

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

Complainant,

v.

WASTE MANAGEMENT OF
WASHINGTON, INC. d/b/a WASTE
MANAGEMENT OF SNO-KING

Respondent.

In the Matter of the Petition of

WASTE MANAGEMENT OF
WASHINGTON, INC. d/b/a WASTE
MANAGEMENT OF SNO-KING

For Rule Interpretation or Alternatively for
Modification or Exemption of WAC 480-07-
520(4)

DOCKET TG-091933
(consolidated)

COMMISSION STAFF'S
REBUTTAL TO WASTE
MANAGEMENT OF
WASHINGTON'S REPLY

DOCKET TG-091945
(consolidated)

1 Commission Staff submits the following rebuttal to Petitioner Waste Management of
Washington, Inc.'s (WMW) reply.

2 Regarding WMW's request for a rule interpretation that would obviate the need for
an exemption, Staff agrees that WMW and Staff have "made it work" in the past. However,
that is crux of the problem that Staff is trying to correct. "Making it work" with different
Staff and different companies has resulted in unequal treatment, created additional work for
Staff, and required more time to complete rate cases. The interpretation of the requirements
should not be left to Staff to make on a situational basis, and obtaining required information

should not depend upon agreement by the company. Without rearguing the issue of interpretation, Staff reiterates its position that Staff must apply the rule consistently to all companies, not on a case by case basis depending upon a company's business structure, and if a company seeks an exemption of the rule, the Commissioners, not Staff, should make that decision.

3 Regarding the petition for exemption, Staff wishes to make three points of clarification:

- At page 6, line 22, WMW states that “No filing has ever included an ‘income statement’ for WMW as a whole.” This may be true with respect to past general rate case filings by WMW. However, WMW *has* provided an income statement for WMW as a whole as part of its annual report filings to the Commission. WMW did file a WMW income statement in the suspended rate case, Docket TG-091933.
- Similarly, at page 12, line 11, WMW states “WMW has never included a consolidated balance sheet for the Washington corporate, because it does not have any debt-to-equity ratio; it is only held by the parent.” Again, it may be true that WMW has never included a balance sheet for WMW as a whole with respect to past general rate case filings, and Staff agrees that WMW does not currently have any debt of its own because borrowing occurs at the level of the parent, Waste Management, Inc. WAC 480-07-520(4)(g) requires a “consolidated balance sheet,” meaning a balance sheet that combines the assets and liabilities of the various affiliates within the larger firm into a single snapshot, so that the Commission can determine a debt-to-equity ratio for the regulated entity. What this requires, in Staff’s interpretation (and in the absence of an exemption), is a balance sheet for Waste Management, Inc. (the parent), and WMW (the subsidiary conducting regulated operations). What WMW has provided with its rate filing is a balance sheet for Waste Management, Inc. and a balance sheet for the SnoKing “business unit” within WMW, but not for WMW as a whole. However, WMW has previously provided, as part of its annual report filings, a balance sheet for WMW as a whole. Therefore, Staff has not recommended an exemption to this requirement because there is no showing of burden.
- At page 13, line 4, WMW states that it fails to understand how Staff is offering any exemption to the affiliated interest filing requirements of WAC 480-07-520(4)(j). Staff indicated that it seeks information about affiliated interest transactions limited to “those between business the business unit or units that provide services under the tariff that the Company is seeking to

amend, on the one hand, and affiliates of WMW, including Waste Management, Inc., on the other.” Staff believes that WMW’s point may be based on language in WAC 480-07-520(4)(j) that already limits the necessary affiliated interest transactions to those “that directly or indirectly affect the proposed rates.” Staff agrees that this language already achieves the result that Staff intended with its partial exemption. Therefore, Staff agrees that no exemption is necessary with respect to WAC 480-07-520(4)(j).

4 Finally, Staff wishes to respond to WMW’s request at page 13, line 22, that the Commission make the terms of the proposed exemptions generally applicable to WMW’s future filings. Staff does not agree with this proposal, and this is why Staff’s various exemption proposals included the words “for purposes of this filing only.” What Staff proposes is to work within the proposed partial exemptions for purposes of the current filing. Staff is committed to work with WMW to craft a long term solution. However, Staff is not yet certain that the partial exemptions that Staff recommends in this case will provide all of the information it needs to complete its work. If Staff finds that these exemptions do not hinder its ability to conduct its audit in the present filing, Staff would be willing to agree to a similar exemption when WMW files for its next general rate case, including an exemption that would last as long as Waste Management retains its current corporate structure.

DATED this 5th day of February 2010.

Respectfully submitted,

ROBERT M. MCKENNA
Attorney General



JONATHAN C. THOMPSON
Assistant Attorney General
Counsel for Washington Utilities and
Transportation Commission Staff