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In the Matter of the Petition of

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STERICYCLE OF WASHINGTON, INC.,

For an Order Suspending Tariff Filing and Initiating an Adjudicatory Proceeding concerning the Abandonment of Authority Under G-237 and Proposed Biomedical Waste Collection and Transportation Services of Waste Management of Washington, Inc., dba WM Healthcare Solutions (G-237)

Docket No. TG-110553

DECLARATION OF POLLY L. MCNEILL

I, Polly L. McNeill, declare as follows:

- 1. I am a citizen of the United States and a resident of the State of Washington. I am over eighteen years of age and fully competent to make this declaration. I make this declaration based on my personal knowledge.
- 2. Attached as Exhibit 1 are true and correct copies of the statute (Chapter 81.80 RCW) and regulations (Chapter 480-12 WAC) that were in effect at the time of the motor carrier orders and decisions cited by Stericycle in its Motion for Summary Determination.
- 3. Attached as Exhibit 2 is a true and correct copy of excerpts of Waste Management, Inc.'s Form 10-K filing for the fiscal year ended December 31, 1998.

4. The concurrently filed Declaration of Jeff Norton was approved by Mr. Norton today via e-mail. Because he was boarding an airplane at the time of filing, he was unable to sign his Declaration. That signature page will be filed and served tomorrow. I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief. DATED this 26th day of May, 2011, at Seattle, Washington.

EXHIBIT 1

Chapter 81.80 RCW MOTOR FREIGHT CARRIERS

| Sections | | | |
|--|---|--|--|
| 81.80.010 | Definitions. | | |
| 81.80.020 | Declaration of policy. | | |
| 81.80.030 | Hidden transportation charges. | | |
| 81.80.040 | Exempt vehicles. | | |
| 81.80.045 | Exemption—Freight consolidators. | | |
| 81.80.050 | Compliance required. | | |
| 81.80.060 | Combination of services. | | |
| 81.80.070 | Grant or denial of permit. | | |
| 81.80.080 | Application for permit. | | |
| 81.80.090 | Form of application—Filing fees. | | |
| 81.80.100 | Form and contents of permit. | | |
| 81.80.110 | Limitation on renewal of application. | | |
| 81.80.120 | Classification of carriers. | | |
| 81.80.130 | Regulatory power of commission over common carriers. | | |
| 81.80.140 | Regulatory power over contract carriers. | | |
| 81.80.150 | Tariffs to be compiled and sold by commission. | | |
| 81.80.170 | Temporary permits. | | |
| 81.80.175 | Permits for farm to market hauling. | | |
| 81.80.190 | Insurance or deposit of security. | | |
| 81.80.200 | Conditions may be attached to permits. | | |
| 81.80.211 | Hours of operators—Rules and regulations. | | |
| 81.80.220 | Tariff rates must be charged. | | |
| 81.80.230 | Penalty for rebating——Procedures for collection. | | |
| 81.80.240 | Joint through rates. | | |
| 81.80.250 | Bond to protect shippers and consignees. | | |
| 81.80.260 | Operation in more than one class. | | |
| 81.80.270 | Transfer, assignment of permits—Acquisition of car- | | |
| | rier holding permit, commission approval—Duties | | |
| | on cessation of operation. | | |
| 81.80.272 | Transfer of decedent's interest—Temporary continu- | | |
| | ance of operations. | | |
| 81.80.280 | Cancellation of permits. | | |
| 81.80.290 | Rules and regulations. | | |
| 81.80.300 | Identification cab card, identification decal, stamp, or | | |
| | number—Mandatory—Fees, collection, disposi- | | |
| | tion—Rules and regulations. | | |
| 81.80.312 | Interchange of trailers, semitrailers, or power units— | | |
| | Interchange agreement, approval, restrictions-Pro- | | |
| | cedure when no agreement. | | |
| 81.80.318 | Single trip transit permit. | | |
| 81.80.320 | Gross weight fees. | | |
| 81.80.330 | Enforcement of chapter. | | |
| 81.80.340 | Public service law invoked. | | |
| 81.80.345 | | | |
| | Venue—Hearings on applications. | | |
| 81.80.346 | Venue——Appeals from rulings and orders. | | |
| 81.80.346 81.80.355 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. | | |
| 81.80.355 81.80.360 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. | | |
| 81.80.355 81.80.360 81.80.370 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. | | |
| 81.80.355 81.80.360 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate com- | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. | | |
| 81.80.355 81.80.360 81.80.370 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 81.80.380 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 81.80.380 81.80.381 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement with interstate commerce commission. | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 81.80.380 81.80.381 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement with interstate commerce commission. Reciprocity——Apportionment of regulatory fees. | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 81.80.380 81.80.381 81.80.391 81.80.395 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement with interstate commerce commission. Reciprocity——Apportionment of regulatory fees. Idaho vehicles exempt——Reciprocity. | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 81.80.380 81.80.381 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement with interstate commerce commission. Reciprocity—Apportionment of regulatory fees. Idaho vehicles exempt——Reciprocity. Commercial zones and terminal areas——Common car- | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 81.80.380 81.80.381 81.80.391 81.80.395 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement with interstate commerce commission. Reciprocity——Apportionment of regulatory fees. Idaho vehicles exempt——Reciprocity. Commercial zones and terminal areas——Common carriers with existing business within zone—Persons | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 81.80.380 81.80.381 81.80.391 81.80.395 81.80.400 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement with interstate commerce commission. Reciprocity——Apportionment of regulatory fees. Idaho vehicles exempt——Reciprocity. Commercial zones and terminal areas——Common carriers with existing business within zone—Persons seeking to serve as common carriers after designation. | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 81.80.380 81.80.381 81.80.391 81.80.395 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement with interstate commerce commission. Reciprocity——Apportionment of regulatory fees. Idaho vehicles exempt——Reciprocity. Commercial zones and terminal areas——Common carriers with existing business within zone——Persons seeking to serve as common carriers after designation. Commercial zones and terminal areas——Common car- | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.380 81.80.381 81.80.391 81.80.395 81.80.400 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement with interstate commerce commission. Reciprocity——Apportionment of regulatory fees. Idaho vehicles exempt——Reciprocity. Commercial zones and terminal areas——Common carriers with existing business within zone—Persons seeking to serve as common carriers after designation. Commercial zones and terminal areas——Common carriers with existing general freight authority. | | |
| 81.80.355 81.80.360 81.80.370 81.80.371 81.80.375 81.80.380 81.80.381 81.80.391 81.80.395 81.80.400 | Venue——Appeals from rulings and orders. Unlawful advertising——Penalty. Procedure, penalties——General statute invoked. Application to interstate commerce. Carriers must register authority from interstate commerce commission. Fee when federal requirements necessitate uniform forms evidencing interstate operations. Cooperation with federal government. Regulation pursuant to act of congress or agreement with interstate commerce commission. Reciprocity——Apportionment of regulatory fees. Idaho vehicles exempt——Reciprocity. Commercial zones and terminal areas——Common carriers with existing business within zone——Persons seeking to serve as common carriers after designation. Commercial zones and terminal areas——Common car- | | |

81.80.430 Brokers.

Reciprocal or proportional registration of vehicles: Chapter 46.85 RCW.

Taxation of motor carriers of freight for hire——Allocation of gross receipts: RCW 35.21.840.

RCW 81.80.010 Definitions. The definitions set forth in this section apply throughout this chapter.

(1) "Person" means and includes an individual, firm, copartnership, corporation, company, or association or their lessees, trustees, or receivers.

(2) "Motor vehicle" means any truck, trailer, semitrailer, tractor, dump truck which uses a hydraulic or mechanical device to dump or discharge its load, or any self-propelled or motor-driven vehicle used upon any public highway of this state for the purpose of transporting property, but not including baggage, mail, and express transported on the vehicles of auto transportation companies carrying passengers.

(3) "Public highway" means every street, road, or

highway in this state.

(4) "Common carrier" means any person who undertakes to transport property for the general public by motor vehicle for compensation, whether over regular or irregular routes, or regular or irregular schedules, including motor vehicle operations of other carriers by rail or water.

(5) "Contract carrier" includes all motor vehicle operators not included under the terms "common carrier" and "private carrier" as herein defined in paragraph (4) and paragraph (6), and further includes any person who under special and individual contracts or agreements transports property by motor vehicle for compensation.

(6) A "private carrier" is a person who transports by his own motor vehicle, with or without compensation therefor, property which is owned or is being bought or sold by such person, or property of which such person is the seller, purchaser, lessee, or bailee where such transportation is incidental to and in furtherance of some other primary business conducted by such person in good faith.

(7) "Motor carrier" means and includes "common carrier," "contract carrier," "private carrier," and "exempt carrier" as herein defined.

(8) "Exempt carrier" means any person operating a vehicle exempted from certain provisions of this chapter under RCW 81.80.040.

(9) "Vehicle" means every device capable of being moved upon a public highway and in, upon, or by which any person or property is or may be transported or drawn upon a public highway, excepting devices moved by human or animal power or used exclusively upon stationary rail or tracks.

who shall offer, grant, or give, or solicit, accept, or receive any rebate, concession, or discrimination in violation of any provision of this chapter, or who by means of any false statement or representation, or by the use of any false or fictitious bill, bill of lading, receipt, voucher, roll, account, claim, certificate, affidavit, deposition, lease, or bill of sale, or by any other means or device shall assist, suffer or permit any person or persons, natural or artificial, to obtain transportation of property subject to this chapter for less than the applicable rate, fare, or charge, or who shall fraudulently seek to evade or defeat regulation as in this chapter provided for motor carriers shall be subject to a civil penalty of not more than one hundred dollars for each violation. Each and every such violation shall be a separate and distinct offense, and in case of a continuing violation every day's continuance shall be a separate and distinct violation. Every act of commission or omission which procures, aids, or abets in the violation shall be considered a violation under this section and subject to the penalty provided for in this section.

The penalty provided for in this section shall become due and payable when the person incurring the penalty receives a notice in writing from the commission describing the violation with reasonable particularity and advising the person that the penalty is due. The commission may, upon written application therefor, received within fifteen days, remit or mitigate any penalty provided for in this section or discontinue any prosecution to recover the penalty upon such terms as the commission in its discretion deems proper. The commission has authority to ascertain the facts upon all such applications in such manner and under such regulations as it may deem proper. If the penalty is not paid to the commission within fifteen days after receipt of notice imposing the penalty or application for remission or mitigation has not been made within fifteen days after the violator has received notice of the disposition of the application, the attorney general shall bring an action in the name of the state of Washington in the superior court of Thurston county or of some other county in which the violator may do business, to recover the penalty. In all such actions, the procedure and rules of evidence shall be the same as in an ordinary civil action except as otherwise provided in this section. All penalties recovered under this section shall be paid into the state treasurv and credited to the public service revolving fund. [1980 c 132 § 2; 1961 c 14 § 81.80.230. Prior: 1947 c 264 § 6; Rem. Supp. 1947 § 6382-19a.]

Effective date-1980 c 132: See note following RCW 81.29.020.

RCW 81.80.240 Joint through rates. The commission shall have power and authority to require a common carrier by motor vehicle, railroad, express or water to establish reasonable through rates with other common carriers by motor vehicle, railroad, express and water, and to provide safe and adequate service, equipment and facilities for the transportation of property; to establish and enforce just and reasonable individual and joint rates, charges and classifications, and just and reasonable regulations and practices relating thereto, and in

case of such joint rates, fares and charges to establish just, reasonable and equitable divisions thereof as between the carriers participating therein, which shall not unduly prefer or prejudice any of such participating carriers. In ordering and establishing joint through rates between different types of carriers the commission shall give full effect to the lower cost of transportation of property by any type of carrier and shall reflect such lower cost by differentials under a through rate of the higher cost carrier. [1961 c 14 § 81.80.240. Prior: 1937 c 166 § 17; 1935 c 184 § 20; RRS § 6382-20.]

RCW 81.80.250 Bond to protect shippers and consignees. The commission may, under such rules and regulations as it shall prescribe, require any common carrier to file a surety bond, or deposit security, in a sum to be determined by the commission, to be conditioned upon such carrier making compensation to shippers and consignees for all money belonging to shippers and consignees, and coming into the possession of such carrier in connection with its transportation service. Any common carrier which may be required by law to compensate a shipper or consignee for any loss, damage or default for which a connecting common carrier is legally responsible shall be subrogated to the rights of such shipper or consignee under any such bond or deposit of security to the extent of the sum so paid. [1961 c 14 § 81.80.250. Prior: 1935 c 184 § 21; RRS § 6382–21.]

RCW 81.80.260 Operation in more than one class. It shall be unlawful for any person to operate any vehicle at the same time in more than one class of operation, except upon approval of the commission and a finding that such operation will be in the public interest.

No "exempt carrier" as such shall transport property for compensation except as hereinabove provided. [1967 c 69 § 3; 1961 c 14 § 81.80.260. Prior; 1935 c 184 § 22; RRS § 6382-22.]

Severability-1967 c 69: See note following RCW 81.80.010.

RCW 81.80.270 Transfer, assignment of permits—Acquisition of carrier holding permit, commission approval—Duties on cessation of operation. No permit issued under the authority of this chapter shall be construed to be irrevocable. Nor shall such permit be subject to transfer or assignment except upon a proper showing that property rights might be affected thereby, and then in the discretion of the commission.

No person, partnership or corporation, singly or in combination with any other person, partnership or corporation, whether a carrier holding a permit or otherwise, or any combination of such, shall acquire control or enter into any agreement or arrangement to acquire control of a common or contract carrier holding a permit through ownership of its stock or through purchase, lease or contract to manage the business, or otherwise except after and with the approval and authorization of the commission: *Provided*. That upon the dissolution of a partnership, which holds a permit, because of the death, bankruptcy, or withdrawal of a partner where such partner's interest is transferred to his spouse or to one or

more remaining partners, or in the case of a corporation which holds a permit, in the case of the death of a shareholder where a shareholder's interest upon death is transferred to his spouse or to one or more of the remaining shareholders, the commission shall transfer the permit to the newly organized partnership which is substantially composed of the remaining partners, or continue the corporation's permit without making the proceeding subject to hearing and protest. In all other cases any such transaction either directly or indirectly entered into without approval of the commission shall be void and of no effect, and it shall be unlawful for any person seeking to acquire or divest control of such permit to be a party to any such transaction without approval of the commission.

Every carrier who shall cease operation and abandon his rights under the permits issued him shall notify the commission within thirty days of such cessation or abandonment, and return to the commission the identification cards issued to him. [1973 c 115 § 12; 1969 ex.s. c 210 § 12; 1965 ex.s. c 134 § 1; 1963 c 59 § 6; 1961 c 14 § 81.80.270. Prior: 1959 c 248 § 24; 1937 c 166 § 18; 1935 c 184 § 23; RRS § 6382-23.]

RCW 81.80.272 Transfer of decedent's interest—Temporary continuance of operations. Except as otherwise provided in RCW 81.80.270 any permit granted to any person under this chapter and held by that person alone or in conjunction with others other than as stockholders in a corporation at the time of his death shall be transferable the same as any other right or interest of the person's estate subject to the following:

- (1) Application for transfer shall be made to the commission in such form and contain such information as the commission shall prescribe. The transfer described in any such application shall be approved if it appears from the application or from any hearing held thereon or from any investigation thereof that the proposed transferee is fit, willing and able properly to perform the services authorized by the permit to be transferred and to conform to the provisions of this chapter and the requirements, rules and regulations of the commission thereunder, otherwise the application shall be denied.
- (2) Temporary continuance of motor carrier operations without prior compliance with the provisions of this section will be recognized as justified by the public interest in cases in which the personal representatives, heirs or surviving spouses of deceased persons desire to continue the operations of the carriers whom they succeed in interest subject to such reasonable rules and regulations as the commission may prescribe.

In case of temporary continuance under this section the successor shall immediately procure insurance or deposit security as required by RCW 81.80.190.

Immediately upon any such temporary continuance of motor carrier operations and in any event not more than thirty days thereafter the successor shall give notice of the succession by written notice to the commission containing such information as the commission shall prescribe. [1973 c 115 § 13; 1965 ex.s. c 134 § 2.]

RCW 81.80.280 Cancellation of permits. Permits may be canceled, suspended, altered or amended by the commission upon complaint by any interested party, or upon the commission's own motion after notice and opportunity for hearing, when the permittee or his or its agent has repeatedly violated this chapter, the rules and regulations of the commission or the motor laws of this state or of the United States, or the permittee has made unlawful rebates or has not conducted his operation in accordance with the permit granted him. Any person may at the instance of the commission be enjoined from any violation of the provisions of this chapter, or any order, rule or regulation made by the commission pursuant to the terms hereof. If such suit be instituted by the commission no bond shall be required as a condition to the issuance of such injunction. [1987 c 209 § 1; 1961 c 14 § 81.80.280. Prior: 1935 c 184 § 24; RRS § 6382-24.]

RCW 81.80.290 Rules and regulations. The commission shall have power and authority, by general order or otherwise, to prescribe rules and regulations in conformity with this chapter to carry out the purposes thereof, applicable to any and all "motor carriers," or to any persons transporting property by motor vehicle for compensation even though they do not come within the term "motor carrier" as herein defined.

The commission shall mail each holder of a permit under this chapter a copy of such rules and regulations. [1961 c 14 § 81.80.290. Prior: 1935 c 184 § 25; RRS § 6382–25.]

Violation of rules pertaining to vehicle equipment on motor carriers transporting hazardous material: RCW 46.48.175.

RCW 81.80.300 Identification cab card, identification decal, stamp, or number—Mandatory—Fees, collection, disposition—Rules and regulations. The commission shall prescribe an identification cab card and identification decal or stamp or number which must be carried within the cab of each motive power vehicle of each motor carrier required to have a permit under this chapter.

The identification cab card and the decal or stamp or number provided for herein may be in such form and contain such information as required by the commission.

It shall be unlawful for any "common carrier" or "contract carrier" to operate any motor vehicle within this state unless there is carried within the cab of the motive power vehicle, either operating as a solo vehicle or in combination with trailers, the identification cab card and decal or stamp or number required by this section and the payment by such carrier of a total fee of three dollars for each such decal or stamp or number plus the applicable gross weight fee prescribed by RCW 81.80.320: Provided, That as to equipment operated between points in this state and points outside the state exclusively in interstate commerce, and as to equipment operated between points in this state and points outside the state in interstate commerce as well as points within this state in intrastate commerce, the commission may adopt rules and regulations specifying an alternative

Chapter 480-12 WAC MOTOR CARRIERS

| WAC | ū. | 480-12-360 | Insurance endorsement. |
|---|--|------------|---|
| 480-12-001 | Supersession of this chapter. | 480-12-365 | Insurance termination. |
| 480-12-003 | Procedure. | 480-12-370 | Insurance, carrier shall not misrepresent. |
| 480-12-005 | Communications. | 480-12-375 | Bond required—Broker—Forwarder. |
| | | 480-12-385 | Inactive status of permits during military service. |
| 480-12-010 | Rule book must be in main office—Rule book fee— | 480-12-395 | Rules—How changed. |
| | Updates-Notification of pending and adopted rule | | |
| | changes—Compliance with rules. | 480-12-400 | Definitions. |
| 480-12-015 | Documents—When filed. | 480-12-405 | Determination of weights. |
| 480-12-020 | Remittances. | 480-12-410 | Discounts prohibited—Rates based on prepayment |
| 480-12-022 | Procedures for contest of fees. | | charges prohibited. |
| 480-12-025 | Address, change of. | 480-12-415 | Prohibition against carrier acting as agent for another |
| 480-12-030 | Applications. | | carrier. |
| 480-12-031 | Petition to amend permit to incorporate commercial | 480-12-420 | Acting as agent for compensation for insurance com- |
| 400-12-051 | zone authority. | | pany prohibited. |
| 100 12 022 | Temporary permits. | 480-12-425 | Issuance of receipt or bill of lading for transportation |
| 480-12-033 | | 100 12 123 | prior to receiving household goods prohibited. |
| 480-12-045 | Application for authority, docketing-Protests- | 490 12 420 | Listing of society |
| 100 C C C C C C C C C C C C C C C C C C | Hearings. | 480-12-430 | Liability of carriers. |
| 480-12-050 | Transfer of permit rights. | 480-12-435 | Estimates of charges. |
| 480-12-065 | Permits, canceled—New application. | 480-12-440 | Absorption or advancement of dock charges. |
| 480-12-070 | Permit rights defined—Classification of carriers. | 480-12-445 | Information to shipper. |
| 480-12-080 | "Local cartage" defined, and restrictions. | 480-12-450 | Minimum weight shipments. |
| 480-12-081 | Commercial zones defined. | 480-12-455 | Underestimates. |
| 480-12-083 | Adoption by reference defined. | 480-12-460 | Complaint procedures. |
| 480-12-084 | | 480-12-465 | Charge card plans. |
| +30-12-03+ | Federal Regulations, 49 C.F.R., Part 390—Adoption | 480-12-600 | Regulatory fee. |
| | by reference. | | |
| 480-12-100 | Forwarders and brokers. | 480-12-990 | Appendix A—Classification of brokers, forwarders and |
| 480-12-115 | Revision of permit. | | motor carriers of property. |
| 480-12-120 | Permits, location of. | | |
| 480-12-121 | Operating authority on vehicles. | _ | NEDOCITION OF SECTIONS PODMENT |
| 480-12-125 | Lost permits. | 1 | DISPOSITION OF SECTIONS FORMERLY |
| 480-12-126 | Interstate operations; requirements; definitions. | | CODIFIED IN THIS CHAPTER |
| 480-12-127 | Registered carriers. | 480-12-035 | Applications for extensions [Order D.S. \$ 490 12 035 |
| 480-12-130 | | 400-12-033 | Applications for extensions. [Order R-5, § 480-12-035, |
| | Interstate exempt carriers. | | filed 6/6/69, effective 10/9/69.] Repealed by Order R-24, |
| 480-12-135 | Permits and receipts—Return required—Loss improper | | filed 4/16/71. |
| | use of cards or stamps. | 480-12-040 | Application for permit—Forwarding, carloading or broker. |
| 480-12-150 | Equipment—Identification. | | [Order R-5, § 480-12-040, filed 6/6/69, effective 10/9/69.] |
| 480-12-165 | Equipment—Inspection—Ordered for repairs. | | Repealed by Order R-24, filed 4/16/71. |
| 480-12-170 | Equipment of carriers suspended. | 480-12-047 | Applications for permanent authority, dump truck opera- |
| 480-12-180 | Equipment—Drivers—Safety. | | tions, unprocessed and unmanufactured agricultural |
| 480-12-185 | Equipment, lawful operation of. | | commodities, forest products, livestock hauls, and related |
| 480-12-190 | Hours of service—On duty—Adoption of federal safe- | | |
| 100 12 170 | ty regulations. | | commodities. [Order R-36, § 480-12-047, filed 4/5/72; |
| 100 12 200 | Accidents, reporting of. | | Order R-24, § 480-12-047, filed 4/16/71; Order R-22, § |
| 480-12-200 | | | 480-12-047, filed 8/6/70.] Repealed by Order R-48, filed |
| 480-12-210 | Leasing. | 1-2 | 6/13/73. |
| 480-12-215 | Pseudo leasing. | 480-12-055 | Hearing on show cause orders. [Order R-5, § 480-12-055, |
| 480-12-220 | Unfair or destructive competitive practices by carrier | | filed 6/6/69, effective 10/9/69.] Repealed by Order R-24, |
| | operating under permit. | | filed 4/16/71. |
| 480-12-235 | Claims for loss or damage. | 480-12-060 | Application fees forfeited. [Order R-5, § 480-12-060, |
| 480-12-250 | Accounts-Uniform system adopted-Reports. | | filed 6/6/69, effective 10/9/69.] Repealed by Order R-24, |
| 480-12-255 | Contracts. | | filed 4/16/71. |
| 480-12-265 | Tariffs. | 480-12-075 | Permit phraseology defined. [Order R-5, § 480-12-075, |
| 480-12-270 | Tariffs shall be issued, posted and filed. | 400-12-075 | |
| 480-12-275 | Freight classifications. | | filed 6/6/69, effective 10/9/69.] Repealed by 95-24-001 |
| 480-12-280 | | | (Order R-435, Docket No. TV-941290), filed 11/22/95, |
| | Tariffs, must have. | | effective 12/23/95. Statutory Authority: RCW 80.01.040 |
| 480-12-285 | Tariffs, distribution and fees. | | and 34.05.350. |
| 480-12-290 | Rules of distribution. | 480-12-082 | Terminal areas defined. [Statutory Authority: RCW |
| 480-12-295 | Tariffs, proposed changes in—How made. | | 80.01.040. 82-16-029 (Order R-192, Cause No. TV- |
| 480-12-300 | Tariff rules. | | 1627), § 480-12-082, filed 7/28/82.] Repealed by 95-24- |
| 480-12-320 | Routing of freight. | | 001 (Order R-435, Docket No. TV-941290), filed |
| 480-12-325 | Freight charges paid in any manner other than cash. | | 11/22/95, effective 12/23/95. Statutory Authority: RCW |
| 480-12-330 | Tariffs, observance of. | | 80.01.040 and 34.05.350. |
| 480-12-335 | Rebating and other violations—Hearing. | 480-12-085 | Common or contract carrier may not act as private carrier. |
| 480-12-340 | Credit, extension of, by common carriers. | 700-12-003 | |
| | | | [Order R-5, § 480-12-085, filed 6/6/69, effective 10/9/69.] |
| 480-12-345 | Credit, extension of, by contract carriers. | | Repealed by 95-24-001 (Order R-435, Docket No. TV- |
| 480-12-350 | Insurance. | | 941290), filed 11/22/95, effective 12/23/95. Statutory |
| 480-12-355 | Insurance, continuance of. | | Authority: RCW 80.01.040 and 34.05.350. |
| (11/22/05) | | | |
| (11/22/95) | | | [Ch. 480-12 WAC—p. 1] |
| | | | |

- WAC 480-12-050 Transfer of permit rights. (1) For purposes of this section applications for transfer of permit rights shall include requests for authority to transfer outstanding common or contract carrier permits or portions thereof, and requests for authority to acquire control of common or contract carriers holding permits through ownership of their stock or through purchase, lease or contract to manage the business, or otherwise, as provided in RCW 81.80.270.
- (2) Applications for transfer of permit rights shall be subject to the docketing, hearing, and protest provisions of WAC 480-12-045: *Provided*, That applications need not be published in the commission's weekly application docket subject to protest, and the commission may grant the requested authority without hearing in the following cases:
- (a) Transfers authorized by the proviso of RCW 81.80.270 and transfers authorized by RCW 81.80.272.
- (b) A transfer by an individual to a corporation established to incorporate the transferor's business, when the transferor is the majority stockholder, or by an individual to a partnership, when the transferor is the majority partner, or a transfer by a corporation to the majority shareholder or by a partnership to the majority partner, unless the acquisition of majority interest has not otherwise been approved upon application.
- (c) A transfer by a partnership to a corporation established to incorporate the partnership business, when the partners are the majority stockholders.
- (d) A transfer by a corporation to another corporation where both corporations are wholly owned by the same stockholders.
- (3) The transferor (seller) or someone familiar with the details of the business will be required to be present if a hearing is held on the application. The transferee (buyer) is also required to be present at the hearing. In case either of these parties is a corporation, a duly authorized representative familiar with the details of the corporation's business will suffice, as will one of the partners having familiarity with the business of the partnership. Transferee will be required to establish its fitness, willingness, and ability to conduct operations under the authority sought to be transferred.
- (4)(a) If a hearing is held on the application, the permit holder will be required to produce proof that it was ready, able and willing, and so held itself out to the public to handle the traffic in question within the territory involved.
- (b) Bills of lading or other records, as evidence of freight movements, if available, shall be produced by the permit holder and must be segregated by commodity groups and territory. A summary sheet shall be offered in evidence which lists, by commodity groups and territory, each bill of lading or other shipping document by number, date, commodity, weight, point of origin, point of destination, consignor and consignee. The summary sheet shall show whether it contains all shipments or only representative shipments. If representative shipments are shown, the basis for selection shall be explained, and be representative of the traffic handled, throughout the one year test period hereinafter described.
- (c) A period of one year immediately prior to the date on which the application was filed shall be examined for evidence of operations. Where effective control of the

- operations of the permit holder has passed to the transferee prior to the date on which the application was filed, a period of one year immediately prior to the date that effective control passed to the transferee shall be examined for evidence of operations. Upon a finding that unusual circumstances existed the commission may use a different period, prior to the date the application was filed.
- (d) The parties to a transfer may offer, and if offered, the commission shall give consideration to the nature of operating authority, the amount of traffic that is available in the territory in question, the type of equipment the carrier has had in his or its possession and suitability of the equipment for the traffic in question, the extent of active solicitation of such traffic, and the type of solicitation, whether the operation in question is one of regular or irregular route, whether scheduled or nonscheduled, whether the traffic demands employees having special skills and whether the permit holder had such skilled employees, and all other facts and circumstances tending to show whether or not the permit holder was at all times ready, able and willing and so held itself out to the public, to handle such traffic in question within the territory involved.
- (e) In the event a cessation of operations occurred during the test year when service would normally be expected, the proposed transfer or acquisition of control will be denied unless the permit holder shows that such cessation was caused by circumstances over which it had no control.
- (5) In the case of applications to transfer outstanding permit rights or acquire control of a carrier holding a permit, if any rights in the subject permit are not authorized to be transferred or acquired, the application shall be denied in its entirety unless applicants consent to the elimination from the permit of such rights in writing within 30 days of a final determination of the application. If the application is for transfer of a part only, of a right or rights in a permit, it will be denied if it is found that the partition would create duplicative rights, would divide rights at a point other than along clearly defined geographical or political lines, or permit minute or multiple division of operating rights, or would permit the separation of a commodity or commodities from a class of substantially related commodities or from a commodity classification set forth in Appendix "A" herein, entitled "Classification of brokers, forwarders and motor carriers of property."* The commission will not accept restrictive amendments to applications for the transfer of a permit or a portion thereof nor will it impose restrictive conditions on such a transfer where it is found that the restrictive amendment or conditions requested by the parties would divide rights at a point other than along clearly defined geographical or political lines, or would permit the separation of a commodity or commodities from a class of substantially related commodities or from a commodity classification set forth in Appendix "A" herein entitled "Classification of brokers, forwarders and motor carriers of property."* The commission will not approve the transfer of a permit or a portion thereof when the transferee does not intend to engage in bona fide motor carrier operations under the operating rights or if the transferor acquired the operating rights for the purpose of reselling said permit rights or otherwise trafficking therein for profit. No transfer will be authorized of rights to a transferee when an affiliate of the transferee already has substantially duplicating territorial and

commodity rights. Transfers except those involving acquisition of control, will not be authorized until all claims for loss and damage against a transferor are settled or until all C.O.D. collections made by the transferor are remitted. If authorized, transfer will include identification stamps, tariffs, and regulatory fees.

- (6) This subsection governs the transfer of Washington intrastate authority by the Interstate Commerce Commission under its authority to preempt intrastate regulatory authority while effecting transfers of interstate authority. For the purposes of this subsection, the term application means transfer or acquisition of control of Washington intrastate authority.
- (a) Any person who applies to the Interstate Commerce Commission for preemptive transfer of Washington intrastate motor carrier authority as part of an interstate transaction shall file an application with the Washington utilities and transportation commission for implementation of the intrastate transfer, within five business days after submitting the ICC application. The Washington application shall be on the form for transfers supplied by the commission and shall be accompanied by the required fee.
- (b) In addition to information required of all applicants for transfer, an applicant for ICC-exempted transfer shall submit a copy of the application that it submitted to the ICC. The applicant shall also file with the commission a copy of every document, order, or other correspondence to or from the ICC that is relevant to the proposed intrastate transfer, within five days after sending or receiving the document.
- (c) The application for preemptive transfer shall be docketed for informational purposes but is not subject to intrastate protest. The commission may express its view of the proposal directly to the Interstate Commerce Commission.
- (d) As soon as administratively feasible following receipt of proof of ICC action approving the transaction and preempting transfer of intrastate motor carrier authority, the commission will enter an order in the intrastate proceeding to transfer such intrastate authority as required by the Interstate Commerce Commission under its preemptive authority and to adjust any retained authority as necessary to reflect the transfer. The commission may require an applicant to submit a copy of the ICC action that is certified by an authorized official of the Interstate Commerce Commission to be a true and correct copy of that commission's action.
- (e) A party to a preemptive transfer proceeding who is aggrieved by a commission action in a preempted transfer may request review of the decision in an adjudication or in a brief adjudication under WAC 480-09-500.

*In the case of the commodity classification "general freight" where such authority was issued prior to May 1, 1944, the commission construes such authority to include all other commodity classifications and will permit the separation of a commodity classification from such general freight authority provided such separation meets the other requirements of subsection (5).

[Statutory Authority: RCW 80.01.040. 94-11-022 (Order R-411, Docket No. TV-940122), § 480-12-050, filed 5/5/94, effective 6/5/94; 86-12-029 (Order R-260, Cause No. TV-1963), § 480-12-050, filed 5/29/86; Order R-24, § 480-12-050, filed 4/16/71; Order R-5, § 480-12-050, filed 6/6/69, effective 10/9/69.]

Chapter 480–12 WAC MOTOR CARRIERS

| WAC | | 480-12-265 | Tariffs. |
|--------------------------|--|--------------------------|---|
| 480-12-003 | Procedure. | 480-12-270 | Tariffs shall be issued, posted and filed. |
| 480-12-005 | Communications. | 480-12-275 | Freight classifications. Tariffs, must have. |
| 480-12-010 | Rule book must be in main office—Charge for | 480-12-280 480-12-285 | Tariffs, distribution and cost of. |
| 400 10 015 | replacement. | 480-12-283 | Rules of distribution. |
| 480-12-015 | Documents—When filed. Remittances. | 480-12-295 | Tariffs, proposed changes in—How made. |
| 480-12-020 480-12-025 | Address, change of. | 480-12-300 | Tariff rules. |
| 480-12-030 | Applications. | 480-12-305 | Billing—Method to be used. |
| 480-12-031 | Petition to amend permit to incorporate commercial | 480-12-310 | Gross shipment weight. |
| | zone authority. | 480-12-315 | Tariffs, interstate. |
| 480-12-033 | Temporary permits. | 480-12-320 | Routing of freight. |
| 480-12-045 | Application for permanent authority, docketing- | 480-12-321 480-12-322 | Log road classification—Must have. Log shipments—Intrastate rates—Applicability. |
| 100 10 050 | Protests—Hearings. | 480-12-325 | Freight charges paid in any manner other than cash. |
| 480-12-050 | Transfer of permit rights. | 480-12-330 | Tariffs, observance of. |
| 480–12–065 | Permits, canceled—New application. Permit rights defined—Classification of carriers. | 480-12-335 | Rebating and other violations—Hearing. |
| 480–12–070 480–12–075 | Permit phraseology defined. | 480-12-340 | Credit, extension of, by common carriers. |
| 480-12-080 | "Local cartage" defined, and restrictions. | 480-12-345 | Credit, extension of, by contract carriers. |
| 480-12-081 | Commercial zones defined. | 480-12-350 | Insurance. |
| 480-12-082 | Terminal areas defined. | 480-12-355 | Insurance, continuance of. |
| 480-12-085 | Common or contract carrier may not act as private | 480-12-360 | Insurance endorsement. |
| | carrier. | 480-12-365 | Insurance termination. Insurance, carrier shall not misrepresent. |
| 480–12–090 | "Off-route points" defined. | 480–12–370 480–12–375 | Bond required—Broker—Forwarder. |
| 480-12-095 | "Intermediate points" defined. | 480-12-380 | Common carrier C.O.D. shipments—Bond required— |
| 480-12-100 | Forwarders and brokers. | 100 12 300 | Handling of shipments. |
| 480-12-105 480-12-110 | Primary agricultural carriers. Permit, must abide by—"Tacking"—Extension. | 480-12-385 | Inactive status of permits during military service. |
| 480-12-115 | Revision of permit. | 480-12-395 | Rules—How changed. |
| 480-12-120 | Permits, location of. | 480-12-400 | Definitions. |
| 480-12-121 | Operating authority on vehicles. | 480-12-405 | Determination of weights. |
| 480-12-125 | Lost permits. | 480–12–410 | Discounts prohibited—Rates based on prepayment |
| 480-12-126 | Registration of interstate authority. | 490 12 415 | charges prohibited. Prohibition against carrier acting as agent for another |
| 480-12-127 | Registered carriers. | 480-12-415 | carrier. |
| 480-12-130 | Identification cards—Amendment—Substitution. | 480-12-420 | Acting as agent for compensation for insurance com- |
| 480-12-135 | Cards—Return required—Loss of—Improper use of | 100 12 120 | pany prohibited. |
| 480-12-140 | cards or stamps. Equipment, standby. | 480-12-425 | Issuance of receipt or bill of lading for transportation |
| 480-12-150 | Equipment—Name and permit number. | | prior to receiving household goods prohibited. |
| 480-12-155 | Equipment—Interchange of. | 480-12-430 | Liability of carriers. |
| 480-12-160 | Disabled motor vehicles-Substitution. | 480-12-435 | Estimates of charges. |
| 480-12-165 | Equipment—Inspection—Ordered for repairs. | 480–12–440 | Absorption or advancement of dock charges. |
| 480-12-170 | Equipment of carriers suspended. | 480-12-445 | Information to shipper. Minimum weight shipments. |
| 480-12-180 | Equipment—Drivers—Safety. | 480–12–450 480–12–455 | Underestimates. |
| 480-12-185 | Equipment, lawful operation of. | 480-12-460 | Complaint procedures |
| 480–12–190 | Hours of service—On duty—Adoption of federal safety regulations. | 480–12–465 | Charge card plans. |
| 480-12-195 | Hazardous materials regulations. | 480-12-990 | Appendix A—Classification of brokers, forwarders |
| 480-12-196 | Transportation of radioactive materials—Driving and | | and motor carriers of property. |
| 100 12 270 | parking rules. | | AND AN ARCHION A DANKEN IN CONTENED IN THIS |
| 480-12-200 | Accidents, reporting of. | DISPOSITIO | ON OF SECTIONS FORMERLY CODIFIED IN THIS |
| 480-12-205 | Passengers—Carrying prohibited—Exceptions. | | CHAPTER |
| 480-12-210 | Leasing. | 480-12-035 | Applications for extensions. [Order R-5, § 480-12- |
| 480-12-215 | Pseudo leasing. | | 035, filed $6/6/69$, effective $10/9/69$.] Repealed by |
| 480-12-220 | Unfair or destructive competitive practices by carrier | | Order R-24, filed 4/16/71. |
| 100 12 225 | operating under permit. Advertising on equipment. | 480-12-040 | Application for permit—Forwarding, carloading or |
| 480-12-225 480-12-230 | Service, scheduled, discontinuance of. | | broker. [Order R-5, § 480–12–040, filed 6/6/69, ef- |
| 480-12-233 | Agreements for pooling of freight. | | fective 10/9/69.] Repealed by Order R-24, filed |
| 480-12-235 | Claims for loss or damage. | 480-12-047 | 4/16/71. Applications for permanent authority, dump truck op- |
| 480-12-240 | Shipments on hand undelivered | 400-12-04/ | erations, unprocessed and unmanufactured agricul- |
| 480-12-245 | Commissions. | | tural commodities, forest products, livestock hauls, |
| 480-12-250 | Accounts-Uniform system adopted-Reports | | and related commodities. [Order R-36, § 480-12- |
| 480-12-253 | Continuing traffic study instituted—Requirements— | | 047, filed 4/5/72; Order R-24, § 480-12-047, filed |
| 100 : 5 55 | Penalties. | | 4/16/71; Order R-22, § 480-12-047, filed 8/6/70.] |
| 480–12–255 480–12–260 | Contracts. Bills of lading. | | Repealed by Order R-48, filed 6/13/73. |
| | | | |

days of being notified, submit verified statements of witnesses containing the facts to which the witnesses would testify at a hearing if one were held, and otherwise such application shall be dismissed. [Statutory Authority: RCW 80.01.040. 87–19–088 (Order R–276, Cause No. TV–2092), § 480–12–045, filed 9/17/87; Order R–70, § 480–12–045, filed 1/29/75, effective 3/1/75; Order R–48, § 480–12–045, filed 6/13/73; Order R–36, § 480–12–045, filed 4/5/72; Order R–24, § 480–12–045, filed 4/16/71; Order R–5, § 480–12–045, filed 6/6/69, effective 10/9/69.]

WAC 480-12-050 Transfer of permit rights. (1) For purposes of this section applications for transfer of permit rights shall include requests for authority to transfer outstanding common or contract carrier permits or portions thereof, and requests for authority to acquire control of common or contract carriers holding permits through ownership of their stock or through purchase, lease or contract to manage the business, or otherwise, as provided in RCW 81.80.270.

(2) Applications for transfer of permit rights shall be subject to the docketing, hearing, and protest provisions of WAC 480-12-045! Provided, That applications need not be published in the commission's weekly application docket subject to protest, and the commission may grant the requested authority without hearing in the following

(a) Transfers authorized by the proviso of RCW 81-.80.270 and transfers authorized by RCW 81.80.272.

(b) A transfer by an individual to a corporation established to incorporate the transferor's business, where the transferor is the majority stockholder.

(c) A transfer by a partnership to a corporation established to incorporate the partnership business, where the partners are the majority stockholders.

(d) A transfer by a corporation to another corporation where both corporations are wholly owned by the same stockholders

(3) The transferor (seller) or someone familiar with the details of his business will be required to be present if a hearing is held on the application. The transferee (buyer) is also required to be present at the hearing. In case either of these parties is a corporation, a duly authorized representative familiar with the details of the corporation's business will suffice, as will one of the partners having familiarity with the business of the partnership. Transferee will be required to establish his, or its, fitness, willingness, and ability to conduct operations under the authority sought to be transferred.

(4)(a) If a hearing is held on the application, the permit holder will be required to produce proof that said permit holder was ready, able and willing, and so held himself out to the public to handle the traffic in question within the territory involved.

(b) Bills of lading or other records, as evidence of freight movements, if available, shall be produced by the permit holder and must be segregated by commodity groups and territory. A summary sheet shall be offered in evidence which lists, by commodity groups and territory, each bill of lading or other shipping document by

number, date, commodity, weight, point of origin, point of destination, consignor and consignee. The summary sheet shall show whether it contains all shipments or only representative shipments. If representative shipments are shown, the basis for selection shall be explained, and be representative of the traffic handled, throughout the one year test period hereinafter described.

- (c) A period of one year immediately prior to the date on which the application was filed shall be examined for evidence of operations. Where effective control of the operations of the permit holder has passed to the transferee prior to the date on which the application was filed, a period of one year immediately prior to the date that effective control passed to the transferee shall be examined for evidence of operations. Upon a finding that unusual circumstances existed the commission may use a different period, prior to the date the application was filed
- (d) The parties to a transfer may offer, and if offered, the commission shall give consideration to the nature of operating authority, the amount of traffic that is available in the territory in question, the type of equipment the carrier has had in his or its possession and suitability of the equipment for the traffic in question, the extent of active solicitation of such traffic, and the type of solicitation whether the operation in question is one of regular or irregular route, whether scheduled or nonscheduled, whether the traffic demands employees having special skills and whether the permit holder had such skilled employees, an fall other facts and circumstances tending to show whether or not the permit holder was at all times ready, able and willing and so held himself out to the public, to handle such traffic in question within the territory involved.
- (e) In the event a cessation of operations occurred during the test year when service would normally be expected, the proposed transfer or acquisition of control will be denied unless the permit holder shows that such cessation was caused by circumstances over which he had no control.
- (5) In the case of applications to transfer outstanding permit rights or acquire control of a carrier holding a permit, if any rights in the subject permit are not authorized to be transferred or acquired, the application shall be denied in its entirety unless applicants consent to the elimination from the permit of such rights in writing within 30 days of a final determination of the application. If the application is for transfer of a part only, of a right or rights in a permit, it will be denied if it is found that the partition would create duplicative rights, would divide rights at a point other than along clearly defined geographical or political lines, or permit minute or multiple division of operating rights, or would permit the separation of a commodity or commodities from a class of substantially related commodities or from a commodity classification set forth in Appendix "A" herein, entitled "Classification of brokers, forwarders and motor carriers of property."* The commission will not accept restrictive amendments to applications for the transfer of

a permit or a portion thereof nor will it impose restrictive conditions on such a transfer where it is found that the restrictive amendment or conditions requested by the parties would divide rights at a point other than along clearly defined geographical or political lines, or would permit the separation of a commodity or commodities from a class of substantially related commodities or from a commodity classification set forth in Appendix "A" herein entitled "Classification of brokers, forwarders and motor carriers of property."* The commission will not approve the transfer of a permit or a portion thereof where the transferee does not intend to engage in bona fide motor carrier operations under the operating rights or if the transferor acquired the operating rights for the purpose of reselling said permit rights or otherwise trafficking therein for profit. No transfer will be authorized of rights to a transferee where an affiliate of the transferee already has substantially duplicating territorial and commodity rights. Transfers except those involving acquisition of control, will not be authorized until all claims for loss and damage against a transferor are settled or until all C.O.D. collections made by the transferor are remitted. If authorized, transfer will include identification stamps, tariffs, and regulatory fees.

*In the case of the commodity classification "general freight" where such authority was issued prior to May 1, 1944, the commission construes such authority to include all other commodity classifications and will permit the separation of a commodity classification from such general freight authority provided such separation meets the other requirements of subsection (5).

[Statutory Authority: RCW 80.01.040. 86-12-029 (Order R-260, Cause No. TV-1963), § 480-12-050, filed 5/29/86; Order R-24, § 480-12-050, filed 4/16/71; Order R-5, § 480-12-050, filed 6/6/69, effective 10/9/69.]

WAC 480-12-065 Permits, canceled—New application. Where a permit is canceled by the commission for cause, and which cause is not the fault of the permittee, he may secure a new permit in less than 30 days, providing he shall have filed a new application within 30 days after date of cancellation. Such new application must be accompanied by application fee only. If not filed within 30 days, then application shall be considered in all respects as a new application and accompanied by full fees. [Order R-5, § 480-12-065, filed 6/6/69, effective 10/9/69.]

EXHIBIT 2

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from

to

Commission file number 1-12154

Waste Management, Inc.

(Exact name of registrant as specified in its charter)

Delaware

73-1309529

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1001 Fannin Street, Suite 4000

77002

Houston, Texas
(Address of principal executive offices)

(Zip code)

Registrant's telephone number, including area code: (713) 512-6200

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of exchange on which registered

Common Stock, \$.01 par value

New York Stock Exchange

4% Convertible Subordinated Debentures due 2002

Securities registered pursuant to Section 12(g) of the Act: 5.75% Convertible Subordinated Notes due 2005

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes \square No \square

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. \square

The aggregate market value of the voting stock held by non-affiliates of the registrant at March 17, 1999, was approximately \$27,437,506,000. The aggregate market value was computed by using the closing price of the common stock as of that date on the New York Stock Exchange. (For purposes of calculating this amount only, all directors and executive officers of the registrant have been treated as affiliates.)

The number of shares of Common Stock, \$.01 par value, of the registrant outstanding at March 17, 1999, was 601,810,986 (excluding 7,892,612 shares held in the Waste Management, Inc. Employee Stock Benefit Trust).

DOCUMENTS INCORPORATED BY REFERENCE

Document

Incorporated as to

Proxy Statement for the 1999 Annual Meeting of Stockholders

Part III

fundamental to achieving sustainable internal growth and to realizing the benefits of its acquisition activity.

- Focusing on core businesses. The Company intends to focus on its core businesses, providing waste services including collection, transfer, disposal (landfill and waste-to-energy), recycling and other complementary services. The Company has marketed for sale certain business lines that include services not easily integrated in order to focus on those businesses that strengthen its overall competitive position.
- Internalization. The Company strives to strengthen its position in its existing markets by expanding the scope of services through the integration of its collection, transfer station, and disposal operations. Internalization is the disposal of waste collected by the Company at a facility owned or operated by the Company. Waste that can be internalized generally has greater profitability than waste that is disposed of at a third party facility. The utilization of internal disposal capacity is an integral component of the Company's ability to achieve its financial goals and objectives.
- Decentralized management. Because the Company believes the solid waste industry is a local and
 regional business, the Company is organized based upon a decentralized management and a streamlined corporate structure. The Company believes this approach enhances its ability to manage the local
 aspects of daily operations and service its customers more effectively.

Financial Flexibility and Strength

- Preserving the financial foundation. The Company monitors the financial demands of its existing
 operations, acquisition activities, and capital expenditures program in an attempt to maintain its
 financial flexibility and strength and its ability to capitalize on future opportunities. In managing its
 financial resources, the Company utilizes commercial banks, equity and debt offerings, and issues
 equity instruments in certain acquisitions. The Company believes that its ability to continue as an
 industry consolidator is directly related to its ability to maintain its financial flexibility and strength.
- Maximizing cash flows from operations. The industry in which the Company operates typically experiences significant positive cash flows from properly managed operations. The Company believes that it can be the low-cost service provider and strives to maximize cash flows from its operations in all markets. The Company expects to use these cash flows, in part, to continue its growth and believes it can do so without compromising its financial condition.

The Company's business is subject to extensive foreign, federal, state, and local regulation and legislative initiatives. Further, in some locations, its business is subject to environmental regulation, mandatory recycling laws, prohibitions on the deposit of certain types of waste in landfills, and restrictions on the flow of solid waste. Because of continuing public awareness and influence regarding the collection, transfer, and disposal of waste and the preservation of the environment, and uncertainty with respect to the enactment and enforcement of future laws and regulations, the Company cannot always accurately predict the impact that any future regulations or laws may have on its operations. See "— Regulation" and "— Legal Proceedings."

Acquisition and Divestiture Activity in 1998

On July 16, 1998, the Company, then known as USA Waste Services, Inc., completed a merger with Waste Management, Inc., at which time Waste Management, Inc. was renamed Waste Management Holdings, Inc. ("WM Holdings") (the "WM Holdings Merger"). Under the terms of the WM Holdings Merger, the Company issued 0.725 of a share of its common stock for each outstanding share of WM Holdings common stock. The WM Holdings Merger increased the Company's outstanding shares of common stock by approximately 354,000,000 shares, and the Company assumed WM Holdings' stock options equivalent to approximately 16,000,000 underlying shares of the Company's common stock. Any unvested WM Holdings options issued prior to March 10, 1998 vested upon consummation of the WM Holdings Merger due to change of control provisions in the related plans. WM Holdings was previously the largest publicly traded solid waste company in the U.S., providing integrated solid waste management and hazardous waste management services in North America and comprehensive waste management and related services, including solid and hazardous waste management services, internationally. WM Holdings was also a leading

developer of facilities for, and provider of services to, the waste-to-energy and waste-fuel powered independent power markets. On the effective date of the WM Holdings Merger, the Company changed its name to "Waste Management, Inc."

On December 31, 1998, the Company consummated a merger with Eastern Environmental Services, Inc. ("Eastern") pursuant to which the Company issued approximately 24,460,000 shares of its common stock in exchange for all of the outstanding shares of Eastern (the "Eastern Merger").

On November 30, 1998, the Company acquired the 49% interest of the United Kingdom operations that were previously owned by Wessex Water Plc for approximately \$342,000,000.

On November 3, 1998, the Company completed the acquisition of the publicly owned shares of Waste Management International plc, an indirect majority-owned subsidiary ("WMI plc"). Pursuant to the acquisition, holders of the approximately 75 million ordinary shares not already owned by the Company (including those represented by American Depositary Receipts) received approximately \$5.72 for each share held, for a total of approximately \$443,000,000. The Company liquidated WMI plc after the acquisition in an effort to simplify the corporate structure and provide enhanced tax planning opportunities. The Company's international operations are now conducted through Waste Management International BV, a Netherlands corporation ("WM International").

On June 18, 1998, the Company acquired the solid waste businesses of American Waste Systems, Inc. ("American Waste") for approximately \$150,000,000 in cash. The businesses acquired include three landfills and one collection operation located in Ohio.

On May 6, 1998, the Company consummated a merger with TransAmerican Waste Industries, Inc. ("TransAmerican"), pursuant to which the Company issued approximately 1,975,000 shares of its common stock in exchange for all outstanding shares of TransAmerican. The businesses acquired include five collection operations, nine landfills and two transfer stations located throughout the southern U.S.

On March 31, 1998, the Company acquired all of the outstanding shares of Wheelabrator Technologies Inc. ("WTI") which it did not already own for \$876,200,000 in cash.

On January 14, 1998, the Company acquired the solid waste divisions of City Management Holdings Trust ("City Management") for approximately \$810,000,000 consisting of cash, and assumed debt. The businesses acquired are primarily located in Michigan and include collection operations, landfills, and transfer stations

In addition to the aforementioned acquisitions, the Company paid an aggregate of \$1,453,880,000 in cash, common stock, and liabilities assumed to acquire solid waste assets and businesses.

In connection with the WM Holdings Merger and the Eastern Merger, the Company entered into agreements with the Antitrust Division of the Department of Justice and several states. Under the terms of the agreements, the Company is required to divest of future airspace rights and certain waste disposal, transfer and commercial collection assets. Included in the required divestitures are landfills in Ohio, Colorado, Michigan, Texas, California, Kentucky, Florida, New York and Pennsylvania; commercial waste hauling assets in Ohio, Pennsylvania, Colorado, Michigan, Texas, Kentucky, Oregon, Arizona and Florida; and certain commercial collection routes in Pennsylvania, New Jersey, New York, Virginia and Florida.

Additionally, in September 1998, the Company completed the sale of Rust Environmental & Infrastructure, Inc. ("REI"). The Company sold the environmental and infrastructure, engineering, and consulting firm for approximately \$68,000,000, subject to certain post-closing adjustments, in furtherance of the Company's previous decision to sell or otherwise discontinue certain lines of business of its subsidiary, Rust International, Inc.

Recent Developments

In March 1999, the Company entered into an agreement with a subsidiary of the French conglomerate Vivendi SA to form a non-landfill hazardous waste and industrial cleaning business joint venture. Under the agreement, the Company will transfer certain assets of the non-core industrial cleaning and hazardous waste