

TG-130501 Murrey's Disposal and TG-130502 American Disposal  
Settlement Positions – **Settlement Document Subject to ER 408**

Account Name	Account Number	Account Balance (As Filed By Company)	Staff Proposed Balance	Staff Proposed Change in Account Balance	Staff/Company Proposed Settlement Balance	Adjustment Description	Resolution/Proposed Settlement
Disposal Fees embedded in Rates	Various Revenue Accounts	-	417,314	417,314	-	Staff included the dump fee increase amount in revenue, which effectively diluted a portion of the return on dump fee expense.	Staff removed this adjustment.
Corp OH Allocation	70149	941,195	883,222	(57,973)	886,794	Staff removed several components of corporate OH including: depreciation on certain corporate assets, termination pay, certain dues and subscriptions, certain professional fees, and directors and officers insurance. In addition, Staff disallowed corporate OH on materials revenue.	The Company disputed removal by Staff of corporate overhead expenses on recycling materials sales revenue. The Company believes that this disallowance was inappropriate and although material sales are 100% refunded to the customers by the Company, there are still costs and overhead associated with this activity and refund computations. This expense reduction amounted to about \$12,000 of the Staff calculation and, for settlement purposes only, was concurred in by the Company.
Transfer Station Depreciation		94,553	37,607	(56,946)	37,607	Staff allocated a portion of the transfer station assets to DM Disposal, the non-regulated hauling company.	The Staff allocated a higher portion of the transfer station assets to the non-regulated affiliate, DM Disposal, to which adjustment in the interest of settlement, the Company stipulated.

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Depreciation Trks	51260	779,594	764,254	(15,340)	772,231	Staff changed the asset cost of several trucks, removed several scrapped assets, and allocated a portion of the transfer trucks to DM Disposal, the non-regulated hauling company.	The Company disputed portions of this adjustment. The Company does not agree with the portion of this adjustment related to the allocation of transfer trucks. That allocation means M-A will not recover sufficient depreciation and average investment in rates. DM has its own transfer trucks, and also uses trailers of another non-regulated affiliate. The effect of this portion of the adjustment is \$4,589 which the Company agreed to compromise in the interest of settlement.
Structures – Office		113,522	92,047	(21,475)	92,047	Revised the original cost of storm water, transfer station, and retention pond assets, changed the useful life of storm water assets from 20 to 30 years, and allocated a portion of these assets to DM Disposal.	The Company stipulated for settlement purposes.
Sale of Asset	91010	28,978	5,796	(23,182)	9,659	Staff amortized this expense over 5 years.	The Company disputed this amortization and believed it was properly expensed. The Staff wanted to amortize over a five year period and the parties compromised on three years in the interest of settlement.
Depreciation Cont, DB	54260	471,670	456,437	(15,233)	462,705	Staff amortized yard waste carts over 10 years.	Company and staff agreed on a 7 year useful life for yard waste carts.

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State Excise Tax	52030	523,175	519,231	(1,844)	521,322	Washington State wholesale tax on unrefunded commodity revenue was denied.	The Company strongly disagreed with this adjustment since the Company must pay B&O tax on its gross receipts, including commodity sales revenue. Initially it attempted to compromise in merely asking for the tax portion attributable to unrefunded commodity sales but ultimately conceded the full disputed amount in order to reach settlement.
Safety & Training	50086	14,546	7,241	(7,305)	7,303	Staff amortized this account over 3 years.	The Company agreed to this adjustment in the interest of settlement.
Employee Community Activity	56095	40,098	66,110	26,012	66,670	Staff amortized this account over 3 years.	Company agreed in the interest of settlement.
Salaries	60010	5,442	17,633	12,191	17,633	During the audit the Company proposed a \$51,000 pro forma adjustment for a Waste Reduction Specialist whom the Company hired among other responsibilities to assist in solid waste reduction in M/A's territory and who is particularly focused on multi-family recycling participation rates. Staff only allowed 27% of this pro forma adjustment.	The Company disagreed due to the State's statutory emphasis on solid waste reduction, but stipulated to an adjustment in order to reach a settlement.
Prior Year Claims	59342	655,494	163,874	(491,620)	321,325	Staff proposed a 4 year amortization of this account.	The Company objected to the Staff's initial normalization of this account over a four year period. The Company stipulated to the sum of 2010, 2011 and 2012 claims expense amortized over 3 years in interest of a settlement.