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April 30, 2003

Mr. Gene Eckhardt  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive, S.W.  
PO Box 47250  
Olympia, WA 98504-7250

Re: Proposed Rule – WAC 480-92-050

Dear Mr. <sup>Gene</sup>Eckhardt:

I am writing to memorialize our telephone conversation a couple of days ago. In the conversation, you and I discussed the potential problems associated with proposed WAC 480-92-050 as it applies to US Ecology, Inc. and its parent corporation, American Ecology Corporation.

As I explained on the telephone, for cash management efficiency and control purposes, each time a payment is made to US Ecology, it is deposited in an American Ecology concentration account. This procedure is not unique to US Ecology, but is used by American Ecology for US Ecology in the same manner as it is used for each of American Ecology's other subsidiaries. The concentration account is set up in such a manner that when funds are paid to US Ecology, regardless of amount, they are available to American Ecology and are "due to" US Ecology.

Funds paid by US Ecology to vendors are paid in a similar manner with each days checks clearing the US Ecology bank account with the necessary funds, regardless of amount, being provided by American Ecology and are "due from" US Ecology.

This cash management structure enables US Ecology to utilize cash balances maintained by American Ecology and its subsidiaries without having to borrow funds to cover operating cash flow needs.

As a result of this standardized procedure, it would be impossible for US Ecology to provide the Commission with twenty days advance written notice of transactions, including those that fit within the scope of proposed WAC 480-92-050. Even if the Commission were to reword the language of WAC 480-92-050 in such a manner that it only required retroactive reporting of the transactions instead of advanced reporting, it would still entail a great deal of reporting work for both US Ecology and for the Commission without any real benefit to either.

Therefore, US Ecology proposes that the Commission remove the provisions of proposed WAC 480-92-050(2)(a) involving financial transaction reports. The provisions of subsections 2(b) and 2(c), annual subsidiary transaction report and annual affiliated interest report, respectively, are acceptable and appear to meet the Commission's goals. These two reports seem to cover all of the objectives of proposed WAC 480-92-050, without the need for an additional report each time before a transaction is actually made.

In the event that the Commission is unwilling to remove the provisions of subsection 2(a), US Ecology proposes that the Commission include a provision allowing for sweep accounts as an exception to the reporting requirements of subsection 2(a). This would enable the Commission to track and approve unusual transactions while not substantially hindering US Ecology's effectiveness.

The proposed language would be inserted after subsection 2(a)(ii) and would read:

**(iii) Sweep and Cash Management Accounts. The foregoing provisions shall have no application to sweep and cash management account transfers used to automatically transfer funds received by a subsidiary as part of the customary and routine cash management functions between the subsidiary and parent.**

\* \* \* \*

I would be happy to discuss the ramifications of either of these options with you. Please feel free to contact me with any questions or concerns.

Sincerely,



RICHARD A. FINNIGAN

RAF/bsb

cc: Arvil Crase  
Steve Romano  
Tom Hayes