Waste Control Inc.

Docket TG-140560

Response to Staff Results of Operations Comparison

May 16, 2014

1. Restated Income Statement Column Y, Row 26 Wages Drop Box Drivers difference $98,309.51

This difference is the result of a Staff formula error in Docket TG-131794 in allocating wages to drop box drivers resulting in total wages being under allocated by the amount. The Staff labor analysis did not agree to the Operations statement. Staff made this correction in the Pro forma column rather than the Restatement column. The net effect of this correction on the comparison of the two dockets is zero because it is just a matter of which column it is shown in between the two dockets.

1. Pro forma Income Statement Column AK, Rows 25-30, Row 46 and Row 98 Labor

The total change in these labor related rows is an increase of $27,655.71 from TG-131794 to TG-140560. Changes were made to allow the COLA during the forecasted year. The COLA is shown as a 2% increase effective 7/1/14 and is now applying to eleven months of the year rather than only five months in TG-131794. The Company is in the process of determining the COLA increase this year for July 1, 2014 and believes it will be 2% or greater. The other two changes were an increase in test year hours of 658 hours, which caused a related increase in L&I in TG-140650, and the inclusion of a part time mechanic in the pro forma wages. Fringe benefits increased due to wage increases in the areas of Social Security, Medicare and Employment Security as well as an increase in SEP contributions. These fringe benefit increases were in proportion to the wage increases. Changes can be observed in between JD 10 and JD 11.

1. Pro forma Income Statement Column AK, Row 37 Fuel

Fuel increased $5,349.56 from TG-131794 to TG-140560 as a result of us removing the additional months added throughout the prior case and returning to the test period fuel amount. We know this line item must be forecasted based on the most recent twelve month period of fuel costs once we have an effective date for an approved rate increase. We will be submitting the latest fuel information as soon as it is available to us.

1. Pro forma Income Statement Column AK, Row 53 Rate Case Expense

The total rate case expense was increased in Docket TG-140560 by $22,524.90 for rate case costs incurred for legal and accounting professional fees through March 2014.  TG-131794 included costs through December 17, 2013.  Both were amortized over a four year period.

1. Pro forma Income Statement Column AK, Row 56 WUTC Fee and Row 72 B&O Tax

The WUTC fee (increased $147.88) and B&O tax (increased $626.95) are functions of revenue. In TG-131794 too much Kalama revenue was removed from revenue and expense in the reclass columns. In TG-131794, $261,337 was removed from Kalama along with an expense of $39,201 for a net effect of $222,136 and in TG-140560, $222,136 of revenue only was removed. The net effect on the two dockets is zero except for its effect on revenue sensitive items. The reason for the change is the gross contractual revenue received by Kalama from its customers was removed in the first Docket (TG-131794) although it should not have been. In TG-140560, the net revenue paid to Waste Control Inc. and recorded as revenue in that Company of $222,136 is removed as non-regulated. Because these two items are revenue sensitive they were slightly understated when too much revenue was removed in TG-131794 and the appropriate amount is now calculated in TG-140560.

1. Pro forma Income Statement Column AK, Row 71 Contributions

Contributions decreased $2,226.68 because we made an adjustment to reduce them to zero as they are not allowed as a deduction. Staff had inadvertently allowed a portion of this expense in TG-131794 and in our submission of TG-140560 we removed this amount.

1. Pro forma Income Statement Column AK, Row 73 Land Rent

Land rent increased $1,645.46 from the TG-131794 column to TG-140560 due to the inclusion of additional assets placed in service in Heirborne during 2013 that had not been included in the original calculation. These assets were the subject of Formal Data Request 2 in TG-131794. At the time we received the data request, we realized certain assets in the Construction Work in Progress account had not been included in the asset base for the covered parking area to calculate the average investment. These additional assets increased the average investment by $45,239.08 and thus slightly increased the calculated rent allowed.