

Mason County Garbage Company, Inc.
81 E Wilbur Way
PO Box 787
Shelton, WA 98584

May 31, 2017

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
Attn: Records Center
P.O. Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250

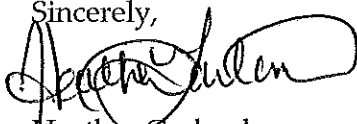
Re: Affiliated Interest Report Filing for Mason County Garbage Company, Inc. G-88.

Dear Mr. King:

On behalf of Mason County Garbage Company, Inc., please find enclosed the Class A Solid Waste Collection Companies Annual Affiliated Interest and Subsidiary Report for 2016.

Please feel free to contact the undersigned with any further questions on this matter.

Sincerely,



Heather Garland
Pricing Manager

Encl.

Telephone (360) 695-4923, Fax (360) 695-5091, email: heatherg@wcnx.org

CLASS A
SOLID WASTE COMPANIES

Annual Affiliated Interest and Subsidiary Report

G000088 Mason County Garbage Co., Inc. Mason County Garbage 81 E Wilbur Way PO Box 787 Shelton, WA 98584
Full name and address of Company

Correct name and address, if different than shown

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
for the
YEAR ENDING DECEMBER 31, 2016

Inquiries concerning this Report should be addressed to:

Name: Heather Garland Title: Pricing Manager
Address: 501 SE Columbia Blvd. Ste 350
City: Vancouver State: WA Zip: 98661
Telephone: (360) 695-4923 Fax: (360) 695-5091 E-Mail: heatherg@wcnx.org

Certification

I certify that I, Adam Balogh, the responsible account officer for Mason County Garbage Co., Inc. have examined the foregoing report; that, to the best of my knowledge, information and belief, all statements of fact contained in all attached schedules are true and said report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the period from January 1, 2016, to December 31, 2016, inclusive.

Name (Printed): Adam Balogh Title: Division Controller

Signature:  Date: May 31, 2017

AFFILIATED INTEREST TRANSACTION

1. Company Identification

Full and Exact Name: Mason County Garbage Company, Inc. Garbage Certificate No. G-000088
 Doing Business As _____

2. Annual Report/ Accounting Contact Person:

<u>Heather Garland</u>	<u>Pricing Analyst</u>
(name)	(title)
<u>PO Box 61726</u>	<u>Vancouver, WA 98666</u>
(mailing address)	(city, state, ZIP)
<u>501 SE Columbia Shores Blvd. #350</u>	<u>Vancouver, WA 98661</u>
(physical address)	(city, state, ZIP)
<u>(360) 695-4923</u>	<u>(360) 695-5091</u>
(telephone)	(fax)
<u>heatherg@wcnx.org</u>	_____
(E-Mail)	(web site)

3. Type of Business Structure:

C-Corp
 (Proprietorship, Partnership, S-Corp., C-Corp., LLC, LLP, etc.)

4. List cumulative cash transfers or assumptions of liability in excess of 5 percent:

Affiliated Interest or Subsidiary Interest	Amount	Date
N/A		

5. Summarize all affiliated interest transactions:

	Company Name	Address	Total Dollar Amounts Of Transactions	Activity
1	Waste Connections, Inc.	3 Waterway Square Place, Suite #110 The Woodlands, TX 77380	\$111,284	See 6b below
2	Harold LeMay Enterprises, Inc.	4111 192nd St E Tacoma, WA 98446	\$84,933	Material sales revenue passed-through from third-party processor to Mason
3	Harold LeMay Enterprises, Inc.	4111 192nd St E Tacoma, WA 98446	\$66,228	Recycle processing fee paid to Harold LeMay Enterprises, Inc.
4	Harold LeMay Enterprises, Inc.	4111 192nd St E Tacoma, WA 98446	\$1,665	Mason paid for paper shredding services.

6. Additional information for affiliated interest transactions equal to or over \$100,000

a Balance Sheet and Income Statement See attached

b Products or services:

Waste Connections, Inc.:

Waste Connections, Inc. provides the following services to its subsidiary companies within their respective regions and districts:

1. Strategic direction and decision-making including all shareholder/investor relations and managerial decisions affecting operations.
2. All human resource functions including recruiting, training, investigation and development of personnel.
3. Financial Services Functions
 - a. All accounts payable processing , including vendor procurement and national account establishment .
 - b. All cash processing, treasury & banking functions, debt payments and management thereof
 - c. All payroll management and support.
 - d . Fixed asset accounting, processing and reconciliation.
 - e. Accounting direction support, GAAP management, SEC reporting compliance, all federal, state and local tax management and reporting.
 - f. Billing and invoicing and customer support including new customer service set up and initiatives.
4. All risk management functions, including carrier selection, monitoring as well as auto and workers' compensation claims administration and disposition.
5. Safety oversight direction, support and initiatives for enhancement.
6. Engineering, construction management and environmental services compliance.
7. Direct legal services and oversight of outside legal counsel.
8. Vehicle/Equipment procurement direction and support, including the establishment of all vehicle/equipment maintenance standards

Harold LeMay Enterprises, Inc.: Intercompany transfer of Mason's material sales revenue paid to LeMay by Pioneer Recycling Services. LeMay also provides commingle bailing services to Mason.

c Description of pricing basis:

For services provided by Waste Connections Inc.:

Allocation based on proportionate share of total operating expenses as adjusted. Regional support is charged directly to districts for direct expenses and allocated by customer count for indirect expenses by Waste Connections of Washington Inc.

For transaction with Harold LeMay Enterprises, Inc.:

Recycling material payment: direct pass-through of recycle material revenue paid to LeMay by Pioneer Recycling Services (3rd party pricing). Cost of bailing is set to closely approximate 3rd party pricing.

d Description of loans:

Loans between Waste Connections, Inc. and Mason County Garbage Company, Inc.	None
Loans between Harold LeMay Enterprises, Inc. and Mason County Garbage Company, Inc.	None

e Description of any obligations or liabilities assumed:

Mason County Garbage Company, Inc. has assumed no liabilities or obligations on behalf of either Waste Connections, Inc. or Harold LeMay Enterprises, Inc.

f Affiliated interest or subsidiary activities:

Waste Connections, Inc.:	Parent company/corporate office provides management and administrative services.
Harold LeMay Enterprises, Inc.	Processing and marketing of recyclables.

g List all common officers and directors: See attached

SCHEDULE 2C
BALANCE SHEET - HAROLD LEMAY ENTERPRISES, INC.

Complete this Balance Sheet in accordance with the end-of-year ledger figures as reflected in company books of account.

Line (L)	Account Name (a)	Balance End of Year (b)
Current Assets:		
1	Cash and Working Funds	\$218,207
2	Special Deposits	
3	Temporary Cash Investments	
4	Notes Receivable	
5	Receivables from Affiliated Companies	
6	Accounts Receivable	\$14,172,088
7	Less: Allowance for Uncollectables	\$103,497
8	Net Accounts Receivable	\$14,068,591
9	Prepayments	\$781,092
10	Materials and Supplies	\$906,021
11	Other Current Assets (specific in Footnote)	
12	Total Current Assets	\$15,973,911
Tangible Property:		
13	Solid Waste Operating Property (Schedule 2A, Line 12)	\$151,217,718
14	Less: Accumulated Depreciation (Schedule 2A, Line 22)	\$96,043,413
15	Net Solid Waste Operating Property	\$55,174,305
16	Total Net Tangible Property	\$55,174,305
Intangible Property:		
17	Organization, Franchises, and Permits	\$43,039,790
18	Accumulated Amortization - Credit	\$14,060,856
19	Other Intangible Property	\$94,386,214
20	Accumulated Amortization - Credit	
21	Total Net Intangible Property	\$123,365,148
Other Assets and Deferred Items:		
22	Investment and Advances	(\$92,310,142)
23	Undistributed Earnings from Subsidiaries	
24	Deferred Debits	
25	Other Assets and Deferred Items: (specify in Footnote)	\$7,315
26	Total Other Assets and Deferred Items	(\$92,302,827)
27	Total Assets (add lines 12, 16, 21 and 26)	\$102,210,537

SCHEDULE 2D
BALANCE SHEET - HAROLD LEMAY ENTERPRISES, INC.

Complete this Balance Sheet in accordance with the end-of-year ledger figures as reflected in company books of account.

Line (L)	Account Name (a)	Balance End of Year (b)
Current Liabilities:		
1	Notes Payable	
2	Payables to Affiliated Companies	
3	Accounts Payable	\$3,141,829
4	Salaries and Wages Payable	\$2,317,843
5	Accrued Taxes	\$781,207
6	Current Portion of Long Term Debt (Equipment and Other)	
7	Other Current Liabilities (specify in Footnote)	\$288,435
8	Total Current Liabilities	\$6,529,314
Long Term Debt After 1 Year:		
9	Equipment Obligations	
10	Other Long Term Debt (specify in Footnote)	
11	Unamortized Premium / Discount of Debt - (net)	
12	Total Long Term Debt After 1 Year	
Deferred Credits and Other Items:		
13	Deferred Credits	\$2,332,983
14	Other Credits (specify in Footnote)	
15	Total Deferred and Other Credits	\$2,332,983
16	Total Liabilities (Add Lines 8, 12, and 15)	\$8,862,297
Shareholder's and Proprietor's Equity:		
17	Capital Stock	
18	Capital Stock	
19	Paid in Capital in Excess of Par	
20	Other Capital (specify in Footnote)	
21	Total Capital Stock	
22	Proprietor's Equity	
23	Sole Proprietor's Capital	
24	Partnership Capital	
25	Total Proprietor's Capital	
26	Retained Earnings	\$93,348,240
27	Total Equity (Add Lines 21 and 26 or 25)	\$93,348,240
28	Total Liabilities and Equity (Line 16 plus Line 27)	\$102,210,537

SCHEDULE 4

INCOME STATEMENT - HAROLD LEMAY ENTERPRISES, INC.

Complete this Total Company Income Statement in accordance with the end-of-year accumulated figures as reflected in company books of account.

Line	Account Name	Total Company
(L)	(b)	(c)
Revenues		
1	Solid Waste Operating Revenues (Line 13d, Schedule 3)	\$143,473,340
2	Grants / Debt Forgiveness	
3	Other (specify in Footnote)	
4	<i>Total Revenues (Line 1 thru Line 3)</i>	\$143,473,340
Expenses		
5	Employee Salaries	\$26,953,269
6	Employee Benefits	\$6,136,000
7	Truck Operating Costs	\$4,783,706
8	Repair and Maintenance	\$7,352,103
9	Insurance and Safety	\$977,080
10	Disposal and Processing	\$48,566,871
11	Depreciation	\$5,926,313
12	Selling and Advertising	\$689,738
13	Office and Administration	\$3,703,151
14	Management Fees	\$3,776,704
15	Taxes and Licenses	\$7,840,795
16	Rents	\$274,664
17	Other Expenses (specify in Footnote)	\$6,039,335
18	<i>Total Expenses before Other Items (add Lines 5 through 17)</i>	\$123,019,729
19	<i>Net Income before Other Items (Line 4 minus Line 18)</i>	\$20,453,611
Other Income and Expenses		
20	Other Income/(Loss) (specify in Footnote)	\$992,141
21	Interest, Dividends, and Other Investment Income/(Loss)	
22	Distrib./Undistrib. Income/(Loss) from Subsidiaries	
23	Interest Expense	
24	Other Deductions (specify in Footnote)	\$1,148,140
25	<i>Total Other Income and Expenses (add Lines 20 through 25)</i>	(\$155,999)
26	<i>Net Income before Federal Income Taxes (Line 19 plus Line 25)</i>	\$20,297,612
27	Federal Income Taxes	\$6,901,188
28	Net Income (Loss) (Line 26 minus Line 27)	\$13,396,424

Waste Connections, Inc.
Balance Sheet Summary

December
2016

Assets	
Current assets:	
Cash and equivalents	\$ 154,423,879
Accounts receivable	490,864,038
Current deferred tax assets	89,177,152
Inventory	24,757,953
Prepaid expenses	243,533,032
Total current assets	<u>1,002,756,053</u>
Property and equipment	4,771,678,341
Goodwill	4,400,314,963
Intangible assets	1,072,251,704
Restricted assets	63,406,246
Other assets	6,601,433,179
Intercompany	-
	<u>\$ 17,911,840,486</u>

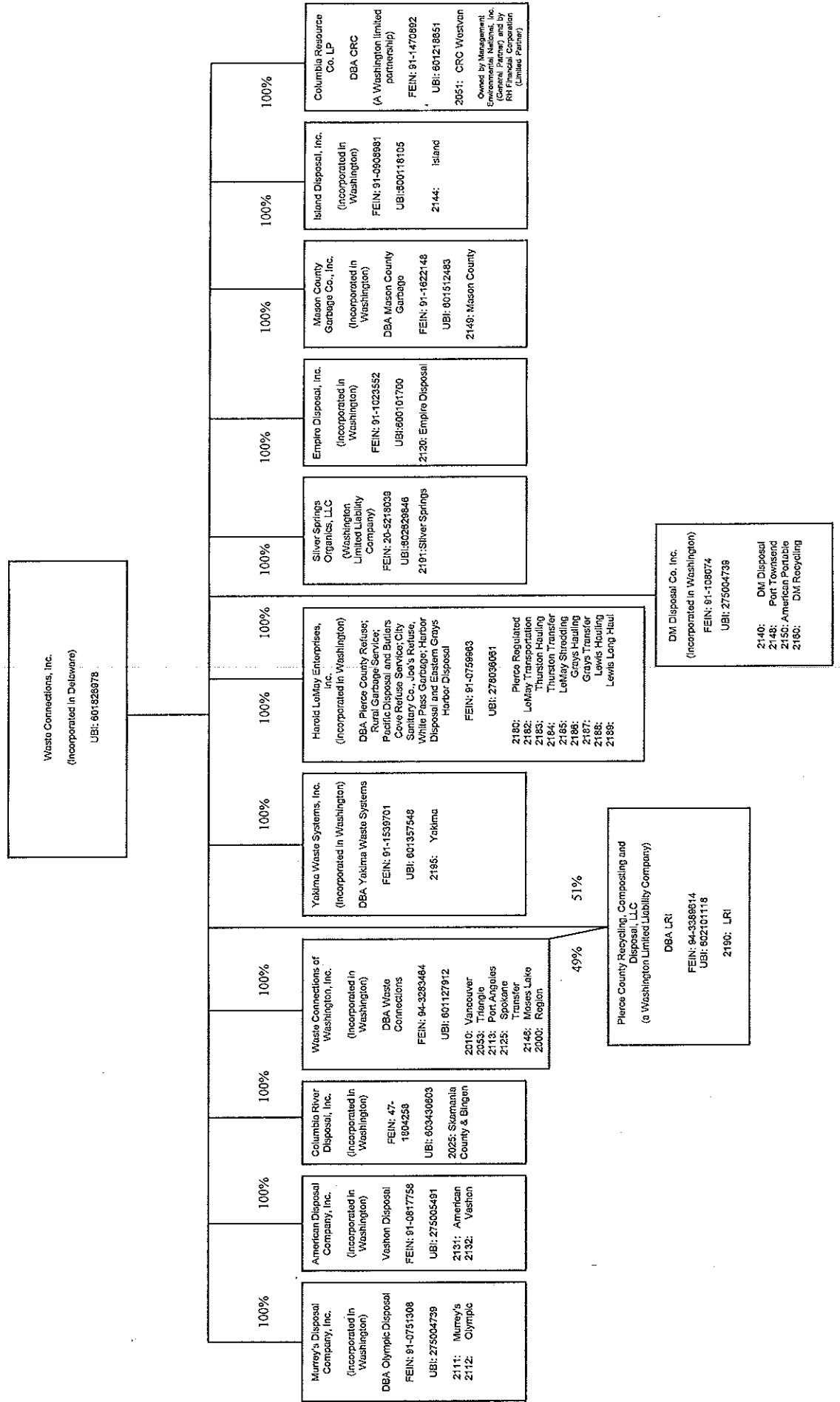
Liabilities and Equity	
Current liabilities:	
Accounts payable	\$ 252,572,429
Book overdraft	10,955,647
Accrued liabilities	441,400,628
ST Contingent Considerations	21,452,869
Deferred revenue	134,332,636
Current portion of long-term debt	1,650,262
Total current liabilities	<u>862,364,470</u>
Long-term debt	10,165,311,041
LT Contingent Considerations	30,373,384
Deferred income taxes	867,840,569
Other long-term liabilities	331,074,149
Total liabilities	<u>12,256,963,612</u>
Equity:	
Common stock	4,187,864,081
Additional paid-in capital	102,220,473
Entity equity	-
Deferred stock compensation	-
Treasury stock	(13,055,938)
Cumulative Translation Adjustment	(50,930,986)
Retained earnings	1,413,487,583
Accumulated other comprehensive income	7,929,742
Total Waste Connections' equity	<u>5,647,514,953</u>
Noncontrolling interests	7,361,920
Total equity	<u>5,654,876,874</u>
	<u>\$ 17,911,840,486</u>

Waste Connections, Inc.
Consolidated Income Statement

12 Months
Ended
12/31/2016

Revenues	\$ 3,375,862,933
Operating expenses:	
Cost of operations	1,957,712,009
Selling, general and administrative	474,262,620
Depreciation	393,600,078
Amortization	70,311,953
Loss on sale of operations/assets	28,678,379
Loss on prior office leases	(999,998)
Income from operations	452,297,893
Interest expense	(386,335,232)
Interest income	294,228,798
Other income (expense), net	53,192
Foreign Transaction Exchange (Gain) and	1,120,994
Income before tax provision	361,365,645
Income tax provision	(114,044,305)
Net income	247,321,340
Less: net income attributable to noncontrolling interests	(781,716)
Net income attributable to WCN	<u>\$ 246,539,624</u>

Corporate Organization Chart



Mason County Garbage, Inc.

Director

Ronald J. Mittelstaedt

Officers

<u>Name</u>	<u>Office</u>
Ronald J. Mittelstaedt	Chief Executive Officer
Steven F. Bouck	President
Darrell W. Chambliss	Executive Vice President, Chief Operating Officer and Assistant Secretary
Worthing F. Jackman	Executive Vice President, Chief Financial Officer and Assistant Secretary
Matthew S. Black	Senior Vice President and Chief Tax Officer
David G. Eddie	Senior Vice President and Chief Accounting Officer
David M. Hall	Senior Vice President – Sales & Marketing
Patrick J. Shea	Senior Vice President, General Counsel and Secretary
James M. Little	Senior Vice President – Engineering and Disposal
Robert M. Cloninger	Vice President, Deputy General Counsel and Assistant Secretary
Keith P. Gordon	Vice President – Information Systems
Eric O. Hansen	Vice President – Chief Information Officer
Michelle L. Little	Vice President of Accounting
Shawn W. Mandel	Vice President – Safety and Risk Management
Susan R. Netherton	Vice President – People, Training and Development
Scott I. Schreiber	Vice President – Disposal Operations
Gregory Thibodeaux	Vice President – Maintenance and Fleet Management
Mary Anne Whitney	Vice President – Finance
Colin Wittke	Vice President – Sales
Rick Wojahn	Vice President – Business Development
Brent Ditton	Regional Vice President
Kevin Joyce	Regional Controller

Waste Connections, Inc.

Directors

Ronald J. Mittelstaedt
Robert H. Davis
Edward E. "Ned" Guillet
Michael W. Harlan
Larry S. Hughes
Susan "Sue" Lee
William J. Razzouk

Officers

<u>Name</u>	<u>Office</u>
Ronald J. Mittelstaedt	Chief Executive Officer
Steven F. Bouck	President
Darrell W. Chambliss	Executive Vice President, Chief Operating Officer and Assistant Secretary
Worthing F. Jackman	Executive Vice President, Chief Financial Officer and Assistant Secretary
Matthew S. Black	Senior Vice President and Chief Tax Officer
David G. Eddie	Senior Vice President and Chief Accounting Officer
David M. Hall	Senior Vice President – Sales & Marketing
Patrick J. Shea	Senior Vice President, General Counsel and Secretary
James M. Little	Senior Vice President – Engineering and Disposal
Robert M. Cloninger	Vice President, Deputy General Counsel and Assistant Secretary
Keith P. Gordon	Vice President – Information Systems
Eric O. Hansen	Vice President – Chief Information Officer
Michelle L. Little	Vice President of Accounting
Shawn W. Mandel	Vice President – Safety and Risk Management
Susan R. Netherton	Vice President – People, Training and Development
Scott I. Schreiber	Vice President – Disposal Operations
Gregory Thibodeaux	Vice President – Maintenance and Fleet Management
Mary Anne Whitney	Vice President – Finance
Colin Wittke	Vice President – Sales
Rick Wojahn	Vice President – Business Development

Waste Connections of Washington, Inc.

Director

Ronald J. Mittelstaedt

Officers

<u>Name</u>	<u>Office</u>
Ronald J. Mittelstaedt	Chief Executive Officer
Steven F. Bouck	President
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