

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

In the Matter of the Petition of)	DOCKET TG-120523
)	
WASTE MANAGEMENT OF)	ORDER 01
WASHINGTON, INC., G-237,)	
)	
Petitioner,)	
)	
Seeking Exemption from the)	
Provisions of WAC 480-07-520(4))	ORDER GRANTING
Relating to Supporting Work Papers)	EXEMPTION FROM RULE
.....)	

BACKGROUND

- 1 Docket TG-120523 involves a proposed tariff revision filed with the Washington Utilities and Transportation Commission (Commission) by Waste Management of Washington, Inc., d/b/a Waste Management - Greater Wenatchee (WM - Greater Wenatchee), business unit of Waste Management of Washington, Inc. (WMW or the Company), on April 17, 2012.
- 2 On April 17, 2012, WMW filed a petition requesting an exemption from the work paper filing requirements set out in WAC 480-07-520(4).
- 3 WAC 480-07-520(4) requires WMW to file work papers that contain detailed financial data for the Company, its affiliated interests, and its business units. The plain language of the rule requires these work papers to address Company-wide finances as a whole, not a limited subset of one or more business units.
- 4 WMW stated that WAC 480-07-520(4) would require the Company to submit into the public record certain proprietary and confidential business records unrelated to the substantive audit of the tariffs filed on behalf of WM - Greater Wenatchee. In addition, WMW claims that preparing some components of the work paper requirements for WMW, as a whole, would impose a significant hardship on the Company because each business unit maintains its own general ledger, and the analysis would require manually consolidating data into one master ledger, a time-consuming and unproductive process without any commensurate benefit to the ratepayers.
- 5 WMW requested the Commission to grant an exemption from WAC 480-07-520(4) consistent with the following:

- (a) *WAC 480-07-520(4)(a) (detailed pro forma income statement)* – The required income statement is limited to WM - Greater Wenatchee, the business unit providing services under the tariff that WMW is seeking to amend.
- (b) *WAC 480-07-520(4)(b) (revenue impact calculation for proposed tariff revisions)* – The revenue impact calculation is limited to services provided by WM - Greater Wenatchee, the business unit providing services under the tariff that WMW is seeking to amend.
- (c) *WAC 480-07-520(4)(c) (income statement listing all revenue and expense accounts by month)* – The required income statement is limited to WM - Greater Wenatchee, the business unit providing services under the tariff that WMW is seeking to amend.
- (d) *WAC 480-07-520(4)(d) (detailed separation of all revenue and expenses between regulated/nonregulated operations if nonregulated revenue exceeds ten percent of total company test period revenue)* – The filing provides a detailed separation of all revenue and expenses between (1) WM - Greater Wenatchee, the business unit providing services under the tariff that WMW is seeking to amend, and (2) other business units within WMW with which WM - Greater Wenatchee has intra-company transactions or arrangements that, but for the fact that the business units are not separate corporations, would be affiliated interest transactions. The filing includes a detailed separation of all revenues and expenses for each of the other WMW business units performing collection operations, with expenses allocated proportionately on the basis of regulated and unregulated revenues, and a combined statement of detailed revenues and expenses for all of WMW's unregulated, non-collection operations added together.
- (e) *WAC 480-07-520(4)(e) (detailed list of all nonregulated operations, including the rates charged for the services rendered)* – The filing includes a list of all regulated and nonregulated operations within WMW, including the rates charged. No exemption is sought for this filing requirement, but information related to municipal contracts under which WM - Greater Wenatchee operates will be provided upon Staff's request.
- (f) *WAC 480-07-520(4)(f) (detailed price-out information)* – The revenue reported is limited to services provided by WM - Greater Wenatchee, the

business unit providing services under the tariff that WMW is seeking to amend.

- (g) *WAC 480-07-520(4)(g) (consolidated balance sheet)* – The required consolidated balance sheet includes Waste Management, Inc. (WMI), and WMW. No exemption is sought for this filing requirement.
- (h) *WAC 480-07-520(4)(h) (detailed depreciation schedule)* – The assets for which a depreciation schedule is provided is limited to those utilized by WM - Greater Wenatchee, the business unit providing services under the tariff that WMW is seeking to amend.
- (i) *WAC 480-07-520(4)(i) (computed average investment)* – The assets for which the average investment is computed is limited to those utilized by WM - Greater Wenatchee, the business unit providing services under the tariff that WMW is seeking to amend.
- (j) *WAC 480-07-520(4)(j) (information about every transaction with affiliated interests or subsidiaries)* – Affiliated interest transactions under this requirement are limited to those between WM - Greater Wenatchee, the business unit providing services under the tariff that WMW is seeking to amend, on the one hand, and affiliates of Waste Management of Washington, Inc. including Waste Management, Inc., on the other. The filing includes an income statement and balance sheet for Waste Management, Inc. and any other affiliate that is party to such a transaction. No exemption is needed for this requirement.

6 Staff reviewed WMW's request for an exemption from WAC 480-07-520(4) and recommends that the Commission grant that request, as set forth above.

FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies. RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.
- 8 (2) Waste Management of Washington, Inc., is engaged in the business of providing solid waste services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 9 (3) Waste Management of Washington, Inc., is subject to WAC 480-07-520(4), which requires the Company to file work papers that contain detailed financial data for the Company, its affiliated interests, and its business units. The plain language of the rule requires these work papers to address Company-wide finances as a whole, not a limited subset of one or more business units.
- 10 (4) Waste Management of Washington, Inc., d/b/a Waste Management - Greater Wenatchee is a business unit of Waste Management of Washington, Inc., and collects solid waste under one of Waste Management of Washington, Inc.'s ten tariffs.
- 11 (5) Waste Management of Washington, Inc., d/b/a Waste Management - Greater Wenatchee filed a proposed tariff revision on April 17, 2012, seeking to increase Waste Management's rates in its WM - Greater Wenatchee business unit by approximately \$440,000 or 9.6 percent.
- 12 (6) In support of its proposed tariff revisions, Waste Management of Washington, Inc., filed work papers containing financial information only for Waste Management of Washington, Inc., d/b/a Waste Management - Greater Wenatchee and some of the Company's other business units, but not for the entirety of Waste Management of Washington, Inc.'s statewide operations.
- 13 (7) Under WAC 480-70-051, the Commission may grant an exemption from the provisions of any rule in WAC 480-70, if consistent with the public interest, the purposes underlying regulation and applicable statutes. *See also WAC 480-07-110.*

- 14 (8) This matter came before the Commission at its regularly scheduled meeting on May 10, 2012.
- 15 (9) After review of the petition filed in Docket TG-120523 by Waste Management of Washington, Inc., on April 17, 2012, and giving due consideration, the Commission finds that the exemption is in the public interest and is consistent with the purposes underlying the regulation and applicable statutes and should be granted.

O R D E R

THE COMMISSION ORDERS:

- 16 (1) After the effective date of this Order, Waste Management of Washington, Inc.'s Petition for Exemption from WAC 480-07-520(4) is granted, in part, consistent with the terms of this Order.
- 17 (2) The exemption granted to Waste Management of Washington, Inc., in this Order applies only to the general rate proceeding in Docket TG-120523.
- 18 (3) The Commission retains jurisdiction over the subject matter and Waste Management of Washington, Inc., to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective May 10, 2012.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary