

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 rate proceedings.

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

that remedies the noncompliance the commission has identified and otherwise fully complies with these rules consistent with the requirements in WAC 480-07-141(2).

(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 filing 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 requesting to change its ~~for an increase in~~ rates if that submission meets any of the following criteria:

(a) The ~~amount~~ rates a company requested would

~~alter~~increase its gross annual revenue ~~of the company~~ from activities the commission ~~regulated 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 target~~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~~ 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 expenses;;- or

(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)~~ or to comply with federal or
state rules concerning the level of rates.

~~—— (d) 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
will~~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~~ providing 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 following notice and an opportunity to comment if the commission finds that such action is consistent with the public interest. 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 ~~in~~ 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 of the submission 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 commission 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 Class A telecommunications companies.** General rate proceeding ~~submissions by filings for~~ electric, natural gas, pipeline, and Class A telecommunications companies as defined in WAC 480-120-034 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 and by the next business day must submit five paper copies of all testimony and exhibits 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 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 toef 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 that 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's results of operations and revenue requirement. 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. Work papers are documents that explain and
describe in greater detail the substance of a party's testimony

and exhibits, including but not limited to calculations, source documents, and treatises~~At the time the company makes its general rate case filing, the company must provide one copy of all supporting work papers 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).~~ Work papers will not be included in the evidentiary record of the proceeding unless the commission issues a bench request or a party introduces them. 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 except for the following:

(i) a ~~unless it is~~ party may include an official citation or Internet Uniform Resource Locator (URL) 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; and

(ii) a party may include only the relevant excerpts of a voluminous document if the party also provides a publicly accessible Internet URL to the entire document or describes the omitted portions of the document and their content and makes those portions available to the other parties and the commission upon request.~~, 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:~~

~~(c)~~ 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.

~~(d)~~ 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 must use identifying file names consistent with the naming requirements in WAC 480-07-140. A party may submitfile 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 that is not subject to public disclosure 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 or otherwise protected from public disclosure, 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~~s~~ 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 current capital structure or target rate of return 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, ~~and including~~ 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.

(iii) "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. Pro forma fixed and variable power costs, net of power sales, may be calculated directly based on either test year normalized demand and energy load, or on the future rate year demand and energy load factored back to test year loads.

(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 proposed 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~~f~~) 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 that would result in those revenues if the commission approves the company's request produced by the filing, including an explanation of how the resulting changes were derived.

(h~~g~~) Achievement of rate of return. The company's work papers must explain or provide support for the explanation in testimony and exhibits of why ~~If the public service~~ company has not achieved its target 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.

(i~~h~~) 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.

(j) 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 last latest prior general rate change increase authorized by the commission authorized for

the company, and the revenue the company realized from that ~~authorized increase~~ change during in the test period, based on the company's test period units of sale (e.g., kilowatt hours, therms, etc.); ~~revenue.~~

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

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

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

(~~v~~) 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 ~~change~~ increase in dollars per month on typical residential customers by usage categories; ~~i.~~

(~~vi~~) Most current customer count, by major customer class; ~~i.~~

(~~vii~~) Current ~~target~~ authorized overall rate of return and ~~target~~ authorized rate of return on common equity; ~~i.~~

(~~viii~~) 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.~~

(~~ix~~) Requested capital structure; ~~i.~~

~~(xj)~~ Requested net operating income; ~~and~~

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

~~(xiil)~~ Requested ~~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 state 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~~

~~(De)~~ 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, ~~and~~

~~diskettes, and publications specified in this rule~~ are available from the company on request, subject to any restrictions on information that is protected from public disclosure, 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 other than commission staff and public counsel who wishes to be served documents subsequently submitted in the general rate proceeding must petition to intervene in that proceeding.

(56) 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 following documents or an Internet URL for each of these documents:~~file with the commission~~

(a) ~~its~~ the company's most recent annual report to shareholders, if any, and any subsequent quarterly reports to

shareholders;

(b) the company's 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 480-07-520 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 solid

waste collection company may submit a document for filing with locked, hidden, or password protected cells only if such restricted access is necessary to protect the information within the cells that is not subject to public disclosure. The solid waste collection company 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 or otherwise protected from disclosure in compliance with the requirements in WAC 480-07-160 and any protective order. The solid waste collection company 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. A commercial ferry company may not submit a document for filing with locked, hidden, or password protected cells.

(1) **Proposed tariff.** The company's initial submission for filing must include the company's proposed tariff sheets. Sections that are narrative, e.g., that contain rules or notes, must 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. Changes to tariff sections that are tabular, e.g., charts containing rates and charges, must be marked with appropriate tariff symbols. ~~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~~s~~

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~~7~~ including the rates charged for the services rendered. The company must provide c~~Copies of all contracts must be provided~~

upon request.

(f) A 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 real property and vehicle 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 regulated entity ~~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) 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 and Class B telecommunications companies. General rate proceeding submissions~~increase filings~~ by water companies and Class B telecommunication companies as defined in WAC 480-120-034 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 information within the cells from public disclosure. 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 or otherwise protected from public disclosure, 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 technical 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 acronyms, 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

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 company's initial submission for filing must include the company's proposed tariff sheets. Sections that are narrative, e.g., that contain rules or notes, must 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. Changes to tariff sections that are tabular, e.g., charts containing rates and charges, must be marked with appropriate tariff symbols~~The proposed tariff must 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 include~~ing~~ 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 requested~~revenue impact of proposed~~ rates by each class affected.~~†~~

(b) A b~~B~~alance sheet and statement of revenues and expenses.~~†~~

(c) A d~~D~~epreciation 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 all~~Work 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 ~~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 work papers 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.

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

(g) For water companies, 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) 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 rate proceedings--Burden of proof.

Public service companies bear the burden of proof in general 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

~~filings~~~~prefiled evidence~~ to be its full direct case in support of its rate change request~~filings~~ 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.]~~