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November 7, 2014

Mr. Stephen V. King
Executive Director and Secretary
Attn: Records Center
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr SW
P.O. Box 47250
Olympia, WA 98504-7250

RE: Rubatino Refuse Removal, Inc. G-58
Docket #: TG141091

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STATE OF WA
UTIL. AND TRN
COMMISSION

Dear UTC Commissioners:

We have been asked to respond to your steps for improving our capital structure. Those three steps are:

1. No new debt.
2. Paying down existing long-term debt.
3. Building retained earnings by limiting distributions, and increasing equity.

I will comment on these steps in reverse order.

3. **Decrease distributions.** Distributions have, historically, been limited to 40-50% of earnings, enabling the payment of Federal Income Tax by the stockholders. We will hold them to 40%. Retained earnings were eliminated in order to reduce the amount of the bank loan required to buy out the interests of the minority shareholders who wanted the companies sold. Arbitration established the companies' values, including all assets.
2. **Paying down existing debt.** Currently we are paying about \$360,000.00 per year to reduce a bank loan that matures March 29, 2016.
1. **No new debt.** This is impractical. We have, historically, been a debt-free company, providing quality service, resulting in very few complaints to the UTC. Continuing this service does require investment in equipment. In addition, one of our largest customers has asked us to experiment with a major expansion of in-plant service. The initial investment will only be approximately \$18,000.00. We expect to go forward during 2015. We will need to invest about \$650,000.00 for containers and one truck.

All previous rate filings by our company were treated with a 60-40 debt to equity ratio, which helped to keep our non-national company viable and able to provide economical service to our customers.

If you have further questions, please contact me.

Sincerely,

A handwritten signature in blue ink that reads "Ed C. Rubatino". The signature is written in a cursive style with a long horizontal flourish at the end.

Ed C. Rubatino