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BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

In the Matter of:

Waste Management of Washington, Inc. d/b/a
Waste Management – South Sound and
Waste Management of Seattle

CASE NO.

PETITION FOR RULE EXEMPTION

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I. INTRODUCTION

1. COMES NOW Waste Management of Washington, Inc. (“WMW”) holder of Certificate of Public Convenience and Necessity No. G-237, by and through its attorney, Polly L. McNeill of Summit Law Group PLLC, and in accordance with WAC 480-07-370(1)(b) files this *Petition for Rule Exemption* (“Petition”) respectfully requesting the Commission’s approval to submit Work Papers that vary from a strict interpretation of the filing requirements under WAC 480-07-520(4).¹
2. The Petition requests permission to file Work Papers that comport with the exemptions granted in WMW’s last eight general rate increase filings. *See* Orders 04/Order 03 – Denying Petition For Rule Interpretation; Granting Exemption To Rule, *WUTC v. Waste Management of Washington d/b/a Waste Management Sno-King*, Docket Nos. TG-091933 & TG-091945 (Consolidated) (March 23, 2010) (“Sno-King Exemption Order”); Order 01 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-101080 (July 15, 2010) (“South Sound/Seattle Exemption Order”); Order 01 – Granting Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-101706 (November 24, 2010) (“Kennewick Exemption Order”); Order 01 – Granting Exemption From Rule, *In the Matter*

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 information and documents to be included in Work Papers.

1 *of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-110792 (June 30,
2 2011) (“Skagit Exemption Order”); Order 01 – Granting Exemption From Rule, *In the*
3 *Matter of the Petition of Waste Management of Washington, Inc.*, Docket No. TG-120523
4 (May 10, 2012) (“Wenatchee Exemption Order”); Order 02 – Granting Exemption From
5 Rule, *In the Matter of the Petition of Waste Management of Washington, Inc.*, Docket No.
6 TG-121822 (January 31, 2013) (“Brem-Air Exemption Order”); Order 01 – Granting
7 Exemption From Rule, *In the Matter of the Petition of Waste Management of Washington,*
8 *Inc.*, Docket No. TG-130082 (February 14, 2013) (“Spokane Exemption Order”); and Order
9 01 – Granting Partial Exemption From Rule, *In re Matter of the Petition of Waste*
10 *Management of Washington, Inc.*, Docket No. TG-130938 (June 27, 2013) (“North Sound
11 Exemption Order”) (collectively, “Prior Exemption Orders”).

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

22 II. PARTIES

- 23 4. Petitioner’s name and address are as follows:
24 Waste Management of Washington, Inc.
25 720 Fourth Avenue, Suite 400
26 Kirkland, WA 98033-8136
5. Petitioner’s attorney’s name and address are as follows:
Polly L. McNeill
Summit Law Group PLLC

1 315 Fifth Avenue S., Suite 1000
2 Seattle, WA 98104

3 **III. GROUNDS FOR RELIEF**

- 4 6. WMW is the corporate subsidiary of Waste Management, Inc. that operates in Washington-
5 state. WMW is the holder of Certificate of Public Convenience and Necessity No. G-237,
6 but throughout the State the company has ten different business units providing solid waste
7 collection services. The business units currently perform regulated solid waste collection
8 under eight different WUTC tariffs, one for each of the geographically-specific collection
9 entities. Disposal fees, labor rates, fuel prices, and other costs differ in each of the
10 geographic territories. In addition, WMW owns three landfills, six transfer stations and eight
11 recycling centers.
- 12 7. In submitting its general rate request, for certain elements of WAC 480-07-520(4), WMW
13 has limited some of the financial data included in its Work Papers to the business entity
14 providing services under the tariff that WMW is seeking to amend, and has not provided the
15 analysis for WMW as a whole. This general rate filing for WM South Sound/Seattle includes
16 financial information that is the same in scope as the Work Papers approved by the Prior
17 Exemption Orders. Thus, the Work Papers address the separate requirements of WAC 480-
18 07-520(4) as follows:
- 19 8. *WAC 480-07-520(4)(a) (detailed pro forma income statement)* – The required income
20 statement is limited to WM South Sound/Seattle, the business unit providing services under
21 the tariff that WMW is seeking to amend.
- 22 9. *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 South Sound/Seattle, the
24 business unit providing services under the tariff that WMW is seeking to amend.
- 25 10. *WAC 480-07-520(4)(c) (income statement listing all revenue and expense accounts by*
26 *month)* – The required income statement is limited to WM South Sound/Seattle, the business
unit providing services under the tariff that WMW is seeking to amend.

1 11. *WAC 480-07-520(4)(d) (detailed separation of all revenue and expenses between*
2 *regulated/nonregulated operations if nonregulated revenue exceeds ten percent of total*
3 *company test period revenue)* – The filing provides a detailed separation of all revenue and
4 expenses between (1) WM South Sound/Seattle, the business unit that provides services
5 under the tariff that WMW is seeking to amend and (2) other business units within Waste
6 Management with which WM South Sound/Seattle has intra-company transactions or
7 arrangements that, but for the fact that the business units are not separate corporations, would
8 be affiliated interest transactions. The filing also includes a detailed separation of all
9 revenues and expenses for each of the other WMW business units performing collection
10 operations, with expenses allocated proportionately on the basis of regulated and unregulated
11 revenues, and a combined statement of detailed revenues and expenses for all of WMW’s
12 unregulated, non-collection operations added together.

13 12. *WAC 480-07-520(4)(e) (detailed list of all nonregulated operations, including the rates*
14 *charged for the services rendered)* – The filing includes a list of all regulated and
15 nonregulated operations within WMW, including the rates charged. No exemption is sought
16 for this filing requirement, but due to the extensive number of municipal contracts under
17 which WMW operates, information related to those unregulated operations will be provided
18 upon Staff’s request.

19 13. *WAC 480-07-520(4)(f) (detailed price-out information)* – The revenue reported is limited to
20 services provided by WM South Sound/Seattle, the business unit providing services under
21 the tariff that WMW is seeking to amend.

22 14. *WAC 480-07-520(4)(g) (consolidated balance sheet)* – The required consolidated balance
23 sheet includes Waste Management, Inc., and Waste Management of Washington, Inc. No
24 exemption is sought for this filing requirement.
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- 1 15. 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 South Sound/Seattle,
3 the business unit providing services under the tariff that WMW is seeking to amend.
- 4 16. 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 South Sound/Seattle, the
6 business unit providing services under the tariff that WMW is seeking to amend.
- 7 17. WAC 480-07-520(4)(j) (*information about every transaction with affiliated interests or*
8 *subsidiaries*) – Affiliated interest transactions under this requirement are limited to those
9 between WM South Sound/Seattle, the business unit providing service under the tariff that
10 WMW is seeking to amend, on the one hand, and Waste Management, Inc., on the other, for
11 administrative overhead services performed by the area and corporate offices. The filing
12 includes an income statement and balance sheet for Waste Management, Inc. No exemption
13 is needed for this requirement.

14 IV. PETITION FOR EXEMPTION

- 15 18. 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
22 similarly situated persons, and whether the effect of applying the
23 rule would be contrary to the underlying purposes of the rule.

- 24 19. In the Prior Exemption Orders, the Commission concluded that granting an exemption was in
25 the public interest and met the standards for consideration of a rule exemption under
26 WAC 480-07-110(c) – and the same policy applies in this filing.
20. As the Commission observed in the Sno-King Exemption Order, Waste Management's
corporate structure is unusual with respect to having so many organizationally distinct
regulated and nonregulated lines of business within one corporation. The burdens imposed

1 on WMW by the general rate filing requirements of WAC 480-07-520(4) are different in
2 degree and kind than those imposed on other solid waste collection companies.

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

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

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

V. CONCLUSION

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

DATED this 11th day of April, 2014.

By Sara Kelley for

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