

To: Jing Roth, Deputy Director Water Transportation and Telecom
From: Byron Davis
Date: September 11, 2023
Subject: **Financial Review - TG-230628 – Sphuler Inc. dba Sphuler Disposal**

Recommendation

1 Staff finds the company has the financial ability to provide solid waste collection services. There is no financial reason preventing the transfer of solid waste services under certificate # G000259.

Discussion

On August 1st, 2023, Sphuler Inc. dba Sphuler Disposal filed with the Utilities and Transportation Commission an application for transfer of the Certificate of Convenience and Necessity (CC&N) from Lee A. Lamb dba Lambs Disposal, to provide waste management service in the Northport WA area. Staff has done their best to determine whether the company has the financial ability to operate its proposed service. Staff has reviewed the filed financial information and has concluded that the company does have the resources to operate the proposed service.

Company Structure:

According to the Washington Secretary of State's Corporation Division website, Sphuler Disposal registered as a business in Washington and with the Department of Revenue on July 25, 2023. The company's application states that it is wholly owned by Ryan Sphuler. Sphuler Disposal will adopt Lamb Disposal current tariff and time schedules and is not proposing any other changes or modifications at this time. The sales agreement includes a transfer of all assets from Lambs Disposal

SOLID WASTE COLLECTION SERVICE (Excluding containers and drop boxes of two yard capacity or greater) in that portion of Stevens County described as follows:

Beginning at the intersection of centerline of Kettle River (also Stevens - Ferry County line) and south line of Section 32, T38N, R37E, then east along the south line of said section extended to the Northwest corner of section 6, T37N, R40E, south along the west line of section 6, T37N, R40E, extended to the southwest corner of Section 19, T37N, R40E, then east along the south line of said section extended to the southeast corner of section 21 T37N, R41E, then north along the east line of said section projected due north to its intersection with the north line of Section 4,

T40N, R41E (also the US - Canadian border) then west along the north line of said section extended to its intersection with the Stevens - Ferry county line then south along the said county line to its intersection with the south line of section 32, T38N, R37E, the point of beginning.

SOLID WASTE COLLECTION SERVICE (excluding the use of drop boxes) in the city of Northport and along the following roads in Stevens County:

1. Beginning at the US/Canadian border on State Route 25 at State Route Mile Post (SRMP) 121.2 mi.; thence south along State Route 25 to its intersection with Clugston-Onion Creek Road (SRMP 106.3).
2. Beginning at the intersection of State Route 25 and Old Highway Northport Road; thence following Old Highway Northport Road to its intersection with Aladdin Road; thence southerly (about 5 miles) along Aladdin Road to its intersection with the south line of Section 32 T. 38N., R.41 E.
3. Beginning at the intersection of Aladdin Road and Deep Lake Road; thence northerly and westerly along Deep Lake Road to its intersection with Northport-Boundary Road.
4. Beginning at the intersection of State Route 25 and the Northport-Boundary Road (SRMP 113.7); thence northerly along the Northport-Boundary Road to the US/Canada border.

The above authority includes service along connecting roads to off- route points within five miles of the above-named roads.

Balance Sheet Review:

- Assets, \$94,766
- Liabilities, \$0
- Equity, \$94,766

The applicant reports \$31,166 of cash on hand in its application. This significant cash balance would allow the company to cover its operating expenses should any cash flow issues arise. Additionally, the applicant reports \$30,000 in Trucks and Trailers, as well as \$1,200 in office furniture, and an additional \$7,400 in other equipment. The applicant also lists \$25,000 in other assets.

Pro forma Income Statement:

- Revenue, \$49,000
- Expenses, \$27,000
- Net Income, \$22,000

The company estimates a total revenue of \$49,000. Based on review of the prior ownership's 2022 annual report the revenue estimates are reasonable. The company expects \$27,000 in annual expenses. This estimate is also in line with the expenses reported in Lambs Disposal Inc annual report. The projected revenues and expenses result in a net income of \$22,000.

Conclusion

Staff has reviewed Sphuler Inc. dba Sphuler Disposal financial information submitted in Docket TG-230628 and concludes the company has made reasonable efforts to estimate its finances under the proposed solid waste collection service. Based on the company's financial records provided, the company has adequate resources and therefore staff concludes that Sphuler Inc. dba Sphuler Disposal has the financial resources to operate the proposed service.