



FROM: Ronald M. Anderson II
DATE: June 2, 2023
SUBJECT: TG-230431, Harold Lemay Enterprises, Inc.

Discussion:

Harold Lemay Enterprises, Inc. (Lemay or company) is a Class “A” solid waste company as defined in rule; WAC 480-70-041 with \$97.8 million in regulated intrastate gross revenues. As required in WAC 480-70-079, the company filed on June 1, 2023, 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-230431 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):

<i>Requirement</i>	<i>Staff opinion</i>
Corporate organization chart of the company and its affiliated interests and subsidiaries (WAC 480-70-079 (2)).	Lemay has met this requirement.

For 2022, LeMay is reporting the following transactions:

1. *Waste Connections US, Inc.* – Provides management, safety, legal, accounting, and engineering and environmental services to Lemay (\$4,768,532).
2. *Silver Springs Organics, LLC* – Provides processing of organic solid waste. (\$58,142).
Received payment for hauling drop boxes for Silver Springs Organics (\$8,204)
3. *Mason County Garbage Company, Inc.* – Cost to process commingle at third-party processor paid back by Mason (\$32,632). Mason also received shredding services (\$253).
4. *Murrey’s Disposal, Inc.* d/b/a Olympic Disposal – Murrey’s utilized Lemay paper shredding services (\$5,444).

5. Island Disposal, Inc. – Received shredding services from Lemay (\$154).
6. D.M. Disposal Co. Inc. dba DMR – Payment to DMR Disposal for Lakeside Transfer Station hauling (\$7,314)
7. Waste Connections of Washington Inc, dba Waste Connections – Shredding revenue received from Waste Connections of Washington, Inc. in the amount of (\$1400)

<i>Requirement</i>	<i>Staff opinion</i>
WAC 480-70-079 (3) states that if total transactions with an 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.	Lemay 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))	
<i>Requirement</i>	<i>Staff opinion</i>
Balance sheet and income statement for such affiliated interest (WAC 480-70-079 (3) (a)).	Lemay 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)).	Lemay 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)).	Lemay 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)).	Reported none.
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)).	Reported none.
Description of the activities of each such affiliated interest or subsidiary with which the company has transactions (WAC 480-70-079 (3) (f)).	Lemay has met this requirement.

<i>Requirement</i>	<i>Staff opinion</i>
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)).	Lemay has met this requirement.
File copies of affiliated interest contracts and arrangements as stated in WAC 480-70-078 (WAC 480-70-079 (4)).	Reported none.

Areas and Elements Examined in the Next Rate Case:

Between 2018 and 2020, the cost of services received moved from under \$100 thousand to over \$4.3 million. Staff should look at allocation factors for services received from larger affiliates.

Conclusion

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