

AMENDATORY SECTION (Amending WSR 03-24-028, filed 11/24/03, effective 1/1/04)

WAC 480-07-500 General rate proceedings—Statement of policy.

(1) **Scope of this subpart.** This subpart explains the special requirements for certain filings to change rates charged by electric, natural gas, pipeline, telecommunications, and water companies, low-level radioactive waste sites, solid waste collection companies, and commercial ferries.

(2) **Inconsistencies with subpart A requirements.** If there is any inconsistency between the requirements in subpart B of these rules and those in subpart A, the requirements in subpart B control.

(3) **Purpose of special rules.** The special requirements in subpart B are designed to standardize presentations, clarify issues, and speed and simplify processing of general rate proceedings.

(4) **Failure to comply.** The commission, pursuant to WAC 480-07-141, may reject, or require the company to revise, any filing to initiate a general rate proceeding that does not conform to the requirements of subpart B of these rules. The commission will provide a written statement of its reasons if it rejects a filing. The

company may revise or refile a filing that remedies the noncompliance the commission has identified and otherwise fully complies with the rules consistent with the requirements in WAC 480-07-141(2), which governs the date on which the commission considers a filing to have been made.

(5) **Less than statutory notice.** The commission may grant requests to alter tariffs on less than statutory notice for good cause shown, in accordance with RCW 80.28.060 or 81.28.050. A company that seeks to implement general rate proceeding tariff changes on less than statutory notice must include with its filing a complete explanation of the reasons that support such treatment.

[Statutory Authority: RCW 80.01.040 and 80.04.160. WSR 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-500, filed 11/24/03, effective 1/1/04.]

AMENDATORY SECTION (Amending WSR 03-24-028, filed 11/24/03, effective 1/1/04)

WAC 480-07-505 General rate proceedings—Definition—Tariff suspension. (1) **Filings that initiate general rate proceedings.**

Except as otherwise provided in this rule or RCW 80.04.130 (2) (a)

(governing rate decreases for telecommunications companies), the commission will initiate a general rate proceeding in response to a filing by any public service company identified in WAC 480-07-500 requesting to change its rates if that filing meets any of the following criteria:

(a) The rates a company requests would alter its gross annual revenue from activities the commission regulates by three percent or more.

(b) Tariffs would be restructured such that the gross revenue provided by any customer class would increase by three percent or more.

(c) The company requests a change in its authorized rate of return on common equity or a change in its capital structure.

(d) The company is a solid waste collection company regulated under chapter 81.77 RCW.

(2) **Filings under Title 80 RCW that will not initiate general rate proceedings.** The commission generally will not initiate general rate proceedings in response to the following filings, even though the revenue the company requests may vary by three percent or more from the company's current gross annual revenue from Washington regulated operations:

(a) Periodic rate adjustments the commission has generally authorized for electric and natural gas companies (e.g., power cost adjustments, purchased gas cost adjustments, or decoupling adjustments);

(b) Emergency or other rate increases a company requests on short notice as a result of disasters, adverse weather, or other causes beyond the company's control that unexpectedly and substantially increase a public service company's expenses; or

(c) Rate changes designed to recover only the costs a company incurs to comply with government actions that directly impact the company's costs to provide regulated service (e.g., changes to tax laws or local fees) or to comply with federal or state rules concerning the level of rates for telecommunications companies.

(3) **Filings under chapter 81.77 RCW that will not initiate general rate proceedings.** The commission generally will not initiate general rate proceedings in response to the following filings by solid waste collection companies regulated under chapter 81.77 RCW even though the request may meet one or more criteria identifying general rate proceedings:

(a) Filings by companies:

(i) That provide specialized hauling services restricted to certain specific waste products that are limited to specific customers; or

(ii) That provide only on-call or nonscheduled service (i.e., Class C companies, as defined in WAC 480-70-041).

(b) Filings seeking only to pass through a change in fees unilaterally established and imposed by governmental or unaffiliated private entities, including disposal, recycling, yard waste, or processing fees, or to pass through changes to fees charged by affiliated entities if the public service company demonstrates that the total cost of transfer, transport, and fees at the affiliate's facilities is equal to or lower than other reasonable and currently available alternatives;

(c) Filings for rate changes designed to recover only the costs a company incurs to comply with government actions that directly impact the company's costs to provide regulated service (e.g., changes to state or local fees, charges, or taxes directly related to the collection or disposal of solid waste);

(d) Filings implementing new solid waste collection programs; or

(e) Filings for periodic rate adjustments through a cost adjustment mechanism the commission has generally authorized for solid

waste collection companies (e.g., fuel or recycling commodity adjustments).

(4) **Commission discretion.** The commission retains discretion to determine whether to initiate a general rate proceeding in response to any filing described in this section or to convert any rate proceeding to a general rate proceeding, following notice and an opportunity to comment, if the commission finds that such action is consistent with the public interest. The commission may require that any filing or proposal by a public service company to change rates for any customer class, or to restructure rates, be subject to the procedures and protections in subpart B of these rules.

(5) **Suspension of tariffs.** The commission may take action at a regularly scheduled open public meeting to suspend the tariff sheets included in any filing that seeks to change rates. A company may waive its right to commission consideration of the filing at an open meeting and request immediate suspension of the tariffs, either in the cover letter accompanying the filing or in a subsequent document. If commission staff confirms that the filing is complete and complies with the applicable rules in subpart B of these rules, the commission may enter a complaint and order suspending the tariffs without further process. The company and statutory parties may engage in discovery

pursuant to WAC 480-07-400 through 480-07-415 after the commission issues a notice of prehearing conference prior to the commission entering a prehearing conference order.

[Statutory Authority: RCW 80.01.040 and 80.04.160. WSR 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-505, filed 11/24/03, effective 1/1/04.]

AMENDATORY SECTION (Amending WSR 08-18-012, filed 8/22/08, effective 9/22/08)

WAC 480-07-510 General rate proceeding filings—Electric, natural gas, pipeline, and Class A telecommunications companies.

General rate proceeding filings by electric, natural gas, pipeline, and Class A telecommunications companies as defined in WAC 480-120-034 must include the information described in this section. The company and all parties to an adjudication in a general rate proceeding must file all required documents in electronic form consistent with the requirements in WAC 480-07-140 and by the next business day must file five paper copies of all testimony and exhibits unless the commission establishes a different number. If an exhibit is a database, spreadsheet, or model, the paper copy of that exhibit may simply

reference or describe its contents if printing the entirety of the database, spreadsheet, or model would result in a document exceeding five pages and would render the data, spreadsheet cells, or model unusable. The party, however, must submit a complete electronic version of the database, spreadsheet, or model, with all information, formulae, and functionality intact, as part of the party's electronic filing.

(1) **Testimony and exhibits.** The company's initial filing and any supplemental filings the commission authorizes must include all testimony and exhibits the company intends to present as its direct case. The company must serve a copy of the initial filing on the public counsel unit of the Washington state attorney general's office at the time the company makes the filing with the commission if the proceeding is the type in which public counsel generally appears or has appeared in the past. The filing must include a results-of-operations statement showing test year actual results and any restating and pro forma adjustments in columnar format that support the company's general rate request. The company must identify each restating and pro forma adjustment and the effect of that adjustment on the company's operations and revenue requirement. The testimony must include a written description of each proposed restating and pro

forma adjustment describing the reason, theory, and calculation of the adjustment.

(2) **Tariff sheets.** The company's initial filing must include the company's proposed new or revised tariff sheets in legislative format (i.e., with strike-through to indicate the material to be deleted or replaced and underlining to indicate the material to be inserted) consistent with the requirements in WAC 480-80-105, as well as copies of any tariff sheets that are referenced in the new or amended tariff sheets.

(3) **Detailed support for proposals.**

(a) *General.* The company must include in its initial testimony and exhibits, including those addressing accounting adjustments, sufficient detail, calculations, information, and descriptions necessary to meet its burden of proof. Any party responding to the company's proposal also must include in that party's testimony and exhibits sufficient detail, calculations, information, and descriptions necessary to support its filed case.

(b) *Capital structure and rate of return.* The company must include in testimony and exhibits a detailed description of the development of any capital structure and rate of return proposals. Any other party that files testimony or exhibits that propose revisions to

the company's current capital structure or authorized rate of return also must provide similar detailed information in testimony and exhibits supporting its proposal.

(c) *Restating and pro forma adjustments.* Each party that proposes restating or pro forma adjustments must include in its testimony and exhibits a detailed portrayal of the restating and pro forma adjustments the party uses to support its proposal or position. That portrayal must specify all relevant assumptions and include specific references to charts of accounts, financial reports, studies, and all similar records on which the party relies. Testimony and exhibits must include support for, and calculations showing, the derivation of each input number used in the detailed portrayal, as well as the derivation of all interstate and multiservice allocation factors.

(i) Restating adjustments adjust the booked operating results for any defects or infirmities in actual recorded results of operations that can distort test period earnings. Restating adjustments are also used to adjust from an as-recorded basis to a basis that the commission accepts for determining rates. Restating adjustments must be calculated based on the unadjusted test year operating results, not on another party's adjustments. The commission may refuse to consider any adjustment that is not calculated consistent with this

requirement. Nonexclusive examples of restating adjustments are adjustments that:

(A) Remove prior period amounts;

(B) Eliminate below-the-line items that were recorded as operating expenses in error;

(C) Adjust from book estimates to actual amounts;

(D) Annualize ongoing costs that the company began to incur part way through the test year;

(E) Normalize weather or hydro conditions; or

(F) Eliminate or normalize extraordinary items recorded during the test period.

(ii) Pro forma adjustments give effect for the test period to all known and measurable changes that are not offset by other factors. The company and any other party filing testimony and exhibits proposing pro forma adjustments must identify dollar values and underlying reasons for each proposed pro forma adjustment. Pro forma adjustments must be calculated based on the restated operating results. Pro forma fixed and variable power costs, net of power sales, may be calculated directly based either on test year normalized demand and energy load, or on the future rate year demand and energy load factored back to test year loads.

(iii) If a party proposes to calculate an adjustment in a manner different than the method the commission most recently accepted or authorized for the company, the party must also include in testimony and exhibits the rationale for, and documents that demonstrate, how that adjustment would be calculated under the methodology previously accepted by the commission and must explain the reason for the proposed change. Commission approval of a settlement does not constitute commission acceptance of any underlying methodology unless the commission so states in the order approving the settlement.

(d) *Revenue sources.* The company must include in testimony and exhibits a detailed portrayal of revenue from regulated sources, by source, during the test year and the changes that would result in those revenues if the commission approves the company's request, including an explanation of how the resulting changes were derived.

(e) *Achievement of rate of return.* The company must demonstrate in testimony and exhibits why the company has not achieved its authorized rate of return and what actions the company has taken prior to and during the test year to improve its earnings in addition to its request for increased rates. If the company has not taken any such actions, the company must explain why it has not.

(f) *Rate base and results of operations.* The company's testimony and exhibits must include a representation of the company's actual rate base and results of operations during the test period, calculated in the same manner the commission used to calculate the revenue requirement in the final order in the company's most recent general rate proceeding.

(g) *Affiliate and subsidiary transactions.* The company's testimony and exhibits must supplement, as necessary, the annual affiliate and subsidiary transaction reports required in rules governing reporting for the applicable industry to include all such transactions during the test period. The company must identify all affiliate and subsidiary transactions that materially affect the proposed rates. The company must support the allocation method the company used to distribute common costs between regulated and nonregulated affiliated entities and the dollar amount of those costs.

(h) *Electronic documents and confidentiality.* Electronic files must be fully functional and include all formulas and linked spreadsheet files. Electronic files that support exhibits must use logical file paths, as necessary, by witness and must use identifying file names consistent with the naming requirements in WAC 480-07-140. A party may file a document with locked, hidden, or password protected

cells only if such restricted access is necessary to protect the information within the cells that is not subject to public disclosure. The party must identify each locked, hidden, or password protected cell and must designate such cells, as well as any other information the party contends is confidential under RCW 80.04.095 or otherwise protected from public disclosure, in compliance with the requirements in WAC 480-07-160 and any applicable protective order. The party must make such information accessible to all persons who have signed the protective order or are otherwise entitled to access the information including, but not necessarily limited to, commission staff and public counsel. Redacted versions of models or spreadsheets that contain information that is designated as confidential or highly confidential or otherwise protected from public disclosure must be in .pdf format (using Adobe Acrobat or comparable software) and must mask the information protected from public disclosure as required in WAC 480-07-160.

(i) *Referenced documents.* If a party's testimony or exhibits refer to a document including, but not limited to, a report, study, analysis, survey, article, or court or agency decision, the party's testimony and exhibits must include that document except as provided below:

(i) A party may include an official citation or internet Uniform Resource Locator (URL) to a commission order or to a court opinion or other state or federal agency decision, rather than the document itself, if that decision is reported in a generally accepted publication (e.g., Washington Reports Second (Wn.2d), Public Utility Reports (P.U.R.), etc.) or if the document is readily available on the web site of the agency that entered that decision;

(ii) A party may include only the relevant excerpts of a voluminous document if the party also provides a publicly accessible internet URL to the entire document or describes the omitted portions of the document and their content and makes those portions available to the other parties and the commission upon request; and

(iii) A party is not required to file or distribute materials subject to third-party copyright protection but must describe those materials and their content and make them available for inspection upon request by the parties and the commission.

(4) Work papers.

(a) *General.* Work papers are documents that support the technical aspects of a party's testimony and exhibits. Work papers may include, but are not limited to, calculations, data analysis and raw data. Work papers are not a part of a party's direct case. Within five business

days after each party files and serves its testimony and exhibits, the party also must provide to all other parties the work papers on which each of its witnesses relied when preparing testimony and exhibits. All work papers must comply with the requirements of this subsection.

(b) *Organization.* Work papers must be plainly identified and well organized, with different documents or sections separated by or into tabs, and must include an index. All work papers must be cross-referenced and include a description of the cross-referencing methodology.

(c) Any work papers provided to other parties must comply with requirements governing electronic documents and confidentiality in subsection (3)(h) and referenced documents in subsection (3)(i) of this section.

(d) *Filing designated work papers with the commission.* If the commission determines that it needs information in addition to a party's testimony and exhibits, the commission may issue a bench request for designated portions of that party's work papers. The commission will receive into evidence the work papers a party provides in response to a bench request unless the commission rejects that response, either in response to an objection or on the commission's own motion, as provided in WAC 480-07-405 (7)(b). The commission will

not rely on any other work papers as the basis for any finding of fact or conclusion of law in the proceeding unless the commission formally admits such work papers into the evidentiary record.

(5) **Summary document.**

(a) *Contents.* The company must include in its initial filing a document that summarizes the information in this subsection (5)(a) on an annualized basis, if applicable, and must itemize revenues from any temporary, interim, periodic, or other noncontinuing tariffs. The company must include in its rate change percentage and revenue change calculations any revenues from proposed general rate change tariffs that would supersede revenue from noncontinuing tariffs. The summary document must include:

(i) The date and amount of the last general rate change the commission authorized for the company and the revenue the company realized from that change during the test period based on the company's test period units of sale (e.g., kilowatt hours, therms, etc.);

(ii) Total revenues the company is realizing at its present rates and the total revenues the company would realize at the requested rates;

(iii) Requested revenue change in percentage, in total and by major customer class;

(iv) Requested revenue change in dollars, in total and by major customer class;

(v) The representative effect of the request in dollars for the average monthly use per customer, by customer class or other similar meaningful representation, including, but not limited to, the effect of the proposed rate change in dollars per month on residential customers by usage categories;

(vi) Most current customer count, by major customer class;

(vii) Current authorized overall rate of return and authorized rate of return on common equity;

(viii) Actual rate of return and actual rate of return on common equity for the test period;

(ix) Requested overall rate of return and requested rate of return on common equity, and the method or methods used to calculate the requested rates of return;

(x) Requested capital structure;

(xi) Requested net operating income;

(xii) Requested rate base and method of calculation, or equivalent; and

(xiii) Revenue effect of any requested attrition allowance.

(b) *Required service.*

(i) Persons to receive service. The company must serve the summary document on the persons designated below on the same date it files the summary document with the commission:

(A) The public counsel unit of the Washington state attorney general's office;

(B) All intervenors on the commission's master service list for the company's most recent general rate proceeding;

(C) All intervenors on the master service list for any other rate proceeding involving the company during the five years prior to the company's filing, if the company's rate change request may affect the rates established or considered in that prior proceeding; and

(D) All persons who have informed the company in writing that they wish to be provided with the summary document required under this section.

(ii) Cover letter. The company must enclose a cover letter with the summary document stating that the company's prefiled testimony and exhibits, and the accompanying work papers, are available from the company on request, subject to any restrictions on information that is

protected from public disclosure, if the company is not serving them along with the summary document.

(iii) **Limitation.** This service requirement does not create a right to service or notice of future filings in the proceeding to the persons named to receive the summary. Any person other than commission staff and public counsel who wishes to be served documents subsequently filed in the general rate proceeding must petition to intervene in that proceeding.

(6) **Cost studies.** The company's initial filing must: (a) Include any cost studies the company performed or relied on to prepare its proposals; (b) identify all cost studies conducted in the last five years for any of the company's services; and (c) describe the methodology the company used in all such cost studies. If the cost studies are in the form of a model, the company must provide a copy of, or reasonable access to, the model that will enable the commission to verify and modify the model's inputs and assumptions.

(7) **Additional documents.** The company's initial filing must include the following documents or an internet URL for each of these documents:

(a) The company's most recent annual report to shareholders, if any, and any subsequent quarterly reports to shareholders;

(b) The company's most recent FERC Form 1 and FERC Form 2 for electric and natural gas companies; and

(c) The company's Form 10K's, Form 10Q's, any prospectuses for any issuances of securities, and quarterly reports to stockholders, if any, for the most recent two years prior to the rate change request.

[Statutory Authority: RCW 80.01.040 and 80.04.160. WSR 08-18-012

(Docket A-072162, General Order R-550), § 480-07-510, filed 8/22/08,

effective 9/22/08; WSR 06-16-053 (Docket A-050802, General Order R-

536), § 480-07-510, filed 7/27/06, effective 8/27/06; WSR 03-24-028

(General Order R-510, Docket No. A-010648), § 480-07-510, filed

11/24/03, effective 1/1/04.]

AMENDATORY SECTION (Amending WSR 06-16-053, filed 7/27/06, effective 8/27/06)

WAC 480-07-520 General rate proceeding filings—Solid waste collection companies and commercial ferries. General rate proceeding filings by solid waste collection companies or commercial ferries must include the information described in this rule. The company must file all required documents in electronic form consistent with the requirements in WAC 480-07-140. A solid waste collection company may

file a document with locked, hidden, or password protected cells only if such restricted access is necessary to protect the information within the cells that is not subject to public disclosure. The solid waste collection company must identify each locked, hidden, or password protected cell and must designate such cells, as well as any other information the party contends is confidential under RCW 81.77.210 or otherwise protected from disclosure, in compliance with the requirements in WAC 480-07-160 and any applicable protective order. The solid waste collection company must make such information accessible to all persons who have signed the protective order or are otherwise entitled to access the information including, but not necessarily limited to, commission staff. A commercial ferry company may not file a document with locked, hidden, or password protected cells.

(1) **Proposed tariff.** The company's initial filing must include the company's proposed tariff sheets. Sections that are narrative, e.g., that contain rules or notes, must be in legislative format, i.e., with strike-through to indicate any material to be deleted or replaced and underlining to indicate any material to be inserted. Changes to tariff sections that are tabular, e.g., charts containing

rates and charges, must be marked with appropriate tariff symbols consistent with the requirements in WAC 480-70-286.

(2) **Local government ordinances and customer notices.** The company's initial filing must include a copy of every local government ordinance related to the request in compliance with WAC 480-70-326, and a copy of the customer notices issued in compliance with the provisions of WAC 480-70-271.

(3) **Transmittal letter.** The company's initial filing must include a transmittal letter in compliance with WAC 480-70-326.

(4) **Work papers.** The company's initial filing must include all work papers that support the company's rate change request. Work papers must include the following:

(a) A detailed pro forma income statement separated by customer class, with restating and pro forma adjustments, reflected in separate columns, including all supporting calculations and documentation for all adjustments.

(i) Restating adjustments adjust the booked operating results for any defects or infirmities in actual recorded results of operations that can distort test period earnings. Restating adjustments are also used to adjust from an as-recorded basis to a basis that the commission accepts for determining rates. Examples of restating

adjustments are adjustments to remove prior period amounts, to eliminate below-the-line items that were recorded as operating expenses in error, to adjust from book estimates to actual amounts, and to eliminate or to normalize extraordinary items recorded during the test period.

(ii) Pro forma adjustments give effect for the test period to all known and measurable changes that are not offset by other factors. The company's initial filing must identify dollar values and underlying reasons for each proposed pro forma adjustment.

(iii) Restating and pro forma adjustments must be calculated as the variance from the booked operating results.

(b) A calculation of the total revenues the company is realizing at its present rates and the total revenues the company would realize at the requested rates.

(c) An income statement listing all revenue and expense accounts by month or a supporting general ledger for the test period.

(d) If nonregulated revenue represents more than ten percent of total company test period revenue, a detailed separation of all revenue and expenses between regulated and nonregulated operations.

(e) A detailed list of all nonregulated operations. The company must provide copies of all contracts upon request.

(f) A detailed study that reconciles service pickups or passenger counts, as applicable, to the test year revenue by tariff item or service. The computed revenue must reconcile within five percent of test period revenue.

(g) A consolidated balance sheet for the company with supporting documentation including, but not limited to, detailed cost of debt and a list of all real property and vehicle leases to which the company is a party.

(h) A detailed calculation of net investment in plant and equipment and the net book value of used and useful assets at the end of the test period.

(i) A detailed depreciation schedule listing all used and useful assets the regulated entity that operates under the tariff for which the company files the rate request held during the test period, including the date of purchase, the cost at purchase, the depreciable life, the salvage value, depreciation expense, and accumulated depreciation expense at the end of the test period.

(j) Information about every transaction with an affiliated interest or subsidiary that directly or indirectly affects the proposed rates, including a full description of the relationship, the terms and amount of the transaction, the length of time the

relationship has been ongoing, and an income statement and balance sheet for every affiliated entity.

(5) **Annual report.** The company's initial filing must include the company's most recent consolidated annual report to shareholders, if any.

(6) **Interim rates.** The commission may grant interim rates subject to refund when considering proposed changes to tariffs requested by solid waste collection companies under RCW 81.28.050. Interim rates subject to refund granted pursuant to this section shall be limited to those companies that demonstrate, after a brief adjudicative proceeding or limited hearing, an emergency, undue hardship, or inequity. If a solid waste collection company requests interim rate relief, the commission will consider the request on an expedited schedule.

[Statutory Authority: RCW 80.01.040 and 80.04.160. WSR 06-16-053

(Docket A-050802, General Order R-536), § 480-07-520, filed 7/27/06, effective 8/27/06; WSR 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-520, filed 11/24/03, effective 1/1/04.]

AMENDATORY SECTION (Amending WSR 03-24-028, filed 11/24/03, effective 1/1/04)

WAC 480-07-530 General rate proceeding filings—Water companies

and Class B telecommunications companies. General rate proceeding filings by water companies and Class B telecommunication companies as defined in WAC 480-120-034 must include the information described in this section. The company must file all required documents in electronic form consistent with the requirements in WAC 480-07-140. A party may file a document with locked, hidden, or password protected cells only if such restricted access is necessary to protect the information within the cells from public disclosure. The party must identify each locked, hidden, or password protected cell and must designate such cells, as well as any other information the party contends is confidential under RCW 80.04.095 or otherwise protected from public disclosure, in compliance with the requirements in WAC 480-07-160 and any applicable protective order. The party must make such information accessible to all persons who have signed the protective order or are otherwise entitled to access the information including, but not necessarily limited to, commission staff. The filing must include the following:

(1) **Cover letter.** The cover letter must:

(a) Provide a description of the filing and the requested rate change in understandable terms;

(i) Explain any technical terms and otherwise use common terms to describe the filing so the public can easily understand its impact;

(ii) Define any acronyms before they are used in the text of the letter;

(b) State why the company is requesting a rate change (e.g., to recover higher costs for water testing);

(c) Describe each service that the filing impacts and the dollar and percentage change for each service as well as the net impact of all changes on the company's total regulated revenue.

(2) **Tariff.** The company's initial filing must include the company's proposed tariff sheets. Sections that are narrative, e.g., that contain rules or notes, must be in legislative format, i.e., with strike-through to indicate any material to be deleted or replaced and underlining to indicate any material to be inserted. Changes to tariff sections that are tabular, e.g., charts containing rates and charges, must be marked with appropriate tariff symbols consistent with the requirements in WAC 480-80-105.

(3) **Customer notice.** A copy of the notice the company mailed to customers.

(4) **Work papers.** Work papers must support the company's rate change request and, at a minimum, must include the following:

(a) A calculation of the total revenues the company is realizing at its present rates and the total revenues the company would realize at the requested rates by each class affected.

(b) A balance sheet and statement of revenues and expenses.

(c) A depreciation schedule.

(d) A schedule showing any adjustments proposed to the statement of revenues and expenses, including any restating adjustments or pro forma adjustments, and the effect of any adjustments on the proposed rates.

(e) An explanation of all restating adjustments and pro forma adjustments that the company proposes, specifying all relevant assumptions, and including specific references to charts of accounts, financial reports, studies, and all similar records on which the company relied in preparing its initial filing.

(i) Restating adjustments adjust the booked operating results for any defects or infirmities in actual recorded results, which can distort test period earnings. Restating adjustments are also used to adjust from an as-recorded basis to a basis that the commission accepts for determining rates. Examples of restating adjustments are adjustments to remove prior period amounts, to eliminate below-the-line items that were recorded as operating expenses in error, to

adjust from book estimates to actual amounts, and to eliminate or to normalize extraordinary items recorded during the test period.

(ii) Pro forma adjustments give effect for the test period to all known and measurable changes that are not offset by other factors. The work papers must identify dollar values and underlying reasons for each proposed pro forma adjustment.

(iii) Restating and pro forma adjustments must be calculated as the variance from the booked operating results.

(f) Usage or other statistics verifying test year revenues and proposed revenues.

(g) For water companies, the public water system identification number the Washington department of health has assigned for each system that the new rates will affect.

(h) A schedule showing separation of revenues and expenses between regulated and nonregulated operations.

(i) Information about every transaction with an affiliated interest or subsidiary that directly or indirectly affects the proposed rates, including a full description of the relationship, the terms and amount of the transaction, the length of time the relationship has been ongoing, and an income statement and balance sheet for every affiliated entity.

[Statutory Authority: RCW 80.01.040 and 80.04.160. WSR 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-530, filed 11/24/03, effective 1/1/04.]

AMENDATORY SECTION (Amending WSR 03-24-028, filed 11/24/03, effective 1/1/04)

WAC 480-07-540 General rate proceedings—Burden of proof.

Public service companies bear the burden of proof in the general rate proceedings described in RCW 80.04.130 or 81.04.130. The burden of proof includes the burden of going forward with evidence and the burden of persuasion. The commission will consider the company's initial filing and any supplemental filings the commission authorized to be the company's full direct case in support of its rate change request for purposes of deciding any prehearing motion to dismiss under WAC 480-07-380.

[Statutory Authority: RCW 80.01.040 and 80.04.160. WSR 03-24-028 (General Order R-510, Docket No. A-010648), § 480-07-540, filed 11/24/03, effective 1/1/04.]

REPEALER

The following section of the Washington Administrative Code is
repealed:

WAC 480-07-550

General rate proceedings—Compliance filings and other resulting
filings.