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BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

In the Matter of:

Waste Management of Washington, Inc. d/b/a
Waste Management of Ellensburg

CASE NO.

PETITION FOR RULE EXEMPTION

I. INTRODUCTION

1. COMES NOW Waste Management of Washington, Inc. (“WMW”) holder of Certificate of Public Convenience and Necessity No. G-237, by and through its attorney, Polly L. McNeill of Summit Law Group PLLC, and in accordance with WAC 480-07-370(1)(b) files this *Petition for Rule Exemption* (“Petition”) respectfully requesting the Commission’s approval to submit Work Papers that vary from a strict interpretation of the filing requirements under WAC 480-07-520(4).¹
2. The Petition requests permission to file Work Papers that comport with the exemptions granted in WMW’s last nine general rate increase filings.²

¹ WAC 480-07-520 sets forth the minimum requirements for filing a general rate increase request by solid waste collection companies. Subsection (4) discusses the information and documents to be included in Work Papers.

² See Orders 04/Order 03 – Denying Petition For Rule Interpretation; Granting Exemption To Rule, *WUTC v. Waste Management of Washington d/b/a Waste Management Sno-King*, Docket Nos. TG-091933 & TG-091945 (Consolidated) (March 23, 2010); Order 01 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-101080 (July 15, 2010); Order 01 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-101706 (November 24, 2010); Order 01 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-110792 (June 30, 2011); Order 01 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-120523 (May 10, 2012); Order 02 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-121822 (January 31, 2013); Order 01 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-130082 (February 14, 2013); Order 01 – Granting Partial Exemption From Rule, *In re Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-130938 (June 27, 2013); and Order 01 – Granting Partial Exemption from Rule, *In re Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-140471 (April 24, 2014) (collectively, “Prior Exemption Orders”).

1 3. Contemporaneously with this Petition, WMW is today filing a general rate request for Waste
2 Management of Washington, Inc. d/b/a Waste Management of Ellensburg ("WM
3 Ellensburg"). For its tariff request, WMW respectfully requests an exemption under
4 WAC 480-07-110 to the extent the general rate filing rule stated in WAC 480-07-520(4)
5 would require the company to submit into the public record certain proprietary and
6 confidential business records unrelated to the substantive audit of the tariff filing itself. For
7 the same reasons supporting the Commission's determinations to grant exemptions in the
8 nine Prior Exemption Orders, approving this Petition would be consistent with the public
9 interest, the purposes underlying the tariff filing regulation, and Ch. 81.77 RCW.

10 II. PARTIES

- 11 4. Petitioner's name and address are as follows:
12 Waste Management of Washington, Inc.
13 720 Fourth Avenue, Suite 400
14 Kirkland, WA 98033-8136
- 15 5. Petitioner's attorney's name and address are as follows:
16 Polly L. McNeill
17 Summit Law Group PLLC
18 315 Fifth Avenue S., Suite 1000
19 Seattle, WA 98104

20 III. GROUNDS FOR RELIEF

- 21 6. WMW is the corporate subsidiary of Waste Management, Inc. that operates in Washington-
22 state. WMW is the holder of Certificate of Public Convenience and Necessity No. G-237,
23 but throughout the State the company has eleven different business units providing solid
24 waste collection services. The business units currently perform regulated solid waste
25 collection under nine different WUTC tariffs, one for each of the geographically-specific
26 collection entities. Disposal fees, labor rates, fuel prices, and other costs differ in each of the
geographic territories. In addition, WMW owns three landfills, six transfer stations and
multiple recycling centers.
7. In submitting its general rate request, for certain elements of WAC 480-07-520(4), WMW
has limited some of the financial data included in its Work Papers to the business entity

1 providing services under the tariff that WMW is seeking to amend, and has not provided the
2 analysis for WMW as a whole. This general rate filing for WM Ellensburg includes financial
3 information that is the same in scope as the Work Papers approved by the Prior Exemption
4 Orders. Thus, the Work Papers address the separate requirements of WAC 480-07-520(4) as
5 follows:

- 6 8. *WAC 480-07-520(4)(a) (detailed pro forma income statement)* – The required income
7 statement is limited to WM Ellensburg, the business unit providing services under the tariff
8 that WMW is seeking to amend.
- 9 9. *WAC 480-07-520(4)(b) (revenue impact calculation for proposed tariff revisions)* – The
10 revenue impact calculation is limited to services provided by WM Ellensburg, the business
11 unit providing services under the tariff that WMW is seeking to amend.
- 12 10. *WAC 480-07-520(4)(c) (income statement listing all revenue and expense accounts by*
13 *month)* – The required income statement is limited to WM Ellensburg, the business unit
14 providing services under the tariff that WMW is seeking to amend.
- 15 11. *WAC 480-07-520(4)(d) (detailed separation of all revenue and expenses between*
16 *regulated/nonregulated operations if nonregulated revenue exceeds ten percent of total*
17 *company test period revenue)* – The filing provides a detailed separation of all revenue and
18 expenses between (1) WM Ellensburg, the business unit that provides services under the
19 tariff that WMW is seeking to amend and (2) other business units within Waste Management
20 with which WM Ellensburg has intra-company transactions or arrangements that, but for the
21 fact that the business units are not separate corporations, would be affiliated interest
22 transactions. The filing also includes a detailed separation of all revenues and expenses for
23 each of the other WMW business units performing collection operations, with expenses
24 allocated proportionately on the basis of regulated and unregulated revenues, and a combined
25 statement of detailed revenues and expenses for all of WMW's unregulated, non-collection
26 operations added together.

- 1 12. *WAC 480-07-520(4)(e) (detailed list of all nonregulated operations, including the rates*
2 *charged for the services rendered)* – The filing includes a list of all regulated and
3 nonregulated operations within WMW, including the rates charged. No exemption is sought
4 for this filing requirement, but due to the extensive number of municipal contracts under
5 which WMW operates, information related to those unregulated operations will be provided
6 upon Staff's request.
- 7 13. *WAC 480-07-520(4)(f) (detailed price-out information)* – The revenue reported is limited to
8 services provided by WM Ellensburg, the business unit providing services under the tariff
9 that WMW is seeking to amend.
- 10 14. *WAC 480-07-520(4)(g) (consolidated balance sheet)* – The required consolidated balance
11 sheet includes Waste Management, Inc., and Waste Management of Washington, Inc. No
12 exemption is sought for this filing requirement.
- 13 15. *WAC 480-07-520(4)(h) (detailed depreciation schedule)* – The assets for which a
14 depreciation schedule is provided are limited to those utilized by WM Ellensburg, the
15 business unit providing services under the tariff that WMW is seeking to amend.
- 16 16. *WAC 480-07-520(4)(i) (computed average investment)* – The assets for which the average
17 investment is computed are limited to those utilized by WM Ellensburg, the business unit
18 providing services under the tariff that WMW is seeking to amend.
- 19 17. *WAC 480-07-520(4)(j) (information about every transaction with affiliated interests or*
20 *subsidiaries)* – Affiliated interest transactions under this requirement are limited to those
21 between WM Ellensburg, the business unit providing service under the tariff that WMW is
22 seeking to amend, on the one hand, and Waste Management, Inc., on the other, for
23 administrative overhead services performed by the area and corporate offices. The filing
24 includes an income statement and balance sheet for Waste Management, Inc. No exemption
25 is needed for this requirement.
- 26

IV. PETITION FOR EXEMPTION

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2 18. WAC 480-07-110 provides that the Commission may grant an exemption from or modify the
3 application of its rules in individual cases if consistent with the public interest and the
4 purposes of the underlying regulation:

5 The standard for consideration is the public interest standard.
6 Factors the commission may consider include whether application
7 of the rule would impose undue hardship on the requesting person,
8 of a degree or a kind different from hardships imposed on other
9 similarly situated persons, and whether the effect of applying the
10 rule would be contrary to the underlying purposes of the rule.

11 19. In the Prior Exemption Orders, the Commission concluded that granting an exemption was in
12 the public interest and met the standards for consideration of a rule exemption under
13 WAC 480-07-110(c) – and the same policy applies in this filing.

14 20. As the Commission observed in prior orders granting petitions for exemption, Waste
15 Management's corporate structure is unusual with respect to having so many organizationally
16 distinct regulated and nonregulated lines of business within one corporation. The burdens
17 imposed on WMW by the general rate filing requirements of WAC 480-07-520(4) are
18 different in degree and kind than those imposed on other solid waste collection companies.

19 21. The purpose of WAC 480-07-520(4) is to ensure that all information necessary to determine
20 whether existing or proposed rates are fair, just, reasonable and sufficient is available to the
21 Commission by requiring solid waste collection companies seeking to increase their rates to
22 file Work Papers that account for a variety of data supporting the request, including
23 information about commercial relationships with affiliated enterprises. The limited Work
24 Papers filed for the consolidated tariff increase satisfies the purpose of the rule. Because the
25 data for which this exemption is sought is not relevant to the tariff filing presented and
26 because some of that analysis is valuable and proprietary commercial information, granting
this Petition is not inconsistent with the underlying purposes of the general rate filing rule
stated in WAC 480-07-520(4).

1 22. In addition, to prepare some components of the Work Paper requirements for WMW as a
2 whole would impose a significant hardship on the company because each business entity has
3 its own general ledger, and the analysis would require manually consolidating data into one
4 master ledger, a time-consuming and unproductive process without any commensurate
5 benefit to the ratepayers.

6 23. Granting this Petition would allow WMW to file Work Papers that explain the services
7 provided under WM Ellensburg's tariff, and that list all relevant data for any and every part
8 of Waste Management as a whole that conducts intra-company transactions or arrangements
9 affecting the services provided under the tariff. Allowing limitations to the financial
10 information included in the Work Papers avoids filing immaterial and unnecessary Work
11 Papers and relieves the administrative burden to both WMW and Commission. If this
12 Petition is granted, then Staff will have the information needed to fully analyze the WM
13 Ellensburg rate request, and WMW will have partial relief from the burdens of the literal
14 application of the filing requirements in WAC 480-70-520(4).

15 **V. CONCLUSION**

16 For the reasons stated above, WMW respectfully requests that the Commission grant an
17 exemption of WAC 480-07-520(4) to WMW for today's WM Ellensburg filing to limit the Work
18 Papers required under WAC 480-07-520(4) in the manner stated above.

19 DATED this 13th day of August, 2014.

20
21 By 

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