

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET TG-101850
)	
HAROLD LEMAY ENTERPRISES,)	ORDER 01
INC. d/b/a HARBOR DISPOSAL CO.)	
AND d/b/a EGH DISPOSAL, G-98,)	
)	
Petitioner,)	
)	
Seeking Exemption from the)	
Provisions of WAC 480-07-520(4))	ORDER GRANTING
Relating to Supporting Work Papers)	EXEMPTION FROM RULE
.....)	

BACKGROUND

- 1 Docket TG-101850 involves a proposed tariff revision filed with the Washington Utilities and Transportation Commission (Commission) by Harold LeMay Enterprises, Inc. (LeMay or Company), d/b/a Harbor Disposal Co. and d/b/a EGH Disposal (Harbor or Petitioner collectively) on November 15, 2010, that would generate approximately \$692,000, (22.8 percent) in additional annual revenue.
- 2 On November 15, 2010, Harbor filed a petition requesting an exemption from the work paper filing requirements set out in WAC 480-07-520(4).
- 3 WAC 480-07-520(4) requires LeMay to file work papers that contain detailed financial data for LeMay, its affiliated interests, and its business units. The plain language of the rule requires these work papers to address LeMay finances as a whole, not a limited subset of one or more business units.
- 4 Harbor stated that WAC 480-07-520(4) would require LeMay to submit into the public record certain proprietary and confidential business records unrelated to the substantive audit of the tariffs filed on behalf of Harbor. In addition, Harbor claims that preparing some components of the work paper requirements for Harbor, as a whole, would impose a significant hardship on LeMay because each business unit maintains its own general ledger, and the analysis would require manually consolidating data into one master ledger, a time-consuming and unproductive process without any commensurate benefit to the ratepayers.

5 Harbor requested the Commission to grant an exemption from WAC 480-07-520(4) consistent with the following:

- (a) *WAC 480-07-520(4)(a) (detailed pro forma income statement)* – Petitioner asks for a partial exemption for the purposes of this proceeding only for (a) and its subparts (detailed pro forma income statement restating and pro forma adjustments), allowing the supporting work papers to provide the following: a detailed pro forma income statement showing revenues and expenses for each district in Pierce, Grays Harbor, Thurston and Lewis County for LeMay and the total of all columns reflected equaling LeMay’s revenue and expenses as reported in LeMay’s 2009 Annual Report to the Commission; and, in applying WAC 480-07-520(4)(a)(i) and (ii), here for Harbor, the tariff filing entity, providing an income statement separated into solid waste, residential recycling, multifamily recycling and yard waste restating and pro forma adjustments limited to Grays Harbor operations for Districts 2186 (regulated) and 2187 (unregulated).
- (b) *WAC 480-07-520(4)(b) (revenue impact calculation for proposed tariff revisions)* – Petitioner asks that the calculation of the revenue impact for proposed tariff provisions be limited to Harbor, the tariff filing entity, instead of LeMay.
- (c) *WAC 480-07-520(4)(c) (income statement listing all revenue and expense accounts by month)* – Petitioner asks for a partial exemption for the purpose of this filing for submission of the income statement requirement to be that for Harbor, the tariff filing entity, instead of LeMay, and Districts 2186 (regulated) and 2187 (unregulated).
- (d) *WAC 480-07-520(4)(d) (detailed separation of all revenue and expenses between regulated/nonregulated operations if nonregulated revenue exceeds ten percent of total company test period revenue)* – For the purposes of this filing only, Petitioner asks that non-regulated revenue and expense separation under this subparagraph be limited to Harbor, the tariff filing entity, instead of LeMay.
- (e) *WAC 480-07-520(4)(e) (detailed list of all nonregulated operations, including the rates charged for the services rendered)* – For this filing only, Petitioner

requests that it provide the list of all non-regulated operations including rates charged as applied to Harbor, the tariff filing entity, instead of LeMay.

- (f) *WAC 480-07-520(4)(f) (detailed price-out information)* – For the purposes of this filing, Petitioner asks that the reconciled price-out information pertain to Harbor, the tariff filing entity, instead of LeMay.
- (g) *WAC 480-07-520(4)(g) (consolidated balance sheet)* – Petitioner asks and seeks confirmation that the consolidated balance sheet and percentage of debt and equity be applied to Waste Connections, Inc., the parent company of LeMay and Harbor, the tariff entity.
- (h) *WAC 480-07-520(4)(h) (detailed depreciation schedule)* – No exemption requested.
- (i) *WAC 480-07-520(4)(i) (computed average investment)* – Petitioner asks that the average investment computations be applied to Waste Connections, Inc., as the publicly-traded parent company, whose average investment and investor-supplied working capital is calculated pursuant to SEC regulations, and not LeMay.
- (j) *WAC 480-07-520(4)(j) (information about every transaction with affiliated interests or subsidiaries)* – Petitioner requests that this final subpart of the general rate case work paper rule be applied to Harbor, and that in so applying, Harbor disclose all internal transactions and arrangements with other LeMay operations which, but for the fact that those entities operate within the single corporate entity, would be subject to the affiliated interest transaction rule under WAC 480-70-079. In addition, Harbor will provide schedules and terms which detail corporate overhead charges with Waste Connections, Inc., and which relate to the proposed rates.

6 Staff reviewed Harbor's request for an exemption from WAC 480-07-520(4) and recommends that the Commission grant that request, as set forth above.

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. *RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.*
- 8 (2) Harold LeMay Enterprises, Inc., 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) Harold LeMay Enterprises, Inc., is subject to WAC 480-07-520(4), which requires the Company to file work papers that contain detailed financial data for the Company, its affiliated interests, and its business units. The plain language of the rule requires these work papers to address Harold LeMay Enterprises, Inc.'s finances as a whole, not a limited subset of one or more business units.
- 10 (4) Harold LeMay Enterprises, Inc., d/b/a Harbor Disposal Co. and d/b/a EGH Disposal is a business unit of Harold LeMay Enterprises, Inc., and collects solid waste under one of its six tariffs.
- 11 (5) Harold LeMay Enterprises, Inc., d/b/a Harbor Disposal Co. and d/b/a EGH Disposal filed proposed tariff revisions on November 15, 2010, seeking to increase rates in its Harbor Disposal Co. and EGH Disposal business unit by approximately \$692,000 or 22.8 percent.
- 12 (6) In support of its proposed tariff revisions, Harold LeMay Enterprises, Inc., filed work papers containing financial information only for Harold LeMay Enterprises, Inc., d/b/a Harbor Disposal Co. and d/b/a EGH Disposal business unit, but not for the entirety of Harold LeMay Enterprises, Inc., operations.
- 13 (7) 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.*

- 14 (8) This matter came before the Commission at its regularly scheduled meeting on December 16, 2010.
- 15 (9) After review of the petition filed in Docket TG-101706 by Harold LeMay Enterprises, Inc., d/b/a Harbor Disposal Co. and d/b/a EGH Disposal on November 15, 2010, 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.

O R D E R

THE COMMISSION ORDERS:

- 16 (1) After the effective date of this Order, Harold LeMay Enterprises, Inc., d/b/a Harbor Disposal Co. and d/b/a EGH Disposal's Petition for Exemption from WAC 480-07-520(4) is granted, in part, consistent with the terms of this Order.
- 17 (2) The exemption granted to Harold LeMay Enterprises, Inc., d/b/a Harbor Disposal Co. and d/b/a EGH Disposal in this Order applies only to the general rate proceeding in Docket TG-101850.
- 18 (3) The Commission retains jurisdiction over the subject matter and Harold LeMay Enterprises, Inc., d/b/a Harbor Disposal Co. and d/b/a EGH Disposal to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective December 16, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary