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WASH. UT. & TP. COMM

October 9, 2006

Washington Utilities and Transportation Commission  
Att'n: Secretary  
PO Box 47250  
Olympia, WA 98504-7250

**In Re: Waste Connections**

I recently received a notice from Waste Connections saying they had filed a request with the Washington Utilities and Transportation Commission "in an effort to recover the escalating costs of operations." In reviewing their proposed rates it seems to me that Waste Connections is asking for rate increases that are well beyond what would be necessary for them to recover any escalating costs.

According to documents filed by Waste Connections with the Securities and Exchange Commission on August 1, 2006, "Cost of operations as a percentage of revenues increased 3.6 percentage points to 61.1% for the three months ended June 30, 2006, from 57.5% for the three months ended June 30, 2005. Cost of operations as a percentage of revenues increased 3.0 percentage points to 60.4% for the six months ended June 30, 2006, from 57.4% for the six months ended June 30, 2005."\* Waste Connections, on the other hand, is asking for significantly higher rate increases, ranging from a low of around 8.5% for smaller containers to a high of more than 25% for larger containers. I'm no economist, but it seems to me that the rate increases Waste Connections is requesting in order to "recover escalating costs of operations" are FAR in excess of what the company itself states are their increases in cost of operations. Also, while commenting on their Second Quarter 2006 results, Waste Connections Chairman and CEO Ronald J. Middlestaedt indicated that the company would be looking for "margin expansion" in 2007.\*\* Again it appears that part of Waste Connections' proposed rate increases are to increase company margins/profits rather than to "recover escalating costs."

I hope that the Utilities and Transportation Commission will take these facts into consideration when reviewing Waste Connections' request for increased rates.

Sincerely,



Rich Franklin

\*Found at [http://biz.yahoo.com/e/060801/wcn10-q\\_a.html](http://biz.yahoo.com/e/060801/wcn10-q_a.html)

\*\* Found at <http://biz.yahoo.com/prnews/060726/sfw076.html?.v=65>

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