



SUMMIT
LAW GROUP

a professional limited liability company

POLLY L. MCNEILL
DID: (206) 676-7040
EMAIL: pollym@summitlaw.com

315 Fifth Ave S Suite 1000
Seattle, Washington 98104
phone · 206.676.7000
fax · 206.676.7001

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SENT VIA EMAIL
records@utc.wa.gov

Steven V. King
Executive Director and Secretary
P.O. Box 47250
1300 S. Evergreen Park Dr. SW
Olympia, WA 98504-7250

**Re: Procedural Rulemaking (Docket A-130355) –
Second Draft Rules Part III B (General Rate Proceedings)**

Dear Secretary King:

Summit Law Group submits this comment letter with regard to Docket A-130355, on behalf of our solid waste collection clients regulated by the Washington Utilities and Transportation Commission (“the Commission”). This round of rulemaking specifically addresses regulations governing general rate case filings, and this second draft responds to comments provided on the first draft of the general rate proceeding rules in Part III B of Chapter 480-07 WAC.

We support and echo many of the comments being submitted by the Washington Refuse and Recycling Association (WRRRA). As an industry, solid waste collection companies regulated by the Commission share many of the same concerns and experiences with general rate case filings. In some important respects, the current proposed rule is an improvement over existing regulations, and we appreciate the clarifications provided. However, as stated by WRRRA, it does not go far enough to provide certainty in how tariff rate requests are to be processed by the companies and how they will be handled by staff.

WAC 480-07-505(3)(b): We are disappointed that this rule does not clarify that filing for a rate change for the sole purpose of adjusting recycling processing fees or yard waste handling fees is not a general rate case. As recycling programs have promoted increased participation and greater quantities of materials are diverted from disposal, these facilities are really just an alternative destination for solid waste. If a company needs to file for recovering increases in those fees, it should not be required to do so in a general rate case proceeding. The term “disposal fee” is not defined by statute or by rule, and an expansive interpretation is therefore not precluded. There is no good policy reason for treating processing fees

differently from disposal fees. Staff's response to comments simply says, "processing fees are different than disposal fees" but does not articulate a factual or legal basis for that conclusion. We urge the Commission to reconsider that position, and explicitly recognize that filing for rate increases because processing fees have gone up should not necessarily be handled as a general rate case.

WRRRA points out the potential near-term effect of the implementation of China's National Sword. The industry expects a great deal of volatility in markets as a result. As recycling facilities adjust operations in response, changes in their costs will necessitate adjustments to processing fees. The companies will need to be nimble.

As a final observation regarding this section, it's worth noting that the only exception is if the fees increase, even just for disposal fees. We suggest that a filing because of a reduction in disposal (or processing) fees should also be an exception to the requirement of filing a general rate case.

WAC 480-07-520(4)(e): While we appreciate eliminating the need for providing rate information for nonregulated operations, we are disheartened that staff was not willing to explicitly allow nonregulated revenue to be provided in a consolidated form. Disclosure of this valuable commercial information is likely to result in private loss, including an unfair competitive disadvantage, if obtained by other companies operating nonregulated collection businesses. Auditors can ask for more detail during the rate case review if needed, but the detailed break-out is not always necessary and therefore should not be required as part of the initial filing.

WAC 480-07-520(4)(i): This presents another change that we requested, and we are glad to see concurrence. We agree with WRRRA's proposed phrasing, only because it more clearly identifies that it is the entity operating under the tariff for which rate revisions are requested for which the detailed depreciation schedule should be provided. For companies with multiple divisions, each of which has its own tariff, this change makes sense. It also codifies the usual practice, and eliminates the need for a petition for modification of the rule to do so. We point out that actually this same limitation of work papers only for the business unit providing services under the subject tariff would be appropriate for other work paper requirements, such as -520(4)(a) (a detailed pro forma income statement); -520(4)(b) (revenue calculations for proposed tariff revisions); (4)(c) (income statement listing all revenue and expense accounts by month); -520(4)(f) (study that reconciles revenues); and -520(4)(h) (detailed calculation of net investment and net book value). Otherwise, a petition for rule exemption is required under the regulations as currently written, and this rulemaking offers an opportunity to eliminate that needless step.

Steven V. King
December 1, 2017
Page 3

Thank you for your patient and tenacious process of revising the procedural rules, in particular the regulations in Part III B. We support the Commission's efforts, and look forward to the workshop for further discussion and education.

Sincerely,

SUMMIT LAW GROUP PLLC

A handwritten signature in cursive script, appearing to read "Polly L. McNeill".

Polly L. McNeill

cc: Clients