution was only \$10 to \$15 per year. The year-
14 round capital investment required for the program was exceeding the seasonal
15 revenue increase. In 2000, I analyzed the program and realized that it would
16 not be able to continue without significant rate increases. The recycling
17 program was the primary reason for customers canceling service and the
18 seasonal/infrequent customers needed a different option. I proposed a self-
19 haul recycling program to the County and the addition of Infrequent Pre-paid
20 garbage service for the seasonal households. The County refused to discuss or
21 evaluate the program. I filed to remove curbside recycling from my tariff.
22 Eventually a compromise was reached. Seasonal households would be
23 exempted from recycling while full-time households would still be required to
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1 participate in the program. Infrequent households were set up to use pre-paid
2 stickers for garbage service. This stabilized the recycling program by allowing it
3 to continue without additional capital investment. Customer counts settled out
4 with about 340 permanent recyclers and 200 infrequent garbage customers.
5 From 2001 to 2005 the company focused on improving the transfer station and
6 garbage operations. I tried repeatedly to get the SWAC and the County to
7 address Universal Service and enforcement issues in Point Roberts. By the end
8 of 2005, I realized that despite aggressive promotion and community
9 involvement, the number of residential customers, either permanent recyclers
10 or infrequent garbage, had not changed. We had zero net customer growth in
11 five years. This was indications of an impending crisis with the recycling
12 program because substantial investment was needed in equipment that the
13 rates could not generate. In 2006 I notified the County and the WUTC of the
14 need to redesign the system. Efforts to convince the County and the WUTC
15 of the seriousness of the situation failed. The program collapsed completely
16 in January of 2008.
17
18

19 **Q. What was the financial situation of the curbside recycling**
20 **program?**

21 A. From 2001 to 2008 the program averaged 340 customers at
22 \$5.21 per month for a gross annual revenue of \$21,256.80.

23 **Q. How much owner or management compensation was**
24 **included in the recycling program?**

25 A. From July 2000 to February 2002, I was the only operational
26

1 employee of the company and an hourly rate was applied to the recycling
2 program averaging \$434.00 per month. In March 2002, I hired a full-time
3 driver who took over the recycling route. Since then, owner compensation
4 was only applied when I had to cover the route on vacation or sick days. No
5 management overhead has ever been applied to the recycling program. Total
6 owner compensation in the form of hours driving the route from 2000 to
7 2008 was \$9,529.00 gross income.
8

9 **Q. Can the garbage collection part of the company subsidize the**
10 **recycling collection?**

11 A. No, under WUTC rules, no customer or class of customer can
12 subsidize another customer. Rates are based on the cost of service, so the
13 recycling program had to stand on its own. From an accounting standpoint, I
14 have always only applied direct labor and truck expenses to the program with
15 no administrative, office or facility overhead. In a rate case, the auditor would
16 allocate several thousand dollars of overhead from the garbage collection onto
17 the recycling program.
18

19 **Q. If the recycling program rates were current and accurate,**
20 **what revenue over expenses would be expected?**

21 A. At a 5% operating ratio, the program would be expected to
22 achieve a pre-tax excess revenue of only \$1,062.84 if rates were current.
23 This is not enough to achieve a substantial cash surplus for investing in
24 equipment or to absorb unforeseen repairs and expense changes.
25

26 **Q. Why didn't you just raise rates to get the needed revenue for**

1 **the program?**

2 A. Raising rates was not an option for several reasons. Because of
3 the small size of the program, any revenue increase translates into a
4 substantial rate increase for each household. It is a matter of economy of
5 scale, only 340 customers to divide up the expenses. The program had also
6 reached a point of price sensitivity. Eight years of zero customer growth
7 indicated that any price increase would cause a percentage of customers to
8 cancel service. With a small program, any decrease in customers would
9 create a need for more rate increases. Customers had the option of switching
10 to pre-paid garbage tags to avoid the recycling fee or they could self-haul to
11 the transfer station. When customers cancel service because of recycling fee
12 increases, it makes the garbage collection service more inefficient and
13 increases garbage rates. Since the County would not enforce their Universal
14 Service Ordinance or any solid waste laws, then increasing the recycling fees
15 would undermine the entire garbage collection system.
16
17

18 **Q. Do you think that another Certificated Hauler from the**
19 **mainland County could provide the recycling service?**

20 A. No. The commercial vehicle travel time round-trip from
21 Bellingham averages about four hours, but can be as long as six hours due to
22 unpredictable delays at four Border crossings. The logistics would be a
23 nightmare and service would be unreliable. The new company would face the
24 same problems of low route density, complicated operations and no economy
25 of scale.
26

1 **Q. What was the ultimate cause of the recycling program**
2 **collapse?**

3 A. In my opinion, the County is the cause of this system collapse.
4 The County took a recycling program designed for the City of Bellingham and
5 forced it onto a small isolated rural/seasonal area. The County failed to meet
6 the planning requirements when it started the program and failed to evaluate,
7 monitor or review the program afterwards. The County's refusal to enforce
8 the companion Universal Service Ordinance was a key barrier to the program
9 achieving enough household participation to make it economically viable. A
10 recycling program only used by 17% of the households was an obvious failure
11 and needed to be fixed.

13 **Q. Do you think that the County is committed to recycling?**

14 A. No. If the County was concerned about increasing recycling
15 volumes, then they would have enforced their Universal Service Ordinance.
16 The County did no promotion or education about recycling or garbage options
17 in support of the Point Roberts system. The County's Complaint about
18 curbside recycling is a political issue not an environmental commitment
19 because the self-haul system is achieving the same level of recycling at a lower
20 cost.
21

22 **Q. Do you think that the County could design a successful**
23 **recycling system for Point Roberts and create a solution to the current**
24 **situation?**

25 A. It could, but only with significant changes in attitude and
26

1 commitment in the Solid Waste Division and among the Commissioners.

2 **Q. Explain.**

3 A. In the early 1990's when I worked for Whatcom County Solid
4 Waste, we had a respected and award winning recycling program. Since that
5 time, the County has systematically decimated their program. The current
6 department consists of only two secretaries with a growing list of
7 administrators acting as the temporary, part-time Department Head. The
8 County has a long history of using selective enforcement of their solid waste
9 laws, or writing new laws to attack private businesses who are not in the
10 County Council's favor. Most notable of this was the long-term feud by
11 Councilperson Barbara Brenner against Recomp where the County passed
12 numerous ordinances to curtail their business activities; often violating legal
13 processes and procedures. A strong and functional Solid Waste Division
14 would have been a check against the Council's political agenda so the
15 Department's budget and staffing was cut. Solid Waste staff have often been
16 threatened with job elimination if they disagree with the Council or do not
17 support political agendas. The Council has recently proposed eliminating the
18 Solid Waste Division entirely and restructuring the SWAC to limit industry
19 professional input. The Department no longer has the ability to evaluate solid
20 waste and recycling problems or to organize solutions. Throughout the past
21 15 years, I have spoken out repeatedly against the County's attempts to
22 violate legal procedure; exceed their jurisdictional authority; failure to comply
23 with State mandates; refusal to enforce the Universal Service Ordinance or
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1 other parts of their Solid Waste Plan; political attacks against Staff; and the
2 questionable transfers of solid waste tax revenues to other departments. The
3 County's Complaint, an effort to destroy my company, without even meeting
4 with me to discuss the problem or solution, is consistent with their long-
5 standing policy of attacking companies and individuals who question the
6 political agenda. It is the politics of the County that will prohibit a solution to
7 this situation.
8

9 **Q. How does the County's Complaint currently impact the Point**
10 **Roberts system?**

11 A. The County's Complaint has created a utility without a future.
12 Solid waste utilities are supposed to exist indefinitely, and required to operate
13 with a long-term plan for meeting the community service needs. The County
14 is holding the transfer station lease hostage to the recycling issue. Instead of
15 a 20-year horizon, the Company can only look at an existence of less than 6
16 months. We cannot invest in equipment, develop programs or make transfer
17 station improvements. We do not even know what to tell our customers
18 about the future. The development of the system stopped when the curbside
19 recycling program collapsed. We cannot move forward until these issues are
20 resolved and we develop a sustainable game plan for the future. The Point
21 Roberts system is very small and has many challenges and issues ahead of it.
22 Time, energy and resources that should be used to develop the system,
23 improve equipment and modernize rates are being wasted on political fighting
24 that doesn't address the real problems of system design and lack of
25
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1 enforcement and participation by the County and the WUTC.

2 **Q. What are your future plans for the Company?**

3 A. I would like to operate the company for ten more years and,
4 when my children are gone, find someone that I trust to take over the
5 company. In order to do that, I need the County and the WUTC to participate
6 in the success and development of this system. There needs to be a
7 sustainable plan. This Company needs to develop into a turn-key operation
8 that doesn't need me to hold it together every day. Owners who are driver,
9 bookkeeper, mechanic, politician, regulatory specialist and willing to deal
10 with constant struggle and political attack are rare. Operating this company
11 requires in-depth expertise and experience in this field, and nobody with that
12 experience would touch this company or be willing to invest in Point Roberts.
13 The system needs to have the trained staff so that everyone doesn't work
14 every day during the summer and can actually have sick days and vacations.
15 There needs to be an office staff that understands the operations and
16 regulatory requirements. The system needs to be fully developed with
17 modern equipment and a rate structure that allows regular replacement of
18 equipment. It needs to operate with the new owner just providing oversight
19 management, not implementing day-to-day activities.
20
21

22 **Q. Could you sell the Company now?**

23 A. No. Even if I could find a buyer, I would have to spend
24 months training them. I wouldn't sell this company to someone that I
25 liked, let alone give it to someone that I didn't trust to take care of this
26

1 community.

2 **Q. Who could be a potential future buyer?**

3 A. Nobody local could handle it. Point Roberts is too isolated to fit
4 into any other Certificated Hauler or corporate operation. The most likely
5 buyer will be a Canadian business person who wants a U.S. business and
6 live in Point Roberts because they want to immigrate but have connections,
7 businesses and family in British Columbia. In order for that to work, the
8 business needs to operate on its own, without huge demands on the owner,
9 but still pay a return on investment.
10

11 **Q. What will happen if the Commission revokes the Certificate**
12 **for G-155?**

13 A. The Company will be required to stop operations immediately. All
14 dumpsters, containers and equipment will be removed and sold out of Point
15 Roberts. If the Company still has a lease on the Transfer Station, then the
16 station will operate until the lease expires. The Company will then remove all
17 company improvements and equipment from the Transfer Station. The
18 Company is under no obligation to turn over equipment, customer
19 information or operating knowledge to another operator. My employees have
20 suffered through this uncertain time out of loyalty but they will not work for
21 any other operator. The Company feels that the County and the Commission
22 are the primary causes of the problem. Consideration to revoke the
23 Certificate should view the County and Commission actions as contributing
24 factors. Consideration should also be given to the resulting consequences
25
26

1 and what the County and Commission will do to ensure long-term, continuing
2 service for the community.

3 **Q. What do you think will happen if the Commission does not**
4 **revoke the Certificate?**

5 A. If the Company survives this legal process, the future is still
6 questionable. We will still have to deal with a County and Commission Staff
7 that do not want to participate in the success and survival of the system. All
8 that I have asked is for the Government which binds me to service, to help me
9 do my job. I need the tools, support and enforcement necessary to implement
10 a sustainable plan for the continuation and development of this system. This
11 system has eight years of stagnant residential customer numbers, a
12 drastically declining commercial customer base and ever expanding
13 operations by illegal sham recycling companies. There is absolutely no
14 enforcement of burning and dumping laws, Universal Service or State
15 business and trucking laws. Curbside recycling is not the pressing issue.
16 The real concern is what the County and Commission are going to do to
17 ensure the survival of garbage collection. As the garbage company raises
18 rates, more residential and commercial customers will leave the system. This
19 will force more rate increases and more customer deterioration. The garbage
20 company will not be able to replace equipment and modernize operations and
21 will eventually collapse.

22 **Q. How should the Commission rule on the County Complaint?**

23 A. The Commission should rule that the County's enforcement
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1 policies regarding Universal Service was the causative factor in the recycling
2 program collapse. That the County failed to comply with State rules for
3 planning and evaluating the recycling system. That the County has not
4 established a need for, nor feasibility of, curbside recycling. That the County
5 has the option to modify their Solid Waste Plan and Service Level Ordinance
6 or to contract for curbside recycling. That the Company did make efforts to
7 notify the County and the Commission of problems with the recycling
8 program. The County's Complaint should be dismissed. The Commission
9 should approve the tariff changes to remove curbside recycling collection. The
10 Commission should instruct Point Recycling to file a "special needs" recycling
11 collection option in the tariff.
12

1 CERTIFICATE OF SERVICE

2
3 I hereby certify that on February 17, 2009, I caused to be served the
4 original and five (5) copies of the foregoing document to the following address
via first class mail, postage prepaid to:

5 Dave Danner, WUTC Executive Secretary
6 Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. S.W.
7 P.O. Box 47250
Olympia, WA 98504-7250

8 I certify I have also provided to the Washington Utilities and Transportation
9 Commission's Secretary an official electronic file containing the foregoing
document via email to: records@wutc.wa.gov

10 I certify I have electronically sent a PDF version of the foregoing document to:

11 The Honorable Marguerite E. Friedlander
12 Administrative Law Judge
13 mrussell@utc.wa.gov

14 and an electronic PDF copy and paper copy first class mail, postage prepaid, to:

15 Dan Gibson
16 Whatcom County Deputy Prosecutor
311 Grand Ave., Suite 201
17 Bellingham, WA 98225
dgibson@co.whatcom.wa.us

18 Jennifer Cameron-Rulkowski
19 Assistant Attorney General
1400 S. Evergreen Park Dr. SW
20 PO Box 40128
Olympia, WA 98504-0128
21 jcameron@utc.wa.gov

22 and a copy by first class mail, postage prepaid to:

23 Renee Coe
24 1986 Cedar Park Drive
Point Roberts, WA 98281

1 Shelley Damewood
2 119 Kilarney
3 Point Roberts, WA 98281

4 Shannon Tomsen
5 2125 Whalen Drive
6 Point Roberts, WA 98281

7 I swear under the penalty of perjury of the laws of the State of
8 Washington that the foregoing is true and correct.

9 DATED and signed at Silverdale, Washington on February 17, 2009.

10 
11 Cheryl L. Sinclair

TESTIMONY OF ARTHUR WILKOWSKI

EXHIBIT AW-1T

WAV

RECEIVED

SEP 03 2008

WASH. UT. & TP. COMM

CLASS A & B SOLID WASTE COLLECTION COMPANIES

ANNUAL REPORT ENTERED IN COMPUTER

****Not Confidential**** SEP 03 2008

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M36354 / G000155 POINTS RECYCLING AND REFUSE .L.L.C. PMB 1542 145 TYEE DRIVE POINT ROBERTS, WA 98281-9602
Full name and address of Company

Correct name and address, if different than shown



WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION for the YEAR ENDED DECEMBER 31, 2007

TYPE OF PAYMENT (DO NOT SEND CASH IN THE MAIL)	For Commission Use Only
<input type="checkbox"/> Check <input type="checkbox"/> Money Order <input type="checkbox"/> AMEX <input type="checkbox"/> Visa <input type="checkbox"/> MasterCard	Payment ID #: _____
Credit Card Number: _____	Expiration Date Month/Year
CERTIFICATION: I, the undersigned, under penalty for false statement, certify that the information is true, valid and correct, that I am authorized to execute on behalf of the company, and that I agree to pay the above total amount according to the card issue agreement.	
Name (Printed): _____	Title: _____
Signature: _____	Date: _____

0012296	For Commission Use Only
Reception Number: _____	001-111-02-68-227-11: <u>75.65</u> Ref. No. <u>AR 2007</u>
001-111-02-68-227-01: <u>1260.74</u>	001-111-02-68-032-05: _____

Original form to be mailed to the Washington Utilities and Transportation Commission, PO Box 47250, Olympia, WA 9850250
Web Site: www.utc.wa.gov

Do not remove, rearrange or deface the contents of this Report in any way. If you need copies, please contact the Records Center Staff at 4-1234.

CERTIFICATION

I certify that I, ARTHUR WILKOWSKI, the responsible official for POINT RECYCLING AND REFUSE COMPANY (company) have examined the attached report; that to the best of my knowledge, information, and belief all statements of fact contained in said report are true, and said report is a correct statement of the business and affairs of the above-named respondent (company) in respect to each and every matter set forth therein during the period from January 1, 2007 to December 31, 2007, inclusive.

Name (Printed): ARTHUR WILKOWSKI Title: MANAGER

Signature: Arthur Wilkowski Date: 9/2/08

SOLID WASTE ANNUAL REPORT

Schedule 1 – Identification, Organization, and Control

1. Company Identification:

Company Name: Points Recycling and Refuse L.L.C
D/B/A: Point Recycling and Refuse

Solid Waste Certificate No. G- 155

2. Annual Report/Accounting Contact Person:

Name: Arthur Wilkowski
Mailing Address: PMB 1542, 145 Tye Dr
Physical Address: 2005 Johnson Road
Telephone Number: 360-945-1516
E-mail Address: prandr@pointroberts.net

Title: Manager
City/State/Zip: Point Roberts, WA 98281
City/State/Zip: Point Roberts, WA 98281
Fax Number: 360-945-0414
Web Site Address: _____

3. Identifying Numbers:

(a) Washington Unified Business Identifier (UBI) No.: 601-932-469
(Contact Washington Department of Licensing at 360-664-1400 for information)

(b) United States Department of Transportation (USDOT) No.: 0924014

4. Type of Business Structure (check that which applies):

Sole Proprietorship Partnership Corporation X Other (S-Corp, LP, LLP, LLC, etc.)

5a. List the name, title, and percentage of partner's share or stock distribution of 5 major stockholders:

Name	Title	Percent
<u>Arthur Wilkowski</u>	<u>Manager</u>	<u>100%</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

5b. Total number of stockholders at year's end: one

6. List the name, title, and address of officers:

Name	Title	Address
<u>Arthur Wilkowski</u>	<u>Manager</u>	<u>218 Elizabeth Dr, Point Roberts</u> <u>WA 98281</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

Schedule 2 – Safety and Accident Information

Name of Company Operations Officer: Arthur Wilkowski

Telephone Number: 360-945-1516

Name of Company Safety Officer: Arthur Wilkowski

Telephone Number: 360-945-1516

Name of Customer Service Officer: Arthur Wilkowski

Telephone Number: 360-945-1516

Number of commercial motor vehicles operated during the year: 4

Number of commercial vehicle drivers employed during the year: 2

Number of recordable (*see note below*) accidents during the year: 0

Total cost of recordable accidents during the year (net of insurance): \$ 0

Total number of *intrastate* miles operated during the year: 22,340

Note: A recordable accident is defined as an occurrence involving a commercial motor vehicle on a public road in intrastate or interstate commerce that results in one or more of the following:

1. A fatality,
2. Injury to a person requiring treatment away from the scene of the accident, or
3. Disabling damage to a vehicle requiring it to be towed from the accident scene.

Schedule 3A – Comparative Balance Sheet – Total Company

Instructions: Complete this Balance Sheet in accordance with the beginning and end-of-year ledger figures as reflected in company books of account.

Line No.	Account Names (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
Current Assets:			
1	Cash and Working Funds	20,410.22	7,430.84
2	Special Deposits		
3	Temporary Cash Investments		
4	Notes Receivable		
5	Receivables from Affiliated Companies		
6	Accounts Receivable	22,854.61	17,145.14
7	Less: Allowance for Uncollectables		
8	Net Accounts Receivable	43,264.83	24,575.98
9	Prepayments		
10	Materials and Supplies		
11	Other Current Assets		
12	Total Current Assets	43,264.83	24,575.98
Tangible Property:			
13	Solid Waste Operating Property (Sched. 3C, Line 13)	259,320.43	259,320.43
14	Less: Accumulated Depreciation (Sched. 3C, Line 25)	158,375.24	189,589.27
15	Net Solid Waste Operating Property	100,945.19	69,731.16
16	Non-Operating Property		
17	Less: Accumulated Depreciation		
18	Net Non-operating Property		
19	Total Net Tangible Property	100,945.19	69,731.16
Intangible Property:			
20	Organization, Franchises, and Permits	65,300.00	65,300.00
21	Accumulated Amortization – Credit	46,271.90	48,958.84
22	Other Intangible Property		
23	Accumulated Amortization – Credit		
24	Total Net Intangible Property	19,028.10	16,341.16
Other Assets and Deferred Items:			
25	Investment and Advances		
26	Undistributed Earnings from Subsidiaries		
27	Deferred Debits		
28	Other Assets		
29	Total Other Assets and Deferred Items		
30	Total Assets (Lines 12, 19, 24 and 29)	163,238.12	110,648.30

Schedule 3B – Comparative Balance Sheet – Total Company

Instructions: Complete this Balance Sheet in accordance with the beginning and end-of-year ledger figures as reflected in company books of account.

Line No.	Account Name (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
Current Liabilities:			
1	Notes Payable	0	
2	Payables to Affiliated Companies	0	
3	Accounts Payable	22,768.95	24,929.52
4	Salaries and Wages Payable	0	0
5	Accrued Taxes	10,755.35	14,253.82
6	Current Portion of Long Term Debt (Equip. and Other)		
7	Other Current Liabilities		
8	Total Current Liabilities	33,524.30	39,183.34
Long Term Debt After 1 Year:			
9	Equipment Obligations	95,059.18	78,643.73
10	Other Long Term Debt		
11	Unamortized Premium/Discount on Debt – (net)		
12	Total Long Term Debt Due After 1 year	95,059.18	78,643.73
Deferred Credits and Other Items:			
13	Deferred Credits		
14	Other Credits		
15	Total Deferred and Other Credits		
16	Total Liabilities (Lines 8, 12, and 15)	128,583.48	117,827.07
Shareholder's and Proprietor's Equity:			
17	Capital Stock		
18	Capital Stock		
19	Paid in Capital in Excess of Par		
20	Other Capital		
21	Total Capital Stock		
22	Proprietor's Capital		
23	Sole Proprietor's Capital	273,628.33	273,628.33
24	Partnership Capital		
25	Total Proprietor's Capital	273,628.33	273,628.33
26	Retained Earnings	<226,611.62>	<268,632.22>
27	Total Equity (Lines 21 and 25, or 26)	47,016.71	4,996.02
28	Total Liabilities and Equity (Lines 16 and 27)	<81,566.77>	<115,831.05>

Schedule 3C – Total Company Solid Waste Operating Property

Instructions: Classify regulated and non-regulated fixed assets and reserves in company books of account, including those related to disposal and transfer stations facilities, into the categories listed below. Non-operating related items should be excluded from this schedule and instead shown in total in Schedule 3A, Lines 16-18.

Line No.	Acct. (a)	Fixed Assets (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	1211	Land	0	0
2	1212	Structures	0	0
3	1222	Solid Waste Collection Equipment	61,388.00	61,388.00
4	1224	Bins, Containers, Toters, Drop Boxes, etc.	44,564.57	44,564.57
5	1226	Disposal/Landfill/Transfer Station Facilities and Equipment	159,156.00	159,156.00
7	1230	Service Cars and Equipment	0	0
8	1240	Shop and Garage Equipment	0	0
9	1250	Office Furniture and Fixtures	6,574.63	6,574.63
10	1270	Leasehold Improvements	0	0
11	1280	Other Solid Waste Operating Property	0	0
12		Total	<u>259,320.43</u>	<u>259,320.43</u>

Line No.	Acct. (a)	Accumulated Depreciation (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
13	1213	Structures	0	0
14	1223	Solid Waste Collection Equipment	61,388.00	61,388.00
15	1225	Bins, Containers, Toters, Drop Boxes, etc.	31,771.39	35,340.91
16	1227	Disposal/Landfill/Transfer Station Facilities and Equipment	58,827.93	86,285.73
17	1231	Service Cars and Equipment	0	0
18	1241	Shop and Garage Equipment	0	0
19	1251	Office Furniture and Fixtures	6,386.92	6,574.63
20	1271	Leasehold Improvements	0	0
21	1281	Other Solid Waste Operating Property	0	0
22		Total	<u>158,375.24</u>	<u>189,589.27</u>

(Mark the schedule below that applies to this report)

X Schedule 4A – Sole Proprietor’s Capital

_____ Schedule 4B – Partnership Capital

Instructions: Non-incorporated Companies show the requested information concerning the items included in their Proprietor or Partner Equity Accounts during the year.

<u>Line No.</u>	<u>Description (a)</u>	<u>Total (b)</u>
1	Balance at Beginning of Year	47,419.81
2	Net Income (Loss) from Current Period	<40,965.63>
3	Additional Investments During Year	
4	Other Credits and Additions (Specify)	
5		
6		
7	Withdrawals and Disbursements	
8	Other Debits and Reductions (Specify)	
9		
10		
11	Balance at Year End	6,454.18

Schedule 4C – Corporate Retained Earnings

Instructions: Corporations show the requested information concerning the items included in their Retained Earnings Account during the year.

<u>Line No.</u>	<u>Description (a)</u>	<u>Total (b)</u>
12	Balance at Beginning of Year	
13	Net Income (Loss) from Current Period	
14	Dividend Appropriations	
15	Other Debits and Reductions (Specify)	
16		
17		
18	Other Credits and Additions (Specify)	
19		
20		
21	Balance at Year End	

Schedule 5 – Income Statement

Instructions: Complete this Total Company Income Statement in accordance with the end-of-year accumulated figures as reflected in company books of account.

Line No.	Account (a)	Total Company (b)
Revenues		
1	Solid Waste Operating Revenues (Line 12d, Schedule 6A)	422,331.37
2	Other	_____
3	Total Revenues	<u>422,331.37</u>
Expenses		
4	Driver Wages and Benefits	161,473.32
5	Truck Operating Costs	19,466.89
6	Repair and Maintenance	46,775.04
7	Insurance and Safety	14,214.28
8	Disposal and Processing	108,766.01
9	Depreciation	34,088.16
10	Selling and Advertising	2,431.00
11	Office and Administration	41,052.82
12	Management Fees	0
13	Taxes and Licenses	27,985.32
14	Rents	980.85
15	Other Expenses	1,158.90
16	Total Expenses before Other Items	<i>(add Lines 4 thru 15)</i> <u>458,392.59</u>
17	Net Income before Other Items	<i>(Line 3 minus Line 16)</i> <u><36,061.22></u>
Other Income and Expenses		
18	Other Income/(Loss)	_____
19	Interest, Dividends, and Other Investment Income/(Loss)	_____
20	Distrib./Undistrib. Income/(Loss) from Subsidiaries	_____
21	Interest Expense	<4,904.41
22	Other Deductions	_____
23	Extraordinary Items (Net)	_____
24	Total Other Income and Expense	<i>(add Lines 18 thru 23)</i> <u><4,904.41></u>
25	Net Income before Federal Income Taxes	<i>(Line 17 and Line 24)</i> <u><40,965.63></u>
26	Federal Income Taxes	_____
27	Net Income/(Loss)	<u><40,965.63></u>

Schedule 6A – Revenues

Instructions: Classify revenues reflected in company's books of account for the year into the categories listed below.

Line No.	Account (a)	Regulated Revenue (b)	Non-Regulated Revenue (c)	Total Company Solid Waste Revenue (d)
Garbage Collection				
1	Residential Collection	69,746.86		69,746.86
2	Commercial Collection	153,986.96		153,986.96
3	Drop Box/Compactor Collection	8,255.00		8,255.00
4	Drop Box/Com. Pass Thru Disposal	61,343.29		61,343.29
5	Other Garbage Collection		107,645.97	107,945.97
Recycling, Yard Waste, and Medical Waste				
6	Residential Recycling Collection	21,850.79		21,850.79
7	Multi-family Recycling Collection			
8	Sale of Recycle Commodities			
9	Yard Waste Collection			
10	Medical Waste Collection			
11	Other Revenue			
12	Total Solid Waste Operating Revenue	315,182.90	107,945.97	422,331.37

Schedule 6B – Customers

Instructions: Provide the requested information for each customer classification as of year-end.

Line No.	Customer Classification (a)	Number of Regulated Customers (b)	Number of Non-Regulated Customers (c)	Total Solid Waste Customers (d)
Garbage Collection				
13	Residential Collection	531		531
14	Commercial Collection	31		31
15	Drop Box and Compactors			
16	Other Garbage Collection			
Recycling, Yard Waste, and Medical Waste				
17	Residential Recycling	335		
18	Multi-family Recycling			
19	Yard Waste Collection			
20	Medical Waste Collection			
21	Other Customers			
22	Total Customers	562		562

Schedule 8 – City Contracts

Instructions: List each city that the company has had a contract with any time during the reporting year. Place an "X" in each customer classification to which the contract applies. Attach additional sheets, if necessary.

Line No.	City (a)	Residential Garbage (b)	Residential Recycling (c)	Residential Multi-family Recycling (d)	Residential Yard-Waste (e)	Commercial Garbage (f)	Dropbox & Compactor Garbage (g)	Total Contract Revenue (h)	
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
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25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									
36	Total City Contract Revenue – Total of Column (h):							\$	

Schedule 9A – Garbage Disposal Fees

Instructions: If the company does not have the exact number of tons/yards by category, make a reasonable estimate. Attach additional sheets as necessary. Total Pass Through Disposal Expenses should equal Total Pass Through Revenue in Schedule 6A.

Line No	Residential & Commercial			Pass Through			Total Disposal Fees \$
	Unit Type (a)	No. of Units (b)	\$ Expense (c)	Unit Type (d)	No. of Units (e)	\$ Expense (f)	(g) = (c) + (f)
	Site A (Specify):	<u>Point Station</u>		Basic MSW Disp. Fee	\$ <u>241.31</u>	per <u>ton</u>	(unit)
1	Tons	621.11	149880.03	Tons	167.24	40356.54	190236.60
2	Loose Yds.			Loose Yds.			
3	Compact Yds.			Compact Yds.			
4	Other			Other			
	Site B (Specify):	_____		Basic MSW Disp. Fee	\$ _____	per _____	(unit)
5	Tons			Tons			
6	Loose Yds.			Loose Yds.			
7	Compact Yds.			Compact Yds.			
8	Other			Other			
	Site C (Specify):	_____		Basic MSW Disp. Fee	\$ _____	per _____	(unit)
9	Tons			Tons			
10	Loose Yds.			Loose Yds.			
11	Compact Yds.			Compact Yds.			
12	Other			Other			
	Site D (Specify):	_____		Basic MSW Disp. Fee	\$ _____	per _____	(unit)
13	Tons			Tons			
14	Loose Yds.			Loose Yds.			
15	Compact Yds.			Compact Yds.			
16	Other			Other			
	Site E (Specify):	_____		Basic MSW Disp. Fee	\$ _____	per _____	(unit)
17	Tons			Tons			
18	Loose Yds.			Loose Yds.			
19	Compact Yds.			Compact Yds.			
20	Other			Other			
21	Sub Total This Page		149880.03			40356.54	190236.60

Schedule 9B – Other Disposal and Processing

Instructions: If the respondent does not have the exact number of tons/yards, by category, make a reasonable estimate.
 Attach additional sheets as necessary.

Line No.	Category	Processing/ Disposal Site	No. of Units		Disposal/Processing \$ Expense
			Tons (c)	Yds. (d)	
	(a)	(b)			(e)
22	Residential Recycling	Metro Materials			
23		Recovery	91.50		1,992.95
24					
25					
26					
27	Multi-Family Recycling				
28					
29					
30					
31					
32	Other Recycling				
33					
34					
35					
36					
37	Yard Waste				
38					
39					
40					
41					
42	Medical Waste				
43					
44					
45					
46					
47	Other Disposal/Processing				
48					
49					
50					
51					
52	Total Of All Disposal and Processing - Sched. 9B, Lines 22(e) through 51(e) +Sched. 9A, Line 21 (g)				192,229.55

Schedule 10 – Total Company Employee Classification and Compensation

<u>Line No</u>	<u>Employee Classification</u>	<u>Number of Employees</u>	<u>Salary/Wages</u>
1	Drivers and Helpers	3	\$ 98,232.52
2	Mechanics and Service		\$
3	Disposal and Transfer		\$
4	Office and Administration		\$
5	Officers and Directors	1	\$ 78,489.00
6	Other		\$
7	Totals	4	\$ 176,721.52

REGULATORY FEE CALCULATION SCHEDULE

Company Name: Points Recycling and Refuse L.L.C. Annual Report Year 2007

In accordance with RCW 81.77.080 "Regulatory Fees", the Commission requires Solid Waste companies to file reports of gross intrastate operating revenue and pay fees on that revenue. Every company subject to regulation shall file with the Commission a statement under oath showing its gross intrastate operating revenue from operations for the preceding year and pay to the Commission a fee as instructed below.

1	Total Gross Intrastate Operating Revenue **	1	\$422,311.37
2	Less Non Fee-Paying Revenue (from line 15 below)	2	\$107,195.97
3	Balance-Adjusted Gross Intrastate Operating Revenue (subtract line 2 from 1)	3	\$315,182.90
4	Regulatory Fee Calculations:	4	
4a	If line 3 is UNDER \$2,000, Enter ZERO (Filing ZERO indicates schedule is complete)	4a	\$

4b	If line 3 is OVER \$2,000-enter amount from line 3	4b	\$315,182.90	x .4 % (.004)	=	\$1,260.74
5	Total Regulatory Fees owed (add lines 4a and 4b)	5	\$1,260.74			
		Agency Use Only	001-111-02-66-227-01			

Complete Lines 6 through 9 if filing after May 1

6	Penalties on Regulatory Fees filed after May 1	6				
6a	Total Penalties on Regulatory Fees owed - enter amount from line 5	6a	\$1,260.74	x 2 % (.02)	=	\$25.22
7	Interest on Regulatory Fees filed after May 1	7				
7a	Amount from line 5 <u>\$1,260.74</u> x Number of months past May <u>4</u> x 1% (.01) =	7a	\$50.43			
8	Total Penalties and Interest owed (add lines 6a and 7a)	8	\$75.65			
		Agency Use Only	001-111-02-66-227-11			
9	Total Regulatory, Penalty and Interest Fees Due (add lines 5 and 8)	9	\$1,336.39			

** Note: Gross Washington intrastate operating revenue is defined as all revenue collected for the year from rates under tariffs on file at the Washington Utilities and Transportation Commission. The revenues subject to the Commission's regulatory fees are gross Washington intrastate operating revenues before deductions for uncollectibles, unbillables, subscriber/aggregator commissions or the payment of site charges and state and federal taxes, i.e. "Gross Revenues" means before any deductions from Revenue Receipts.

SCHEDULE C. NON FEE-PAYING REVENUE

Description	Amount
10. Transfer Station	\$ 107,945.97
11.	
12.	
13.	
14.	
15. Total Non Fee-Paying Revenue	\$ 107,945.97

TESTIMONY OF ARTHUR WILKOWSKI

EXHIBIT AW-2T

POINT RECYCLING AND REFUSE EQUIPMENT LIST

Garbage Trucks

1993 Crane Carrier Garbage Truck Vin#1CYCCN485PT040468
Odometer Mileage 107,323

1989 Ford Garbage Truck Vin#1FDYH80UXKVA5784
Odometer Mileage 82,237 (backup truck)

Roll-off Truck

1994 Freightliner Roll-off Truck Vin#1 FV44ZYB3RL671002
Odometer Mileage 147,387

Pickup Truck

1972 Chevy Pickup Truck Vin#CCE142Z117152
Odometer Mileage 104,704 (shop truck)

Recycling Truck

1990 Peterbuilt Recycling Truck Vin#1XPZH78X7LD704802
Odometer Mileage 121,946 Blown engine, unrepairable, out of service