

**HB**

**172**



# ALASKA STATE LEGISLATURE

## HOUSE LABOR & COMMERCE COMMITTEE

**REP. KURT OLSON**

Chairman  
State Capitol, Room 17  
Juneau, AK 99801-1182  
(907) 465-2693 FAX 465-3835

Rep. Mark Neuman, V-Chair  
Rep. Jay Ramras  
Rep. Gabrielle LeDoux

Rep. Carl Gatto  
Rep. Berta Gardner  
Rep. Bob Buch

### SPONSOR STATEMENT

#### HB 172

HB 172 will exempt commercial refuse service, the collection and disposal of refuse materials using dumpsters and wheel containers with a capacity of one cubic yard or more, from rate regulation by the Regulatory Commission of Alaska (RCA).

Removing rate regulation from commercial refuse service will allow flexibility in setting rates which will promote innovation as to rates and services and will reduce costs for commercial customers. Flexibility in setting rates should also assist commercial refuse utilities and commercial customers in developing integrated waste stream recycling, diversion and disposal systems.

Removing rate regulation should reduce the cost and administrative burden associated with the generation, review and maintenance of tariffs. This in turn should encourage more entrants into the commercial refuse market, benefiting commercial customers overall.

Removal of commercial refuse rate regulation will promote the public good by allowing the RCA to utilize the resources now devoted to commercial rate regulation to more pressing consumer issues. Rate deregulation will not prevent the RCA from continuing to police the commercial refuse market. The RCA will retain the right to modify, suspend or revoke a commercial refuse utility Certificate of Public Convenience and Necessity for good cause shown. The Commission will also retain jurisdiction to address and resolve customer disputes and claims that a particular company is acting improperly.

Alaska has a vibrant, knowledgeable commercial community capable of evaluating the services and rates offered by commercial refuse utilities. Rate deregulation will allow market forces to set rates and drive service innovation.

# FISCAL NOTE

**STATE OF ALASKA**  
**2007 LEGISLATIVE SESSION**

Fiscal Note Number: HB172-COM-RCA-04-30-07  
 Bill Version: HB 172  
 (S) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_

Dept. Affected: Commerce

Title: Public Utility Exemption: Refuse

RDU: Regulatory Commission of Alaska (399)

Component: Regulatory Commission of Alaska

Sponsor: House Labor & Commerce

Requester: House Labor & Commerce

Component No. 2417

**Expenditures/Revenues**

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	(205.6)	(205.6)	(205.6)	(205.6)	(205.6)	(205.6)
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>

<b>CAPITAL EXPENDITURES</b>						
-----------------------------	--	--	--	--	--	--

<b>CHANGE IN REVENUES ( 1141 )</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>
------------------------------------	----------------	----------------	----------------	----------------	----------------	----------------

**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1141 RCA Receipts	(205.6)	(205.6)	(205.6)	(205.6)	(205.6)	(205.6)
<b>TOTAL</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>	<b>(205.6)</b>

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

**POSITIONS**

Full-time	-2	-2	-2	-2	-2	-2
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

This legislation would exempt commercial refuse service providers from economic regulation by the RCA. This exemption could be eliminated if the subscribers representing 25 percent of a utility's gross commercial refuse service revenues petition the RCA for regulation. This legislation would only impact refuse providers with annual gross revenues over \$300,000; refuse utilities with \$300,000 or less in annual gross revenues are currently exempt from economic regulation under AS 42.05.711(i) unless the subscribers representing 25 percent of a utility's gross revenues petition the RCA for regulation.

Alaskan refuse providers grossing over \$300,000 annually reported 29.4 million dollars in annual revenues from commercial refuse service in 2006, resulting in RCC payments of approximately \$205.6 during FY 2006.

The RCA's budget is funded through (RCC) and direct charge mechanisms, with a current statutory RCC cap of 0.7%. The RCC is recalculated each year and allows the agency to recover its operating costs through an assessment on revenues of regulated utilities and pipeline carriers. Utilities exempt from economic regulation by the RCA do not pay RCCs, but may be required to pay the actual costs of services provided by the RCA.

Prepared by: Kate Giard, Chair  
 Division: Regulatory Commission of Alaska  
 Approved by: Emil Notti, Commissioner  
 Agency: Commerce, Community, and Economic Development

Phone: 907.276.6222  
 Date/Time: 4/30/07 6:03 PM  
 Date: 4/30/2007



R-06-10

R.C.A.  
RECEIVED  
07 FEB -7 PM 1:05

**ahba**

Affiliated with NARBA

Regulatory Commission of Alaska  
701 W. 8<sup>th</sup> Avenue, Ste 300  
Anchorage, Alaska 99501  
Chairman-Kate Giard  
FAX 276-0160

Dear Ms. Giard:

The Anchorage Home Builders Association is writing you in support of deregulation with regards to the refuse industry.

History has demonstrated that there is no benefit to regulation; industry is able to operate effectively without regulation. Deregulation allows for more competitors to operate on an even playing field and the competitive bidding process is not slowed waiting for the commission to approve special contracts. This change it would free up the RCA to focus on higher priority issues.

We appreciate your consideration of our viewpoint and if we can be of any further assistance in this matter, please contact us.

Sincerely,

**Eric Schack**  
**President**  
**Anchorage Home Builders Association**

**"Building Better Places to Live, Work and Play"**

**ANCHORAGE HOME BUILDERS ASSOCIATION, INC.**

8301 Schoon Street, Suite 200 • Anchorage, AK 99518 • (907) 522-3605 • Fax (907) 522-3757





# Municipality of Anchorage

P.O. Box 1968750 • Anchorage, Alaska 99519-6875 • Telephone: (907) 343-4461 • Fax: (907) 343-4475 <http://www.muni.org>

Mayor Mark Begich

Office of the Mayor

February 8, 2007

Commissioners  
Regulatory Commission of Alaska

RE: Docket R-06-10

On January 10, 2007, Alaska Pacific Environmental Services Anchorage, LLC d/b/a Alaska Waste ("Alaska Waste") filed comments with the Regulatory Commission of Alaska ("Commission") requesting support for their proposal to amend Alaska law to exempt commercial refuse service from economic regulation. In Order No. 4 dated January 19, 2007 the Commission invited comment on Alaska Waste's proposal.

The Municipality of Anchorage (MOA) does not object to this proposal, based on its understanding set out below.

AS 29.35.050 authorizes the Municipality to provide by ordinance for residential and commercial refuse services within its boundaries. The Anchorage Municipal Code, Section 26.70.030, requires use of the municipal collection and disposal system within the former City of Anchorage boundaries (subject to exceptions authorized by the MOA. The Commission has recognized this municipality in its certificate of public convenience and necessity and other proceedings. I note that the portions of AS 42.05 regarding certificates would not be affected by the proposed amendment.

If a bill is introduced in the Alaska Legislature containing this amendment, the Municipality will track the language through the committee process to ensure that its refuse utility operations remain unaffected.

I appreciate the opportunity to comment.

Sincerely,

Mark Begich  
Mayor

cc: Jon Rubini, Alaska Waste

*Community, Security, Prosperity*

R.C.A.  
RECEIVED

Sagaya Corporation  
2525 Blueberry Road, Suite #106  
Anchorage, AK 99503

07 FEB -8 PM 3:36

February 8, 2007

Via Facsimile and Hand Delivery  
Regulatory Commission of Alaska  
701 West Eighth Avenue, Suite 300  
Anchorage, AK 99501

Re: R-06-10, Order NO. 4

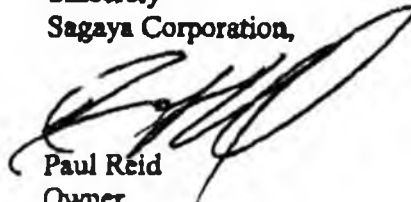
Dear Commissioners:

The purpose of this letter is to represent the support of Sagaya Corporation for the proposal to exempt commercial refuse haulers from regulation by the RCA.

The commercial refuse hauling industry is a competitive business in Anchorage. We feel that Sagaya Corporation, as well as many other businesses, would be enhanced and benefit from an unregulated, competitive commercial refuse hauler marketplace. As a result of exemption of this service, our business will be able to choose a service across all available companies which we feel is to our benefit. As a commercial customer and successful business operator we are capable of selecting a provider and managing this type of service and value the ability to do so. Due to the relatively minimal infrastructure involved and low cost of entry, protection from refuse hauling monopolies by government is not required nor necessary.

As a consumer, having a choice allows us to control price and quality as we deem necessary. I strongly encourage the Commission to focus its energy on the other more pressing issues and deregulate the commercial refuse service.

Sincerely  
Sagaya Corporation,



Paul Reid  
Owner

R.C.A.  
RECEIVED

07 FEB -8 PM 3:10

Entech Alaska, LLC  
440 E. 100th Avenue  
Anchorage, Alaska 99516

February 7, 2007

Regulatory Commission of Alaska  
701 West Eighth Avenue, Suite 300  
Anchorage, AK 99501

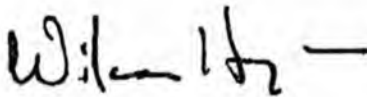
RE: R-06-10, Order NO. 4

Dear Commissioners:

The purpose of this letter is to forward the support of Entech Alaska LLC for the proposal to exempt commercial refuse haulers from regulation by the RCA.

The commercial refuse hauling industry can be a very competitive business in Anchorage. Our business, Entech Alaska LLC, in addition to many others, can enjoy the benefits of an unregulated, competitive commercial refuse hauler marketplace. We will be able to shop price and service across all available companies, not just the few that choose not to serve many. Most commercial customers are successful business operators who are very capable of selecting a provider and managing this type of service. Because there is relatively minimal infrastructure involved and a low cost of entry, the protection from refuse hauling monopolies by government is not required. From the perspective of a consumer, having a choice allows us to control price and quality. I encourage the Commission to focus its energy on its other more pressing issues and deregulate the commercial refuse service.

Sincerely,



Wilson Hughes  
Member



# Freedom Refuse

(907)244-3041

R.C.A.  
RECEIVED  
07 FEB - 7 PM 1:26

February 5, 2007

Regulatory Commission of Alaska  
701 West Eighth Avenue, Suite 300  
Anchorage, Alaska 99501

RE: R-06-10, Order NO. 4

Dear Commissioners:

When I first started Freedom Refuse, Waste Management would use predatory pricing practices. As I would approach potential customers with my rates, Waste Management (WM) would offer these customers substantial price reductions. Among other methods, they would do this by dropping the rent on the container completely or reclassifying their refuse type to a lower class. Even though WM was able to substantially slow down my growth rate, the tariff kept them from being able to put me out of business.

The consumer deserves to be able to expect to pay the same rate as his competitor for the same refuse service. Allowing the big businesses to charge drastically different rates depending on who their competition has approached is unfair to the consumers that are competing with each other. The tariff helps reduce this.

The cost of administering this program could be reduced by allowing each refuse company to change their tariff just by giving a 30 day notice and eliminating the justification process. (This is how it used to be and it worked well) This keeps it fair for the consumer and competitors and reduces the administration costs.

Freedom Refuse is opposed to total deregulation in the interest of fair competition and fair consumer practices.

Thanks for your consideration in this matter,

Don N. Hanks, Owner  
P. O. Box 772058  
Eagle River, Alaska 99577



**Alaskans for Litter  
Prevention and Recycling  
Keeping Alaska Beautiful**

R.C.A.  
RECEIVED

07 FEB -8 PM 3: 12

February 7, 2007

Regulatory Commission of Alaska  
701 W. 8<sup>th</sup> Ave.  
Anchorage, AK 99501

RE: R-06-10, Order No. 4

Dear Commissioners,

The purpose of this letter is to offer ALPAR's support for the proposal to exempt commercial refuse providers from regulation by your commission.

The deregulation of commercial rates will allow providers to create differential pricing on disposal to encourage and promote recycling, which benefits the recycling industry, the environment and extends the life of landfills. As Anchorage moves forward with efforts to provide enhanced recycling services and options, the necessity of variable rates that provide incentives to recycling will be key building a more integrated and sustainable system.

Deregulation would free up time and resources that businesses could devote to higher priorities such as customer service and marketing. It would seem that the issue of public interest is sufficiently served through the proposed clause that would allow 25 percent of the provider's customers to petition the RCA to reinstate regulation.

For the above reasons, I believe the best interests of customers, refuse haulers, and the commission would be served by deregulation.

Sincerely,

Mary Fisher  
Executive Director

**EXECUTIVE DIRECTOR**

Mary Fisher

**EXECUTIVE COMMITTEE**

Scott Smith, President  
General Manager  
Anchorage Mails Group

Roger Bailey, 1st Vice President  
General Manager  
Popul Cola Bottling Company

Kim Frymush, 2nd Vice President  
Division VP & General Manager  
Hudson Lines of Alaska

Joe Gullay, Secretary  
District Manager  
Curtis / Seaway Term

Jeff Lovendahl, Treasurer  
Partner  
Lewke & Lovendahl

Jerry Doyle, Past President  
Vice President  
Wheeler Brothers, Inc.

**BOARD OF DIRECTORS**

Michael Beck  
Ex. Vice President  
The Bova Group

Michael Stewart  
Home Regional Supervisor, Alaska  
Fred Meyer

Karen Cassanova  
Executive Director  
Alaska Air Carriers Association

Karl Carter  
Production Director  
Anchorage Daily News

Craig Gallo  
Sector Manager, Marketing  
Alaska Waste

\* Don Gibson  
Vice President & General Manager  
K & L Distributors, Inc.

\* Walter John  
Vice President / General Manager  
Alaska Distributors

Tom Johnston  
State of Alaska DOT & PF

George Lowery  
Alaska Director  
Tanner Ocean Trailer Express

\* Bill Odum  
Executive Vice President  
Odum Corp.

Brian Poivie  
Sales Manager  
Lyden Transport, Inc.

Sam Stelling  
Executive Director  
Green Star

\* Keith Sopp  
Meat Sales Manager  
GCI

Tom Turner  
David Wigglesworth  
Municipality of Anchorage

\* Past President

**HONORARY  
LIFETIME MEMBERS**

\* Tom Cox  
\* Mark Williams  
Audrey Lee  
\* Charla Myers



**ASSOCIATED GENERAL CONTRACTORS of ALASKA**

February 5, 2007

07 FEB - 7 PM 1:04  
R.C.A.  
RECEIVED

Regulatory Commission of Alaska  
701 West Eighth Avenue, Suite 300  
Anchorage, Alaska 99501

Re: R-06-10, Order No. 4

To whom it may concern:

The Associated General Contractors of Alaska recognizes that regulation of public utilities provides a useful function and a necessary public protection in many instances. In the opinion of AGC, however, regulation does not seem to be necessary for the commercial refuse hauling industry because it is not a conventional public utility service. As significant infrastructure is not required, this business provides an opportunity for competition with relatively modest capital investments. Many AGC members have ample hauling options for their offices and jobsites including hauling their own refuse.

In reality, the current regulatory requirements may be a barrier to entry for the smaller companies and become a limiting factor to growth. If firms are able to get burdensome and expensive regulatory approval process, they are faced with the on-going the reporting requirements. This would seem to be an additional operating expense that seems unnecessary, provides little consumer protection, and drives up the cost of service.

AGC believes it is in the best interests of commercial customers, refuse haulers, and your commission to cease deregulation of commercial refuse service.

Sincerely,

Richard Cattanach  
Executive Director

ANCHORAGE  
8005 SCHOON STREET • ANCHORAGE, AK 99518  
TELEPHONE (907) 561-5354 • FAX (907) 562-6118  
<http://alaska.agc.org>  
Email: [info@agcak.org](mailto:info@agcak.org)

FAIRBANKS  
P.O. BOX 60005 • FAIRBANKS, AL 99706  
TELEPHONE (907) 452-1809 • FAX (907) 452-8599  
Email: [fairbanksagc@csalaska.net](mailto:fairbanksagc@csalaska.net)

ALASKA CENTER FOR THE ENVIRONMENT  
807 G Street Suite 100  
Anchorage Alaska 99501

February 8, 2007

Regulatory Commission of Alaska  
701 West Eighth Avenue, Suite 300  
Anchorage, Alaska 99501

Re: RCA request for Public Comments on R-06-10

Commissioners:

I am writing to support the request for economic deregulation submitted by Alaska Waste for commercial refuse activities.

Alaska Center for the Environment (ACE) is Alaska's largest state-based conservation group, with over 7,000 members. ACE has been very active in promoting recycling in Anchorage for most of its 35 year existence. We founded Anchorage's first recycling center, and have worked with city and private entities over the years to improve services to the community.

While consumer protection is a primary concern and a valuable role that the RCA plays in many important sectors, a couple of unique factors related to Alaska Waste's proposal have convinced me that it is in the community's best interest and merits support.

Regarding the potential for price manipulation and other negative outcomes of deregulation, I find the clause in Alaska Waste's proposal which provides for re-regulation to be satisfactory:

Notwithstanding AS 42.05.712 (b) and (g), if subscribers representing 25 percent of the gross revenue of the utility petition the commission for regulation, the utility is subject to the provisions of this chapter...

I would also note that Alaska Waste's predecessor, Waste Management, was not subject to regulation; and this lack of regulation did not produce the types of problems that would be of concern in this case.

More importantly, however, I understand that this proposal is an important step to provide flexibility to Alaska Waste in helping Anchorage move toward integrated waste management. Most communities of our size have sophisticated commercial and residential recycling, reduction and reuse programs. They are often able to offer these services by using their equipment, staff and rate setting in a coordinated fashion to move customers to reduce and recycle. An integrated waste and recycling program will require that major haulers like Alaska Waste to have flexibility, creativity, and the ability to structure incentives to make a community-wide recycling effort successful.

In summary, I urge the Commission to support economic deregulation of Alaska Waste. Thank you for your consideration.

Sincerely,

Randy Virgin  
Executive Director



**Reasons for Commercial Refuse Deregulation by the RCA**  
**April 12, 2007**

- (1) Alaska is one of only three states in the nation with commercial refuse regulation.
- (2) Because there is no significant infrastructure involved, the business provides an opportunity for competition without investing in a lot of capital.
- (3) Commercial consumers have options, including the ability to haul their own refuse. Most commercial customers are successful operators and are very capable of managing this type of service.
- (4) Continued regulation of residential refuse service is in the public interest, but the Commission does not need to spend its resources to protect commercial consumers like Fred Meyer, Walmart, and Burger King.
- (5) Over the last 10 years there have been periods of regulation and deregulation. During the period of deregulation the industry has proven its ability to provide a fair price and competitive opportunities for small businesses without any abuses.
- (6) Deregulation provides for an even playing field for competitors and creates alternatives for commercial customers.
- (7) Deregulation enhances the potential for recycling and reuse alternatives because it allows competitors to offer differential services and rates based on diversion and reduction goals.
- (8) The current regulations are actually a barrier to small companies and become an impediment to growth beyond a certain level. If they are able to get through the regulatory approval process, then the reporting requirements are burdensome and they are forced into a cost model which encourages inefficiency.
- (9) Monitoring and enforcing the rate requirements becomes extremely difficult especially when other more pressing issues need the RCA's attention and limited resources. This commercial deregulation would free up staff time and ultimately the Commission's time to devote to higher priorities.
- (10) The RCA retains the authority to impose regulation should the outcome of deregulation prove unfavorable. In addition, the existing statute retains the right for re-regulation of the industry through the customer petition.

Alaska Pacific Environmental Services Anchorage, LLC dba Alaska Waste  
6301 Rosewood St. Anchorage, AK 99518  
907-563-3717 Fax 907-273-2797

# Daily News - Miner

## State now overseeing garbage collection

By Eric Lidji  
Published February 18, 2007

Garbage pickup service for commercial customers in Fairbanks will now be regulated by the state.

The Regulatory Commission of Alaska decided on Thursday that University Refuse, LLC, which provides trash pickup around Fairbanks, has "insufficient competition" in the commercial pickup market around Fairbanks.

"We're not a monopoly. We're just the most active," University Refuse Manager Larry Keily said.

The commercial monopoly dates to last December, when Alaska Waste, a garbage company based in Anchorage, decided to acquire the assets of University Refuse, rather than enter the local market as a competitor.

The RCA also decided to continue regulating University Refuse's residential service.

University Refuse began offering service in 2003.

The company bought out the local customer base of Waste Management, a national company doing business as Star Sanitation, last September, making it by far the largest provider of residential garbage pickup in the Fairbanks North Star Borough.

Although three companies hold a certificate to offer residential garbage pickup in the borough, one of those companies, Interior Services, does not do enough business to be considered competitive in the market, and another, Trash Talk, stopped providing service in 2005, leaving University Refuse with a "practical" monopoly in Fairbanks, according to the RCA ruling.

Kelly said the regulation will not lower rates.

Contact staff writer Eric Lidji at 459-7504 or [elidji@newsminer.com](mailto:elidji@newsminer.com).

---

This article may be accessed online at <http://newsminer.com/2007/02/18/6319/>.  
This article is copyrighted property of the Fairbanks Daily News-Miner. Unauthorized reproduction of this article other than for personal use is strictly prohibited. To obtain permission for republication in any form, please contact the News-Miner. Visit <http://newsminer.com/contact/> for more information.



**Alaskans for Litter  
Prevention and Recycling  
Keeping Alaska Beautiful**

APR 10 2007

April 3, 2007

Rep. Kurt Olson, Chair  
Rep. Mark Neuman, Vice Chair  
House Labor and Commerce Committee  
Alaska Legislature  
State Capital  
Juneau, AK 99801-1182

RE: HB 172

Dear Rep. Olson and Rep. Neuman,

The purpose of this letter is to comment on HB 172 as it pertains to ALPAR's initial letter of support of the Regulatory Commission's docket R-06-10, Order No. 4 regarding deregulation of commercial refuse services.

ALPAR has reconsidered it's position and, in light of a new effort by the Municipality of Anchorage to evaluate the current system for recycling in Anchorage and make recommendations for upgrades in services, we have adopted a neutral position with regards to the issue of deregulation of commercial refuse services at this time.

Sincerely,

Mary Fisher  
Executive Director

**EXECUTIVE DIRECTOR**

Mary Fisher

**EXECUTIVE COMMITTEE**

Scott Smith, *President*

General Manager  
Anchorage Media Group

Roger Briley, *1st Vice President*

General Manager  
Pepsi Cola Bottling Company

Kan Privratsky, *2nd Vice President*

Division VP & General Manager  
Horizon Lines of Alaska

Joe Gutley, *Secretary*

District Manager  
Carrs / Safeway Stores

Jeff Lowentels, *Treasurer*

Partner  
Lewis & Lowentels

Jimmy Doyle, *Past President*

Vice President  
Weaver Brothers, Inc.

**BOARD OF DIRECTORS**

Michael Beck

Sr. Vice President  
The News Group

Michael Blewett

Home Regional Supervisor, Alaska  
Fred Meyer

Karen Casanovas

Executive Director  
Alaska Air Carriers Association

Ken Carter

Production Director  
Anchorage Daily News

Craig Gales

Senior Manager, Marketing  
Alaska Waste

\* Don Grassie

Vice President & General Manager  
K & L Distributors, Inc.

\* Walter John

Vice President / General Manager  
Alaska Distributors

Tom Johnston

State of Alaska DOT & PF

George Lowery

Alaska Director  
Totem Ocean Trailer Express

\* Bill Odom

Executive Vice President  
Odom Corp

Brian Potvin

Sales Manager  
Lynden Transport, Inc.

Sean Skilling

Executive Director  
Green Star

\* Keith Sopp

Media Sales Manager  
GCI

Tom Turner

David Wigglesworth  
Municipality of Anchorage

\* Past President

**HONORARY**

**LIFETIME MEMBERS**

\* Tom Cox

\* Mark Williams

Audrey Lee

\* Cherie Myers