

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET TG-131794
	)	
WASTE CONTROL, INC.,	)	
	)	ORDER 01
Petitioner,	)	
	)	
Seeking Exemption from the	)	ORDER DENYING
Provisions of WAC 480-07-520(4)(j)	)	EXEMPTION FROM RULE
Relating to Supporting Work Papers	)	
for Affiliated Entities	)	
.....	)	

**BACKGROUND**

1 On September 23, 2013, Waste Control, Inc. (WCI or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$392,000 (11.4 percent) additional annual revenue. The stated effective date for the Company’s new rates is December 1, 2013. The Company included in its transmittal letter a petition under WAC 480-70-051 requesting an exemption from the work paper filing requirements in WAC 480-07-520(4)(j).

2 WAC 480-07-520 requires solid waste companies to include certain information in general rate increase filings. WAC 480-07-520(4) requires companies to file all supporting documentation known as “work papers” for the test period set out in the proposed rate increase. In its entirety, WAC 480-07-520(4)(j) explains that work papers must include:

Information about every transaction with an affiliated interest or subsidiary that directly or indirectly affects the proposed rates. This must include: A full description of the relationship, terms and amount of the transaction, the length of time the relationship has been ongoing, and an income statement and balance sheet for every affiliated entity.

3 WCI explained that its filing provided “information about every transaction with an affiliated interested or subsidiary, including a full description of the relationship, the length of time the relationship has been ongoing, and the terms and amounts of transactions.” WCI also noted that “[t]he Waste Control Companies are owned by the same individuals, not by any parent entity” and that due to its size, WCI is not required to file an annual Affiliated Interest Report. The Company explains that it “did not compile

financial statements as of June 30, 2013, for all the affiliated companies” because “doing so would have been a financial hardship for WCI and would have been cost that would be passed on to its customers.” Therefore, the Company seeks an exemption to WAC 480-07-520(j) insofar as the rule requires WCI to file income statements and balance sheets for each of its affiliated entities.

- 4 Commission Staff reviewed the request and recommends denying WCI’s request for exemption. In order to conduct its review and audit of WCI’s proposed rate increase, Staff contends that it must have financial statements of all affiliated interests in transactions with WCI, the regulated company. Without this information, Staff states that it will be unable to evaluate whether the Company’s proposed expenses are prudent and reasonable. Specifically, Staff determines the lower of cost or market for expenses between a regulated company and its affiliates, and Staff depends on the income statement and balance sheet, in addition to other financial information, to calculate the cost of the affiliate transactions.

### DISCUSSION

- 5 WAC 480-07-110<sup>1</sup> provides that the Commission may grant an exemption from or modify the application of its rules in individual cases if consistent with the public interest and the purposes of the underlying regulation:

The standard for consideration is the public interest standard. Factors the commission may consider include whether application of the rule would impose undue hardship on the requesting person, of a degree or a kind different from hardships imposed on other similarly situated persons, and whether the effect of applying the rule would be contrary to the underlying purposes of the rule.

- 6 We are not persuaded by WCI’s claim that preparing the documents required by WAC 480-07-520(4)(j) would be a financial hardship and result in a cost that would necessarily be passed on to its customers. The purpose of WAC 480-07-520 is to ensure that all information necessary to determine whether existing or proposed rates are fair, just, reasonable, and sufficient is available to the Commission. The plain wording of our rule requires evaluation of the entire corporation’s operations to determine what effect, if any, affiliated interest operations might have on the proposed tariff revision. Without these

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<sup>1</sup> We note that the Company mistakenly relied on WAC 480-70-051 to make its request for exemption from rule. That rule applies to exemptions from WAC 480-70, not WAC 480-07.

documents, we cannot properly review and audit the Company's proposed new rates and cannot be assured of the prudence and reasonableness of WCI's proposed expenses. Granting WCI an exemption in this case would not be in the public interest.

### FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies.
- 8 (2) WCI is engaged in the business of providing solid waste services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 9 (3) WCI is subject to WAC 480-07-520(4)(j), which requires solid waste companies to file income statements and balance sheets for all of its affiliated entities.
- 10 (4) Under WAC 480-70-051 or WAC 480-07-110, the Commission may grant an exemption from the provisions of its rules if consistent with the public interest, the purposes underlying regulation, and applicable statutes.
- 11 (5) This matter came before the Commission at its regularly scheduled meeting on October 10, 2013.
- 12 (6) The Commission cannot properly audit WCI's proposed new rates and be assured of the prudence and reasonableness of the Company's proposed expenses without reviewing income statements and balance sheets for all of WCI's affiliated entities.
- 13 (7) WCI's requested exemption from WAC 480-07-520(4)(j) is not in the public interest and not consistent with the purposes underlying the regulation and applicable statutes and should not be granted.

**ORDER**

*14* THE COMMISSION ORDERS That Waste Control, Inc. is denied an exemption from WAC 480-07-520(4)(j).

DATED at Olympia, Washington, and effective October 10, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner