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BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

9 In the Matter of:

10 Waste Management of Washington, Inc. d/b/a
11 Waste Management of Spokane

12 Re WAC 480-07-520(4)

CASE NO.

PETITION FOR RULE EXEMPTION

13
14 I. INTRODUCTION

15 1. COMES NOW Waste Management of Washington, Inc. (“WMW”) holder of Certificate of
16 Public Convenience and Necessity No. G-237, by and through its attorney, Polly L. McNeill
17 of Summit Law Group PLLC, and in accordance with WAC 480-07-370(1)(b) files this
18 Petition for Rule Exemption (“Petition”) respectfully requesting the Commission’s approval
19 to submit Work Papers that vary from a strict interpretation of the filing requirements under
20 WAC 480-07-520(4).¹ The Petition requests permission to file Work Papers that comport
21 with the exemptions granted in WMW’s recent general rate increase filings. See Orders
22 04/Order 03 – Denying Petition For Rule Interpretation; Granting Exemption To Rule,
23 WUTC v. Waste Management of Washington d/b/a Waste Management Sno-King, Docket
24 Nos. TG-091933 & TG-091945 (Consolidated) (March 23, 2010) (“Sno-King Exemption
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26 ¹ WAC 480-07-520 sets forth the minimum requirements for filing a general rate increase request by solid waste collection companies. Subsection (4) discusses the necessary information and documents to be included in the Work Papers.

1 Order”); Order 01 – Granting Exemption From Rule, In the Matter of the Petition of Waste
2 Management of Washington, Inc. d/b/a Waste Management South Sound , Docket No. TG-
3 101080 (July 15, 2010) (“South Sound/Seattle Exemption Order”); Order 01 – Granting
4 Exemption From Rule, In the Matter of the Petition of Waste Management of Washington,
5 Inc. d/b/a Waste Management of Kennewick, Docket No. TG-101706 (November 24, 2010)
6 (“Kennewick Exemption Order”); Order 01 – Granting Exemption from Rule, In the Matter
7 of the Petition of Waste Management of Washington, Inc. d/b/a Waste Management of
8 Skagit County, Docket No. TG-110792 (June 30, 2011) (“Skagit Exemption Order”); Order
9 01 – Granting Exemption from Rule, In re Matter of the Petition of Waste Management of
10 Washington, Inc., d/b/a Waste Management - Greater Wenatchee, Docket TG-120523 (May
11 10, 2012) (“Wenatchee Exemption Order”), (collectively, “Prior Exemption Orders”).

- 12 2. Contemporaneously with this Petition, WMW is today filing a general rate request for its
13 operating division Waste Management of Washington, Inc. d/b/a Waste Management of
14 Spokane (“WM Spokane”). For that tariff request, WMW respectfully requests an exemption
15 under WAC 480-07-110 to the extent the general rate filing rule stated in
16 WAC 480-07-520(4) would require the company to submit into the public record certain
17 proprietary and confidential business records unrelated to the substantive audit of the tariff
18 filing itself. For the same reasons supporting the Commission’s determinations to grant
19 exemptions in the Prior Exemption Orders, approving this Petition would be consistent with
20 the public interest, the purposes underlying the tariff filing regulation, and Ch. 81.77 RCW.

21 II. PARTIES

- 22 3. Petitioner’s name and address are as follows:
23 Waste Management of Washington, Inc.
24 720 4th Avenue, Suite 400
25 Kirkland, WA 98033-8136
26

- 1 4. Petitioner's attorney's name and address are as follows:
2 Polly L. McNeill
3 Summit Law Group PLLC
4 315 Fifth Avenue S., Suite 1000
5 Seattle, WA 98104

III. FACTUAL BACKGROUND

- 5 5. WMW is the corporate subsidiary of Waste Management, Inc. that operates in Washington-
6 state. WMW is the holder of Certificate of Public Convenience and Necessity No. G-237,
7 but throughout the State the company has ten different business units providing solid waste
8 collection services. The business units perform solid waste collection under nine different
9 WUTC tariffs, one for each of the geographically-specific collection entities. Disposal fees,
10 labor rates, fuel prices, and other costs differ in each of the geographic territories. In
11 addition, WMW owns three landfills, six transfer stations and seven recycling centers.
- 12 6. In submitting its general rate request, for certain elements of WAC 480-07-520, WM
13 Spokane has limited some of the financial data included in its Work Papers to the business
14 entity providing services under the tariff that WMW is seeking to amend, and has not
15 provided the analysis for WMW as a whole. This general rate filing for WM Spokane
16 includes financial information that is the same in scope as the Work Papers approved by the
17 Prior Exemption Orders. Thus, the Work Papers for WM Spokane address the separate
18 requirements of WAC 480-07-520(4) as follows:
- 19 7. *WAC 480-07-520(4)(a) (detailed pro forma income statement)* – The required income
20 statement is limited to WM Spokane, the business unit providing services under the tariff that
21 WMW is seeking to amend.
- 22 8. *WAC 480-07-520(4)(b) (revenue impact calculation for proposed tariff revisions)* – The
23 revenue impact calculation is limited to services provided by WM Spokane under the tariff
24 that WMW is seeking to amend.
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- 1 9. *WAC 480-07-520(4)(c) (income statement listing all revenue and expense accounts by*
2 *month)* – The required income statement is limited to WM Spokane, the business unit that
3 provides services under the tariff that WMW is seeking to amend.
- 4 10. *WAC 480-07-520(4)(d) (detailed separation of all revenue and expenses between*
5 *regulated/nonregulated operations if nonregulated revenue exceeds ten percent of total*
6 *company test period revenue)* – The filing provides a detailed separation of all revenue and
7 expenses between (1) WM Spokane, the business unit that provides services under the tariff
8 that WMW is seeking to amend and (2) other business units within Waste Management with
9 which WM Spokane has intra-company transactions or arrangements that, but for the fact
10 that the business units are not separate corporations, would be affiliated interest transactions.
11 The filing also includes a detailed separation of all revenues and expenses for each of the
12 other WMW business units performing collection operations, with expenses allocated
13 proportionately on the basis of regulated and unregulated revenues, and a combined
14 statement of detailed revenues and expenses for all of WMW’s unregulated, non-collection
15 operations added together.
- 16 11. *WAC 480-07-520(4)(e) (detailed list of all nonregulated operations, including the rates*
17 *charged for the services rendered)* – The filing includes a list of all regulated and
18 nonregulated operations within WMW, including the rates charged. No exemption is sought
19 for this filing requirement, but due to the extensive number of municipal contracts under
20 which WM Spokane operates; information related to those unregulated operations will be
21 provided upon Staff’s request.
- 22 12. *WAC 480-07-520(4)(f) (detailed price-out information)* – The revenue reported is limited to
23 services provided by WM Spokane under the tariff that WMW is seeking to amend.
- 24 13. *WAC 480-07-520(4)(g) (consolidated balance sheet)* – The required consolidated balance
25 sheet includes Waste Management, Inc., and Waste Management of Washington. No
26 exemption is sought for this filing requirement.

1 14. WAC 480-07-520(4)(h) (*detailed depreciation schedule*) – The assets for which a
2 depreciation schedule is provided are limited to those utilized by WM Spokane, the business
3 unit that provides services under the tariff that WMW is seeking to amend.

4 15. WAC 480-07-520(4)(i) (*computed average investment*) – The assets for which the average
5 investment is computed are limited to those utilized by WM Spokane, the business unit that
6 provides services under the tariff that WMW is seeking to amend.

7 16. WAC 480-07-520(4)(j) (*information about every transaction with affiliated interests or*
8 *subsidiaries*) – Affiliated interest transactions under this requirement consist of the
9 arrangements between WM Spokane, the business unit that provides services under the tariff
10 that WMW is seeking to amend, on the one hand, and Waste Management, Inc., on the other.
11 The filing includes an income statement and balance sheet for Waste Management, Inc., and
12 a discussion and description of the affiliated interest transactions. No exemption is needed
13 for this requirement.

14 IV. PETITION FOR EXEMPTION

15 17. WAC 480-07-110 provides that the Commission may grant an exemption from or modify the
16 application of its rules in individual cases if consistent with the public interest and the
17 purposes of the underlying regulation:

18 The standard for consideration is the public interest standard.
19 Factors the commission may consider include whether application
20 of the rule would impose undue hardship on the requesting person,
21 of a degree or a kind different from hardships imposed on other
similarly situated persons, and whether the effect of applying the
rule would be contrary to the underlying purposes of the rule.

22 18. In the Prior Exemption Orders, the Commission concluded that granting an exemption was in
23 the public interest and met the standards for consideration of a rule exemption under
24 WAC 480-07-110(c) – and the same policy applies in this filing for WM Spokane.

25 19. As the Commission observed in the Sno-King Exemption Order, Waste Management's
26 corporate structure is unusual with respect to having so many organizationally distinct

1 regulated and nonregulated lines of business within one corporation. The burdens imposed
2 on WMW by the general rate filing requirements of WAC 480-07-520(4) are different in
3 degree and kind than those imposed on other solid waste collection companies.

4 20. The purpose of WAC 480-07-520(4) is to ensure that all information necessary to determine
5 whether existing or proposed rates are fair, just, reasonable and sufficient is available to the
6 Commission by requiring solid waste collection companies seeking to increase their rates to
7 file Work Papers that account for a variety of data supporting the request, including
8 information about commercial relationships with affiliated enterprises. The limited Work
9 Papers filed for the WM Spokane tariff increase satisfies the purpose of the rule. Because the
10 data for which this exemption is sought is not relevant to the tariff filing for WM Spokane
11 and because some of that analysis is valuable and proprietary commercial information,
12 granting this Petition is not inconsistent with the underlying purposes of the general rate
13 filing rule stated in WAC 480-07-520(4).

14 21. In addition, to prepare some components of the Work Paper requirements for WMW as a
15 whole would impose a significant hardship on the company because each business entity has
16 its own general ledger, and the analysis would require manually consolidating data into one
17 master ledger, a time-consuming and unproductive process without any commensurate
18 benefit to the ratepayers.

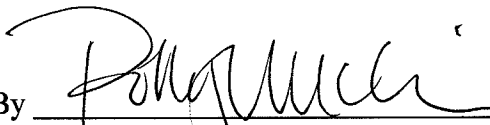
19 22. Granting this Petition would allow WMW to file Work Papers that explain the services
20 provided under WM Spokane's tariff, and that list all relevant data for any and every part of
21 Waste Management as a whole that conducts intra-company transactions or arrangements
22 affecting the services provided under the tariff. Allowing limitations to the financial
23 information included in the Work Papers avoids filing immaterial and unnecessary Work
24 Papers and relieves the administrative burden to both WMW and Commission. If this
25 Petition is granted, then Staff will have the information needed to fully analyze the WM
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1 Spokane rate request, and WMW will have partial relief from the burdens of the literal
2 application of the filing requirements in WAC 480-70-520(4).

3 **V. CONCLUSION**

4 23. For the reasons stated above, WMW respectfully requests that the Commission grant an
5 exemption of WAC 480-07-520(4) to WMW for today's WM Spokane filing to limit the
6 Work Papers required under WAC 480-07-520(4) in the manner stated above.

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8 DATED this 17th day of January 2013.

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10 By 
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