

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
STAFF RESPONSES TO DATA REQUESTS

DATE PREPARED: March 18, 2024	WITNESS: Ben Sharbono
DOCKET: TG-230778	RESPONDER: Ben Sharbono
REQUESTER: Murrey's	TELEPHONE: 360-664-1242

DATA REQUEST NO. 7:

The Company has requested that its large casualty loss be included in rates under the concept of rate normalization which allows for unusual but allowable costs to be amortized into the rates over a reasonable period of time.

- a. Has the Commission granted any rate normalization adjustments in past docketed solid waste rate cases in the last five years?
- b. If so, please list the docket numbers and nature of the normalization adjustment for each case approved in the 2019 through 2023 date range.
- c. What thresholds or standards does Staff apply to determine whether an adjustment qualifies for normalization?
- d. Does Staff consider a casualty loss to be unusual in a regulated transportation company's operations in which the company operates hundreds of thousands of miles annually?
- e. Does the absence of a civil or criminal citation associated with a casualty/accident loss influence Staff's position on accepting or denying a casualty loss inclusion in rates? Please explain.

RESPONSE:

- c. Staff considers several factors to decide on a threshold. Staff reviews the transactions in the account to determine "normal" levels of expenditure. If there is significant variability in the account, staff may review additional historical years to determine if the expenses are normal and recurring. Staff also considers the rate impact of the expenses, especially individual transactions that are unusual that have significant effects on the rates.
- d. As noted above, Staff considers a casualty loss to be a non-recurring, below-the-line expense. It is theoretically possible that a company could have casualty losses on such a frequent basis that they could be deemed recurring, but Staff believes it likely that the carrier would see its motor carrier permit canceled due to an unsatisfactory safety rating or that Staff would take a close look at the prudence of the company's training and operational practices in such an eventuality.
- e. The absence of a civil or criminal citation does not impact staff's position.