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BEFORE THE WASHINGTON UTILITIES AND

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TRANSPORTATION COMMISSION

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WASHINGTON UTILITIES AND) Docket No. TG-010611
TRANSPORTATION COMMISSION,) Volume I

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) Pages 1 to 10

5

Complainant,)

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vs.)

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BREM-AIR DISPOSAL, INC.,)

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Respondent.)

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A prehearing conference in the above matter

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was held on September 21, 2001, at 10:00 a.m., at 1300

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South Evergreen Park Drive Southwest, Room 206, Olympia,

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Washington, before Administrative Law Judge ROBERT

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WALLIS.

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The parties were present as follows:

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THE COMMISSION, by DONALD T. TROTTER, Senior
Assistant Attorney General, 1400 South Evergreen Park
Drive Southwest, Olympia, Washington 98504-0128.

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BREM-AIR DISPOSAL, INC., by POLLY L. MCNEILL,
Attorney at Law, Summit Law Group, 1505 Westlake Avenue
North, Suite 300, Seattle, Washington 98109.

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Joan E. Kinn, CCR, RPR

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Court Reporter

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P R O C E E D I N G S

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JUDGE WALLIS: The conference will please
come to order.

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This is a prehearing conference in the matter
of Commission Docket Number TG-010611. And it's being
held in Olympia, Washington on September 21 of the year
2001. My name is Robert Wallis. I am the presiding
Administrative Law Judge. I am substituting for Judge
Berg, who is otherwise occupied this morning with a
commitment that takes precedence over this proceeding.
And either he or I will be assisting the commissioners
in further stages of this proceeding.

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I would like to begin by asking for
appearances and begin with the Complainant.

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MR. TROTTER: For the Commission, my name is
Donald T. Trotter, Assistant Attorney General. My
address is 1400 South Evergreen Park Drive Southwest,
P.O. Box 40218, Olympia, Washington.

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JUDGE WALLIS: And for the Respondent.

MS. MCNEILL: Thank you. Polly L. McNeill
for Brem-Air Disposal, Inc. My address is 1505 Westlake
Avenue North, Suite 300, Seattle, 98109.

JUDGE WALLIS: Thank you very much.

The parties have presented to us this morning
a settlement agreement, a Tariff Number 16, and a draft

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1 order accepting the settlement agreement which the
2 parties propose that the Commission receive and act
3 upon. I would like at this time to mark the settlement
4 agreement as Exhibit Number 1 for identification, the
5 Tariff as Exhibit Number 2 for identification, and the
6 draft order as Exhibit Number 3 for identification.

7 Is there any objection to receiving those
8 documents?

9 MS. MCNEILL: No, Your Honor.

10 MR. TROTTER: No.

11 JUDGE WALLIS: Because this is a settlement,
12 it is customary that the parties have the opportunity to
13 demonstrate to the Commission why acceptance of the
14 settlement is consistent with the responsibilities of
15 the Commission and with the public interest. Are the
16 parties prepared to proceed with such statements?

17 MR. TROTTER: Yes.

18 MS. MCNEILL: Yes.

19 JUDGE WALLIS: Who would like to go first?

20 MR. TROTTER: I would be happy to.

21 JUDGE WALLIS: Mr. Trotter.

22 MR. TROTTER: But before I do that, just a
23 formality if you could, I don't remember whether you
24 called for interventions or not. Perhaps you could go
25 through that formality so that it's on the record that

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1 interventions were called. I don't think there are any,
2 but at least we'll have it on the record.

3 JUDGE WALLIS: Thank you, Mr. Trotter.

4 Let me ask at this time if there are any
5 persons present either in the hearing room or on the
6 bridge line who wish to state an appearance this
7 morning?

8 Let the record show that there is no
9 response, and consequently there being no persons here
10 to state an appearance, there are no potential
11 interveners present.

12 Thank you.

13 MR. TROTTER: Thank you.

14 JUDGE WALLIS: Please proceed.

15 MR. TROTTER: Thank you.

16 As the second page of the --

17 JUDGE WALLIS: Would you pull the microphone
18 a little bit closer, please.

19 MR. TROTTER: As the second page of the
20 Exhibit 1 agreement indicates, when this case first came
21 before the Commission, the Commission Staff had not yet
22 completed its investigation of the filing. Accordingly,
23 the filing was suspended I believe on June 13th of this
24 year. And subsequent to that time, the Commission
25 Staff, primarily Nicki Johnson, completed its

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1 investigation. What is attached to the settlement
2 agreement is the financial analysis.

3 The first attachment is the results of her
4 investigation showing that the company has a net revenue
5 deficiency less than what it originally claimed. The
6 Staff reviewed the rate design proposals and found them
7 acceptable. Particularly in the drop box area, there
8 was some redesign of the rates. But fundamentally this
9 is the, had this filing not needed to be suspended at
10 that time, this is what the Staff would have brought to
11 the Commission for approval. So it is the result of
12 that investigation and with, of course, with the
13 cooperation of the company that this result is before
14 you.

15 But the Staff did its work, and this is what
16 it determined based on its audit was an acceptable
17 result based on the records of the company and the
18 investigation that the Staff made, so it is on that
19 basis that the Staff believes that these rates are fair,
20 just, reasonable, and sufficient. As you do note on the
21 financial results page, it shows an operating ratio at
22 the pro forma level that's within the range that the
23 Commission has found acceptable. So I just want to
24 emphasize this is what the Commission Staff would have
25 recommended to the Commission at an open public meeting,

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1 and that's what we're recommending here.

2 JUDGE WALLIS: Thank you.

3 Ms. McNeill.

4 MS. MCNEILL: Thank you.

5 As the record shows, Brem-Air Disposal
6 originally made a filing seeking a revenue requirement
7 of \$656,506. It was a good faith filing based on our
8 initial belief of what our needed revenues were. We
9 looked forward to and anticipated working with Staff on
10 that filing, as is typically done, and were able and
11 successful in working through with Staff in their
12 investigation in identifying areas where the revenue
13 requirement could be reduced and adjusted and
14 reallocated based on certain different factors. As
15 Mr. Trotter said, were it not for the time frames
16 requiring a suspension, this probably would not have had
17 a suspension on it had there been a greater amount of
18 time to work with the Staff and the company in resolving
19 these areas.

20 So we are satisfied that the adjusted revenue
21 requirement that was worked out with Staff and from both
22 the company and the Commission is just, fair, and
23 sufficient for the company's needs and that the final
24 rates which are reflected on the attachment of the last
25 page to the settlement agreement are rates that are

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1 just, fair, and reasonable to the customers, and we
2 support this. And again, to echo Mr. Trotter's
3 comments, had this come before the Commission, we would
4 have stood up and supported this filing.

5 JUDGE WALLIS: Thank you very much. Have the
6 parties calculated the percentage increases that result?
7 I know that's easily calculable from the table that is
8 appended, but I'm wondering if that calculation has been
9 made and if it could be stated for the record to save me
10 going to my calculator and risking hitting the wrong
11 button.

12 MR. TROTTER: Your Honor, as the agreement
13 indicates, the increase to most rates was 4.9%. I
14 believe that that's reflected if you compare current
15 rates to substitute tariff page rates on the table, it's
16 right in that range. The exception is the drop box
17 rates, which some go up substantially, some go down
18 substantially, and I believe there's also some
19 statistics in the agreement showing those percentages.
20 If you would like, we could, probably should have, put a
21 percentage, the exact percentage, in an additional
22 column on the table, but I believe it's right in the
23 range of 4.9%.

24 JUDGE WALLIS: Very well. Does any party
25 have anything further to state at this time?

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1 MR. TROTTER: The only other thing I would
2 state, Your Honor, is that this is an agreed result
3 subject to Commission approval. The company has
4 requested the rates be effective October 1st of this
5 year, which is several days from now, but not a long
6 time from now. The Staff for its part would be willing
7 to waive a proposed order. I assume the company will,
8 and they can speak for themselves. If there's anything
9 else that would be required of us to accomplish that, we
10 would be happy to try to accommodate.

11 JUDGE WALLIS: Ms. McNeill.

12 MS. MCNEILL: Yes, I was going to add that,
13 you know, the revenue requirement is premised on an
14 effective date of October 1st, and if we're not able to
15 achieve that, then we will have to come back and
16 recalculate, so we're all hopeful that we will be able
17 to achieve that. Mindful that it's not a lot of time
18 between now and October 1st, we are definitely willing
19 to waive a proposed order, and mindful that this is
20 subject to the Commission's approval, and certainly
21 would make ourselves available should there be any need
22 for any questions to be answered or information provided
23 to facilitate that approval process.

24 JUDGE WALLIS: Very well, and we will do our
25 best to expedite the processing of this matter and to

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1 see that an order is entered within the time frame
2 recommended. If there are any further questions, may we
3 make those via electronic mail to counsel with copy to
4 other counsel?

5 MR. TROTTER: Certainly.

6 MS. MCNEILL: Absolutely.

7 JUDGE WALLIS: Very well, is there anything
8 further?

9 MS. MCNEILL: No, sir.

10 MR. TROTTER: No.

11 JUDGE WALLIS: Okay, thank you very much.

12 (Hearing adjourned at 10:10 a.m.)

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