##

FROM: Tiffany Van Meter

**DATE:** July 24, 2017

**SUBJECT:** TG-170661, Island Disposal, Inc.

**Discussion:**

Island Disposal, Inc. (Island or company) is a Class “A” solid waste company as defined in rule; WAC 480-70-041 with over $4.4 million in regulated intrastate gross revenues. As required in WAC 480-70-079, the company filed on May 31, 2017, with the Utilities and Transportation Commission (UTC or commission) a report on its affiliated interest and subsidiary transactions.

**Scope of Staff Investigation:**

Staff will examine the filing in UTC Docket TG-170661 and answer the following questions:

1. Does the information provided by the company meet the requirements of WAC 480-70-079?
2. As a result of examining the transactions contained in this filing, what areas and elements of affiliate contracts and arrangements will need to be examined in a future rate case to validate that they are reasonable and consistent with the public interest?

**Requirements set forth in WAC 480-70-079:**

WAC 480-70-079 requires regulated solid waste companies to provide the commission with the following information relating to transactions between a regulated solid waste company and its affiliate(s):

|  |  |
| --- | --- |
| ***Requirement*** | ***Staff opinion*** |
| Corporate organization chart of the company and its affiliated interests and subsidiaries (WAC 480-70-079 (2)). | Island has met this requirement. |

For 2016, Island is reporting the following transactions:

1. *Waste Connections, Inc.* – Provides management, safety, legal, accounting, human resources, procurement, engineering and environmental services to Island Disposal (reported $136,603 for 2016).
2. *Harold LeMay Enterprises, Inc.* – Provides glass hauling to Island Disposal (reported $12,544 for 2016).
3. *DM Disposal Company, Inc.* – Provides commingled hauling to processing facility (reported $5,196 for 2016).

| ***Requirement*** | ***Staff opinion*** |
| --- | --- |
| WAC 480-70-079 (3) states that if total affiliated interest or a subsidiary are less than $100,000 for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions. | Island has met this requirement. |
| For transactions over $100,000 the following information is also required by rule (WAC 480-70-079 (3) (a) through (g) and WAC 480-70-079 (4)) |
| ***Requirement*** | ***Staff opinion*** |
| Balance sheet and income statement for such affiliated interest (WAC 480-70-079 (3) (a)). | Island has met this requirement. |
| Description of the products or services provided to or from the company and each such affiliated interest or subsidiary (WAC 480-70-079 (3) (b)). | Island has met this requirement. |
| Description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year (WAC 480-70-079 (3) (c)). | Island has met this requirement. |
| Description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year (WAC 480-70-079 (3) (d)). | None reported. |
| Description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary (WAC 480-70-079 (3) (e)). | None reported. |
| Description of the activities of each such affiliated interest or subsidiary with which the company has transactions (WAC 480-70-079 (3) (f)). | Island has met this requirement. |
| A list of all common officers and directors between the solid waste company and each such affiliated interest or subsidiary, along with their titles in each organization (WAC 480-70-079 (3) (g)). | Island has met this requirement. |
| File copies of affiliated interest contracts and arrangements as stated in WAC 480-70-078 (WAC 480-70-079 (4)). | None reported. |

**Areas and Elements Examined in the Next Rate Case:**

Allocation for (overhead) services provided to the company by Waste Connections, Inc. and any potential effect on regulated customer rates.

**Conclusion**

Take no other action on this filing at this time and close the docket.