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FROM: Tiffany Van Meter

**DATE:** July 28, 2017

**SUBJECT:** TG-170668, Torre Refuse & Recycling, LLC

dba: Sunshine Disposal & Recycling

REDACTED per WAC 480-07-160

**Discussion:**

Torres Refuse & Recycling, LLC (TRR or company) is a Class “A” solid waste company as defined in rule; WAC 480-70-041 with over $6.8 million in regulated intrastate gross revenues. As required in WAC 480-70-079, the company filed on May 31, 2017, with the Utilities and Transportation Commission (UTC or commission) a report on its affiliated interest and subsidiary transactions.

**Scope of Staff Investigation:**

Staff will examine the filing in UTC Docket TG-170668 and answer the following questions:

1. Does the information provided by the company meet the requirements of WAC 480-70-079?
2. As a result of examining the transactions contained in this filing, what areas and elements of affiliate contracts and arrangements will need to be examined in a future rate case to validate that they are reasonable and consistent with the public interest?

**Requirements set forth in WAC 480-70-079:**

WAC 480-70-079 requires regulated solid waste companies to provide the commission with the following information relating to transactions between a regulated solid waste company and its affiliate(s):

|  |  |
| --- | --- |
| ***Requirement*** | ***Staff opinion*** |
| Corporate organization chart of the company and its affiliated interests and subsidiaries (WAC 480-70-079 (2)). | TRR has met this requirement. |

For 2016, Torre is reporting transactions with four separate affiliates with transaction volumes over $100,000:

1. *Ada-Lin Waste Systems, Inc. (AWS)* – Received from Torre equipment repair, management, procurement, facility, accounting and customer service support ($117,268);
2. *Sunshine Recyclers, Inc. (SRI)* – Received from Torre equipment repair, management, procurement, facility, accounting and customer service support ($759,672); and
3. *Sunshine Disposal, Inc. (SDI)* – Sunshine Disposal, Inc. is wholly owned by Sunshine Recyclers, Inc. Received from Torre equipment repair, management, procurement, facility, accounting and customer service support ($188,542).
4. *WSF, LLC*–Torre received from WSF container maintenance and manufacturing, and truck component purchasing ($436,233).

| ***Requirement*** | ***Staff opinion*** |
| --- | --- |
| WAC 480-70-079 (3) states that if total affiliated interest or a subsidiary are less than $100,000 for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. | TRR has met this requirement. |
| For transactions over $100,000 the following information is also required by rule (WAC 480-70-079 (3) (a) through (g) and WAC 480-70-079 (4)) | |
| ***Requirement*** | ***Staff opinion*** |
| Balance sheet and income statement for such affiliated interest (WAC 480-70-079 (3) (a)). | TRR has met this requirement. |
| Description of the products or services provided to or from the company and each such affiliated interest or subsidiary (WAC 480-70-079 (3) (b)). | TRR has met this requirement. |
| Description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year (WAC 480-70-079 (3) (c)). | TRR has met this requirement. |
| Description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year (WAC 480-70-079 (3) (d)). | TRR has met this requirement. Loans due from or to the company at a rate of 4.25 percent currently. Balances at the end of December 31, 2016, are summarized below:   1. AWS payable to TRR - $84,065; 2. TRR payable to SRI - $147,799; and 3. SDI payable to TRR - $97,782 |
| Description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary (WAC 480-70-079 (3) (e)). | Torre has met this requirement. |
| Description of the activities of each such affiliated interest or subsidiary with which the company has transactions (WAC 480-70-079 (3) (f)). | Torre has met this requirement. |
| A list of all common officers and directors between the solid waste company and each such affiliated interest or subsidiary, along with their titles in each organization (WAC 480-70-079 (3) (g)). | Torre has met this requirement. |
| File copies of affiliated interest contracts and arrangements as stated in WAC 480-70-078 (WAC 480-70-079 (4)). | Reported none. |

**Areas and Elements Examined in the Next Rate Case:**

Allocation for services provided by company to its affiliates; amounts paid by Torre for maintenance and truck component purchasing, especially to WSF as the rate contains a “customary markup” and the amount of payments has increased significantly, and any potential effect on regulated customer rates; loan, interest, and repayment transactions with affiliates and any impact on regulated customer rates.

**Conclusion**

Take no other action on this filing at this time and close the docket.