

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET TG-140086
	)	
RABANCO LTD DBA TRI- COUNTY DISPOSAL,	)	ORDER 01
	)	
Petitioner,	)	
	)	
Seeking Exemption from the	)	
Provisions of WAC 480-07-520(4)	)	ORDER GRANTING
Relating to Certain Supporting	)	EXEMPTION FROM RULE
Documents and Computations	)	
.....	)	

**BACKGROUND**

- 1 On January 15, 2014, Rabanco Ltd dba Tri-County Disposal (Rabanco) filed with the Washington Utilities and Transportation Commission (Commission) general rate increase for solid waste collection service in Klickitat County. The states effective date is March 1, 2014.
  
- 2 On January 15, 2014, Rabanco filed a petition requesting an exemption from the following sections of WAC 480-07-520(4) to limit the work paper filing requirements to Tri-County Disposal, the business unit providing services under the tariff that Rabanco proposes to amend:
  - (a) Detailed pro forma income statement
  - (f) Detailed price-out information
  - (h) Detailed depreciation schedule
  - (i) Computed average investment

Rabanco also requests a partial exemption from:

- (d) Limiting work paper computation and submissions to Tri-County Disposal and that the detailed separation of all revenues and expenses requirement apply to intracompany transactions between Tri-County Disposal and Rabanco Ltd. between regulated and nonregulated operations.
- (e) Rabanco seeks a partial exemption limiting the listing to unregulated city contracts and businesses and any transactions or relationships between those Tri-County Disposal-based business operations and other Rabanco, Ltd, business entities.

- 3 WAC 480-07-520(4) requires solid waste companies to file work papers including one paper and one electronic copy of all supporting work papers for the test period, which is the most recent or most appropriate consecutive twelve-month period for which financial data are available. Work papers must include:
- (a) A detailed pro forma income statement separated among solid waste, single-family residential recycling, multi-family recycling, and yard waste, with restating actual and pro forma adjustments, including all supporting calculations and documentation for all adjustments.
    - (i) “Restating actual adjustments” adjust the booked operating results for any defects or infirmities in actual recorded results that can distort test period earnings. Restating actual adjustments are also used to adjust from an as-recorded basis to a basis that is acceptable for rate making. Examples of restating actual adjustments are adjustments to remove prior period amounts, to eliminate below-the-line items that were recorded as operating expenses in error, to adjust from book estimates to actual amounts, and to eliminate or normalize extraordinary items recorded during the test period.
    - (ii) “Pro forma adjustments” give effect for the test period to all known and measurable changes that are not offset by other factors. The filing must identify dollar values and underlying reasons for each proposed pro forma adjustment.
  - (b) A calculation of the revenue impact of proposed tariff revisions.
  - (c) An income statement listing all revenue and expense accounts by month.
  - (d) If nonregulated revenue represents more than ten percent of total company test period revenue, a detailed separation of all revenue and expenses between regulated and nonregulated operations.
  - (e) A detailed list of all nonregulated operations, including the rates charged for the services rendered. Copies of all contracts must be provided on request.
  - (f) Detailed price-out information that reconciles within five percent, without adjustment, to the test period booked revenue, including the test period customer count by tariff item.
  - (g) A consolidated balance sheet, including the percentage of equity and the percentage of debt, and the cost of that debt by component.
  - (h) A detailed depreciation schedule listing all used and useful assets held by the company during the test period, including the date of purchase, the cost at

purchase, the depreciable life, the salvage value, depreciation expense, and accumulated depreciation expense at the end of the test period.

- (i) Computed average investment. Average investment is the net book value of allowable assets at the beginning of the test period plus the net book value of allowable assets at the end of the test period, divided by two. Investor supplied working capital may be included, provided a worksheet is submitted detailing the calculations.
- (j) 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.

4 Rabanco stated that because of the greater detail and reconcilable qualities of the individual division's data reporting for a general rate case, Petitioner believes modification/relaxation of the general rate case work paper rule for the filing by Tri-County Disposal is fully consistent with the public interest as required by WAC 480-07-110<sup>1</sup> consistent with the public interest and the purposes underlying regulation and applicable statutes, and that exemptions from the general rate work paper rule should therefore be granted.

5 Commission Staff reviewed the request and recommends granting Rabanco's request for exemption, because the data for which the exemption in paragraph two is sought is not relevant to the tariff filing, granting the exemption is not inconsistent with the underlying purposes of the general rate filing rule stated in WAC 480-07-520(4). Rabanco's request is consistent with the previous filings in which the Commission has found the requested exemption to be in the public interest and consistent with the purposes underlying the regulation and applicable statutes. Staff recommends that the Commission grant the requested exemption.

### FINDINGS AND CONCLUSIONS

- 6 (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,

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<sup>1</sup> As found in a prior exemption request in TG-101157, *in re: Rabanco, Ltd. d/b/a Lynnwood Disposal*, Order No. 1 (July 2010) and in a previous rate filing for Tri-County, *in re: Rabanco, Ltd. d/b/a Tri-County Disposal*, TG-111689 (Oct. 2011) amongst others.

regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies. RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.

- 7 (2) Rabanco 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.
- 8 (3) Rabanco is subject to WAC 480-07-520(4), which requires solid waste companies to file work papers including one paper and one electronic copy of all supporting work papers for the test period, which is the most recent or most appropriate consecutive twelve-month period for which financial data are available. Work papers must include:
- (a) A detailed pro forma income statement separated among solid waste, single-family residential recycling, multi-family recycling, and yard waste, with restating actual and pro forma adjustments, including all supporting calculations and documentation for all adjustments.
    - (i) “Restating actual adjustments” adjust the booked operating results for any defects or infirmities in actual recorded results that can distort test period earnings. Restating actual adjustments are also used to adjust from an as-recorded basis to a basis that is acceptable for rate making. Examples of restating actual adjustments are adjustments to remove prior period amounts, to eliminate below-the-line items that were recorded as operating expenses in error, to adjust from book estimates to actual amounts, and to eliminate or normalize extraordinary items recorded during the test period.
    - (ii) “Pro forma adjustments” give effect for the test period to all known and measurable changes that are not offset by other factors. The filing must identify dollar values and underlying reasons for each proposed pro forma adjustment.
  - (b) A calculation of the revenue impact of proposed tariff revisions.
  - (c) An income statement listing all revenue and expense accounts by month.
  - (d) If nonregulated revenue represents more than ten percent of total company test period revenue, a detailed separation of all revenue and expenses between regulated and nonregulated operations.

- (e) A detailed list of all nonregulated operations, including the rates charged for the services rendered. Copies of all contracts must be provided on request.
  - (f) Detailed price-out information that reconciles within five percent, without adjustment, to the test period booked revenue, including the test period customer count by tariff item.
  - (g) A consolidated balance sheet, including the percentage of equity and the percentage of debt, and the cost of that debt by component.
  - (h) A detailed depreciation schedule listing all used and useful assets held by the company during the test period, including the date of purchase, the cost at purchase, the depreciable life, the salvage value, depreciation expense, and accumulated depreciation expense at the end of the test period.
  - (i) Computed average investment. Average investment is the net book value of allowable assets at the beginning of the test period plus the net book value of allowable assets at the end of the test period, divided by two. Investor supplied working capital may be included, provided a worksheet is submitted by detailing the calculations.
  - (j) 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.
- 9 (4) Under WAC 480-70-051, the Commission may grant an exemption from the provisions of any rule in WAC 480-70, if consistent with the public interest, the purposes underlying regulation and applicable statutes. See also WAC 480-07-110.
- 10 (5) This matter came before the Commission at its regularly scheduled meeting on February 14, 2014.
- 11 (6) After review of the petition filed in Docket TG-140086 by Rabanco on January 15, 2014, and giving due consideration, the Commission finds that the exemption is in the public interest and is consistent with the purposes underlying the regulation and applicable statutes and should be granted.

**ORDER**

**THE COMMISSION ORDERS:**

- 12 (1) After the effective date of this Order, Rabanco Ltd dba Tri-County Disposal is granted an exemption from WAC 480-07-520(4), to limit the work paper filing requirements to Tri-County Disposal, the business unit providing services under the tariff that Rabanco Ltd dba Tri-County Disposal proposes to amend:
- (a) Detailed pro forma income statement
  - (f) Detailed price-out information
  - (h) Detailed depreciation schedule
  - (i) Computed average investment
- Rabanco Ltd dba Tri-County Disposal also requests a partial exemption from:
- (d) Limiting work paper computation and submissions to Tri-County Disposal and that the detailed separation of all revenues and expenses requirement apply to intracompany transactions between Tri-County Disposal and Rabanco Ltd. between regulated and nonregulated operations.
  - (e) Rabanco Ltd dba Tri-County Disposal seeks a partial exemption limiting the listing to unregulated city contracts and businesses and any transactions or relationships between those Tri-County Disposal-based business operations and other Rabanco, Ltd, business entities.
- 13 (2) The Commission retains jurisdiction over the subject matter and Rabanco Ltd dba Tri-County Disposal to effectuate the provisions of this Order.

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 February 14, 2014.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary