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| **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. |
| 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. |
| 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. |