



Kurt Froening
6301 Rosewood Street
Anchorage, AK 99518

February 15, 2024

Senator Jesse Bjorkman
Chair
Senate Labor and Commerce Committee

Dear Senator Bjorkman,

I am writing to express my support for Senate Bill SB102. This bill will allow refuse utilities to be included in the language for AS 42.05.381(e), which adopted regulations for a simplified rate filing procedure that electric cooperatives and local exchange telephone utilities could utilize when petitioning the Regulatory Commission of Alaska (RCA) for rate adjustments. This bill, if passed, would substantially decrease the amount of time and the expense required to adjust our rates. It would enable refuse utilities to react to current market conditions, and respond with smaller, more frequent adjustments, rather than large increases years apart.

Currently, our rate case data is provided to the RCA. The RCA then turns our data over to the Regulatory Affairs and Public Advocacy Section (RAPA), which starts a long and complicated legal process. AS 42.05.175 (c) grants the Regulatory Commission of Alaska (RCA) up to 450 days to review a revenue requirement study tariff filing (rate filing). Further, AS 42.05.175(f) allows for additional extensions to the 450-day timeline. It has been Alaska Waste's experience that rate filings enter into a protracted legal process that consume a large amount of resources for both the companies and the RCA.

During our most recent rate case, we asked the RCA to redact information about our competitive operations from RAPA's public testimony that was filed in the spring of 2020. RAPA opposed our petition with their main argument that no serious businessperson would find two- or three-year-old information useful. RAPA itself acknowledges that the data they are working with is outdated and almost useless.

The adjudication calendar is much too long. In Washington, the other state where we have utility commission regulation, staff auditors are able to perform a robust audit and come to agreement with the companies within 45-60 days. The audits are informal but thorough.

Our customers are confused and upset by the drastic increase in rates that occur. They do not understand the time lapse between our test years and when new rates take effect. Here is one comment we received from a customer in Juneau:

"The cost of inflation for 2023 will end up somewhere between 3.1% and 4%. Given this, it seems out of line to raise rates by 18.97%"





It is very evident that this customer does not understand that we are looking, not at the inflation of our costs since 2023, it is the inflation of our costs since 2018- which is what drove our current rates. That cost of inflation is well over 20%.

Alaska Waste filed its last rate filing in December 2019. Per prior stipulations Alaska Waste was required to file for all nine of its economically regulated companies. The rate filing took 679 days from the date of filing to final settlement and approved tariff rates. The rate filing process is complicated, and due to the legal requirements outside consultants seem to be a necessity. Alaska Waste spent nearly \$500,000 in legal and professional fees defending its last rate case, as well as significant internal employee time. Rate case expenses are recoverable in rates, which means customers bear the burden.

Further, it has been brought to Alaska Waste's attention that some garbage companies in Alaska do not have the internal resources to prepare and defend a rate filing. This deters them from filing and puts them at risk of returns so low the viability of the company could come into question.

It is our belief that passing SB102 would provide direct benefits, not only to the refuse utilities in Alaska, but also to the customers that we serve throughout the state.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kurt Froening".

Kurt Froening
Division Vice President
Alaska Waste

