

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

WASTE MANAGEMENT OF
WASHINGTON, INC., d/b/a WASTE
MANAGEMENT - SOUTH SOUND
AND WASTE MANAGEMENT OF
SEATTLE,

Petitioner,

Seeking Exemption from the Provisions of
WAC 480-70-520(4) Relating to
Company Work Papers

DOCKET TG-201013

ORDER 01

GRANTING PETITION FOR
EXEMPTION; ALLOWING
TARIFF REVISIONS TO BECOME
EFFECTIVE SUBJECT TO
CONDITION

BACKGROUND

- 1 On December 30, 2020, Waste Management of Washington, Inc., d/b/a Waste Management - South Sound and Waste Management of Seattle (South Sound/Seattle or Company) filed with the Washington Utilities and Transportation Commission (Commission) proposed tariff revisions that would generate approximately \$1.25 million (9.2 percent) in additional revenue. The proposed revisions seek to recover increased expenses for disposal, maintenance, labor, fuel, and other operating and administrative costs. The Company serve approximately 20,000 residential customers, 1,000 commercial customers, and 1,390 roll-off customers in King County. The Company's last general rate increase became effective on June 1, 2014.
- 2 Commission staff (Staff) reviewed the Company's proposed tariff revisions and found that they would produce excessive revenue. Staff proposed adjustments to depreciation and the roll-off service revenue reported in the Company's test period. Staff's depreciation adjustment removed assets that were fully recovered between the end of the test period and the effective date of the proposed tariff. Staff's adjustment to roll-off service revenue normalized the impact of the COVID-19 pandemic, which resulted in reduced services. Staff and the Company agreed to a revised revenue requirement of approximately \$1.15 million (8.5 percent) in additional annual revenue. On February 16, 2021, the Company filed revised tariff pages to reflect Staff's recommended revenue levels.

4 With its rate case filing, the Company included a petition (Petition) requesting an exemption from Washington Administrative Code (WAC) 480-70-520(4), which requires solid waste companies to provide with any general rate case filing:

- (a) Detailed pro forma income statement
- (b) Revenue impact calculation for proposed tariff revisions
- (c) Income Statement
- (f) Detailed price-out information
- (h) Detailed depreciation schedule
- (i) Computed average investment

In its Petition, South Sound/Seattle also requests a partial exemption from WAC 480-70-520(4)(d), which requires solid waste companies to file a detailed separation of all revenue and expenses between regulated and nonregulated operations. The Company seeks only a partial exemption because it included with its general rate case filing a detailed separation of all revenue and expenses between regulated and nonregulated operations. The Company also included with its general rate case filing a detailed separation of all revenue and expenses between (1) Waste Management South Sound/Seattle, the business unit that provide services under the tariff that South Sound/Seattle requests to revise, and (2) other business units within Waste Management of Washington with which South Sound/Seattle has intra-company transactions or arrangements that, but for the fact that the business units are not separate corporations, would be affiliated interest transactions. Finally, the filing includes a detailed separation of all revenues and expenses for each of the other Waste Management of Washington business units performing collection operations, with expenses allocated proportionately based on regulated and unregulated revenues and a combined statement of detailed revenues and expenses for all of Waste Management of Washington's unregulated, non-collection operations added together.

5 In its Petition, South Sound/Seattle argues that “following a strict interpretation of WAC 480-07-520(4) would require the Company to submit into the public record certain proprietary and confidential business records unrelated to the substantive audit of the rate filing itself.”

- 6 Under WAC 480-07-110, the Commission may grant an exemption from, or modify the application of, its rules if doing so is consistent with the public interest, the purposes underlying regulation, and applicable statutes.¹
- 7 Staff reviewed the Petition and recommends granting South Sound/Seattle’s request for exemption because the Company provided the records required by WAC 480-07-520(4) for the Waste Management - South Sound and Waste Management Seattle business units and provided all records that Staff requested during its review. Staff concluded that the financial information provided supports the proposed revenue requirement and that the proposed increase, as revised, will result in rates that are fair, just, reasonable, and sufficient.
- 8 As part of their negotiations, Staff and the Company discussed changing the method by which the Company recovers labor costs associated with the administration of its commodity Revenue Share Program. Those labor costs are currently recovered in the commodity adjustment filing, which reduces the budget for recycling outreach programs by the amount of the labor costs. Over the last few years, commodity market decreases have highlighted the fact that the Revenue Share Plans should find alternative ways to recover the labor costs associated with the administration of the commodity Revenue Share Program. Staff believes these labor costs should be recovered in the recycling collection rate with all other Company operating costs, which would create a larger budget for the Revenue Share Program. This, in turn, would increase the County’s ability to achieve its recycling goals. The Company stated that it “does not want to change the funding mid-plan.” The Waste Management - South Sound Revenue Share Plan is in the second year of a two-year plan, and the commodity adjustment will expire December 31, 2021.
- 9 Staff agrees with the Company that changing the funding allocation for the Company’s Revenue Share Program mid-plan is not in the public interest, and recommends the Commission allow the proposed rates, as revised on February 16, 2021, to become effective on March 1, 2021, subject to the condition that the Company files a tariff revision no later than December 31, 2021, to incorporate the Revenue Share Program labor costs into recycling rates when the 2022-2023 revenue share plan has been finalized.

¹ See also WAC 480-70-051.

DISCUSSION

- 10 We grant the Company's Petition for Exemption. The purpose of the work paper filing requirements set out in WAC 480-70-520(4) is to provide the Commission with information to determine whether a proposed rate increase is fair, just, reasonable, and sufficient. Here, the Company has provided sufficient information to enable the Commission to make that determination and providing the additional information the rule requires would be unnecessary and unduly burdensome. Accordingly, granting an exemption from this requirement for the purposes of the filing in this docket is consistent with the public interest and the purposes underlying the rule, and should be granted.
- 11 We also allow the tariff revisions filed on December 30, 2020, as revised on February 16, 2020, to become effective by operation of law subject to the condition that Staff recommends. Waiting until the Company's 2022-2024 revenue share plan is finalized has no impact on customer rates and will be considerably less burdensome on the Company than would modifying the allocation of those costs mid-plan cycle. Accordingly, we require the Company to file a tariff revision no later than December 31, 2021, to incorporate the Revenue Share Program labor costs into recycling rates and remove those costs from the Revenue Share Program.

FINDINGS AND CONCLUSIONS

- 12 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, and affiliated interests of public service companies, including solid waste companies.
- 13 (2) South Sound/Seattle is engaged in the business of providing solid waste services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 14 (3) South Sound/Seattle is subject to the filing requirements of WAC 480-70-520 for general rate increase proposals. South Sound/Seattle filed a Petition seeking an exemption from certain of those requirements.
- 15 (4) This matter came before the Commission at its regularly scheduled open meeting on February 25, 2021.
- 16 (5) Under WAC 480-70-051, the Commission may grant an exemption from the provisions of any rule in WAC 480-70 if doing so is consistent with the public

interest, the purposes underlying regulation and applicable statutes. See also WAC 480-07-110.

- 17 (6) After reviewing the Petition filed in Docket TG-201013 by South Sound/Seattle on December 30, 2020, and giving due consideration, the Commission finds that the exemption is in the public interest and is consistent with the purposes underlying the regulation and applicable statutes and should be granted.
- 18 (7) After reviewing the proposed tariff revisions filed in Docket TG-201013, as revised on February 16, 2021, and giving due consideration, the Commission finds it is consistent with the public interest to allow the tariff revisions to become effective on March 1, 2021, subject to the condition that South Sound/Seattle files a tariff revision no later than December 31, 2021, to incorporate Revenue Share Program labor costs into recycling rates and remove those costs from the Revenue Share Program.

ORDER

THE COMMISSION ORDERS:

- 19 (1) The Commission grants Waste Management of Washington, Inc., d/b/a Waste Management - South Sound and Waste Management of Seattle's Petition for Exemption from WAC 480-70-520(4).
- 20 (2) The tariff revisions filed by Waste Management Waste Management of Washington, Inc., d/b/a Waste Management - South Sound and Waste Management of Seattle, as revised on February 16, 2021, shall become effective on March 1, 2021, by operation of law subject to the condition that Waste Management of Washington, Inc., d/b/a Waste Management - South Sound and Waste Management of Seattle file with the Commission a tariff revision adding the labor associated with the Revenue Share Program to recycling rates and remove those labor costs from the Revenue Share Program no later than December 31, 2021.
- 21 (3) The Commission retains jurisdiction over the subject matter and Waste Management Waste Management of Washington, Inc., d/b/a Waste Management - South Sound and Waste Management of Seattle to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective February 25, 2021.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner