

Subpart B: General Rate Proceedings

WAC 480-07-500 General rate proceedings--Statement of policy. (1) **Scope of this subpart.** This subpart explains the special requirements for certain ~~rate increase filings~~ submissions to change rates charged by electric, natural gas, pipeline, telecommunications, and water companies, low-level radioactive waste sites, ~~and~~ solid waste collection companies, and commercial ferries.

(2) **Inconsistencies with subpart A requirements.** If there is any inconsistency between the requirements in subpart B of these rules and those in subpart A, the requirements in subpart B control.

(3) **Purpose of special rules.** The special requirements in subpart B are designed to standardize presentations, clarify issues, and speed and simplify processing of general or limited rate proceedings.

(4) **Summary rejection for failure to comply.** The commission may ~~summarily~~ reject any submission to initiate filing ~~for~~ a general or limited rate proceeding that does not conform to the requirements of subpart B of these rules as provided in WAC 480-07-141. ~~If t~~The commission ~~summarily rejects a filing for a general rate, it~~ will provide a written statement of its reasons for any such rejection. ~~and will provide an opportunity for the case to be refiled in conformance~~ The company may revise its submission to remedy the noncompliance the commission has

identified and otherwise fully comply with these rules, but the stated effective date of the tariffs must be based on the date the company makes the revised submission.

(5) **Less than statutory notice.** The commission may grant requests to alter tariffs on less than statutory notice for good cause shown, in accordance with RCW 80.28.060 ~~or~~ 81.28.050. A company that seeks to implement general rate proceeding tariff changes on less than statutory notice must include with its submission a complete explanation of the reasons that support such treatment.

[Statutory Authority: RCW 80.01.040 and 80.04.160. 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-500, filed 11/24/03, effective 1/1/04.]

WAC 480-07-505 General rate proceedings--Definition;
tariff suspension. (1) ~~Rate filings~~ Submissions that initiate are ~~considered~~ **general rate proceedings.** Except as otherwise provided in this rule or RCW 80.04.130(2)(a) (governing rate decreases for telecommunications companies), the commission will initiate a general rate proceeding in response to a submission ~~A general rate proceeding filing is a filing~~ by any public ~~service~~ regulated company identified ~~specified~~ in WAC 480-07-500 to change its ~~for an increase in~~ rates if that submission meets any of the following criteria:

(a) The ~~amount~~ rates a company request ~~ed~~ would

~~alter~~increase its gross annual revenue ~~of the company~~ from activities the commission regulates~~d by the commission~~ by three percent or more.

(b) ~~Tariffs would be restructured such that the gross revenue provided by any customer class would increase by three percent or more.~~

~~(c)~~ The company requests a change in its authorized rate of return ~~on common equity~~ or a change in its capital structure.

~~(c)~~ The company is a solid waste company regulated under chapter 81.77 RCW, ~~except for filings specified under subsection (3)(a) of this section.~~

(2) **Rate filings Submissions** under Title 80 RCW that **will not initiate** ~~are not considered~~ general rate proceedings. The commission generally will not initiate general rate proceedings in response to the following submissions~~proceedings are not considered general rate increases~~ even though the revenue the company request~~ed~~ may vary by~~exceed~~ three percent or more ~~from~~of the company's current gross annual revenue from Washington regulated operations:

(a) Periodic rate adjustments the commission has generally authorized for electric and natural gas companies ~~that may be authorized by the commission~~ (e.g., power cost adjustments, and purchased gas cost adjustments, or decoupling adjustments).

(b) Emergency or other rate increases a company requests on short notice ~~increases as a result of~~ caused by disasters, ~~or adverse weather-related conditions, or other causes beyond the company's control that~~ unexpectedly and substantially

increasing a public service company's expensess.

(c) Rate ~~changes~~increases designed to recover only the costs a company incurs to comply with government-imposed actions that directly impact~~increases in the company's costs to provide regulated service of doing business such as (e.g., changes to~~ tax laws or local fees~~ordinances)~~.

(d) Submissions requesting limited rate proceedings pursuant to WAC 480-07-515 unless the commission exercises its discretion to review the submission as a general rate proceeding~~Other increases designed to recover increased expenses arising on short notice and beyond a public service company's control.~~

(3) ~~Rate filings~~ Submissions under chapter 81.77 RCW that ~~do~~ are not initiate~~considered~~ general rate proceedings. The commission generally will not initiate~~following filings are not considered~~ general rate proceedings in response to the following submissions by~~for~~ solid waste collection companies regulated under chapter 81.77 RCW even though the request may meet one or more criteria identifying general rate proceedings:

(a) ~~Submissions~~Filings by the following companies:

(i) Companies that provide ~~neither traditional residential or commercial solid waste operations. This category includes specialized carriers generally hauling services restricted to certain~~ specific waste products that are limited to~~for~~ specific customers; or

(ii) Companies that ~~and carriers~~ provideing only on-call or nonscheduled service (i.e., "eClass C" companies, as defined in

WAC 480-70-041) ~~;-~~

(b) Submissions seeking only to pass-through an increase in disposal fees; ~~pass-through charges for drop-box service, provided there are no affiliated interest relationships.~~

(c) Submissions for rate changes designed to recover only the costs a company incurs to comply with government actions that directly impact the company's costs to provide regulated service (e.g., changes to state or local taxes or fees); ~~Filings for collection of per-customer pass-through surcharges and taxes imposed by the jurisdictional local government based on the current year customer count either as a specified dollar amount or percentage fee amount.~~

(d) ~~Filings by existing solid waste companies for the implementation of~~ Submissions implementing new solid waste collection programs; ~~or-~~

(e) Submissions for periodic rate adjustments through a cost adjustment mechanism the commission has generally authorized for solid waste collection companies (e.g., fuel or recycling commodity adjustments).

(4) **Commission discretion.** The commission retains discretion to consider any submission described in this section as initiating a general rate proceeding or to convert any rate proceeding to a general rate proceeding. The commission may require that any submission filing or proposal by a public serviceregulated company to changeincrease rates for any customer class, or to restructure rates, beis subject to the procedures and protections inof subpart B of these rules.

(5) Suspension of tariffs. The commission may take action at a regularly scheduled open public meeting to suspend the tariff sheets included in any submission that seeks to change rates. A company may waive its right to commission consideration at an open meeting and request immediate suspension of the tariffs, either in the cover letter accompanying the submission or in a subsequent document. If staff confirms that the submission is complete and complies with the applicable rules in this subpart, the commission may enter a complaint and order suspending the tariffs without further process. The company and statutory parties may engage in discovery after the commission issues a notice of prehearing conference without waiting until the commission enters a prehearing conference order.

[Statutory Authority: RCW 80.01.040 and 80.04.160. 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-505, filed 11/24/03, effective 1/1/04.]

**WAC 480-07-510 General rate proceeding submissions--
Electric, natural gas, pipeline, and telecommunications
companies.** General rate proceeding submissions by filings for
electric, natural gas, pipeline, and telecommunications
companies must include the information described in this
section. The company and all parties to an adjudication in a
general rate proceeding must submit all required documents in
electronic form consistent with the requirements in WAC 480-07-

140. In addition, the parties must include five paper copies of all testimony and exhibits they submit for filing unless the commission establishes a different number.~~The commission may reject a filing that fails to meet these minimum requirements, without prejudice to the company's right to refile its request in conformance with this section. For purposes of this rule, "file with the commission," means filed with the commission's executive secretary under WAC 480-07-140 at the time the company files its general rate case; whereas "serve" or "provide" to commission staff or another party, means delivery to such persons, not filed with the commission.~~

(1) **Testimony and exhibits.** The company's initial submission for filing must include file with the commission ~~nineteen paper copies of~~ all testimony and exhibits ~~that~~ the company intends to present as its direct case if the commission suspends the tariff changes and commences an adjudication~~if the filing is suspended and a hearing held, unless the commission preapproves the filing of fewer copies. In addition, the company must provide one electronic copy of all filed material in the format identified in WAC 480-07-140(6). Material that the company has not produced under its direction and control and that is not reasonably available to it in electronic format, such as generally available copyrighted published material, need not be provided in electronic format.~~ The company must serve a copy of the submission materials filed under this section on the public counsel unit of the Attorney General's Office at the time the company makes the submission to~~of filing with~~ the commission

~~if thein any~~ proceeding is the type in which public counsel generally appears or haswill appeared in the past. The utility submission must include provide an exhibit that includes a results-of-operations statement showing test year actual results and ~~anythe~~ restating and pro forma adjustments in columnar format supporting its general rate request. The companyutility must also showidentify each restating and pro forma adjustment and ~~theits~~ effect of that adjustment on the company'sresults-of operations and rate of return. The testimony must include a written description of each proposed restating and pro forma adjustment describing the reason, theory, and calculation of the adjustment.

(2) **Tariff sheets.** The company's initial submission for filing must includecompany must file with the commission and provide to public counsel a copy of the company's proposed new or revised tariff sheets in legislative format, (i.e., with strike-through to indicate theany material to be deleted or replaced and underlining to indicate theany material to be inserted), in paper and electronic format, unless already provided as an exhibit under subsection (1) of this section. ~~The company must also file with the commission and~~ copies of any tariff sheets that are referenced inby the new or amended tariff sheets.

(3) **Work papers and accounting adjustments.**

(a) General. ~~At the time the company makes its general rate ease filing, the company~~The company's initial submission for filing must includeprovide one copy of all supporting work

~~papers that support the company's rate change request and the direct testimony of each witness to public counsel and three copies to staff in a format as described in this subsection. Staff and each other~~ Every party must submit for filing and serve provide work papers that support its position and the testimony of each of its witnesses when the party submits that testimony to all other parties within five days after the filing of each subsequent round of testimony filed (e.g., response, rebuttal). All work papers must comply with the requirements of this subsection.

(b) Referenced documents. If a party's ~~the~~ testimony, exhibits, or work papers refer to a document, including, but not limited to, a report, study, analysis, survey, article, or court or agency decision, that document must be included in the party's ~~as a~~ work papers; Provided that the unless it is party may include an official citation or link to a commission order or to a reported court opinion or other state or federal agency decision, rather than the document itself, if that decision is reported in a generally accepted publication (e.g., Washington Reports Second (Wn.2d), Public Utility Reports (P.U.R.), etc.) or if the document is readily available on the website of the agency that entered that decision, in which case the reporter citation must be provided in the testimony. If a referenced document is voluminous, it need not be provided, but the company must identify clearly the materials that are omitted and their content. Omitted materials must be provided or made available if requested. ~~The following information is required for work~~

~~papers:~~

~~(cb)~~ *Organization.* Work papers must be plainly identified and well organized, with different documents or sections separated by or into tabs, and must include an index ~~and tabs~~. All work papers must be cross--referenced and include a description of the cross--referencing methodology.

~~(de)~~ *Electronic documents and confidentiality.* ~~Parties must provide all electronic files supporting their witnesses' work papers. The~~ Electronic files must be fully functional and include all formulas and linked spreadsheet files. Electronic files that support the exhibits and work papers must ~~be provided~~ using logical file paths, as necessary, by witness, and using identifying file names consistent with the naming requirements in WAC 480-07-140. A party may ~~submit file~~ a document for filing with locked, hidden, or password protected cells only if such restricted access is necessary to protect the confidentiality of the information within the cells ~~or proprietary information in the document~~. The party must identify each locked, hidden, or password protected cell and must designate such cells, as well as any other information the party contends is ~~shall designate that portion of the document as~~ confidential under RCW 80.04.095, in compliance with the requirements in WAC 480-07-160, ~~and/or~~ any protective order, ~~and the~~ The party must make such information accessible to all persons who have signed the protective order or are otherwise entitled to access the information, including but not necessarily limited to commission staff and public counsel ~~shall provide it to any person~~

~~requesting the password who has signed an appropriate confidentiality agreement.~~

~~(e) Capital structure and rate of return. The work papers the company submits for filing must include a detailed description~~portrayal~~ of the development of any capital structure and rate of return proposals and all supporting work papers in the format described in this subsection. Any other party that submits testimony or exhibits for filing that propose revisions to the company's proposals also must submit supporting work papers.~~

~~(f) Restating and pro forma adjustments. Parties must provide~~Each party that proposes restating or pro forma adjustments must submit~~ work papers for filing that contain a detailed portrayal of the restating ~~actual~~ and pro forma adjustments ~~that~~ the party~~company~~ uses to support its proposal ~~or filing or that another party uses to support its litigation position.~~ That portrayal must specify,~~specifying~~ all relevant assumptions,~~7~~ and include~~ing~~ specific references to charts of accounts, financial reports, studies, and all similar records on which the party relies~~relied on by the company in preparing its filing, and by all parties in preparing their testimony and exhibits.~~ All work papers must include support for, and calculations showing, the derivation of each input number, used in the detailed portrayal and for each subsequent level of detail, and.~~The derivation of~~ all interstate and multiservice allocation factors ~~must be provided in the work papers.~~~~

~~(i) Change in methodologies for adjustments. If a party~~

~~proposes to calculate an adjustment in a manner different from the method that the commission most recently accepted or authorized for the company, it must also present a work paper demonstrating how the adjustment would be calculated under the methodology previously accepted by the commission, and a brief narrative describing the change. Commission approval of a settlement does not constitute commission acceptance of any underlying methodology unless so specified in the order approving the settlement.~~

~~——(ii) "Restating actual-adjustments" adjust the booked operating results for any defects or infirmities in actual recorded results of operations that can distort test period earnings. Restating actual-adjustments are also used to adjust from an as-recorded basis to a basis that the commission is acceptable for determining rates-making. Restating adjustments must be calculated based on the unadjusted test year operating results, not on another party's adjustments. The commission may refuse to consider any adjustment that is not calculated consistent with this requirement. Nonexclusive eExamples of restating actual-adjustments are adjustments that~~

(A) ~~to~~ remove prior period amounts;

(B) ~~to~~ eliminate below-the-line items that were recorded as operating expenses in error;

(C) ~~to~~ adjust from book estimates to actual amounts;

(D) annualize ongoing costs that the company began to incur part way through the test year;

(E) normalize weather or hydro conditions; or ~~and to~~

(F) eliminate or ~~to~~ 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 work papers must identify dollar values and underlying reasons for each proposed pro forma adjustment. Pro forma adjustments must be calculated based on the restated operating results.

(iii) If a party proposes to calculate an adjustment in a manner different than the method the commission most recently accepted or authorized for the company, the party must also submit work papers for filing that demonstrate how that adjustment would be calculated under the methodology previously accepted by the commission and explain the reason for the change. Commission approval of a settlement does not constitute commission acceptance of any underlying methodology unless the commission so states in the order approving the settlement.

~~(g)~~ Revenue sources. The work papers must include a detailed portrayal of the company's revenue from regulated sources, by source, during the test year and the a parallel portrayal, by source, of changes in those revenues if the commission approves the company's request~~produced by the filing,~~ including an explanation of how the changes were derived.

~~(h)~~ Achievement of rate of return. The company's work papers must include an explanation of why~~if~~ the ~~public service~~ company has not achieved its authorized rate of return,~~an explanation of why it has not~~ and what tangible actions the

company has taken prior to and during the test year~~is doing~~ to improve its earnings in addition to its request for increased rates. If the company has not taken any such actions, the company must explain why it has not.

(~~ih~~) Rate base and results of operations. The work papers must include a representation of the company's actual rate base and results of operations ~~of the company~~ during the test period, calculated in the same manner ~~used by~~ the commission used to calculate the ~~company's~~ revenue requirement in the ~~commission's final order in the company's~~ most recent ~~order granting the company a~~ general rate proceeding~~increase~~.

(~~ji~~) Affiliate and subsidiary transactions. The company's work papers must supplement, as necessary,~~ation of~~ the annual affiliate and subsidiary transaction reports required~~as provided~~ in rules governing reporting requirements~~for the applicable~~ each industry, ~~as necessary,~~ to include all such transactions during the test period. The company must~~is required to~~ identify all affiliate and subsidiary transactions that materially affect the proposed rates. The company must submit work papers for filing that support the allocation method the company used to distribute common costs between regulated and nonregulated affiliated entities and the dollar amount of those costs.

(4) **Summary document.**

(a) Contents. The company must include in its initial submission a~~file with the commission a summary~~ document that summarizes the~~briefly states the following~~ information in this subsection (4) (a) on an annualized basis, if applicable, and.

~~In presenting the following information, the company~~ must itemize revenues from any temporary, interim, periodic, or other noncontinuing tariffs. The company must include in its rate change percentage and revenue change calculations any revenues from proposed general rate change tariffs that would supersede revenue from noncontinuing tariffs. The summary document must also include:

(~~ia~~) The date and amount of the ~~lastlatest-prior~~ general rate ~~changeincrease authorized by~~ the commission authorized, and the revenue the company realized from that ~~authorized increasechange duringin~~ the test period, based on the company's test period units of sale (e.g., kilowatt hours, therms, etc.) revenue.

(~~iib~~) Total revenues the company is realizing at its present rates and the total revenues the company would realize at the requested rates.

(~~iiie~~) Requested revenue change in percentage, in total, and by major customer class.

(~~ivd~~) Requested revenue change in dollars, in total, and by major customer class.

(~~ve~~) The representative effect of the request in dollars for the average monthly use ~~Requested rate change in dollars,~~ per ~~average~~ customer, by customer class, or other similar meaningful representation, ~~if necessary to depict representative effect of the request. The summary document must also state~~ including but not limited to the effect of the proposed rate ~~changeincrease~~ in dollars per month on typical residential

customers by usage categories.

(~~vif~~) Most current customer count, by major customer class.

(~~viig~~) Current authorized overall rate of return and authorized rate of return on common equity.

(~~viiih~~) Requested overall rate of return and requested rate of return on common equity, and the method or methods used to calculate the requested rates of return ~~on common equity~~.

(~~ixi~~) Requested capital structure.

(~~xj~~) Requested net operating income.

(~~xik~~) Requested rate base and method of calculation, or equivalent.

(~~xii~~) ~~Requested r~~Revenue effect of any requested attrition allowance, ~~if any is requested~~.

(~~b5~~) ~~Required service of summary document~~.

(i) Persons to receive service. The company must serve the summary document on ~~public counsel and mail the summary document described in subsection (4) of this section to~~ the persons designated below on the same date it ~~submits~~files the summary document ~~to~~with the commission for filing:

(Aa) The public counsel unit of the Washington attorney general's office;

(B) All intervenors on the commission's master service list for the company's most recent general rate proceeding;

(Cb) All intervenors on the master service list for any other rate proceeding involving the company during the five years prior to the company's submission~~filing~~, if the rates established or considered in that proceeding may be affected

~~by~~ in the company's rate change request~~proposed general rate filing; and~~

(~~D~~e) All persons who have informed the company in writing that they wish to be provided with the summary document required under this section.

(ii) Cover letter. The company must enclose a cover letter with the summary document stating that the company's prefiled testimony, ~~and~~ exhibits, ~~and the~~ accompanying work papers, ~~diskettes, and publications specified in this rule~~ are available from the company on request, subject to any confidentiality restrictions, if the company is not serving them along with the summary document~~er stating that they have been provided.~~

(iii) Limitation. This service requirement~~provision~~ does not create a right to service or notice of future submissions in the proceedings to the~~in~~ persons named to receive the summary. Any person who wishes to be served documents subsequently submitted in the general rate proceeding must petition to intervene in that proceeding.

(~~5~~6) **Cost studies.** The company's initial submission must (a) include~~file with the commission~~ any cost studies the company~~it~~ performed or relied on to prepare its proposals; filing, (b) identify all cost studies conducted in the last five years for any of the company's services; ~~and~~ (c) describe the methodology the company used in all such cost studies. If the cost studies are in the form of a model, the company must provide a copy of that model that will enable the commission to verify and modify the model's inputs and

assumptions.

(67) ~~Other~~ Additional documents. The company's initial submission must include the company's file with the commission

(a) its most recent annual report to shareholders, if any, and any subsequent quarterly reports to shareholders;

(b) the most recent FERC Form 1 and FERC Form 2 for electric and natural gas companies, if applicable; and

(c) the company's Form 10K's, Form 10Q's, any prospectuses for any issuances of securities, and quarterly reports to stockholders, if any, for the most recent two years prior to the rate change request filing date.

[Statutory Authority: RCW 80.01.040 and 80.04.160. 08-18-012 (Docket A-072162, General Order R-550), § 480-07-510, filed 8/22/08, effective 9/22/08; 06-16-053 (Docket A-050802, General Order R-536), § 480-07-510, filed 7/27/06, effective 8/27/06; 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-510, filed 11/24/03, effective 1/1/04.]

WAC 480-07-515 Limited rate proceedings--electric and natural gas companies. Electric and natural gas companies may seek a rate change through a limited rate proceeding. The purpose of such a proceeding is to adjust rates for delivery of electricity or natural gas based on updated data for rate base, revenues, and expenses since the company's latest general rate proceeding or first limited rate proceeding. The commission will undertake

no more than two successive limited rate proceedings between a company's general rate proceedings.

(1) **General requirements.** A request for a limited rate proceeding must comply with the following requirements:

(a) The company must make the request within one year after the rate effective date of a general rate proceeding or one year after the rate effective date of a first limited rate proceeding;

(b) The company must use a test year that ends no more than six months prior to the request; the company must provide data through the end of the most recent month for which data are available; and the data must show actual results of operations under normal temperature conditions during the reporting period, adjusted to give a full year's effect to rate, expense, and revenue changes ordered in the company's most recent rate proceeding, or ordered after that proceeding;

(c) The company must maintain its authorized rate of return and capital structure from its most recent general rate proceeding;

(d) The company must update debt costs for known changes;

(e) The company must annualize rate base additions during the test year by allowing a full year of depreciation expense, accumulated depreciation, and deferred taxes;

(f) The company must remove all power costs, power production rate base (including generation-related transmission), associated deferred income taxes, and revenues attributable to power costs;

(g) The company must use only those restating and pro forma adjustments the commission approved or allowed the company to use in its most recent general rate proceeding, adjusted for the passage of time since that proceeding;

(h) The company may not propose changes to any cost allocation methods between any regulated and unregulated operations or inter-jurisdictional cost allocation, if applicable, except as the commission approved or allowed the company to use in its most recent general rate proceeding, but the company should update the data within the allocation method to the appropriate time period; and

(i) The company may not propose any changes in rate spread or rate design.

(2) **Submission and service.** The company must comply with all submission and service requirements in WAC 480-07-510 except subsections (3) (e) (capital structure and rate of return), (4) (a) (viii) (summary of proposed rates of return), and (4) (a) (ix) (summary of proposed capital structure). In addition, the cover letter accompanying the submission must prominently state that the company is seeking to change its rates through a limited rate proceeding.

(3) **Process.**

(a) The commission will convene a prehearing conference within ten business days following suspension of the tariff sheets included in a submission seeking a limited rate proceeding. In consultation with the parties at the prehearing conference, the commission will establish a procedural schedule

that will allow for the commission to enter a final order within six months from the stated effective date of the tariff changes. The commission may extend the procedural schedule on the motion of any party, for good cause shown, or on its own motion.

(b) The commission retains discretion to consider any limited rate proceeding submission as a general rate proceeding or to convert any limited rate proceeding to a general rate proceeding.

[Statutory Authority: RCW 80.01.040 and 80.04.160.]

WAC 480-07-520 General rate proceeding submissions--Solid waste collection companies and commercial ferries. General rate proceeding submissions ~~increase filings~~ by solid waste collection companies or commercial ferries ~~class A and B haulers as defined in WAC 480-70-041~~ must include the information described in this rule. ~~The commission may reject a filing that fails to meet these minimum requirements, without prejudice to the company's right to refile its request in conformance with this section.~~ The company must submit all required documents in electronic form consistent with the requirements in WAC 480-07-140. A party may submit a document for filing with locked, hidden, or password protected cells only if such restricted access is necessary to protect the confidentiality of the information within the cells. The party must identify each locked, hidden, or password protected cell and must designate such cells, as well as any

other information the party contends is confidential under RCW 81.77.210, in compliance with the requirements in WAC 480-07-160 and any protective order. The party must make such information accessible to all persons who have signed the protective order or are otherwise entitled to access the information, including but not necessarily limited to commission staff.

(1) **Proposed tariff.** The company's initial submission for filing must include the company's proposed tariff sheets ~~may be filed in electronic form supplemented by one paper copy. The proposed tariff sheets should be~~ in legislative format, i.e., with strike-through to indicate any material to be deleted or replaced and underlining to indicate any material to be inserted. ~~The electronic copy must be submitted in the format identified in WAC 480-07-140(6).~~

(2) **Local government ordinances and customer notices.** The company's initial submission for filing must include a copy of every local government ordinance related to the request in compliance with WAC 480-70-326, and a copy of the customer notices issued in compliance with the provisions of WAC 480-70-271.

(3) **Transmittal letter.** The company's initial submission for filing must include a transmittal letter ~~prepared~~ in compliance with ~~the provisions of~~ WAC 480-70-326.

(4) **Work papers.** The company's initial submission for filing must include all work papers that support the company's rate change request.~~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. The electronic copy must be submitted in the format identified in WAC 480-07-140(6).~~ Work papers must include the following:

(a) A detailed pro forma income statement separated by customer class among solid waste, single family residential recycling, multifamily recycling, and yard waste, with restating ~~actual~~ and pro forma adjustments, reflected in separate columns, 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 of operations that can distort test period earnings. Restating ~~actual~~ adjustments are also used to adjust from an as-recorded basis to a basis that the commission is acceptable for determining rates 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 to 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 company's initial submission for filing must identify dollar values and underlying reasons for each proposed pro forma adjustment.

(iii) Restating and pro forma adjustments must be

calculated as the variance from the booked operating results.

(b) A calculation of the total revenues the company is realizing at its present rates and the total revenues the company would realize at the requested rates~~revenue impact of proposed tariff revisions.~~

(c) An income statement listing all revenue and expense accounts by month or a supporting general ledger for the test period.

(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. The company must provide c~~Copies of all contracts ~~must be provided upon request.~~

(f) ~~A d~~Detailed study that reconciles service pickups or passenger counts, as applicable, to the test year revenue by tariff item or service. The computed revenue must price-out information that reconciles within five percent of, ~~without adjustment, to the test period booked revenue, including the test period customer count by tariff item.~~

(g) A consolidated balance sheet for the company with supporting documentation, including but not limited to detailed cost, ~~including the percentage of equity and the percentage of debt,~~ and a list of all leases to which the company is a party~~the cost of that debt by component.~~

(h) A detailed calculation of net investment in plant and equipment and the net book value of used and useful assets at the end of the test period.

(i) 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 work sheet is submitted detailing the calculations.~~

(j) An explanation of why the company has not achieved its authorized rate of return and what tangible actions the company has taken prior to and during the test year to improve its earnings in addition to its request for increased rates. If the company has not taken any such actions, the company must explain why it has not.

(k) Information about every transaction with an affiliated interest or subsidiary that directly or indirectly affects the proposed rates, including. ~~This must include:~~ A a full description of the relationship, the 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.

(5) **Annual report.** The company's initial submission must include the company's most recent consolidated annual report to shareholders, if any.

[Statutory Authority: RCW 80.01.040 and 80.04.160. 06-16-053 (Docket A-050802, General Order R-536), § 480-07-520, filed 7/27/06, effective 8/27/06; 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-520, filed 11/24/03, effective 1/1/04.]

WAC 480-07-530 General rate proceeding submissions--Water companies. General rate proceeding submissions~~increase filings~~ by water companies must include the information described in this section. ~~The commission may summarily reject a filing that fails to meet these minimum requirements, without prejudice to the company's right to refile its request in conformance with this section.~~The company must submit all required documents in electronic form consistent with the requirements in WAC 480-07-140. A party may submit a document for filing with locked, hidden, or password protected cells only if such restricted access is necessary to protect the confidentiality of the information within the cells. The party must identify each locked, hidden, or password protected cell and must designate such cells, as well as any other information the party contends is confidential under RCW 80.04.095, in compliance with the requirements in WAC 480-07-160 and any protective order. The

party must make such information accessible to all persons who have signed the protective order or are otherwise entitled to access the information, including but not necessarily limited to commission staff. The submission must include the following:

(1) **Cover letter.** The cover letter must:

(a) Provide a description of the submission filing, and the requested rate change action, in understandable terms;

(i) Explain any tTechnical terms and otherwise are acceptable, but descriptions must use common terms to describe the submission so the public can easily understand its~~the~~ impact of the filing;

(ii) Define any aAcronyms, if used, must be defined before they are used in the text of the letter;

(b) State why the company is requesting a rate change filing is being made (e.g., to recover higher increased costs for water testing);

(c) Describe each service that the submission is impacted ed and the dollar and percentage change for each service, as well as the net impact of all changes on the company's total regulated revenue.

(2) **Tariff.** The proposed tariff must indicate all changes to the existing tariff in legislative format, i.e., with strike-through to indicate the material to be deleted or replaced and underlining to indicate the material to be inserted include explanatory markings.

(3) **Customer notice.** A copy of the notice the company mailed to customers.

(4) **Work papers.** ~~The supporting w~~Work papers for the test period must support the company's rate change request and, at a minimum, must includeing the following:

(a) A calculation of the total revenues the company is realizing at its present rates and the total revenues the company would realize at the requestedrevenue impact of proposed rates by each class affected.~~.~~

(b) A bBalance sheet and statement of revenues and expenses.~~.~~

(c) A dDepreciation schedule.~~.~~

(d) A schedule showing any adjustments proposed ~~including a schedule showing adjustments~~ to the statement of revenues and expenses, including any restating adjustments ~~and/or~~ pro forma adjustments, and including the effect of any adjustments on the proposed rates.~~.~~

(e) An explanation of allWork papers that explain both restating adjustments and pro forma adjustments that the company proposes, specifying all relevant assumptions, and including specific references to charts of accounts, financial reports, studies, and all similar records on which the company relied ~~on by the company~~ in preparing its initial submission filing, ~~and its supporting testimony and exhibits.~~

(i) "Restating ~~actual~~ adjustments" adjust the booked operating results for any defects or infirmities in actual recorded results, which can distort test period earnings. Restating ~~actual~~ adjustments are also used to adjust from an as-recorded basis to a basis that the commission is acceptsable for

determining rates-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 to 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 work papersfiling must identify dollar values and underlying reasons for each proposed pro forma adjustment.

(iii) Restating and pro forma adjustments must be calculated as the variance from the booked operating results.

(f) Usage statistics verifying test year revenues and proposed revenues.

(g) The pPublic water system identification number~~assigned~~ by the Washington department of health has assigned for each system that the new rates will affect.

(h) A sSchedule showing separation of revenues and expenses between regulated and nonregulated operations.

(i) An explanation of why the company has not achieved its authorized rate of return and what tangible actions the company has taken prior to and during the test year to improve its earnings in addition to its request for increased rates. If the company has not taken any such actions, the company must explain why it has not.

(j) Information about every transaction with an affiliated

interest or subsidiary that directly or indirectly affects the proposed rates, including a. ~~This must include:~~ A full description of the relationship, the 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.

[Statutory Authority: RCW 80.01.040 and 80.04.160. 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-530, filed 11/24/03, effective 1/1/04.]

WAC 480-07-540 General and limited rate proceedings--

Burden of proof. Public service companies bear the burden of proof in general and limited rate proceedings ~~that propose changes that would increase any rate, charge, rental, or toll,~~ as provided in RCW 80.04.130 or 81.04.130. The burden of proof includes the burden of going forward with evidence and the burden of persuasion. The commission will consider the company's initial submission for filing~~prefiled evidence~~ to be its full direct case in support of its rate change request~~filing~~ for purposes of deciding any prehearing motion to dismiss under WAC 480-07-380.

[Statutory Authority: RCW 80.01.040 and 80.04.160. 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-540, filed 11/24/03, effective 1/1/04.]

~~WAC 480-07-550 General rate proceedings--Compliance filings and other resulting filings. WAC 480-07-880 and 480-07-883 govern compliance filings and other filings that the commission authorizes or requires in a general rate proceeding.~~

~~[Statutory Authority: RCW 80.01.040 and 80.04.160. 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-550, filed 11/24/03, effective 1/1/04.]~~