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BEFORE THE WASHINGTON UTILITIES  
AND TRANSPORTATION COMMISSION

In the Matter of:

Waste Management of Washington, Inc. d/b/a  
Waste Management – Northwest

CASE NO.

PETITION FOR RULE EXEMPTION

I. INTRODUCTION

1. COMES NOW Waste Management of Washington, Inc. (“WMW”) holder of Certificate of Public Convenience and Necessity No. G-237, by and through its attorney, Polly L. McNeill of Summit Law Group PLLC, and in accordance with WAC 480-07-370(1)(b) files this *Petition for Rule Exemption* (“Petition”) respectfully requesting the Commission’s approval to submit Work Papers that vary from a strict interpretation of the filing requirements under WAC 480-07-520(4).<sup>1</sup>
2. The Petition requests permission to file Work Papers that comport with the exemptions granted in WMW’s last seven general rate increase filings. *See* Orders 04/Order 03 – Denying Petition For Rule Interpretation; Granting Exemption To Rule, *WUTC v. Waste Management of Washington d/b/a Waste Management Sno-King*, Docket Nos. TG-091933 & TG-091945 (Consolidated) (March 23, 2010) (“Sno-King Exemption Order”); Order 01 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-101080 (July 15, 2010) (“South Sound/Seattle Exemption Order”); Order 01 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-101706 (November 24, 2010) (“Kennewick Exemption Order”); Order 01 – Granting Exemption From Rule, *In the Matter*

<sup>1</sup> WAC 480-07-520 sets forth the minimum requirements for filing a general rate increase request by solid waste collection companies. Subsection (4) discusses the information and documents to be included in Work Papers.

1 of the *Petition of Waste Management of Washington, Inc.*, Docket No. TG-110792 (June 30,  
2 2011) (“Skagit Exemption Order”); Order 01 – Granting Exemption From Rule, *In the*  
3 *Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-120523  
4 (May 10, 2012) (“Wenatchee Exemption Order”); Order 02 – Granting Exemption From  
5 Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No.  
6 TG-121822 (January 31, 2013) (“Brem-Air Exemption Order”); and Order 01 – Granting  
7 Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington,*  
8 *Inc.*, Docket No. TG-130082 (February 14, 2013) (“Spokane Exemption Order”)  
9 (collectively, “Prior Exemption Orders”).

10 3. Contemporaneously with this Petition, WMW is today filing a general rate request for a tariff  
11 that combines the operations of Waste Management of Washington, Inc. d/b/a Waste  
12 Management Sno-King (“Sno-King”) and Waste Management of Washington, Inc. d/b/a  
13 Waste Management – Northwest (“Northwest”) and states the rates for both under a single  
14 tariff. For its tariff request, WMW respectfully requests an exemption under  
15 WAC 480-07-110 to the extent the general rate filing rule stated in WAC 480-07-520(4)  
16 would require the company to submit into the public record certain proprietary and  
17 confidential business records unrelated to the substantive audit of the tariff filing itself. For  
18 the same reasons supporting the Commission’s determinations to grant exemptions in the  
19 seven Prior Exemption Orders, approving this Petition would be consistent with the public  
20 interest, the purposes underlying the tariff filing regulation, and Ch. 81.77 RCW.

## 21 II. PARTIES

22 4. Petitioner’s name and address are as follows:

23 Waste Management of Washington, Inc.  
24 720 Fourth Avenue, Suite 400  
Kirkland, WA 98033-8136

25 5. Petitioner’s attorney’s name and address are as follows:

26 Polly L. McNeill  
Summit Law Group PLLC  
315 Fifth Avenue S., Suite 1000  
Seattle, WA 98104

### III. GROUNDS FOR RELIEF

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6. WMW is the corporate subsidiary of Waste Management, Inc. that operates in Washington-state. WMW is the holder of Certificate of Public Convenience and Necessity No. G-237, but throughout the State the company has ten different business units providing solid waste collection services. The business units currently perform regulated solid waste collection under nine different WUTC tariffs, one for each of the geographically-specific collection entities. Disposal fees, labor rates, fuel prices, and other costs differ in each of the geographic territories. In addition, WMW owns three landfills, six transfer stations and eight recycling centers.
  7. If this filing is approved, WMW will operate regulated services under eight different tariffs. The company has consolidated operations of Sno-King and Northwest, enabling it to establish rates for that discrete geographic territory in northern King County and Snohomish County under one combined tariff.
  8. In submitting its general rate request, for certain elements of WAC 480-07-520(4), WMW has limited some of the financial data included in its Work Papers to the two business units that will be operating as a single entity under the tariff that WMW is seeking to amend, and has not provided the analysis for WMW as a whole. This general rate filing includes financial information that is the same in scope as the Work Papers approved by the Prior Exemption Orders, except that it encompasses the financial information for two business units instead of a single operating division. Thus, the Work Papers address the separate requirements of WAC 480-07-520(4) as follows:
    9. *WAC 480-07-520(4)(a) (detailed pro forma income statement)* – The required income statement is limited to Sno-King and Northwest, the two business units providing services under the tariffs that WMW is seeking to consolidate and amend.
    10. *WAC 480-07-520(4)(b) (revenue impact calculation for proposed tariff revisions)* – The revenue impact calculation is limited to services provided by Sno-King and Northwest, the

1 two business units providing services under the tariffs that WMW is seeking to amend and  
2 consolidate.

3 11. *WAC 480-07-520(4)(c) (income statement listing all revenue and expense accounts by*  
4 *month)* – The required income statement is limited to Sno-King and Northwest, the two  
5 business units providing services under the tariffs that WMW is seeking to consolidate and  
6 amend.

7 12. *WAC 480-07-520(4)(d) (detailed separation of all revenue and expenses between*  
8 *regulated/nonregulated operations if nonregulated revenue exceeds ten percent of total*  
9 *company test period revenue)* – The filing provides a detailed separation of all revenue and  
10 expenses between Sno-King and Northwest, the two business units providing services under  
11 the tariffs that WMW is seeking to amend and consolidate, and other business units within  
12 Waste Management with which Sno-King or Northwest have intra-company transactions or  
13 arrangements that, but for the fact that the business units are not separate corporations, would  
14 be affiliated interest transactions. The filing also includes a detailed separation of all  
15 revenues and expenses for each of the other WMW business units performing collection  
16 operations, with expenses allocated proportionately on the basis of regulated and unregulated  
17 revenues, and a combined statement of detailed revenues and expenses for all of WMW's  
18 unregulated, non-collection operations added together.

19 13. *WAC 480-07-520(4)(e) (detailed list of all nonregulated operations, including the rates*  
20 *charged for the services rendered)* – The filing includes a list of all regulated and  
21 nonregulated operations within WMW, including the rates charged. No exemption is sought  
22 for this filing requirement, but due to the extensive number of municipal contracts under  
23 which WMW operates, information related to those unregulated operations will be provided  
24 upon Staff's request.

- 1 14. *WAC 480-07-520(4)(f) (detailed price-out information)* – The revenue reported is limited to  
2 services provided by Sno-King and Northwest, the two business units providing services  
3 under the tariffs that WMW is seeking to consolidate and amend.
- 4 15. *WAC 480-07-520(4)(g) (consolidated balance sheet)* – The required consolidated balance  
5 sheet includes Waste Management, Inc., and Waste Management of Washington, Inc. No  
6 exemption is sought for this filing requirement.
- 7 16. *WAC 480-07-520(4)(h) (detailed depreciation schedule)* – The assets for which a  
8 depreciation schedule is provided are limited to those utilized by Sno-King and Northwest,  
9 the two business units providing services under the tariffs that WMW is seeking to  
10 consolidate and amend.
- 11 17. *WAC 480-07-520(4)(i) (computed average investment)* – The assets for which the average  
12 investment is computed are limited to those utilized by Sno-King and Northwest, the two  
13 business units providing services under the tariffs that WMW is seeking to consolidate and  
14 amend.
- 15 18. *WAC 480-07-520(4)(j) (information about every transaction with affiliated interests or*  
16 *subsidiaries)* – Affiliated interest transactions under this requirement are limited to those  
17 between Sno-King and Northwest, the two business units providing services under the tariffs  
18 that WMW is seeking to consolidate and amend, on the one hand, and Waste Management,  
19 Inc., on the other, for administrative overhead services performed by the area and corporate  
20 offices. The filing includes an income statement and balance sheet for Waste Management,  
21 Inc. No exemption is needed for this requirement.

#### 22 IV. PETITION FOR EXEMPTION

- 23 19. WAC 480-07-110 provides that the Commission may grant an exemption from or modify the  
24 application of its rules in individual cases if consistent with the public interest and the  
25 purposes of the underlying regulation:

26 The standard for consideration is the public interest standard.  
Factors the commission may consider include whether application

1 of the rule would impose undue hardship on the requesting person,  
2 of a degree or a kind different from hardships imposed on other  
3 similarly situated persons, and whether the effect of applying the  
4 rule would be contrary to the underlying purposes of the rule.

5 20. In the Prior Exemption Orders, the Commission concluded that granting an exemption was in  
6 the public interest and met the standards for consideration of a rule exemption under  
7 WAC 480-07-110(c) – and the same policy applies in this filing.

8 21. As the Commission observed in the Sno-King Exemption Order, Waste Management’s  
9 corporate structure is unusual with respect to having so many organizationally distinct  
10 regulated and nonregulated lines of business within one corporation. The burdens imposed  
11 on WMW by the general rate filing requirements of WAC 480-07-520(4) are different in  
12 degree and kind than those imposed on other solid waste collection companies.

13 22. The purpose of WAC 480-07-520(4) is to ensure that all information necessary to determine  
14 whether existing or proposed rates are fair, just, reasonable and sufficient is available to the  
15 Commission by requiring solid waste collection companies seeking to increase their rates to  
16 file Work Papers that account for a variety of data supporting the request, including  
17 information about commercial relationships with affiliated enterprises. The limited Work  
18 Papers filed for the consolidated tariff increase satisfies the purpose of the rule. Because the  
19 data for which this exemption is sought is not relevant to the tariff filing presented and  
20 because some of that analysis is valuable and proprietary commercial information, granting  
21 this Petition is not inconsistent with the underlying purposes of the general rate filing rule  
22 stated in WAC 480-07-520(4).


23 23. In addition, to prepare some components of the Work Paper requirements for WMW as a  
24 whole would impose a significant hardship on the company because each business entity has  
25 its own general ledger, and the analysis would require manually consolidating data into one  
26 master ledger, a time-consuming and unproductive process without any commensurate  
benefit to the ratepayers.

1 24. Granting this Petition would allow WMW to file Work Papers that explain the services  
2 provided under the new tariff, and that list all relevant data for any and every part of Waste  
3 Management as a whole that conducts intra-company transactions or arrangements affecting  
4 the services provided under the tariff. Allowing limitations to the financial information  
5 included in the Work Papers avoids filing immaterial and unnecessary Work Papers and  
6 relieves the administrative burden to both WMW and Commission. If this Petition is  
7 granted, then Staff will have the information needed to fully analyze the rate request, and  
8 WMW will have partial relief from the burdens of the literal application of the filing  
9 requirements in WAC 480-70-520(4).

10 **V. CONCLUSION**

11 For the reasons stated above, WMW respectfully requests that the Commission authorize the  
12 general rate filing submitted contemporaneously with this Petition, and grant an exemption of  
13 WAC 480-07-520(4) to WMW for today's tariff filing to limit the Work Papers required under  
14 WAC 480-07-520(4) in the manner stated above.

15 DATED this 23rd day of May 2013.

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26 Washington, Inc.