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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 of Skagit County

Re WAC 480-07-520(4)

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 The Petition requests permission to file Work Papers that comport with the exemptions granted in WMW’s most recent 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

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 (November 24, 2010) (“Kennewick Exemption Order”) (collectively, “Prior Exemption
2 Orders”).

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

13 **II. PARTIES**

- 14 3. Petitioner’s name and address are as follows:
15 Waste Management of Washington, Inc.
16 13225 N.E. 126th Place
17 Kirkland, WA 98034
- 18 4. Petitioner’s attorney’s name and address are as follows:
19 Polly L. McNeill
20 Summit Law Group PLLC
21 315 Fifth Avenue S., Suite 1000
22 Seattle, WA 98104

23 **III. FACTUAL BACKGROUND**

- 24 5. WMW is the corporate subsidiary of Waste Management, Inc. that operates in Washington-
25 state. WMW is the holder of Certificate of Public Convenience and Necessity No. G-237,
26 but throughout the State the company has ten different business units providing solid waste
collection services. The business units perform solid waste collection under nine different
WUTC tariffs, one for each of the geographically-specific collection entities. Disposal fees,
labor rates, fuel prices, and other costs differ in each of the geographic territories. In
addition, WMW owns three landfills, six transfer stations and four recycling centers.

- 1 6. In submitting its general rate request, for certain elements of WAC 480-07-520, WM Skagit
2 has limited some of the financial data included in its Work Papers to the business entity
3 providing services under the tariff that WMW is seeking to amend, and has not provided the
4 analysis for WMW as a whole. This general rate filing for WM Skagit includes financial
5 information that is the same in scope as the Work Papers approved by the Prior Exemption
6 Orders. Thus, the Work Papers for WM Skagit address the separate requirements of
7 WAC 480-07-520(4) as follows:
- 8 7. WAC 480-07-520(4)(a) (*detailed pro forma income statement*) – The required income
9 statement is limited to WM Skagit, the business unit providing services under the tariff that
10 WMW is seeking to amend.
- 11 8. WAC 480-07-520(4)(b) (*revenue impact calculation for proposed tariff revisions*) – The
12 revenue impact calculation is limited to services provided by WM Skagit under the tariff that
13 WMW is seeking to amend.
- 14 9. WAC 480-07-520(4)(c) (*income statement listing all revenue and expense accounts by*
15 *month*) – The required income statement is limited to WM Skagit, the business unit that
16 provides services under the tariff that WMW is seeking to amend.
- 17 10. WAC 480-07-520(4)(d) (*detailed separation of all revenue and expenses between*
18 *regulated/nonregulated operations if nonregulated revenue exceeds ten percent of total*
19 *company test period revenue*) – The filing provides a detailed separation of all revenue and
20 expenses between (1) WM Skagit, the business unit that provides services under the tariff
21 that WMW is seeking to amend and (2) other business units within Waste Management with
22 which WM Skagit has intra-company transactions or arrangements that, but for the fact that
23 the business units are not separate corporations, would be affiliated interest transactions. The
24 filing also includes a detailed separation of all revenues and expenses for each of the other
25 WMW business units performing collection operations, with expenses allocated
26 proportionately on the basis of regulated and unregulated revenues, and a combined

1 statement of detailed revenues and expenses for all of WMW's unregulated, non-collection
2 operations added together.

3 11. WAC 480-07-520(4)(e) (*detailed list of all nonregulated operations, including the rates*
4 *charged for the services rendered*) – The filing includes a list of all regulated and
5 nonregulated operations within WMW, including the rates charged. No exemption is sought
6 for this filing requirement, but due to the extensive number of municipal contracts under
7 which WM Skagit operates, information related to those unregulated operations will be
8 provided upon Staff's request.

9 12. WAC 480-07-520(4)(f) (*detailed price-out information*) – The revenue reported is limited to
10 services provided by WM Skagit under the tariff that WMW is seeking to amend.

11 13. WAC 480-07-520(4)(g) (*consolidated balance sheet*) – The required consolidated balance
12 sheet includes Waste Management, Inc., and Waste Management of Washington. No
13 exemption is sought for this filing requirement.

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

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

20 16. WAC 480-07-520(4)(j) (*information about every transaction with affiliated interests or*
21 *subsidiaries*) – Affiliated interest transactions under this requirement are limited to those
22 between WM Skagit, the business unit that provides services under the tariff that WMW is
23 seeking to amend, on the one hand, and Waste Management, Inc., for administrative
24 overhead services performed by the area and corporate offices. The filing includes an
25 income statement and balance sheet for Waste Management, Inc. No exemption is needed
26 for this requirement.

IV. PETITION FOR EXEMPTION

1 17. WAC 480-07-110 provides that the Commission may grant an exemption from or modify the
2 application of its rules in individual cases if consistent with the public interest and the
3 purposes of the underlying regulation:
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5 The standard for consideration is the public interest standard.
6 Factors the commission may consider include whether application
7 of the rule would impose undue hardship on the requesting person,
8 of a degree or a kind different from hardships imposed on other
9 similarly situated persons, and whether the effect of applying the
10 rule would be contrary to the underlying purposes of the rule.

11 18. In the Prior Exemption Orders, the Commission concluded that granting an exemption was in
12 the public interest and met the standards for consideration of a rule exemption under WAC
13 480 07 110(c) – and the same policy applies in this filing for WM Skagit.

14 19. As the Commission observed in the Sno-King Exemption Order, Waste Management’s
15 corporate structure is unusual with respect to having so many organizationally distinct
16 regulated and nonregulated lines of business within one corporation. The burdens imposed
17 on WMW by the general rate filing requirements of WAC 480-07-520(4) are different in
18 degree and kind than those imposed on other solid waste collection companies.

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

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

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

15 **V. CONCLUSION**

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

19 DATED this _____ day of April, 2011.

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21 By _____
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Skagit