



STATE OF WASHINGTON  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION  
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(360) 664-1160 • TTY (360) 586-8203

Ref. No. 4-1249

November 3, 2009

Dear Solid Waste Company:

In April 2009, you were advised that the Utilities and Transportation Commission (UTC) intends to strictly enforce WAC 480-70-256, which allows the UTC to reject an incomplete filing for a general rate increase. In response to questions received from industry, staff prepared this letter to provide technical assistance to help you understand the filing requirements. This letter is for your assistance only and is not a definitive statement of the law.

#### DOCUMENTATION REQUIRED FOR A GENERAL RATE CASE

The documents you must submit to complete your general rate case filing are found in WAC 480-07-520. The five sub-sections of this rule are addressed individually below.

- 1) Proposed tariff. The commission adopted a standard tariff template and ordered all traditional solid waste collection companies to use the standard template for all rate filings. The standard template is posted on the commission's web site ([www.wutc.wa.gov](http://www.wutc.wa.gov)) at the solid waste collection industry page, under forms, at the following address:

<http://www.wutc.wa.gov/webdocs.nsf/de53b07997d108ea882563b50072c5b3/99fab7541f5f6fa088256b300077fce4!OpenDocument>

If the tariff filing is made by a person other than an owner, partner, or corporate officer, the company must include with its tariff filing a statement granting authority for that person to file on behalf of the company. The statement must be signed by an owner, partner, or corporate officer, and may be incorporated into the transmittal letter accompanying the filing. See also WAC 480-70-326(3)(b).

- 2) Local government ordinances and notices. If the filing results from the action of another entity or governmental body, the company must file documentation of that action. For example: ordinances, resolutions, and disposal site fee increase or decrease voted upon by the county council. See also WAC 480-70-326(3)(a).

The company is required to include with the filing a copy of the customer notice. Although the company must provide each affected customer notice at least thirty (30) days before the requested effective date, this rule requires the company to provide the UTC with a copy of



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the customer notice with its filings, which is made at least forty-five (45) days before the requested effective date. See also WAC 480-70-271 and 480-70-266.

- 3) Transmittal letter. The company must file two copies of a transmittal letter with each tariff filing submitted to the commission. The commission will stamp one copy of the letter and return it to the company as acknowledgment that the filing was received. The transmittal letter must include at least the following:

(i) The name, certificate number, and trade names of the company;

(ii) A description of each proposed change and a brief statement of the reason for each change;

(iii) The dollar and percentage amounts that revenue will change if the filing is approved by the commission;

(iv) The percentage amount that rates will change if approved by the commission;

(v) A contact person's name, mailing address, telephone number, fax number (if any), and e-mail address (if any); and

(vi) A statement that the company mailed a copy of the transmittal letter to the chair of the county commission or county council of each county affected by the filing.

- 4) Work Papers. You must provide one paper and one electronic copy of all supporting work papers. If you submit electronic spreadsheets, such as Excel, for every number that is the result of a calculation, the electronic spreadsheet must show the calculation either by formula imbedded in the cell, comment attached to the cell, or by a separate statement within the spreadsheet referencing the cell.

WAC 480-07-520(4) provides a detailed list of the work papers required. This technical assistance explains, in general terms, the scope of required work papers within three categories: income statements, non-regulated operations, and affiliated interests transactions. Each is discussed below.

**Income Statements.** An “income statement” is a financial statement that shows revenue, expenses, and net income. Attachment A, Schedule 3 of the commission’s Class A 2008 Annual Report, is an example of an *Income Statement*.

Attachment B is an example of a *Monthly Income Statement*, as required by WAC 480-07-520(4)(c). The *Monthly Income Statement* is the operation’s monthly revenue and expense balances, and net income for all of the company’s regulated and non-regulated activities,

organized into a twelve-month worksheet. This twelve-month summary is the company's "test year" and the twelve-month totals are the company's test year "per books numbers".

Attachment C is an example of a *Separated Pro Forma Income Statement* which is a pro forma income statement showing the company's results separated by activity, as required by the rule. The example starts with the company's test year "Per Books 12/31/2008" numbers. The last column ("Per Books 12/31/08") of the *Monthly Income Statement* is the first column of data ("Per Books 12/31/08") of the *Separated Pro Forma Income Statement*. The per books numbers are revised to reflect both restating and pro forma adjustments, separated between regulated and non-regulated activities, and further separated between regulated activities. The example in Attachment C demonstrates the minimum disclosure required on the separated pro forma income statement; additional separation or allocation may be necessary for your particular company. An income statement such as Attachment C is also a convenient format for showing the required revenue impact calculation of the proposed tariff revisions.

**Non-regulated operations.** The rules require a detailed listing of all of the company's non-regulated services. Examples of non-regulated services include transfer station operations and hauling, landfill operations, document shredding services, city contracts (garbage, yard waste or recycling), storage rental, commercial recycling, portable toilet services, etc.

You must state the services provided and the rates you charged. This requirement applies to all non-regulated activity, even if the revenues of the non-regulated activity are less than ten percent of the company's total test year revenue. For any non-regulated operations provided by contract, such as service provided to a city, you must also provide a copy of the contract upon request.

If the total revenue of all of the company's non-regulated operations combined is more than ten percent of the total revenues per books, the rule requires the company to provide a detailed separation of all revenue and expenses for both the regulated and non-regulated operations. Attachment C is an example of a separated pro forma income statement for a company that provides non-regulated services. Please note that, in order to determine if rates are fair, just, and reasonable, staff may request the company to separate non-regulated operations that are less than ten percent of the total per books revenues.

**Affiliated interests.** The rules require the company to submit information about every transaction with an affiliate<sup>1</sup> or subsidiary that directly or indirectly affects the proposed

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<sup>1</sup> RCW 81.16.010(2) "Affiliated interest" means:

(a) Every corporation and person owning or holding directly or indirectly five percent or more of the voting

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rates. The transaction may be one of services for money, an exchange of service for service (e.g., vehicle repair for accounting), or sharing assets (e.g., facilities, trucks, containers, etc.).

The information the company must submit is a full description of the service provided, the terms and conditions of the arrangement, the total dollar amount of the transactions for the service provided, a description of how long the relationship has been ongoing, and, if applicable, an income statement and balance sheet for each affiliated entity.

- 5) Annual Reports. Provide the most recent consolidated annual report to shareholders or state that there is no such report.

The above general discussion of requirements set forth in WAC 480-07-520 is no substitute for your careful reading of this particular subsection of the rules. Please do not hesitate to contact staff for clarification.

#### PETITION FOR MODIFICATION OF RULES

WAC 480-07-110 allows the company to petition the commission for exemption or modification of a rule. The commission may grant such a petition based on the public interest, considering such factors as whether application of the rule would impose undue hardship on the requesting person of a degree or a kind different from hardships imposed on other similarly situated persons, and whether the effect of applying the rule would be contrary to the underlying purposes of the rule.

#### SUMMARY CHECK SHEET AND CONTACT INFORMATION

Staff hopes that you find this information helpful. To additionally assist you in determining whether or not your filing meets the requirements set forth in WAC 480-07-520, staff also

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securities of any public service company engaged in any intrastate business in this state;

(b) Every corporation and person, other than those above specified, in any chain of successive ownership of five percent or more of voting securities, the chain beginning with the holder of the voting securities of such public service company;

(c) Every corporation five percent or more of whose voting securities are owned by any person or corporation owning five percent or more of the voting securities of such public service company or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities;

(d) Every corporation or person with which the public service company has a management or service contract; and

(e) Every person who is an officer or director of such public service company or of any corporation in any chain of successive ownership of five percent or more of voting securities.

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provides a summary check sheet (attached) that identifies each of the requirements and makes a note of the location of each document in the company's rate case.

Please understand that even though your rate case filing may be complete, staff may request that you provide additional information.

Please contact Gene Eckhardt at (360) 664-1249 or David Gomez at (360) 664-1240 if you have any questions concerning this letter or the filing requirements for a general rate case. We look forward to working with you to ensure that your filing is complete.

Sincerely,



Eugene K. Eckhardt  
Assistant Director of Solid Waste, Water and Transportation  
Regulatory Service Division

Enclosures (3)