

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

WASTE MANAGEMENT OF
WASHINGTON, INC., d/b/a WASTE
MANAGEMENT – NORTH SOUND AND
WASTE MANAGEMENT OF SEATTLE,

Petitioner,

Seeking Exemption from the Provision of
WAC 480-07-520(4) Relating to Company
Work Papers

DOCKET TG-240529

ORDER 01

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

BACKGROUND

- 1 On June 17, 2024, Waste Management of Washington, Inc. d/b/a Waste Management North Sound and Waste Management Marysville (North Sound/Marysville or Company), filed original Tariff No. 20, that replaces Tariff No. 19, with the Washington Utilities and Transportation Commission (Commission). Tariff No. 20 would generate approximately \$5,952,000 (7.6 percent) in additional annual revenue for the collection of garbage, recycling, and yard waste. The Company also filed a request for an exemption from the work paper filing requirements in WAC 480-07-520(4) requesting Commission approval to submit work papers that vary from a strict interpretation of the filing requirements and file financial statements that only pertain to the regulated operations of the North Sound/Marysville division.
- 2 The Company serves approximately 93,000 residential garbage customers, 108,000 recycling customers, and 49,000 yard waste customers in Snohomish County and approximately 22,000 garbage customers, 26,000 recycling customers, and 13,000-yard waste customers in King County. The Company’s last general rate case took effect September 1, 2015.
- 3 Commission Staff (Staff) reviewed the Company’s proposed tariff revisions and found the proposed rates would result in excess revenue. Staff made adjustments to the Company’s depreciation schedule, changing the investment calculation from average investment to Net Book Value and adjusting depreciation expense to Staff’s calculated numbers. Staff also removed non-allowable expenses at both the operation level and corporate overhead level. In Staff’s review, the allocations between regulated and non-

regulated businesses were verified for appropriateness and allocations of the shared container shop were looked at to ensure the North Sound operation portion was reasonable.

4 North Sound/Marysville agreed to remove certain disputed costs in order to settle the case. Although Staff removed the costs, Staff notes this should not be precedential, and these costs will be reviewed by Staff in future filings. Staff and the Company agreed on a revised additional annual revenue of approximately \$3.9 million (4.98 percent). On October 24, 2024, the Company filed revised tariff pages to reflect Staff's recommended revenue level.

5 With its rate case filing, the Company included a petition (Petition) requesting an exemption from WAC 480-07-520(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;
- d. Detailed price-out information;
- e. Detailed depreciation schedule; and
- f. Computed average investment.¹

6 In its Petition, North Sound/Marysville also requests a partial exemption from WAC 480-07-520(4)(d), which requires solid waste companies to file a detailed separation of all revenue and expenses between regulated and non-regulated 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 non-regulated operations. The Company also included a detailed separation of all revenue and expenses between (1) Waste Management North Sound/Marysville, the business unit that provides services under the tariff that the Company requests to revise, and (2) other business units within Waste Management of Washington with which North Sound/Marysville has intra-company transactions or arrangements that, but for the fact that the business units are not separate corporations, would be affiliated 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

¹ See, WAC 480-07-520(4).

unregulated, non-collection operations added together.

7 In its Petition, North Sound/Marysville 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.”²

8 Staff reviewed the Petition and recommends granting the Company’s request for exemption because the Company provided the records required by WAC 480-07-520(4) for the North Sound/Marysville 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.

9 Staff recommends the Commission allow the proposed rates, as revised on October 24, 2024, to become effective on November 1, 2024, subject to the condition that the Company files a tariff revision in the form of a general rate case no later than October 16, 2026. Staff also recommends the Commission order the Company to file a cost of service study with that rate case.

DISCUSSION

10 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.³

11 We are convinced that the Company has provided sufficient documentation for Staff to conduct a thorough review of the filing and therefore, we grant the Company’s Petition for Exemption. The purpose of the work paper filing requirements set out in WAC 480-07-520(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 additional information the rule requires would be unnecessary and unduly burdensome. Accordingly, granting an exemption from this requirement for the purposes of this filing and under these circumstances is consistent with the public interest and the

² Petition, at ¶ 3.

³ WAC 480-07-110.

purposes underlying the rule.

12 We also are convinced that Staff's adjustments and recommendations result in fair, just, reasonable, and sufficient rates. We allow the tariff revisions filed on June 16, 2024, as revised October 24, 2024, to become effective, subject to the condition that the Company file a tariff revision, in the form of a general rate case no later than October 16, 2026, to include a cost of service study.

FINDINGS AND CONCLUSIONS

- 13 (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.
- 14 (2) North Sound/Marysville 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.
- 15 (3) North Sound/Marysville is subject to the filing requirements of WAC 480-07-520 for general rate increase proposals. North Sound/Marysville filed a Petition seeking an exemption from certain of those requirements.
- 16 (4) This matter came before the Commission at its regularly scheduled open meeting on October 24, 2024.
- 17 (5) Under WAC 480-07-110, the Commission may grant an exemption from the provisions of any rule in WAC 480-07 if doing so is consistent with the public interest, the purposes underlying regulation and applicable statutes.
- 18 (6) After reviewing the Petition filed in Docket TG-204529 by North Sound/Marysville on June 14, 2024, 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.
- 19 (7) After reviewing the proposed tariff revisions filed in Docket TG-240529, as revised on October 24, 2024, and giving due consideration, the Commission

finds it is consistent with the public interest to allow the tariff revisions to become effective on November 1, 2024, subject to the condition that North Sound/Marysville files a tariff revision no later than October 16, 2024, to incorporate cost of service study.

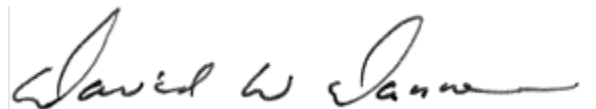
ORDER

THE COMMISSION ORDERS:

- 20 (1) The Commission grants Waste Management of Washington, Inc. d/b/a Waste Management North Sound and Waste Management Marysville Petition for Exemption from WAC 480-70-520(4).
- 21 (2) The tariff revisions filed by Waste Management of Washington, Inc. d/b/a Waste Management North Sound and Waste Management Marysville, as revised on October 24, 2024, shall become effective on November 1, 2024, subject to the condition that Waste Management of Washington, Inc. Waste Management North Sound and Waste Management Marysville file with the Commission a tariff revision in the form of a general rate case to include a cost of service study no later than October 16, 2026.
- 22 (3) The Commission retains jurisdiction over the subject matter and Waste Management of Washington, Inc. d/b/a Waste Management North Sound and Waste Management Marysville to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective October 24, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



/s/ David W. Danner

DAVID W. DANNER, Chair



/s/ Ann E. Rendahl

ANN E. RENDAHL, Commissioner

A handwritten signature in blue ink, appearing to read "Milton H. Doumit". The signature is fluid and cursive, with a large, stylized initial "M".

/s/ Milton H. Doumit

MILTON H. DOUMIT, Commissioner