

Agenda Date: October 10, 2013  
Item Number: B3

**Docket:** TG-131794  
Company Name: Waste Control, Inc. G-101

Staff: Melissa Cheesman, Regulatory Analyst  
Brett Shearer, Regulatory Analyst

### **Recommendation**

Deny Waste Control, Inc.'s Petition for Exemption from that portion of WAC 480-07-520(4)(j) that requires the company to file an income statement and balance sheet for every affiliated entity.

### **Discussion**

On September 23, 2013, Waste Control, Inc. (WCI or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$392,000 (11.4 percent) additional annual revenue. The proposed increases are prompted by increased disposal fees, payments to affiliates, employee wages and benefits, fuel, and other general operating expenses. The company's last general rate increase became effective February 1, 2010. The company serves approximately 11,000 customers in Cowlitz, Clark, and Skamania Counties.

In WCI's transmittal letter, the company requested an exemption from that portion of WAC 480-07-520(4)(j) that requires the company to file an income statement and balance sheet for every affiliated entity. The company stated that the relevant financial records are not available for the test year (only calendar year end), and that providing the income statements and balance sheets for the test year would present an undue hardship on WCI and additional costs born on customers.

Commission staff's review and audit of this docket requires (at a minimum) financial statements of all affiliated interest engaged in transactions with the regulated company. Specifically, staff must determine if the proposed expenses are prudent and reasonable. To set rates for affiliate transactions, staff uses the lower of cost or market for expenses between the regulated company and its affiliates. Staff needs the income statement and balance sheet, in addition to other financial information, to determine the cost of the affiliate transactions.

The company's reported expenses for the test year was approximately \$3,924,000. The affiliate interest transaction expenses were approximately \$437,000 (or 11.1 percent of total test year expenses).

### **Conclusion**

Deny Waste Control, Inc.'s Petition for Exemption from that portion of WAC 480-07-520(4)(j) that requires the company to file an income statement and balance sheet for every affiliated entity.