

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

MURREY'S DISPOSAL COMPANY,
INC., G-9,

Respondent.
.....

) DOCKET TG-130501
) (*consolidated*)

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AMERICAN DISPOSAL COMPANY,
INC., G-87,

Respondent.
.....

) DOCKET TG-130502
) (*consolidated*)

**DIRECT TESTIMONY
OF IRMGARD WILCOX,
WASTE CONNECTIONS, INC.
IN SUPPORT OF SETTLEMENT AGREEMENT
OF JULY 31, 2013**

I. IDENTIFICATION OF WITNESS

1
2 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH**
3 **WASTE CONNECTIONS, INC.**

4 A. My name is Irmgard Wilcox. My business address is 3600 Port of Tacoma Road,
5 Suite 505, Fife, Washington, 98424. I am employed as a Senior Pricing Analyst with
6 Waste Connections, Inc. for the Pacific Northwest Region specializing in Washington
7 regulated operations of Waste Connections' affiliates. I am testifying here on behalf of
8 Murrey's Disposal Company, Inc. and American Disposal Company, Inc., hereinafter
9 "M/A" or "Murrey's/American."

10 **Q. PLEASE PROVIDE A BRIEF BACKGROUND OF YOUR EDUCATIONAL**
11 **AND REGULATED SOLID WASTE COLLECTION COMPANY**
12 **ACCOUNTING EXPERIENCE.**

13 A. I received a Bachelor's Degree from Pacific Lutheran University in 1993 specializing in
14 accounting. Since 1975, I have been an employee or principal of Murrey's Disposal
15 Company, Inc. and its affiliates under the prior ownership of Murrey's and was a
16 minority owner and shareholder and officer of the company when it was purchased by
17 Waste Connections, Inc. in 1999. In my various capacities with Murrey's Disposal, I
18 have become closely familiar with uniform regulatory accounting principles and have
19 personally filed numerous rate cases for over 30 years. In that capacity, I have also
20 been the lead liaison from the company with the Washington Utilities and
21 Transportation Commission hereinafter ("WUTC") auditors and have worked with
22 most of the personnel in the regulatory staff at the WUTC over the past 30+ years
23 including Bob Colbo, Nicki Johnson and Layne Demas, all of whom are now retired
24 from the Commission and have also worked with numerous transportation and water
25 section chiefs including Gene Eckhardt, Ed Nikula and Jim Ainey. In my current

1 position, I am responsible for reviewing the financial performance of various
2 Washington regulated operations of Waste Connections, Inc. companies including
3 Murrey's/American. In that capacity, I work closely with various district and regional
4 controllers in the Pacific Northwest Region of Waste Connections, Inc. who are
5 responsible for compiling financial reports, financial statements and various other
6 accounting data in the ordinary course of business on various divisions of the company.
7 Heather Garland, who also was thoroughly involved in this proceeding, reports directly
8 to me on WUTC regulatory issues and I am thus tasked with reviewing and evaluating
9 all reports and accounting submitted to the WUTC on behalf of the Waste Connections'
10 companies.

11 **Q. PLEASE PROVIDE SOME CONTEXT TO YOUR ROLE AS WITNESS IN THE**
12 **CURRENT RATE PROCEEDING.**

13 A. After an initial filing of the original rate case on March 15, 2013 and a rejection on
14 March 28, 2013, we refiled our current general rate case on or about April 8, 2013 and
15 subsequently engaged extensively in both informal and formal discovery on this filing
16 with the WUTC audit staff, specifically Melissa Cheesman, since that time. As the
17 Commission is well aware, in that process, there is substantial dialogue between the
18 Commission Staff and the company in reviewing and auditing a proposed revenue
19 requirement and rate design and during those many weeks we engaged in a series of
20 discussions to try to attempt to arrive at an agreed position regarding an increased
21 revenue requirement and rate design. After numerous delays, the Staff and the
22 company finally agreed upon a proposal to submit to the Commission for review and
23 approval and thus we find ourselves here in support of the Settlement filed on July 31,
24 2013.

25 **II. PURPOSE OF TESTIMONY**

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. Specifically, the purpose of my testimony in this proceeding is to provide additional
3 facts and information surrounding some of the final adjustments and accounting issues
4 which have been highlighted in the Staff's Narrative. My testimony in this proceeding
5 will be addressing the adjustments near the close of the audit period then at issue,
6 drawing from my three plus decades of experience in filing regulated solid waste
7 collection cases and my knowledge of Lurito-Gallagher ratemaking methodology which
8 I have worked with since the Commission first established the methodology in January,
9 1988.

10 **Q. WILL YOU PLEASE NOW ADDRESS THE ACCOUNTING ISSUES THAT**
11 **WERE RESOLVED BY THE PROPOSED SETTLEMENT.**

12 A. There were initially numerous of those issues at the suspension of this filing that,
13 during the course of late May and June, were resolved during negotiations¹ with the
14 Staff. By late June and early July, the Company and the Staff disagreement on
15 accounting issues narrowed to a host of remaining issues. For the Commission's
16 reference, those remaining issues generally are as follows:

- 17 1. Imbedded disposal fee return;
 - 18 2. Disallowance of ordinary and necessary expense items associated with routine
19 company safety personnel meetings and community service activities;
 - 20 3. Prior year claims reconciliation and normalization;
 - 21 4. Disallowed corporate overhead increment on material sales in deferred
22 commodity adjustment program;
 - 23 5. Normalization/amortization formula on gains/losses on sale of assets.
- 24

25

¹ The Commission Staff alluded to the broader original list of accounting issues at ¶ 6 of its Narrative in Support of Settlement Agreement.

1 6. Depreciation and other fixed asset adjustments for operating equipment and
2 removal of certain capital assets from asset base of M/A.

3 7. Staff adjustment for the use and useful life of yard waste carts;

4 8. Transfer truck and trailer allocation among Murrey's/American and a non-
5 regulated affiliate.

6 9. Depreciation schedule applied to transfer station;

7 **Q. IN CONNECTION WITH BENCH REQUEST NO. 2 ASKING GENERALLY**
8 **FOR ADDITIONAL DESCRIPTION OF ACCOUNTING ISSUES AND THEIR**
9 **TENTATIVE RESOLUTION, HAVE YOU CAUSED TO BE PREPARED ANY**
10 **ILLUSTRATIVE EXHIBIT RECAPPING/OUTLINING THOSE ISSUES?**

11 **A. Yes, and it is attached here as Exhibit IW-2 for the Commission's review.**

12
13 **Q. DOES THIS GENERALLY PROVIDE THE DESCRIPTION YOU BELIEVE IS**
14 **BEING ASKED FOR IN BENCH REQUEST NO. 2?**

15 **A. Yes it does.**