



FROM: Ronald M. Anderson II
DATE: June 1, 2023
SUBJECT: TV-230400, Kent-Meridian Disposal.

Discussion:

Kent-Meridian Disposal. (Kent-Meridian or company) is a Class “A” solid waste company as defined in rule; WAC 480-70-041 with over \$2.5million in regulated intrastate gross revenues. As required in WAC 480-70-079, the company filed on May 22, 2023, with the Utilities and Transportation Commission (UTC or commission) a report on its affiliated interest and subsidiary transactions.

Scope of Staff Investigation:

Staff will examine the filing in UTC Docket TV- 230400 and answer the following questions:

1. Does the information provided by the company meet the requirements of WAC 480-70-079?
2. As a result of examining the transactions contained in this filing, what areas and elements of affiliate contracts and arrangements will need to be examined in a future rate case to validate that they are reasonable and consistent with the public interest?

Requirements set forth in WAC 480-70-079:

WAC 480-70-079 requires regulated solid waste companies to provide the commission with the following information relating to transactions between a regulated solid waste company and its affiliate(s):

<i>Requirement</i>	<i>Staff opinion</i>
Corporate organization chart of the company and its affiliated interests and subsidiaries (WAC 480-70-079 (2)).	Kent-Meridian has met this requirement.

For 2022, Kent-Meridian is reporting the following transactions:

1. Rabanco Recycling Companies (G-12) – Provides processing of recyclable materials and yard waste (value in 2022 (\$1,372,479))
2. Regional Disposal Company – A joint venture between Rabanco and WJR Environmental, providing post collection services and owning and operating the Roosevelt Landfill in Klickitat County (value in 2022 was \$10,294,813)

<i>Requirement</i>	<i>Staff opinion</i>
WAC 480-70-079 (3) states that if total affiliated interest or a subsidiary are less than \$100,000 for the reporting period, the company must provide the name of the affiliated interest or subsidiary participating in the transactions and the total dollar amounts of the transactions.	Kent-Meridian has met this requirement.
For transactions over \$100,000 the following information is also required by rule (WAC 480-70-079 (3) (a) through (g) and WAC 480-70-079 (4))	
<i>Requirement</i>	<i>Staff opinion</i>
Balance sheet and income statement for such affiliated interest (WAC 480-70-079 (3) (a)).	Kent-Meridian has met this requirement.
Description of the products or services provided to or from the company and each such affiliated interest or subsidiary (WAC 480-70-079 (3) (b)).	Kent-Meridian has met this requirement.
Description of the pricing basis or costing method, and procedures for allocating costs for such products or services, and the amount and accounts charged during the year (WAC 480-70-079 (3) (c)).	Kent-Meridian has met this requirement.
Description of the terms of any loans between the company and each such affiliated interest or subsidiary and a listing of the year-end loan amounts and maximum loan amounts outstanding during the year (WAC 480-70-079 (3) (d)).	None reported.
Description of the terms and total amount of any obligation or liability assumed by the company for each such affiliated interest or subsidiary (WAC 480-70-079 (3) (e)).	None reported.
Description of the activities of each such affiliated interest or subsidiary with which the company has transactions (WAC 480-70-079 (3) (f)).	Kent-Meridian has met this requirement.
A list of all common officers and directors between the solid waste company and each such affiliated interest or subsidiary, along with their titles in each organization (WAC 480-70-079 (3) (g)).	Kent-Meridian has met this requirement.

<i>Requirement</i>	<i>Staff opinion</i>
File copies of affiliated interest contracts and arrangements as stated in WAC 480-70-078 (WAC 480-70-079 (4)).	None reported.

Areas and Elements Examined in the Next Rate Case:

The amounts paid to Rabanco Retheling Company for processing recyclable materials collected from regulated customers should be reviewed as part of any increase in recycling rates. Any disposal fees charged by Regional Disposal Company should also be reviewed, especially if incurred by a collection company other than Allied Waste of Klickitat dba Tri-County Disposal. Any other reported affiliate transactions (i.e., contracted services) in addition to collection and processing of recyclable materials should be examined and noted for reporting in subsequent years. Rabanco does not charge its affiliates management fees but allocates costs for services performed at the corporate level, such as payroll processing and human resource services. These costs should be reviewed for reasonableness, and the allocation methodology to all affiliates examined. Previous revenue per affiliated interest report shows 2.5 million. The current for 2022 is 12,069,614. A difference of 9.569 million. This should be investigated in the next case. The value of Regional Disposal Company increased by over 9 million dollars. This should be investigated during the next rate case.

Conclusion

Take no other action on this filing at this time and close the docket.