



November 14, 2014

Washington Utilities and Transportation Commission
Chandler Plaza Building
1300 S. Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA. 98504-7250

Subject: Waste Management of Spokane, a division of Waste Management of Washington, Inc. (G-237); Tariff No. 18

Enclosed herein, you will find our new Tariff No.18 for Waste Management of Spokane, a division of Waste Management of Washington, Inc. (the "Company"). This tariff replaces Tariff No.17. The Company received its last general rate increase in March 2013, nearly two years ago. This new tariff is being filed with a proposed effective date of January 1, 2015.

This general rate request is necessary due to two cities in Spokane County asserting authority over solid waste collection by entering into contracts, so by RCW 81.77.020 the provisions of the Commission's laws no longer apply within those municipal territories. Together, Spokane Valley and Liberty Lake represent approximately 57% of the Company's regulated revenues.

The decisions of these two municipalities to withdraw from the Commission's jurisdiction significantly reduces the Company's regulated rate base, and increases the costs to service the regulated customers accordingly. These cities are in highly dense areas that are located very close to our collection facility, and losing them from our regulated rate base will decrease our efficiencies and increase our costs for serving the remaining regulated customers in the unincorporated territories of Spokane County. As a result, in this new tariff and in accordance with sound ratemaking principals, we are requesting adjustments to our rates to reflect the true cost of servicing our remaining regulated customers that were subsidized previously by the efficiencies in these cities that are no longer regulated by the Commission. Therefore, this rate case reflects increased maintenance, labor and other operating and administrative costs since our last general rate increase, and it is necessary in order to make the Company's rate sufficient for the costs of serving the reduced customer base.

Obviously, as a result of the removal of these two cities, this filing will result in a reduction in regulated revenue. As measured from the regulated revenue attributable currently to the customers in the territory that remains after the cities' actions, this filing would increase Company revenue by approximately \$1,163,000 (10.1%). The proposed rates collectively increase residential and commercial rates by 10.6%.

Along with this transmittal letter, submitted for your review are electronic copies (excel and pdf) of our workpapers related to the rate filing, proposed tariff sheets, a sample of the customer notice, and an annual report. A rate case checklist confirming compliance with the requirements of WAC 480-07-520 is included in the workpapers. The electronic copies of our work papers include a legend for the tabs that clearly identifies where various financial analyses are located to facilitate the auditor's review, and also included is a schedule separately stating all restating and pro forma adjustments, with explanations.

Please note that this filing includes certain information that contains valuable commercial information and is therefore protected under RCW 81.77.210 and presented in accordance with the procedures established in WAC 480-07-160. Separately but simultaneously being submitted are electronic versions of confidential materials (excel), with the first page of the file, and each page that contains confidential information marked

appropriately on yellow colored pages. The PDF of the redacted materials is also being transmitted with this filing, but is also separately submitted from the rest of the rate filing documents due to its size.

We are filing this tariff electronically, as permitted by WAC 480-07140(1)(a), with CDs containing electronic copies and supplemental paper copies being mailed separately, including: The paper copy of the tariff pages required under WAC 480-07-520(1); the paper copy of the work papers required under WAC 480-07-520(4); the original and one copy of the redacted papers and a sealed envelope containing the original and one complete copy of the documents as to which confidentiality is claimed, as required under WAC 480-07-160(3)(c). Note also that the filing includes as the tariff appendix a metes and bounds description and maps, both of which need to be revised to remove Spokane Valley and Liberty Lake, and the Company intends to work with the Commission to have those changes made prior to approval of new rates.

In addition, enclosed is a "Petition for Rule Exemption", seeking the Commission's approval to file workpapers that vary from a strict interpretation of the general rate filing regulations. This request seeks an exemption for workpapers similar to that which has been approved by the Commission under exemptions granted to Waste Management of Washington, Inc. in its ten most recent general rate increase filings.

Customer notices will be mailed on or before December 1, 2014. In addition, a copy of this transmittal letter was mailed to Spokane County on November 14, 2014.

If you have any questions or need additional information, please contact me at:

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Respectfully,



Michael A. Weinstein
Senior Pricing Manager, Pacific Northwest Market Area

cc: Marco Gonzalez
Clerk of the Board, Spokane County