

Huey, Lorilyn (UTC)

From: Larry Sexton <Lar.Sexton@live.com>
Sent: Monday, November 7, 2022 12:09 PM
To: Records Management (UTC)
Subject: Waste Management - North King County Rate Surcharge Comments; Larry Sexton
Categories: KS, LH

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 Records Management
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 State Of WASH
 UTIL. AND TRANSP
 COMMISSION

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I am writing to provide comments and recommendation that you DENY the rate surcharge request in total.

Waste Management as required by UTC provided notice of a rate increase notice. The rate increase is for a surcharge proposed to account for transportation costs for recycled material from Woodinville to Tacoma. The additional transportation costs are being incurred while "Cascade Recycling Center will be updated state of the art equipment to improve quality and quantity of materials sold and enhance safety at the facility"(quoted from Rate Increase Notice). The surcharge is expected to be in existence for 90 days beginning 12/1/2022; this surcharge could then be adjusted up or down for successive 90 day periods.

Deny this surcharge request. Waste Management is installing equipment that will enhance it's position presumably for either future revenue from resale of recycled material or in cost savings from processing recycled material. The cost of installing equipment and the overall evaluation of effective use of funds should include the disruption costs of installing that equipment. Those disruption costs should include the incremental cost of transportation, if any, for those recycled material. That cost should be included in the overall capital cost of equipment to be installed. The overall cost of that capital should go into the asset value of the equipment spread over it's remaining life. To arbitrarily include or exclude costs, because a third party is being as to subsidize the project is wrong and should not be allowed. These costs for additional transport should be in the value of the project that leads to overall asset valuation improvement over time, not in supplemental revenue that is not tied to the project.

Secondly, since this is a revenue item and not cost, the overall cost base for determination of efficiency is not adjusted downward. It will appear as if overall costs have increased for the equipment AND for the transportation cost. This will go into annual rate determination, that has the effect of doubling count that leads to an overall win fall to Waste Management. First, by getting consumers to pay; Second by including the costs in it's asset base and third by purchasing equipment that will yield operational efficiencies, yet is added to the asset base.

Waste Management is making changes to the equipment because it sees a return on investment. They are including a surcharge to customers that will increase that return on investment sooner. Waste Management has access to more than sufficient capital to determine project feasibility based on those it's current capital costs. Those capital costs should include all costs associated with making a change, including any incremental operations costs like transporting material. If you approve this surcharge you are continuing to allow them to double and possibly triple dip on their returns to investments. Since this a contracted monopoly for Waste Management, rates should reflect only single returns. I strong suggest you review the surcharge request and DENY it. Have Waste Management earn the return, not have consumers subsidize those returns during capital project improvements. Those subsidized returns have the opportunity to be multiplicative over time.

DENY the surcharge request.

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