

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

WASTE CONTROL, INC.,

Respondent.

DOCKET TG-140560

WASTE CONTROL, INC.'S
RESPONSE TO MOTION TO COMPEL
DISCOVERY AND CLARIFY THE
SCOPE OF WAC 480-07-520(4)

I. INTRODUCTION

1 Waste Control, Inc. (hereinafter “the Company” or “Waste Control”), by counsel, pursuant to WAC 480-07-375(4), and the Administrative Law Judge’s letter of June 13, 2014, now files the following Response to two sections of the Staff’s omnibus Motion to Clarify et al. filed and served on June 12, 2014 in this matter.

2 In answering this Motion to Compel Discovery, the Company is not hereby waiving its prevailing assertion that the Staff Motion to Compel is inherently premature due to the Staff’s consistent failure to “resolve informally all discovery disputes,” WAC 480-07-425(1), as previously argued in its Opposition to Staff’s Expedited Motion for Continuance.

II. OVERVIEW OF STAFF MOTION TO COMPEL DISCOVERY

3 Staff’s Motion to Compel Discovery, in addressing WAC 480-07-405(3)’s requirements, points to three Data Request “DR” responses by the Company that it now claims are incomplete and for which it asserts it requires answers. It also claims to still be reviewing Data Requests Responses 3-6 and 9-10 “provided on June 3, 2014” (this date was erroneous

and corrected by the Staff in its Amended Motion for an Expedited Continuance to **May 23, 2014**, the actual service date),¹ and DRs 12 and 13, timely answered on June 5, 2014.

A. Motion to Compel Referencing Responses to DRs 3 and 4.

4 Also, almost as an aside as part of its Motion to Compel, Commission Staff announces it
“...moves to compel Waste Control to provide narrative with spreadsheet locations, that
describe and locate all changes the Company has made to spreadsheet DR 3 and DR 4-TG-
140560 WCI Operations 052214.xls.”² This request is the initial time that the Commission
Staff has sought additional narrative and explanation of the changes provided May 23 in the
indicated spreadsheet.

5 In its DR responses 3 and 4, based upon identification of a Kalama front loader route issue,
the Company acknowledged a need for “Results of Operations” adjustments on the basis of
the inquiry from Staff in those Data Requests. The Company provided the Data Request
Response narrative attached by Staff to assist it and would have had no objection to
providing more detail on this request. A Motion to Compel, however, is not the appropriate
mechanism to obtain this information.

6 By way of background on this issue, the Company provided a revised Operations
spreadsheet in its DR 3 and 4 responses illustration to assist the Staff in interpreting the
Company’s narrative response and disclosed those changes to the spreadsheet in specific
narrative form as reflected in Data Request Responses 3-4. The pertinent workpapers were
then updated simply to be helpful to the Staff as reflective of the revenue change in May and
to quantify the lower revenue requirement occasioned by the recognition of the Kalama front

¹ The Staff also misspoke at ¶¶ 29 and 30 of its Motion to Compel on the same Response date reference which was, again, May 23 not June 3.

² Commission Staff’s Motion to Compel at ¶ 3 page 2.

loader route. The revised spreadsheet, however, was clearly not provided to trigger the hardcode-external link formatting mantra, described below, nor to deflect or delay any further progress on the substantive review of the case. The Company would logically always reserve the right to update and fine-tune its Statement of Operations in Data Request responses³ and/or in its rebuttal case if any other revenue expense items impacting that pro forma are identified during the course of discovery.

7 Again, a phone call or email or any other informal “good faith” effort to resolve informally all discovery disputes,⁴ as specified in WAC 480-07-425, is obviously a preferable course here to an adversarial, time-consuming and expensive Motion and Response seeking information that could potentially quickly be provided.

III. MOTION TO COMPEL’S IDENTIFIED DATA REQUEST RESPONSE OBJECTIONS AND DISCOVERY RULE PRECEPTS

8 The Staff’s Motion to Compel is also the first opportunity the Company has had since its initial emails on May 8 to counsel (see, Motion for Appointment of Discovery Master et al., Attachments 7 and 8) and, importantly, in response to the formal letter of May 13, 2014, for any “discussion,” let alone dialogue, on the hard code and linked external source rule interpretation. Again, the Company believes that the Commission’s procedural rule, WAC 480-07-425(1) and CR 26(i) require this “meet and confer” or “informal” interchange occur before bringing any Motion to Compel and alludes to this request as an example of the prematurity of this adversarial Motion.

³ WAC 480-07-405(8) also requires that supplementation.

⁴ Which, of course, presupposes that there even is a discovery dispute on this specific matter.

A. The Staff Unilaterally and Inappropriately Limited the Technical Conference Agenda.

9 In first bringing its Motion, the Staff has failed to respond to or justify why it eliminated the opportunity of using the technical conference for anything other than a forum to resolve the technical differences between the two filings, TG-131794 and TG-140560.⁵ As the Company has asserted, that also appears to have been an ideal opportunity for resolving and/or walking through the various spreadsheet formula and external link issues the Commission Staff has questioned and which the Company raised as early as May 8. The Staff rejected that opportunity by refusing once again “good faith efforts to resolve informally all discovery disputes” in utilizing the technical conference forum.

10 Moreover, the Staff’s indication in its May 13 email that “to be clear the transcripts of the prehearing conference define the purpose of the technical conference is to figure out what the discrepancies are and the reasons for the discrepancies” is not the Company’s rendition of the judge’s characterization of the technical conference mission at the prehearing conference. While TR25 of that proceeding references, at lines 6-10, the administrative law judge alluding to the technical conference addressing... “what are these discrepancies, why they are there, and then you will be able to do more in the way of discovery and such” that reference did not appear to be intended as a limitation on the technical conference, simply a description of its original purpose. The Staff’s actions in unilaterally limiting the objective of the technical conference frustrated the purpose of resolving the questions posed at that technical conference which, by definition, would appear to have been the optimal forum to initially address the hard code and linked-source spreadsheet issues.

⁵ It did so twice: once, in an email from Melissa Cheesman to Jackie Davis dated May 13, 2014 at 3:57 p.m. (item attachment 11 in Attachments in Waste Control Motion for Appointment of the Discovery Master, et al. of June 9, 2013) and secondly, apparently during the start of the technical conference between the Staff analyst and the Company’s accountants.

B. In Addition to Foreclosing Resolution of the Technical Filing Issues at the Technical Conference, the Staff Approach to Discovery Disputes to Date Fails to Consider the Countervailing Precepts of the Commission's Broad Discovery Rule.

As a backdrop to Staff's Motion to Compel Discovery, the Company would point out that in its characterization of the broad discovery rule and in its partial citation to WAC 480-07-400(3), the Staff omits any emphasis on other key passages of the important rule subpart:

... Parties must not seek discovery that is unreasonably cumulative or duplicative, or is attainable from some other source that is more convenient, less burdensome or less expensive. A discovery request is inappropriate when the party seeking discovery has had ample opportunity to obtain the information sought or the discovery is unduly burdensome or expensive, taking into account the needs of the adjudicative proceeding, limitations on the parties' resources ... Discovery through data requests or otherwise must not be used for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the costs of litigation.

11 The admonition in the rule as a background to the present discovery dispute here should be closely considered. The Staff not only has successfully moved to dismiss the prior rate case, and successfully moved in part to delay this current case based on technical objections to discovery, but has also propounded over 19 new data requests and subparts in this case with responses totaling into the thousands of pages of documents supplied by the Company and, in the previous rate case over upon which this case is based, 80 or so data requests subparts and many multiple thousand page Company document responses. Technical objections to proceeding forward in responding to the Company's case have protracted resolution and clearly resulted in cumulative, burdensome and expensive delays for the Company which has only exacerbated its present financial circumstances in a growing revenue deficiency interval. Engaging in informal discovery discussions, whether or not Staff might prejudge their particular usefulness and outcomes, was and is an alternative to written data response

statements and the Commission's discovery rule admonitions to the parties clearly anticipate this.

C. Even Broad Discovery Principles Do Not Justify Expansion of the Solid Waste General Rate Case Workpaper Rule and the Electronic Document Format Provision in the Overbroad Fashion Contended by the Staff Here – Data Request 11.

- 12 The general discovery rule at WAC 480-07-400 simply does not buttress the attempt by the Staff to engraft additional rule provisions it seeks in WAC 480-07-520(4) and WAC 480-07-140, in Data Request 11. The latter rules, for instance, do not create any broad requirement to provide externally-linked documents. The respective regulations only require formulas for specific calculations. Staff here misinterprets the rules to create a blanket requirement for external linked spreadsheets and formulas for all given values, not just for spreadsheet-based formula.
- 13 The Staff's Motion to Compel arguments about the DR 11 response now provided for the first time actually further underscore why technical or discovery conferences could be beneficial. For one thing, Staff makes a series of quite technical rule and electronic document interpretative argument references that are obviously better evaluated firsthand either in a discovery master setting or likely a discovery conference forum. The Company also unsurprisingly does not agree with Staff's characterization of WAC 480-07-520 and WAC 480-07-140(6)'s convergence in its assertion that the Company has confused "format" and "formula" or that in providing formulas it has included any "locked, hidden or password protected cells."
- 14 Recall, the focus here in the Motion to Compel is on hard codes⁶ and external linked sources. There is no allegation that locked, password protected or linked cells exist in the

⁶ Wikipedia defines "hard coding" as "the software development practice of imbedding what may, perhaps only in retrospect, be regarded as input or configuration data directly into the source code of a program or other
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Company's workpapers. The quotation at page 9 of Staff's Motion to Compel to both WAC 480-07-140(6) and the Bench Requests from the Commission issued by the current administrative law judge in *WUTC v. Avista Corporation*, Docket Nos. UE-140188 and 140189, precluding "locked, password protected or hidden cells," is not the issue. The *Avista* general rate case workpapers are also not based on WAC 480-07-520, but on WAC 480-07-510 and WAC 480-07-510(3)(c), which contains an express requirement to include "... linked spreadsheet files." As previously noted, there is no analogous requirement in WAC 480-07-520 or in WAC 480-07-140.

15 While the Staff consciously skips over any focus on the express language of the cited rules in recognition of their lack of explicit reference to any requirement for hard code removal or external linked sources for solid waste collection companies rate cases, it nevertheless speaks of "... the Company's solution to place itself in compliance [by removing] cell references to linked files in the belief that it would not have to provide the linked files..."⁷

16 The inference the Staff suggests be drawn from Company intent here is inappropriate. Instead, the Company, in repeatedly attempting to work with the Staff analyst, provided a number of documents that attempted to address her persistent format concerns without initiating "a vicious circle" of revised spreadsheets begetting revised spreadsheets which might contain unlinked sources or hard codes many of which were derived from Staff audits in 2009 and 2013 and/or which were not created by the Company.

17 Aside from the pivotal issue of failing to establish how the rule's requirements for "the provision of spreadsheets displaying results of calculations based on formulas include all

executable object, or fixed formatting of the data, instead of obtaining that data from external sources or generating data or formatting in the program itself with the given input."
http://en.wikipedia.org/wiki/Hard_coding.

⁷ Staff Motion to Compel ¶ 15 at 9.

formulas” is synonymous with a provision of missing external links,⁸ the Staff’s analysis of the electronic file format requirement rule also overlooks the exception in the same WAC 480-07-140(6)(b)(i) subpart which would erode its position here on 2009 and 2013 prior rate case spreadsheets. In that exception, documents “not created by, for or on behalf of a party to or a witness in *the* proceeding for which no version of the required format is available” [emphasis added] are not subject to the rule. As the Company has argued, this appears to mean that spreadsheets produced in another proceeding, particularly those not created by or for the Company such as the much contested 2009 rate case results of operations spreadsheet which is noted in Exhibits JD-7 and 8 and has been the source of seemingly endless data requests by Staff insisting on hard code removal and external linked sources, should be resolved.

IV. RESPONSE TO THE STAFF’S THREE TECHNICAL EXAMPLES ON “VALUES AND LINKED SPREADSHEETS”

18 To support its premise that WAC 480-07-520(4) and WAC 480-07-140(6) together require removal of all hard codes from data and mandate the provision of linked spreadsheets, the Staff cites to three isolated examples from Data Request 11: a spreadsheet data and cell for the priceout/rate design of the proposed rates, an alleged undemonstrated land rent expense and another alleged “undemonstrated” rate design for the Castle Rock rates.

A. Alleged Missing Cell Formula and Hard Code in Priceout

19 This is a classic example of the benefit of a technical/discovery conference geared to addressing specific and narrow technical issues. First of all, cost studies are not required as part of workpapers for solid waste collection companies’ general rate cases. (*Compare,*

⁸ If that were so, for example, why would WAC 480-07-510(3) even need to reference “linked spreadsheet files?”

WAC 480-07-520(4) to WAC 480-07-510(6), where Title 80 companies are so required. Again, the Staff seeks to impose Title 80 industry requirements upon the Company without any express provision in the corresponding solid waste rate case rule. The result of this lack of cost of service study requirement is that Staff and solid waste companies typically jointly develop cost studies and rate designs during the course of an audit and most critically after a revenue requirement is established. Here, because of the lack of express rule requirement, the Company omitted submitting the worksheet from the workbook in this re-filed case despite its use in developing a proposed priceout which the Company accountants developed and explained on a supplemental spreadsheet submitted as a rate design proposal. Revised tariff pages and priceout provisions in both negotiated or adjudicated cases are subject to substantial revision and analysis by both Staff and Company before final submission to the Commission for review and adoption. There is no cost of service study requirement pertinent here. For the Staff to now insist that a five decimal formula in an isolated cell on a proposed priceout of a particular service level that will obviously change in response to revised revenue requirements during discovery is impeding its ability to respond to the Company's case in chief is a transparent "form over substance" objection.

B. Undemonstrated Land Rent Expense.

20 Here, the Staff isolates yet another cell, 21, in workpaper 13, "Land Rents Expense," (JD-33), which it asserts is a result of a calculation based on a formula that is not included and contains an unreferenced hard code not readily identified. In responding to informal inquiries, particularly in the prior rate case TG-131794, the Company previously provided information to the Staff about how this value was calculated. Previous spreadsheet versions of this formula contained links to external spreadsheets. When those external spreadsheet

links were previously provided, they in turn were identified as containing hard codes which were sourced to financial data prepared for nonregulated affiliates whose financial reporting is not keyed to the Uniform System of Accounts. Thus, here the Company provided the formula calculation to the Staff but affirmatively removed the linked spreadsheets to avoid the pyramiding hard code and external link problem. Because linked spreadsheets are not expressly required by WAC 480-07-520(4) or WAC 480-07-140, the Company believed that was the most efficient, expeditious and compliant path to avoid the now familiar spiral of document production limbo that has unfortunately characterized the discovery process to date, an effect which has also severely burdened the Company's accountants and caused substantial cost increases in defending its case.

21 This inquiry is another example of why a mediated discovery conference would be so useful, at least to the Company. If the Staff refuses to budge on its "strict constructionist" portrayal of hard code and external link rule requirements even in the absence of explicit verbiage in the cited rules, follow-up data request for written responses will never break the cycle.⁹ Why isn't there any room for compromise here? The Company is willing to work in good faith to resolve this type of technical issue dispute if it can gain some relief from being required to remove hard codes and provide external links on all documents it furnishes in an attempt to satisfy Staff's inquiries on the sources of calculation and cell values.

C. The Castle Rock Priceout Formula.

22 Here again, the Staff claims there is an indicated formula with no calculation shown or rationale provided in the cell. The Company has now formally answered questions on the Castle Rock "formula" at least twice in data request responses and also in the telephonic

⁹ WAC 480-07-415 specifically features "reduct[ion] or avoid[ing] the need for written data requests and time for their preparation" as a goal of discovery conferences.

technical conference on May 15, 2014. As in responses to DR 12-4 on June 5, 2014 and, most recently, in responses to DR 14 served June 12, 2014, the Company explained the background to this “formula.” Perhaps the Staff’s ongoing review of those answers will now suffice. But barring that acknowledgement, the “formula” here is simply an unaltered 25 cent Castle Rock residential customer service rate reduction that has been consistently applied and published in approved Commission tariff pages for almost three decades. There is no “link” to provide. Any such attempt would fail under the Staff’s perspective since the “formula” is not subject to any existing source document and is apparently the result of a negotiation between the Company’s deceased founder and Castle Rock officials in approximately 1985. Finally, if the Company were to create a spreadsheet to reflect the 25 cent reduction “formula,” a hard code would undoubtedly be created since that number is not derived from a formula per se.

V. THE STAFF’S OVERBROAD INTERPRETATION OF WAC 480-07-520 AND WAC 480-07-140’S CONVERGENCE REACHES ITS ZENITH ON ITS “ANY VALUE” CONCLUSION

23 There is another fundamental assertion by the Staff on the interpretation issue in WAC 480-07-140(6)(b) in its Motion to Compel, where it announces “.... [u]nder a plain reading of the rule, the Company must generally provide all supporting formulas for any value included with its filing.”¹⁰ [Emphasis added]. Here is really the crux of the dispute and the demonstrative merit of both discovery conferences and initial informal discussions of the general rate case workpaper rule application advocated by the Company. No one contests that the Company, in conforming to with WAC 480-07-520(4)(a)’s mandate that all workpapers include a “detailed pro forma income statement with restating actual and pro

¹⁰ Staff Motion to Compel, ¶ 15, lines 7-9, page 6.

forma adjustments, including all supporting calculations and documentation for all adjustments” must support those calculations and adjustments. The dispute arises, however, when, in discovery requests, the Staff insists upon imposing WAC 480-07-140’s electronic formatting requirements on every electronic document “value” subsequently furnished in response to its request and then insists that its interpretation of WAC 480-07-140(6) supports an across-the-board requirement that no hard codes or unlinked sources be contained in those supporting documents.

24 Here it appears that the Staff mistakenly assumes that because values within a prior workbook may be linked, values must also be linked in all future workbooks. This reasoning is not reflected in or extrapolated by WAC 480-07-140(6). A spreadsheet value can be linked to another workbook without being the result of a calculation. Some expenses are not subject to any calculations. Fixed expenses are often not derived from formulas or calculations and can be verified by expense report line entries or simple journal entries. Therefore, it would not make sense to create a link to an external spreadsheet when those expenses can be more easily sourced, for instance, from an invoice. No supporting calculation or spreadsheet is required to establish such a line item, nor is its reference in an income statement dependent upon a formula, or other derivative calculation.

25 In less technical accounting terms, a spreadsheet may contain a data point that is just that – a finite number such as a rental expense which is not verifiable through spreadsheet calculation formulae but, as above, by a lease, invoice or journal entry. That entry again may also not be separately linked to any external source document either or even a calculation. The Staff’s DR 11 argument not only conflates WAC 480-07-520(4) and WAC 480-07-140(6) to engraft unparalleled rule requirements, but in accusing the Company of

confusing “format” and “formulas,” it, ironically equates spreadsheet “values” and spreadsheet “results” so synonymously that it assumes absolutely every data point on a spreadsheet is based on a formula and/or calculation. This causes a cascading, unending trail of supporting spreadsheets and external linked source production requests. And once an unwary respondent embarks on that slippery slope of trying to satisfy such a line of inquiry, there literally is no conclusion to discovery and propounded data requests.

26 Indeed, the absurdity of this premise is further illustrated by the Staff’s insistence and analysis in DR 11 that documents provided in response to informal DR1 in which the Staff identified at least 21 external links in the previously-supplied paperwork be further refined and formatted. Now it requests every spreadsheet which contained a link to the approximate seven new spreadsheets supplied, some of which spreadsheets were actually originally created by the Staff, not the Company. This is “vicious circle” personified and is neither defensible in WAC 480-07-140(6)(b), nor, more importantly, in the general rate case workpaper rule of WAC 480-07-520(4). “Including all supporting calculations and documentation for all adjustments” does not mean that data and documents provided to Staff in response to data requests include calculations not expressly required by rule. No better example of data requests unnecessarily delaying or needlessly increasing the costs of litigation and burdens on a class B Solid Waste Carrier like Waste Control, Inc. is better posed then by this overbroad, highly burdensome Staff rule interpretation of the requisite form for documents provided in response to data requests.

VI. THE STAFF ARGUMENT ABOUT DATA REQUEST RESPONSE 7 SHOWS EXACTLY WHY INFORMAL ATTEMPTS TO RESOLVE DISCOVERY DISPUTES IS REQUIRED IN COMMISSION RULE WAC 480-07-425.

- 27 At pages 13 through 16 of the Staff's Motion of June 12, it focuses upon the Company's responses to Data Request 7 for which chronological correction initially is again necessary. The 206 pages and four workbooks that are referred to at the top of page 14 of the Motion were in fact electronically served May 23 not June 3 and, again, the Company had previously informed Staff of a 4-day response deadline pursuant to rule on May 15 due to the technical conference.¹¹
- 28 The problem with the Staff's entire premise on DR 7 here is that this was the first time the Company had ever been informed the Staff found the DR 7 Responses in any way deficient. That's why the above Commission rule features a requirement to work out discovery disputes "informally" and "in good faith." Similarly, that's why Civil Rule 26(i) includes a certification requirement that the parties have "met and conferred" before bringing any discovery challenge to a judge. There was no such effort here and indeed, in learning of the Staff's dissatisfaction with the DR 7 Response in its Motion, the Company accountants have expanded the scope of their previous answers and without waiving its position that the original response was complete, the Company provides the supplemental additional *written* response which the Staff insists it needs. Yet again, while it may not be possible in every imaginable discovery situation, it is certainly preferable by rule and practice to initiate some informal contact to garner such additional information prior to resorting to an adversarial procedural motion.

¹¹ Ironically, at ¶ 34, line 1 of its Motion, the Staff correctly notes the cover letter date which attached those DR Responses of May 23 but somehow failed to connect the dots that May 23 was the actual date of service. And, as of June 12, they were apparently still reviewing these Responses served approximately three weeks previously.

VII. DATA REQUEST RESPONSE #8 INVOLVES A SINGLE ADJUSTMENT OF LESS THAN \$1,800 DUE TO CONCRETE STORMWATER RUNOFF CONSTRUCTION IN COMPLIANCE WITH DOE MANDATES THAT WAS ALREADY THOROUGHLY ADDRESSED IN DISCOVERY.

29 As with its response to DR 7, the Motion to Compel was the first time the Company learned since serving its responses 20 days prior that the Staff had any objection to its response to DR 8. Again, WAC 480-07-425(1) would appear to presuppose some effort, perhaps a telephonic or email request, for written follow-up to the Response before a Motion to Compel is filed.

30 This particular data request inquires about an isolated adjustment of, as noted, less than \$1,800, hardly proportional to the six figure dispute about affiliated rents that is at the heart of the case to which the Staff has yet to formally respond. As can be seen in the attached response, considerable information about reconciling this small amount, to what the adjustment was attributable and a general ledger summary of the item were all provided for "parcel 1068." The Company had also previously provided, as shown in the attached, an informal detailed summary of the properties and approximate values through email on November 5, 2013, just before the Staff site visit. This approximate \$1,800 adjustment, as the general ledger description reflects, was for stormwater runoff compliance. Is more written response required before the burden, expense and delay factors highlighted by WAC 480-07-405(3) are relevant? The Company timely and appropriately objected to additional narrative under WAC 480-07-405(6), provided additional financial data and was never asked formally, upon answering, to provide any other explanation.

VIII. STAFF MOTION TO CONSTRUE WAC 480-07-520(4)

31 The Company is not opposed to the Staff's additional Motion request for the Commission to construe WAC 480-07-520, here, with two caveats. First, it believes the Commission should

be cautious in interpreting the workpaper rule in this circumstance so as not to broadly apply it to impose formatting requirements on discovery documents that are not part of the current workpaper pro forma presentation requirements in WAC 480-07-520(4)(a), or that would otherwise conflate WAC 480-07-140(b) requirements into the workpaper rule for existing documents produced in response to discovery requests. The Company is significantly concerned that the broad rule interpretation advocated by the Staff in its Motion would require the recreation of voluminous spreadsheets and backup data under the premise of providing formulas for calculations for any “values,” when there simply is no limit to that pattern. It also believes that in order to so broadly construe WAC 480-07-520, there must be a case-by-case interpretive application of the rule to each individual spreadsheet and formula in the data request responses cited by the Staff. And, moreover, that that is obviously far better addressed in a discovery or technical conference with a discovery master or the administrative law judge ruling on each individual challenge and hearing the alternative approaches in addressing follow-up from both the analyst and the Company accountants.¹²

32 Secondly, the Commission should recognize that a current rulemaking, Docket No. A-130355, is considering changes to the very workpaper rules for solid waste collection company general rate cases at the present time. Any construction here of that current rule, WAC 480-07-520, should not import new provisions into existing requirements which act to expand upon or otherwise modify application of that rule while a general rulemaking is pending, which is the more appropriate forum and process for weighing changes to the featured procedural rule. While there appears to be a bona fide dispute on the boundaries of WAC 480-07-520 and its intersection with WAC 480-07-140(6)(b), the interpretation sought

¹² An approach that now even the Staff would appear not “adamantly opposed to” as noted in its Response to the Company’s “Motion for Appointment of a Discovery Master et al.” at ¶ 10, p. 4.

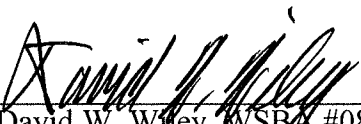
by Staff does not exist in a regulatory vacuum nor can it necessarily be isolated to this proceeding while a broader general rulemaking including this fundamental rule for the industry is pending.

IX. CONCLUSION/PRAAYER FOR RELIEF

33 For all of the foregoing reasons above, the Company asks that the Staff's Motion to Compel Discovery either be denied outright, or that the technical objections raised to the various Data Request Responses be examined in a discovery forum with both sides responding to either the Administrative Law Judge or an appointed discovery master's questions in resolving electronic data composition issues on a case-by-case basis. As to the Staff's Motion to Construe WAC 480-07-520(4), while the Company agrees there is a genuine dispute as to the solid waste case workpaper rule interpretation, it asks that any construction by the Commission of that rule here be narrowly confined to the specifics of the individual data request responses posed in recognition that an omnibus procedural rulemaking is currently pending before it which will undoubtedly address any revisions, expansions or restrictions of the scope of that rule.

DATED this 23rd day of June, 2014.

RESPECTFULLY SUBMITTED,
WILLIAMS, KASTNER & GIBBS PLLC

By 
David W. Wiley, WSB# #08614
dwiley@williamskastner.com
Attorneys for Waste Control, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on June 23, 2014, I caused to be served the original and two (2) copies of the foregoing document to the following address via first class mail, postage prepaid to:

Steven V. King, Executive Director and Secretary
Washington Utilities and Transportation Commission
Attn.: Records Center
P.O. Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250

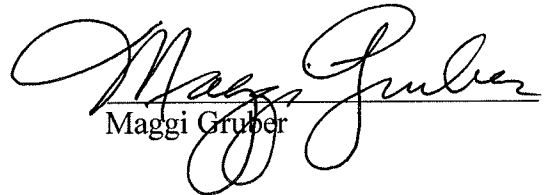
I certify I have also provided to the Washington Utilities and Transportation Commission's Secretary an official electronic file containing the foregoing document via email to:
records@utc.wa.gov

and an electronic copy via email and first class mail, postage prepaid, to:

Marguerite Friedlander, Administrative Law Judge
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250
Email: mfriedla@utc.wa.gov

Brett Shearer
Office of the Attorney General
Washington Utilities and Transportation Commission
1400 S. Evergreen Park Dr. SW
PO Box 40128
Olympia, WA 98504-0128
Email: bshearer@utc.wa.gov

James K. Sells
Attorney at Law
PMB 22, 3110 Judson St.
Gig Harbor, WA 98335
E-mail: jamessells@comcast.net


Maggi Gruber

**DATA REQUEST RESPONSE
ATTACHMENTS**

REQUESTED BY: Melissa Cheesman

RESPONSE: Jackie Davis, CPA (360) 425-8000

WITNESS: Jackie Davis, CPA (360) 425-8000

UTC STAFF INFORMAL DATA REQUEST NO. 7: WCI's Supplemental Testimony of Jackie Davis did not provide adequate descriptions for all adjustments in files "TG-140560 Waste Control #4824845-v2-Exhibit_JD-11_(4_3_14).xls" and "WCI Operations 040214.xls." Please provide descriptions for adjustments to cost of debt, reduction in depreciable asset costs, RC-1 Contract Hauling and the allocations to the City of Kalama, RC-1A City of Kalama Disposal Fees, RC-2 Labor reclass, RC-3 Woodland Disposal fee Re-classes, R-6 Franchise/Dues and Subscription/Dues Non-deductible/Travel/Contributions/Employee Relation, R-6A Office Supplies, R-6B Actual Bad Debt, R-6C Other Expenses, R-6D Utilities, R-6F Tires, R-6G Property Tax, P-2 Total Rate Case Costs, P-3 Rate Case Cost Amortized, P-4 Fuel Adjustment, and P-5 Residential and Commercial Disposal Increase and include in the description the following:

- a. Adjustment number
- b. A description of what the company is proposing to adjust
- c. A description of why the company is proposing the adjustment
- d. The amount of the adjustment to regulated operations
- e. Provide the file location (file, tab, cell/cell range) of the adjustment and **all** supporting calculations

COMPANY RESPONSE:

By way of answer to UTC Staff Data Request No. 7, the company provides the attached spreadsheets and computations devolving from the technical conference which occurred between staff and the Company on May 15 and 16, 2014 in a series of lengthy telephone calls and which addressed the "discrepancies" between TG-131794 and TG-140560 and the description and explanation of the key adjustments generally referenced in DR 7. We trust the above resolves the questions raised in DR 7, including the provision of the location, explanation and calculation backups for the adjustments.

SUPPLEMENTAL RESPONSE BASED UPON 6/12/14 NOTIFICATION BY COMMISSION STAFF ALLEGING PREVIOUS RESPONSE INSUFFICIENCY:

To clarify and now provide additional explanation to Staff, the Company has divided the responses between Staff changes made in prior Docket TG-131794 and previously resolved adjustments which the Company, on refiling, left at Staff-adjusted levels. As to the latter, the Company consciously decided not to pursue certain disallowed expense adjustment items to avoid expending time and additional resources on adjustments it could accept and,

importantly, to avoid creating new voluminous exchanges in the refiled case involving discovery on adjustments the Company had now accepted.

Staff Adjustments Proposed in TG-131794:

1. Cost of debt – This was changed from 6.0% as filed by the Company to 5.25% by Staff in the Docket TG-131794 and is referenced on WP-6 Capital Structure, cell D35 with an explanation that this rate is Prime plus 2%.
Summary:
 - a) N/A
 - b) Cost of debt
 - c) Company chooses not to challenge Staff's adjustment.
 - d) .5%
 - e) WP-6, Cell D35
2. R-6A – Office Supplies – This was changed by Staff in TG-131794. Staff disallowed expenses from Costco, KBI Insurance, Jansen Flowers, JJ Keller and Pacific Automation for allocations or lack of receipts.
 - a) R-6A
 - b) Office supplies
 - c) Company chooses not to challenge Staff's adjustment.
 - d) \$5,045
 - e) Sch 1, pg 2 Restated, Column L, Row 48 and supported by WP-10 Misc GL
3. R-6B Actual Bad Debt – This was changed by Staff for the non-regulated portion only.
 - a) R-6B
 - b) Bad debt expense
 - c) Company chooses not to challenge Staff's adjustment.
 - d) \$11,799
 - e) Sch 1, pg 2 Restated, Column L, Row 47, Sch 1 Restate exp - Rows 26-33
4. R-6C – Other expenses. These were all items disallowed by Staff in their review of TG-131794. Staff disallowed the Oregon association expenses as well as spouse conference attendance expenses. Staff removed what they determined to be non-regulated legal and changed the allocation for computer. Petty cash was disallowed for lack of some receipts.
 - a) R-6C
 - b) Conference, legal, computer and meals and entertainment
 - c) Company chooses not to challenge Staff's adjustment.
 - d) \$4,768, \$2,637, \$901, and \$126
 - e) Sch 1, pg 2 Restated, Column L, Rows 64, 54, 73, 65, Wp-10 Misc GL

5. R-6D Utilities. These utilities were disallowed by Staff in TG-131794 due to allocating based on payment of property taxes between affiliated entities which resulted in a lower allocation to the Company than the Company had calculated.
 - a) R-6D
 - b) Utilities
 - c) Company chooses not to challenge Staff's adjustment.
 - d) \$20,594
 - e) Sch 1, pg 2 Restated, Column L, Row 58, WP-12 Utilities

6. R-6F Tires. Staff disallowed certain tire expenses in TG-131794 due to the allocations used by the Company for bulk tire purchases.
 - a) R-6F
 - b) Tires
 - c) Company chooses not to challenge Staff's adjustment.
 - d) \$9,337
 - e) Sch 1, pg 2 Restated, Column L, Row 35, WP-14 Tires

7. R-6G Property Tax. Staff removed property taxes on the land purchased from Applied Industries where the new Truck Shop has been constructed. Staff argued it was not used or useful to the Company.
 - a) R-6G
 - b) Property Taxes
 - c) Company chooses not to challenge Staff's adjustment.
 - d) \$3,242
 - e) Sch 1, pg 2 Restated, Column L, Row 80, WP-15 Property Taxes, p1 and 2

8. P-5 Residential and Commercial Disposal increase. Staff calculated the increase using a different method than the Company had used.
 - a) P-5
 - b) Disposal fees
 - c) Company chooses not to challenge Staff's adjustment.
 - d) \$169,227
 - e) Sch 2, pg 2 Forecast, Column J, Row 38, WP-16 Disposal

Additional Company Adjustments included in TG-140560:

1. RC-1 Contract hauling and allocations to the City of Kalama. In DR 1, the Company updated WP-7 to explain the contract hauling in more detail and spent time on the phone with Staff ensuring the comprehensiveness of the response was sufficient. The Kalama customer counts and resulting changes to non-regulated percentages were answered in DR 3, including references to updated work-papers, and a slight revision was made to the customer counts to reflect the small amount of commercial activity.
Summary:
 - a) RC-1

- b) Contract hauling and allocations to City of Kalama
 - c) Remove non-regulated revenue
 - d) \$85,967 in total
 - e) Sch 3, pg 2 Reclass column B
2. RC-1A Disposal (City of Kalama). Please refer to DR 3 for an explanation of the removal of City of Kalama disposal fees.
Summary:
 - a) RC-1A
 - b) Disposal fees
 - c) Remove non-regulated disposal fees
 - d) \$35,952 and included in \$85,967 above
 - e) Sch 3-Reclass Exp Rows 15-21, columns A-E
3. RC-2 Labor Reclass. Although this has been partially responded to according to Staff's Motion, Company elaborates here. RC-2 was addressed within our technical conference and those responses delivered on May 15, 2014.
 - a) RC-2
 - b) Labor
 - c) Reallocate labor according to labor analysis categories for ease of analysis.
 - d) \$2,988
 - e) Sch 3, pg 2- Reclass, Column D, Rows 24-45
4. RC-3 Woodland Disposal Fee reclass. This simply consolidates the disposal fees from 4 accounts to 2 accounts for ease of use in the expense matrix. No effect on outcome of rate increases.
 - a) RC-3
 - b) Consolidating disposal fee expense accounts
 - c) To prepare expense matrix'
 - d) 0
 - e) Sch 3, pg 2- Reclass, Column F, Rows 38-41
5. R-6 Franchise – Disallow franchise fee
 - a) R-6
 - b) Remove Castle Rock Franchise Fee expense
 - c) Historically disallowed expense
 - d) \$7,711
 - e) Sch 1, pg 2 Restate Column L, Cell 56
6. R-6 Disallow dues & travel
 - a) R-6
 - b) Remove PAC and lobbying portion of WRRRA and related travel
 - c) Historically disallowed expense
 - d) \$6,471 and \$924

- e) Sch 1, pg 2 Restate Column L, Rows 61 and 63; WP-5 Dues & Sub Column I, Row 29-31
7. R-6 Disallow dues – non deductible
- a) R-6
 - b) Disallow health club dues
 - c) Historically disallowed expense
 - d) \$3,682
 - e) Sch 1, pg 2 Restate Column L, Row 62
8. R-6 Employee Relations (Partially Company, partially Staff)
- a) R-6
 - b) Disallow employee relations expenses
 - c) Remove Stoneridge and Quelah rent expense, plus Staff removes certain expenses as a result of DR5 and DR 19 in Docket TG-131794.
 - d) \$19,646
 - e) Sch 1, pg 2 restate Column L, Row 76

**PREVIOUS AND CURRENT RESPONSES/
DATA REFERENCED IN RESPONSE TO DR 8
5/23/14**

REQUESTED BY: Melissa Cheesman

RESPONSE: Jackie Davis, CPA (360) 425-8000

WITNESS: Jackie Davis, CPA (360) 425-8000

UTC STAFF INFORMAL DATA REQUEST NO. 8: In files "TG-140560 Waste Control_#4824845-v2-Exhibit_JD-11_(4_3_14).xls" and "WCI Operations 040214.xls," WCI proposes an adjustment to account "Land Rent" and did not provide all the supporting work books and complete narrative on rented properties. Please provide:

- a. All supporting work book(s);
- b. Detailed narrative regarding the used and usefulness of all the itemized properties included in the supporting work book(s);
- c. Detailed narrative regarding any construction that took place, during the test year to April 3, 2014, on all the itemized properties included in the supporting work book(s).

COMPANY RESPONSE:

- a. This was resolved as well in last week's technical conference and is also included in the attachment to Data Request Response 7 in "Response to Staff Results of Operations Comparison, May 16, 2014" and is found in the pro forma income statement, Column AK, Row 73. The backup computation was similarly addressed with Staff and can be found in the spreadsheet "Land Rent Calculation" on the cost calculation tab, row 66.
- b. Objection, asked and answered. Expressly without waiver, also *see* May 19, 2014 Steven Smith letter, page 2 and references to Company Responses to Staff Data Request Nos. 2 and 8 in TG-131794.
- c. Objection, asked and answered. Expressly without waiver, *see* response to 8(b) above.

Dockets TG-131794

Company Responses to UTC Staff Data Request Nos. 2-7 to Waste Control, Inc.

March 3, 2014

Page 1

REQUESTED BY: Melissa Cheesman

UTC STAFF DATA REQUEST NO. 2:

Regarding parcel 10068, 950 3rd Avenue, included in the Exhibit JD-7 (file "TG-131794 JD-7.xlsx"), please provide the following for each item Covered Parking, Boneyard Improvements, Land – Boneyard, Cytec Property, Cytec Land, Paving on Dike - south end and Paving on Dike - north end:

- a. Detailed descriptions of how each of these properties was used and useful to regulated operations during the test year; and
- b. Detailed descriptions regarding any construction that took place on these properties during the test year

COMPANY RESPONSE:

Covered Parking

As the Staff observed in its lengthy site visit in November, 2013, for covered parking, Waste Control, Inc. parks its collection trucks under the "covered/canopied" parking of the transfer station building area owned by Heirborne. This protects the trucks as constituting a measure to assist in stormwater management because rain is not then washing off the contaminants from the regulated route trucks to run over all the adjoining properties. Additionally, specific storm drains have been constructed in this area to accommodate the normal dripping/discharge of materials that accumulate on the route trucks and thus parking in the covered area allows for delivery into the stormwater drains constructed there. As the Staff is aware, stormwater management has been mandated of the regulated company by the Washington Department of Ecology due to evolving changes and regulations at the state and federal level in stormwater management for commercial facilities such as those utilized by the Company.

Boneyard Improvements/Land-Boneyard

The Boneyard property is used mainly to store drop boxes and drop box trailers as well as other assessorial equipment. Again, the improvements to the Boneyard Property have all generally been related to requirements of the Department of Ecology for stormwater management, such as the paving and drainage improvements. Like the covered parking area, these improvements were essential to the uninterrupted operation of regulated service vehicles and to environmental regulatory compliance therewith.

Dockets TG-131794

Company Responses to UTC Staff Data Request Nos. 2-7 to Waste Control, Inc.

March 3, 2014

Page 2

Cytec Property/Cytec Land

These are two small strips of property purchased years ago that filled in a “cut-out” in the property line. While these are relatively small areas, they allowed for a straight fence and paving to be put into place and avoided any “chock a block” nature of operations. In other words, by having clean contiguous property lines, fewer interruptions of regulated operations by having to detour around improvements on the property has occurred.

Paving on Dikes-south end and north end of property

These improvements were also required by the Department of Ecology for associated stormwater management. The north end of the Dike area is where solid waste collection equipment such as drop boxes, containers, carts, front loaders and trailers are stored for the Company, Waste Control Equipment, Inc. and Waste Control Recycling, Inc. The south end is used for the covered parking referred to above and for ingress and egress for solid collection vehicles.

Finally, the spreadsheet “cwip” provides detailed cost for construction related to improving the properties mentioned above.

Response: Jackie Davis, CPA (360) 425-8000
Joe Willis, Waste Control, Inc. (360) 425-4302

Date: March 3, 2014

HEIRBORNE INVESTMENT (ACCRUAL)
General Ledger

For the Period From Jan 1, 2010 to Dec 31, 2014

Filter Criteria includes: 1) IDs from 244 to 244. Report order is by ID. Report is printed with shorten

Account ID	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
244	CWIP - (Back Entrance)	7/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	2/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	4/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	5/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	6/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	7/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	8/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	9/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	10/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	11/17/10			Beginning Balance			
244	CWIP - (Back Entrance)	12/31/10			Fiscal Year End Balance			
244	CWIP - (Back Entrance)	1/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	2/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	3/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	4/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	5/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	6/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	7/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	8/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	9/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	10/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	11/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	12/1/11			Beginning Balance			
244	CWIP - (Back Entrance)	12/31/11			Fiscal Year End Balance			
244	CWIP - (Back Entrance)	1/1/12			Beginning Balance			
244	CWIP - (Back Entrance)	2/1/12			Beginning Balance			
244	CWIP - (Back Entrance)	3/27/12	3171	CDU	DAVID EVANS & ASSOCIATES INC. - Construction surveying staking - Railroad activity	2,588.29		
244	CWIP - (Back Entrance)	3/27/12	3172	CDU	PULLMORNS TRACK SYSTEMS - Install steel Tie Track (switch)	59,107.62		
244	CWIP - (Back Entrance)	4/1/12			Current Period Change	61,705.91		61,705.91
244	CWIP - (Back Entrance)	4/1/12			Const Entry - GENU Move activity to expense account - Rail Work		59,107.62	
244	CWIP - (Back Entrance)	4/1/12			Const Entry - GENU Move activity to expense account - Rail Work		61,705.91	
244	CWIP - (Back Entrance)	5/1/12			Current Period Change			-61,705.91
244	CWIP - (Back Entrance)	6/1/12			Beginning Balance			
244	CWIP - (Back Entrance)	7/1/12			Beginning Balance			
244	CWIP - (Back Entrance)	8/1/12			Beginning Balance			
244	CWIP - (Back Entrance)	9/1/12			Beginning Balance			
244	CWIP - (Back Entrance)	10/1/12			Beginning Balance			
244	CWIP - (Back Entrance)	10/1/12			CWIP Adjustm GENU Concrete activity - Back Employee entrance (Calportland)	12,936.74		
244	CWIP - (Back Entrance)	10/4/12	3182	CDU	HI-MARK CONCRETE - Poor Rail Slab - Back entrance	2,409.75		
244	CWIP - (Back Entrance)	10/17/12	3183	CDU	CAL-FORTLAND - Approach to concrete back entrance	4,061.25		
244	CWIP - (Back Entrance)	10/18/12	3185	CDU	CONSTRUCTION SPECIALTY - Materials for work on Back entrance job	1,233.02		
244	CWIP - (Back Entrance)	11/1/12			Current Period Change	20,640.76		20,640.76
244	CWIP - (Back Entrance)	11/1/12			Beginning Balance			20,640.76
244	CWIP - (Back Entrance)	12/31/12			Beginning Balance			
244	CWIP - (Back Entrance)	12/31/12			CWIP Entry - GENU Reverse activity back into CWIP	59,107.62		
244	CWIP - (Back Entrance)	12/31/12			CWIP Entry - GENU Reverse activity back into CWIP	2,588.29		
244	CWIP - (Back Entrance)	12/31/12	2012BDD9	GENU	CWIP - (Back Entrance)	11,483.82		
244	CWIP - (Back Entrance)	12/31/12			Current Period Change	73,189.73		73,189.73
244	CWIP - (Back Entrance)	12/31/12			Fiscal Year End Balance			
244	CWIP - (Back Entrance)	1/1/13			Beginning Balance			
244	CWIP - (Back Entrance)	1/14/13	3202	CDU	COWLITZ FENCE - Fencing for project	11,252.00		
244	CWIP - (Back Entrance)	2/1/13			Current Period Change	11,252.00		11,252.00
244	CWIP - (Back Entrance)	2/1/13			Beginning Balance			
244	CWIP - (Back Entrance)	4/1/13			Beginning Balance			
244	CWIP - (Back Entrance)	5/1/13			Beginning Balance			
244	CWIP - (Back Entrance)	6/1/13			Beginning Balance			
244	CWIP - (Back Entrance)	6/30/13			CWIP Entry GENU RE Engineering - Dike Wall	1,862.50		
244	CWIP - (Back Entrance)	7/1/13			Current Period Change	1,862.50		1,862.50
244	CWIP - (Back Entrance)	8/1/13			Beginning Balance			
244	CWIP - (Back Entrance)	9/1/13			Beginning Balance			
244	CWIP - (Back Entrance)	9/13/13	3304	CDU	JL STOREDAHL - rock	1,393.80		
244	CWIP - (Back Entrance)	9/16/13	3306	CDU	ELLINGHAUS BUILDING MAINT. - framing curbs - rail hard	3,625.44		
244	CWIP - (Back Entrance)	9/30/13	HB - 3249 - 1	GENU	Proceeds from sale of old rail from old CWIP		7,612.00	
244	CWIP - (Back Entrance)	9/30/13			CWIP - Entry GENU RE Engineering - Dike Wall/Regrading	403.75		
244	CWIP - (Back Entrance)	9/30/13			CWIP - Entry GENU RE Engineering - Dike Wall/Regrading	6,034.24		
244	CWIP - (Back Entrance)	10/1/13			Current Period Change		7,612.00	-1,577.76
244	CWIP - (Back Entrance)	10/2/13	3314	CDU	GREGS GARDENS - Grounds keeping out in the bone yard	5,375.39		
244	CWIP - (Back Entrance)	10/15/13	3318	CDU	ELLINGHAUS BUILDING MAINT. - Framing for concrete - bone yard	3,436.62		
244	CWIP - (Back Entrance)	11/1/13			Beginning Balance	8,612.01		8,612.01
244	CWIP - (Back Entrance)							114,179.24

HEIRBORNE INVESTMENT (ACCRUAL)

General Ledger

For the Period From Jan 1, 2010 to Dec 31, 2014

Filter Criteria includes: 1) IDs from 244 to 244. Report order is by ID. Report is printed with shorten

Account ID	Account Description	Date	Reference	Jrnl	Trans Description	Debit Amt	Credit Amt	Balance
244	CWIP - (Back Entrance)	12/1/13			Beginning Balance			114,179.24
244	CWIP - (Back Entrance)	12/5/13	3337	CDJ	ELLINGHAUS BUILDING MAINT. - concrete work - back entrance area	3,364.20		3,364.20
244	CWIP - (Back Entrance)	12/24/13	3342	CDJ	ELLINGHAUS BUILDING MAINT. - Framing	9,091.34		9,091.34
244	CWIP - (Back Entrance)	12/31/13			Current Period Change	8,455.64		8,455.64
244	CWIP - (Back Entrance)				Fiscal Year End Balance			122,634.78
244	CWIP - (Back Entrance)	1/1/14			Beginning Balance			122,634.78
244	CWIP - (Back Entrance)	1/9/14	3343	CDJ	COMULTZ FENCE - Fencing activity - back entrance shop	3,000.00		3,000.00
244	CWIP - (Back Entrance)				Current Period Change	3,000.00		3,000.00
244	CWIP - (Back Entrance)	2/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	4/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	5/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	6/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	7/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	8/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	9/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	10/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	11/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	12/1/14			Beginning Balance			125,634.78
244	CWIP - (Back Entrance)	12/31/14			Ending Balance			125,634.78

Includible Boneyard Improvements 45,239.08

Docket TG-131794

Company's Responses to UTC Staff Data Request Nos. 8-12 to Waste Control, Inc.

March 17, 2014

Page 1

RESPONSE/WITNESS: Jackie Davis, CPA (360) 425-8000 and Joe Willis (360) 425-4302

REQUESTED BY: Melissa Cheesman

UTC STAFF DATA REQUEST NO. 8:

Regarding all facilities Waste Control, Inc. rents from its affiliates, Heirborne Investment, LLC, and Heirborne Investment II, LLC, please provide, in Excel format:

- a. Total square footage for:
 1. 1150 3rd Ave. (office and shop);
 2. 1150 3rd Ave. (outside parking and wash station);
 3. 950 3rd Ave. (covered parking, boneyard improvements, land – boneyard, Cytec property, Cytec land, paving on dike - south end, and paving on dike - north end);
 4. Storage Parcels (4 parcels used for container, drop box and cart storage);
 5. Woodland Parcel (1 parcel used for container and cart storage);
 6. Stanley Warehouse (truck painting facility); and
 7. All other rented facilities not already listed.
- b. For each facility listed in a, above, please provide actual used and useful square footage rented to Waste Control, Inc., and please demonstrate and explain all calculated results.
- c. For each facility listed in a, above, please provide an analysis that demonstrates the dollar per square footage charged to Waste Control, Inc., Waste Control Equipment, Inc., Waste Control Recycling, Inc., West Coast Paper Fibers, Inc., and any other affiliate renting these facilities.

RESPONSE:

Please see attached spreadsheet intended to be responsive to Data Request 8 a, b and c. The spreadsheet also reflects the square foot calculations according to the Assessor's Office, divided by the Company's best estimate of the shared space allotments to it and affiliates, multiplied by the rent per square foot charged to the lessee Company.

WASTE CONTROL
DR 8

	(a) SQUARE FEET PER ASSESSOR				(b) USED AND USEFUL WCI				(c) MONTHLY DOLLAR PER SQ FT					
	Parcel		Total		Structure		Land & Structures		RENTED SF		WCI		WCPF	
	Account	Structure	Land	Total	Structure	Land	Total	WCI sf	WCE sf	WCR sf	WCI	WCE	WCR	WCPF
1	1150 3rd Ave. (office and shop);	10022 R033240	21,762	38,501	60,263									
2	1150 3rd Ave. (outside parking and wash station)	10018 R033236	1,400	15,066	16,466			467	5,022	5,489				
3	paving on dike - north end); paving on dike - south end covered parking, boneyard improvements, land - boneyard, Cytex	10019 R033237 10021 R033239	20,790 21,033	83,927 85,397	104,717 106,430			0 0	41,963 42,699	41,963 42,699				
4	Storage Parcels (4 parcels used for container, drop box and cart storage)	10027 R033249 10028 R033250 1002801 R033251 10015 R033233	0 0 0 1,040	58,800 21,601 13,440 32,375	58,800 21,601 13,440 33,415			0 0 0 520	29,400 10,801 6,720 16,187	29,400 10,801 6,720 16,707				0 Office, shop, parking, storage all one lease
5	Woodland Parcel (1 parcel used for container and cart storage);	5042706 R042568	0	36,590	36,590			0	18,295	18,295				0 Woodland
6	Stanley Warehouse (truck painting facility)	10039 R033263 10041 R033264	51,044 0	84,000 21,000	135,044 21,000			17,014 0	28,000 7,000	45,014 7,000				Stanley Plaza 0
			152,919	840,094	993,013			52,014	52,014	52,014	\$0.03	\$0.03	\$0.03	Overall rent per sq ft of land and building

Jackie Davis

From: Cheesman, Melissa (UTC) <mcheesma@utc.wa.gov>
Sent: Wednesday, November 6, 2013 1:33 PM
To: Mary Spencer; Jackie Davis
Cc: LaRue, Ann (UTC); 'Joe Willis'
Subject: RE: TG-131794 Site Visit Revised Schedule

Thank you

This e-mail states the informal opinions of commission staff, offered as technical assistance, and are not intended as legal advice. We reserve the right to amend these opinions should circumstances change or additional information be brought to our attention. Staff's opinions are not binding on the commission.

Melissa Cheesman, MPAC
Regulatory Analyst 2
Washington Utilities and Transportation Commission
360-664-1251

The unexamined life is not worth living.
- Plato

From: Mary Spencer [mailto:MSpencer@boothdavis.com]
Sent: Wednesday, November 6, 2013 12:17 PM
To: Jackie Davis; Cheesman, Melissa (UTC)
Cc: LaRue, Ann (UTC); 'Joe Willis'
Subject: RE: TG-131794 Site Visit Revised Schedule

Melissa,
Please see below property usage.
Thanks,
Mary

From: Jackie Davis
Sent: Tuesday, November 05, 2013 4:50 PM
To: Cheesman, Melissa (UTC); Mary Spencer
Cc: LaRue, Ann (UTC)
Subject: RE: TG-131794 Site Visit Revised Schedule

Hi Melissa,
It should work fine! I will fill out the responses and get them to you tomorrow.
Jackie

Jacqueline G. Davis, CPA
GL Booth JG Davis & Associates, PLLC
1516 Hudson Street, Suite 201

Longview, WA 98632

Phone: (360) 425-8000 Fax: (360) 425-8005

www.boothdavis.com

TAX ADVICE: To ensure compliance with requirements imposed by the Internal Revenue Service in IRS Circular 230, we are required to inform you that any tax advice relating to federal taxes included in this written or electronic communication (including any attachments) was not intended to be used, and it cannot be used by the taxpayer, for the purpose of (I) avoiding penalties that may be imposed under federal tax law or (II) promoting, marketing or recommending to another party any tax-related matters addressed in this communication. Any tax advice that is expressed in this message is limited to the tax issues addressed in this message.

From: Cheesman, Melissa (UTC) [<mailto:mcheesma@utc.wa.gov>]

Sent: Tuesday, November 05, 2013 3:35 PM

To: Jackie Davis; Mary Spencer

Cc: LaRue, Ann (UTC)

Subject: TG-131794 Site VIsit Revised Schedule

Jackie,

Below is the finalized site visit schedule. Let me know if this works.

Date: November 7, 2013

- 10:01 – 12:00 AM Asset Review (Longview parcels 10039 and 10041)
- 12:01 – 1:01 Lunch
- 1:02 – 5:00 Review of Longview Properties
 - Travel to sites
 - Properties included in rental Agreement
 - Properties the company pays taxes
- PM Asset Review (Longview parcels 10039 and 10041)

Date: November 8, 2013

- 10:00 – 12:00 Review of Woodland Properties
 - Travel to sites
 - Properties included in rental Agreement
 - Properties the company pays taxes
- 12:01 – 1:01 Lunch
- 1:02 – 3:00 Follow-up Questions with Company

Additionally, staff needs the company to state how the properties included in the rate case are used. Staff needs this information by tomorrow afternoon.

Rent - Land, Structures and Employee Parking

Provide an explanation on the property's usage

1150 3rd Ave Longview 98632 (Comm)	This is personal property located at 1150 3 rd Ave (Chairs and Manlift).
950 3rd Ave Longview 98632 (TS)	Covered and non-covered parking

1150 3rd Ave Longview 98632 (O. Parking, Wash)	Office parking and wash bay
1150 3rd Ave Longview 98632 (Main)	Main office building
1120 3rd Ave Longview 98632 (AL)	New truck shop under construction
1152 River RD Longview 98632 (Comm)	Personal property located at 1152 River Road (containers)

Rent Storage

Provide an explanation on the property's usage

1208 River RD Longview 98632	Cart/container storage
1226 River RD Longview 98632	Cart/container storage
River Rd	Cart/container storage
River Rd	Cart/container storage
River Rd (Roll Cart Storage)	Cart/container storage

Rent - Woodland Storage

Provide an explanation on the property's usage

657 W Scott Ave Woodland 98674	Cart/container/truck storage
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657 W Scott Ave Woodland 98674 (Comm)	Personal property (fence)
2564 Lewis River RD Woodland 98674 – Personal Property	Personal property located at 657 W Scott Ave Woodland (carts/tubs, oil separators)
920 TAX CODE WOODLAND 98674 (Comm) – Personal Property	Personal Property located at 657 W Scott Ave Woodland (containers)

Rent - Covered Parking TS	Provide an explanation on the property's usage
<i>no information provided</i>	Covered parking is located at 950 3rd Ave Longview 98632 (TS)

This e-mail states the informal opinions of commission staff, offered as technical assistance, and are not intended as legal advice. We reserve the right to amend these opinions should circumstances change or additional information be brought to our attention. Staff's opinions are not binding on the commission.

Melissa Cheesman, MPAC
 Regulatory Analyst 2
 Washington Utilities and Transportation Commission
 360-664-1251

The unexamined life is not worth living.
 - Plato

From: Jackie Davis [mailto:JDavis@boothdavis.com]
Sent: Tuesday, November 5, 2013 11:52 AM
To: Cheesman, Melissa (UTC); Mary Spencer
Cc: Shearer, Brett (UTC); LaRue, Ann (UTC)
Subject: RE: TG-131794 Phoe

Hi Melissa,
 Ok no problem and yes Mary and I will be available then. Talk to you at 1:00.
 Thanks,
 Jackie

Jacqueline G. Davis, CPA
 GL Booth JG Davis & Associates, PLLC
 1516 Hudson Street, Suite 201
 Longview, WA 98632