

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET TG-132050
)	
YAKIMA WASTE SYSTEMS, INC.,)	ORDER 01
)	
Petitioner,)	
)	
Seeking Exemption from the)	
Provisions of WAC 480-07-520(4)(j))	
Relating to Supporting Work Papers)	ORDER GRANTING PARTIAL
for Affiliated Entities)	EXEMPTION FROM RULE
.....)	

BACKGROUND

1 On November 4, 2013, Yakima Waste System, Inc. (YWS or Company), filed tariff revisions with the Utilities and Transportation Commission (Commission) that would generate approximately \$362,000 (4.2 percent) additional annual revenue. The proposed increases are prompted by increased costs for labor, employee benefits, fuel, parts and equipment. The test period involved in this filing is October 1, 2012, through September 30, 2013. The Company’s last general rate increase became effective November 1, 2011. The Company serves approximately 23,000 customers in Yakima County.

2 WAC 480-07-520 requires solid waste companies to include certain information in general rate increase filings. WAC 480-07-520(4) requires companies to file all supporting documentation known as “work papers” for the test period set out in the proposed rate increase. In its entirety, WAC 480-07-520(4)(j) explains that work papers must include:

Information about every transaction with an affiliated interest or subsidiary that directly or indirectly affects the proposed rates. This must include: A full description of the relationship, terms and amount of the transaction, the length of time the relationship has been ongoing, and an income statement and balance sheet for every affiliated entity.

3 On November 5, 2013, the Company requested an exemption from that portion of WAC 480-07-520(4)(j) that requires the Company to file an income statement and balance sheet for its non-regulated affiliate, DM Recycling (DMR). The Company states the following reasons for the exemption:

- a) “First, the hauling involved in the affiliated transaction ... has also now ceased as of October, 2013.”
 - b) “Secondly, the activity involved is akin to transportation from a transfer station to a disposal site contained in a county comprehensive solid waste plan, which if this were solid waste as opposed to recyclables, would be expressly exempt from regulation pursuant to RCW 36.58.060.”
 - c) “An analogous rule, WAC 480-70-079(3)(a), in the annual reporting context, requires disclosure of affiliated entity income statements and balance sheets only when the aggregate affiliated interest transaction amount exceeds \$100,000. Here, the amount at issue paid by the Petitioner to the non-regulated affiliate does not meet that threshold standard and again, analogously, the need for the disclosure would seem less material.”
 - d) “Finally, there is the obvious potential competitive harm posed by the disclosure of the financial statements of the unregulated DM Recycling entity. ... What Petitioner is asking the Commission to grant here is a limited, isolated exemption from disclosure pursuant to WAC 480-07-520(4)(j), in order to protect disclosure into the public record of information which would be advantageous to unregulated competitors who are not required to produce comparable data to the public and which is wholly unnecessary to the audit of this filing in terms of compliance with the spirit of all other procedural rules and subparts affecting the instant general rate case.
- 4 Commission Staff reviewed the request and recommends granting Yakima’s request for exemption because, as a non-recurring expense, the expense to DMR will be entirely disallowed and Staff does not need to determine DMR’s cost to provide service and does not need to review DMR’s income statement or balance sheet.

DISCUSSION

- 5 WAC 480-07-110¹ provides that the Commission may grant an exemption from or modify the application of its rules in individual cases if consistent with the public interest and the purposes of the underlying regulation:

The standard for consideration is the public interest standard. Factors the commission may consider include whether application of the rule would impose undue hardship on the requesting person, of a degree or a kind

¹ We note that the Company mistakenly relied on WAC 480-70-051 to make its request for exemption from rule. That rule applies to exemptions from WAC 480-70, not WAC 480-07.

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.

- 6 We agree with the Company and Staff that because the affiliated transportation activity has ceased and will not continue in the future, the Commission does not need to determine the cost of the affiliated transaction or review financial information contained in DMR's income statement and balance sheet.² We therefore find that the requested exemption is consistent with the purpose of the rule and the public interest and should be granted.

FINDINGS AND CONCLUSIONS

- 7 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies.
- 8 (2) Yakima is engaged in the business of providing solid waste services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 9 (3) Yakima is subject to WAC 480-07-520(4)(j), which requires solid waste companies to file income statements and balance sheets for all of its affiliated entities.
- 10 (4) Under WAC 480-70-051 or WAC 480-07-110, the Commission may grant an exemption from the provisions of its rules if consistent with the public interest, the purposes underlying regulation, and applicable statutes.
- 11 (5) This matter came before the Commission at its regularly scheduled meeting on November 27, 2013.
- 12 (6) Because the affiliated transportation activity has ceased and will not continue in the future, the Commission need not determine the cost of the affiliated transaction or review financial information contained in DMR's income statement and balance sheet.

² Because we find this basis sufficient to grant the exemption, we do not reach the Company's other arguments in support of its request.

- 13 (7) Yakima's requested exemption from WAC 480-07-520(4)(j) is consistent with the public interest, the purposes underlying regulation, and applicable statutes and should be granted.

ORDER

- 14 THE COMMISSION ORDERS that Yakima Waste Systems, Inc., is granted a partial exemption from WAC 480-07-520(4)(j) for the limited purpose of relieving the Company of the obligation to provide the income statement and balance sheet for its affiliate, DM Recycling.

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

DATED at Olympia, Washington, and effective November 27, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary