

To Whom it may concern,

Clark County supports the WUTC effort to require regulated companies to report transactions between subsidiaries. Clark County Staff are not available to attend the November 5th stakeholder workshop. City of Vancouver Staff will be attending the meeting, and will represent our shared opinions.

Clark County also wishes to express our concern that the length of the comment period was too brief for other local government representatives to respond. There has been an effort to alert local jurisdictions of the opportunity to comment on this rulemaking. Clark County recommends that the comment period be extended.

Clark County supports the rulemaking for several reasons:

1) There is a perception among small recycling enterprises that regulated companies are able to shift the cost of transporting recyclable materials to the regulated side of the business.

Requiring these transactions to be reported will provide safeguards against such questionable activities, and provide the regulated companies with a documentation trail in the event their business practices are challenged.

2) The loopholes in the system leave open the opportunity for off book transactions similar to those experienced in the energy and telecommunications industries.

These loopholes provide an opportunity for a regulated company to hide the true health of the business until it is too late for the WUTC to react. At that point, the ratepayers bear the financial burden created by the poor business practices.

Clark County is especially sensitive to the potential for any activities that could increase the potential for a regulated company to fail. For nearly 50 years, Clark County was served by the Disposal Group. In the early 1990's, the Disposal Group filed for bankruptcy protection. Poor management practices were the primary contributor toward the failure of this company. To my knowledge, the Disposal Group is the only regulated company in the State to fail on such a grand scale. As a result of the pending failure, rates had to be increased dramatically to offset the losses experienced by the Disposal Group.

3) The present methodology for tracking activities between the regulated companies and subsidiaries does not reflect the size and scope of today's regulated companies.

Many of these regulations were put in place back when garbage companies were mostly family owned businesses. Today most of the G-certificates on the west side of the state are owned by large corporations. The sheer size of these companies creates a vast pool of muddy water for hiding accounting transactions between subsidiaries. Once again, recent experiences in the energy and telecommunications industries prove that lax regulation leaves open the opportunity for shady accounting practices. The proposed rules will help to keep honest business people honest, and protect the ratepayers from unscrupulous accounting practices.

Clark County urges the WUTC to adopt rules for reporting transactions between subsidiaries. It is understood that regulated companies will complain that the proposed regulations are unnecessary and costly. We disagree. We suggest that the WUTC remind the regulated companies that monopolies granted by the government have to operate under rules established by the ratemaking authority, and the costs are recoverable through the rate base.

Thank you for considering Clark County's Comments

Michael T. Davis  
Interim Solid Waste Manager