

Law Office of
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November 16, 2004

Ms. Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
Olympia, Washington 98504-7250

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RECORDS MANAGEMENT
04 NOV 16 PM 4:10
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

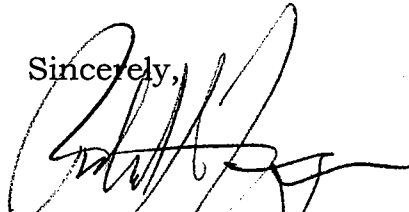
Re: US Ecology, Inc. – Application for Transfer of Property

Dear Ms. Washburn:

Enclosed you will find the original and nineteen copies of the above-referenced application for Order Authorizing Transfer of Property. The purpose of this filing is to reflect a change in corporate structure involving US Ecology and its parent American Ecology.

The filing seeks authority to the transfer to property from US Ecology to a new, wholly owned subsidiary of American Ecology which will operate in the State of Washington. There will be no change of service to customers as a result of this filing.

Sincerely,


RICHARD A FINNIGAN

RAF/lr
Enclosures

cc: Wayne Ipsen
Gene Eckhardt

1 **BEFORE WASHINGTON TRANSPORTATION AND**
2 **UTILITIES COMMISSION**

3
4 In the Matter of

5 US ECOLOGY, INC.

6 Application for an Order Authorizing
7 Transfer of Property to US Ecology of
8 Washington, Inc.

APPLICATION FOR ORDER AUTHORIZING
TRANSFER OF PROPERTY

RECEIVED
RECORDS MANAGEMENT
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STATE OF WASH.
UTIL. AND TRANS.
COMMISSION

9
10 US Ecology, Inc., respectfully files this Application for Order Authorizing Transfer of
11 Property ("Application"). The purpose of the Application is to seek approval to transfer all assets
12 used in the operation of the existing Washington facilities to a subsidiary, US Ecology of
13 Washington, Inc. ("Ecology-WA").

14 The reason for the proposed transfer is that US Ecology, Inc. has labored under an awkward
15 corporate structure where its operating facilities in some states are under a separate corporate
16 subsidiary for each of those states and other operations, such as those here in Washington, are part
17 of the US Ecology structure as an internal line of business, rather than as a so separate subsidiary.
18 In order to have a uniform corporate structure, US Ecology would need to either unwind the
19 subsidiaries it has in other states or form new subsidiaries for Washington and those states like
20 Washington where it does not have a separate subsidiary for its operating facilities.

21 US Ecology has chosen to pursue the latter course. This change of corporate structure
22 should be invisible to the customers served by the Richland facility. There will be a slight change
23 in name, but the operations themselves will not change. Nor is it contemplated that there will be any
24 change in rates as a result of this change in corporate operations.

25
26 APPLICATION FOR ORDER
AUTHORIZING APPROVAL
OF TRANSFER OF PROPERTY - 1

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1 All of the assets currently in use to operate the Richland facility will be transferred to the
2 Ecology-WA upon Commission approval. It is also contemplated that upon Commission approval,
3 Ecology-WA will adopt the existing tariff of US Ecology. Any affiliated interest transactions that
4 need approval will be filed once the Commission grants approval of the transfer of property.

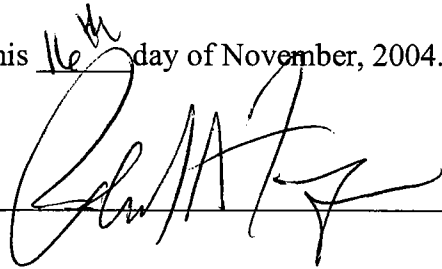
5 To assist the Commission in its review of this transaction, the current financial statements
6 for US Ecology are attached as Exhibit 1. The proposed transfer instruments are attached as Exhibit
7 2.

8 It is US Ecology's objective to begin operations with the new subsidiaries in place effective
9 January 1, 2005.

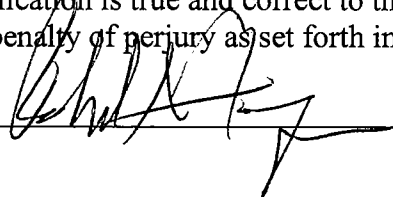
10
11
12 **CONCLUSION**

13 Therefore, in keeping with the requirements contained in Chapter 81.12 RCW, US Ecology
14 respectfully requests that the Commission issue an order authorizing the transfer of property for the
15 Richland low-level radioactive waste operations to a wholly owned subsidiary, US Ecology of
16 Washington, Inc.

17
18 RESPECTFULLY SUBMITTED, this 16th day of November, 2004.

19
20
21 

22 I hereby certify that the foregoing Application is true and correct to the best of my
23 knowledge and belief and is submitted under penalty of perjury as set forth in RCW 9A.72.085.

24
25 

26 APPLICATION FOR ORDER
AUTHORIZING APPROVAL
OF TRANSFER OF PROPERTY - 2

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EXHIBIT 1

US Ecology
Balance Sheet
10/31/2004

(\$ in thousands)	Richland WA Ops	NV Ops	CA	IL	NE	Total
Cash	(24)	(32)	-	13	-	(43)
AR	1,150	2,390	-	1	-	3,541
Prepays	30	16	-	-	-	46
Total Current Assets	1,156	2,374	-	14	-	3,544
PP&E	338	5,875	-	26	-	6,239
Facility Development	-	-	-	-	6,478	6,478
Total Assets	1,494	8,249	-	40	6,478	16,261
Accounts Payable	90	1,052	-	21	-	1,163
Accrued Liabilities	2,750	593	36	3	-	3,382
Closure/PC	-	-	-	428	-	428
Total Current Liabilities	2,840	1,645	36	452	-	4,973
Long Term Accrued Liabilities	86	70	-	10	-	166
Closure/PC	-	371	-	1,376	-	1,747
Total Liabilities	2,926	2,086	36	1,838	-	6,886
Net Equity/Due to/from Related Entities	(1,432)	6,163	(36)	(1,798)	6,478	9,375
Total Liability & SE	1,494	8,249	-	40	6,478	16,261

AEC
Pro Forma Income Statement
10/31/2004

YTD 2004 (\$ in thousands)	Richland WA Ops	NV Ops	CA	IL	NE	Total
Revenue	5,923	8,759		20	34	14,736
Direct Costs	1,564	5,440		167	47	7,218
Gross Profit	4,359	3,319	-	(147)	(13)	7,518
SGA	1,937	2,220	25	1		4,183
Income from Ops	2,422	1,099	(25)	(148)	(13)	3,335
Interest Income	2	7	-	-	-	9
Interest Expense	1	-	-	-	-	1
other income (expense)	-	(87)	-	-	-	(87)
Income b4 Taxes	2,423	1,019	(25)	(148)	(13)	3,256
tax expense (benefit)	-	-	-	-	-	-
Net Income	2,423	1,019	(25)	(148)	(13)	3,256

EXHIBIT 2

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CONTRIBUTION AGREEMENT

This Contribution Agreement (this "*Agreement*") is made and entered into as of the 1st day of January, 2005, by and between US ECOLOGY, INC., a California corporation ("*USE*"), and US ECOLOGY WASHINGTON, INC., a Delaware corporation ("*USEW*"). USE and USEW are sometimes referred to in this Agreement individually as a "*Party*," and collectively, as the "*Parties*."

AMERICAN ECOLOGY CORPORATION, a Delaware Corporation, parent and sole shareholder of USE and USEW, has formed USEW for the purpose of owning and operating the radioactive waste disposal facility located at ¼ Mile West of 200 East Area, Hanford Reservation, Richland, Washington 99352 (the "*Facility*"), currently operated by USE. USEW was formed by filing a Certificate of Incorporation with the Delaware Secretary of State.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and conditions set forth herein, the Parties agree as follows:

ARTICLE 1
CONTRIBUTIONS OF ASSETS

Section 1.1 Contribution of Assets. Subject to the terms and conditions of this Agreement, effective as of January 1, 2005 (the "*Contribution Date*") (or such other date as hereinafter provided), USE shall assign, transfer and deliver to USEW, the following assets and properties, and all of their right, title and interest in, to and under such assets (collectively, the "*Assets*"):

(a) Those licenses, land use, operational, environmental and regulatory and building use permits associated with operation of the Facility set forth on Exhibit 1.1(a) (collectively, "*Permits*").

(c) The machinery, equipment (including office equipment and computers), furniture, vehicles, and other tangible property (including without limitation, maintenance and operating supplies, fuel and spare parts for such machinery and equipment) listed on Exhibit 1.1(b) hereto (the "*Operating Assets*").

(d) All customer and vendor contracts, equipment and other personal and real property leases, purchase orders and price quotes, and other contracts and agreements, whether oral or written, affecting or relating to the operation of the Facility, existing and outstanding as of the Contribution Date (the "*Assigned Contracts and Leases*").

(e) All trade names and other intellectual property rights as are associated with ownership and operation of the Facility.

Section 1.2 Conveyance Instruments. In order to effectuate the contribution of the Assets to USEW as contemplated by this Section 1, USE has executed and delivered, or will hereafter execute and deliver, or cause to be executed and delivered, all such deeds, bills of sale,

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documents or instruments of assignment, transfer or conveyance (collectively, the “*Conveyance Instruments*”), as the Parties deem necessary or appropriate, to vest in or confirm title to the Assets in USEW.

Section 1.3 Assumed Liabilities. Subject to the terms and conditions of this Agreement, in reliance on the representations, warranties, covenants and agreements of the Parties contained herein, at the Contribution Date, the Parties shall cause USEW to assume and pay, discharge and/or fulfill: (i) any obligations from and after the Contribution Date under the Assigned Contracts and Leases, (ii) all other liabilities and obligations arising out of or relating to the ownership and operation of the Facility from and after the Contribution Date (collectively, the “*Assumed Liabilities*”).

Section 1.4 Excluded Assets and Liabilities. Notwithstanding any provision of this Agreement or any Conveyance Instrument to the contrary, (i) USE is transferring to USEW only those assets, properties and rights specifically identified and described in Section 1.1 above, and no other assets, properties or rights, real, personal or fixed, tangible or intangible, of the Parties or any of their affiliates is being transferred to USEW by USE pursuant to this Agreement; and (ii) USEW is assuming only those specific liabilities, debts and obligations identified as Assumed Liabilities in Section 1.3 above, and USEW is assuming no other debts, liabilities or obligations of the Parties or any of their affiliates of any nature whatsoever.

ARTICLE 2
CONTRIBUTION DATE

Section 2.1 Deliveries by USE. On, prior to, or after the Contribution Date, USE shall deliver to USEW the following:

(a) The Conveyance Instruments to effect the contribution of the Assets to USEW, and the assumption of the Assumed Liabilities by USEW, such Conveyance Instruments to be those reasonably deemed necessary by, and to be in form and substance reasonably satisfactory to, counsel to the Parties;

(b) A copy of the resolutions of the Board of Directors of USE authorizing or ratifying its execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby; and

(c) Such other documents, agreements and instruments as shall be deemed necessary or appropriate by the Parties to effectuate the transactions contemplated hereby.

ARTICLE III
MISCELLANEOUS PROVISIONS

Section 3.1 No Representations and Warranties. USE IS MAKING THE CONTRIBUTIONS PROVIDED FOR IN THIS AGREEMENT WITHOUT ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING

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WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. ACCORDINGLY, USEW IS RECEIVING THE CONTRIBUTIONS "AS IS" AND "WHERE IS" AND WITH ALL FAULTS, AND NEITHER USEW NOR ITS SUCCESSORS AND ASSIGNS, SHALL HAVE ANY RIGHT OR CLAIM AGAINST USE HERETO, NOR SHALL USE HERETO BE LIABLE TO USEW OR ITS SUCCESSORS AND ASSIGNS FOR, ANY LOSSES, LIABILITIES, OBLIGATIONS, DEBTS, COSTS OR EXPENSES INCURRED BY USEW OR ITS SUCCESSORS OR ASSIGNS, WHICH RELATE TO OR ARISE OUT OF THIS AGREEMENT AND THE CONTRIBUTIONS MADE BY USE IN ACCORDANCE HEREWITH.

Section 3.2 Amendment and Modification. This Agreement may be amended, modified or supplemented only by written agreement of the Parties hereto.

Section 3.3 Waiver of Compliance. Any failure of a Party to comply with any obligation, covenant agreement or condition herein may be waived by the other Party or Parties.

Section 3.4 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns. Any Party may assign any of its rights hereunder, but no such assignment shall relieve the assigning Party of its obligations hereunder.

Section 3.5 No Third-Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than the Parties, any rights, remedies or claims under or by reason of this Agreement, or any provisions herein contained.

Section 3.6 Further Assurances. From time to time, at the request of the Parties and without further consideration, each Party, at its own expense, will execute and deliver such other documents, and take such other action, as the Parties may reasonably request in order to consummate more effectively the transactions contemplated hereby and to vest in USEW good and marketable title to the Assets.

Section 3.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho, without regard to its conflicts of laws principles.

Section 3.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 3.9 Entire Agreement. This Agreement, including the Exhibits and other documents and instruments referred to herein, embodies the entire agreement and understanding of the Parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the Parties with respect to such subject matter.

Section 3.10 Severability. If any one or more provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such

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invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

Section 3.11 Exhibits. All Exhibits attached hereto are hereby incorporated in and made a part of this Agreement as if fully set forth herein.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the Parties have caused this Contribution Agreement to be executed and delivered by their duly authorized officers as of the date first set forth above.

US ECOLOGY, INC.

By: _____
Stephen A. Romano
President

US ECOLOGY WASHINGTON, INC.

By: _____
Stephen A. Romano
President

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List of Exhibits

Exhibit 1.1(a) Permits

Exhibit 1.1(b) List of Operating Assets

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Exhibit 1.1(a)

PERMITS

1.

Exhibit 1.1(b)

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Exhibit 1.1(b)

LIST OF OPERATING ASSETS

See Attached Listing

Exhibit 1.1(c)

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BILL OF SALE AND ASSIGNMENT

Reference is made to that certain Contribution Agreement dated as of January 1, 2005 (the "Agreement"), by and between US ECOLOGY, INC., a California corporation ("USE"), and US ECOLOGY WASHINGTON, INC., a Delaware corporation ("USEW"). Capitalized terms used but not defined herein shall have the meanings given such terms in the Agreement.

FOR VALUE RECEIVED, the receipt and adequacy of which are hereby acknowledged, USE, effective as of January 1, 2005, does hereby grant, bargain, transfer, sell, assign, convey and deliver to USEW, all right, title and interest in and to the Assets. TO HAVE AND TO HOLD the said described property to USEW, its successors and assigns, for its exclusive use and benefit forever.

THE ASSETS ARE "AS IS" AND THE CONTRIBUTORS MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE ASSETS, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, NONINFRINGEMENT, OR FITNESS FOR A PARTICULAR PURPOSE.

This Bill of Sale and Assignment shall be governed by the laws of the State of Idaho.

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale and Assignment to be executed and delivered by its duly authorized officers as of the * day of *.

US ECOLOGY, INC.

US ECOLOGY WASHINGTON, INC.

By: _____
Stephen A. Romano, President

By: _____
Stephen A. Romano, President