

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

vs.

US ECOLOGY, INC.,

Respondent.

DOCKET NO. UR-950619

PETITION OF US ECOLOGY, INC.
FOR AN ORDER REGARDING THE
ACCOUNTING TREATMENT OF
THE BENTON COUNTY PROPERTY
TAX LIABILITY

DOCKET NO. UR-950620

SETTLEMENT AGREEMENT ON
REVENUE REQUIREMENT ISSUES

RECITALS

On May 31, 1995, US Ecology, Inc. ("US Ecology" or "the Company") commenced these proceedings by filing (1) tariff revisions seeking a general rate increase and (2) a Petition for an Accounting Order regarding the treatment of the Benton County property tax liability. Many of the issues included in the general rate filing were resolved pursuant to a Stipulation Regarding Rate Design and Ratemaking Issues ("Stipulation") among US Ecology, Commission Staff, the other parties to the proceeding, and other participants to a collaborative process that had been convened to examine such issues. The Stipulation was accepted by the Commission in its Fifth Supplemental Order issued on October 6, 1995.

Following cross-examination of the Company's direct testimony and filing of testimony by Commission Staff and Intervenors, the parties to this proceeding¹ ("Parties") engaged in settlement discussions toward resolving the remaining issues. The Parties have reached agreement on these issues, and wish to present their agreement for the Commission's consideration. The Parties therefore adopt the following settlement terms for action by the Commission in the above-captioned proceedings.

AGREEMENT

The Parties hereby agree as follows:

Section 1. Effective Date of New Rates

Notwithstanding the proposal jointly submitted by the Parties on July 25, 1995, and accepted by the Commission on July 27, 1995, the Company will not implement interim rates for the period from January 1 through February 29, 1996. The rates to become effective as of January 1, 1996, as set forth in tariff sheets in the compliance filing to be submitted upon Commission approval of this Settlement Agreement, are the permanent rates for 1996. These rates shall be adjusted thereafter in accordance with the Stipulation.

Section 2. Revenue Requirement

The Company's filing in this proceeding requested a revenue requirement of \$6,498,362 for the calendar year beginning January 1, 1996. In its prefiled testimony submitted on November 1, Commission Staff proposed various adjustments to the Company's filing, and recommended a revenue requirement of \$4,969,224. The Intervenors also proposed various adjustments that would reduce the Company's proposed revenue requirement by \$977,571. The Parties agree that the revenue requirement for 1996 shall be \$5,600,000, supported by the Results of Operations (including restating and pro forma adjustments) attached hereto as Exhibit A.

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The Parties include US Ecology, Commission Staff, Washington Public Power Supply System, Bonneville Power Administration, Portland General Electric Company, Teledyne Wah Chang, Precision Castparts Corp., and Public Service Company of Colorado.

Section 3. RCRA Expenditures

The Company's filing included testimony concerning \$750,000 in costs associated with Phase I of an investigation to be conducted in 1995 and 1996 under the Resource Conservation and Recovery Act of 1976, or RCRA. The revenue requirement for 1996 as stipulated in Section 2 does not include these costs. The Parties agree that the Company may submit a separate rate filing to recover these costs once they become certain as to amount and timing, and that such a filing is not contrary to the moratorium provisions of Section 5 of the Stipulation. Such a filing would relate exclusively to the recovery in rates of expenditures incurred by the Company in connection with the investigation to be performed as a result of the Richland site's inclusion in the RCRA Part B permit for the Hanford Reservation or as otherwise required as a condition of the facility's license or Closure Plan. Commission Staff and Intervenors reserve the right in that filing to dispute the recoverability of these expenditures in rates.

Section 4. Benton County Property Tax

(a) **Petition for Accounting Order.** The Company withdraws its Petition for Accounting Order in Docket No. UR-950620. The Parties agree that the Company shall not seek to recover such amounts. Any rate relief related to assessments for the Benton County property tax shall be for the liability which relates to periods after January 1, 1996, in accordance with paragraph 4(b) below.

(b) **1996 Liability.** The Parties agree to exclude the Benton County property tax from operating expenses for ratemaking purposes. Beginning with the effective date of rates in this proceeding, the Company will collect through Schedule C, the Tax and Fee Rider, a Benton County Tax Surcharge in an amount equal to \$140,000 for its potential liability to Benton County for personal property

tax. \$140,000 is a stipulated amount calculated and agreed upon by the Parties using the methodology set forth in Intervenor witness Drazen's prefiled testimony (Schedule 4) and the 1996 revenue requirement of \$5,600,000. For rate design purposes, the Surcharge will be allocated pro rata among the four rate components (excluding the site

availability charge), according to the percentages set forth in paragraph 2(a) of the Stipulation.

(i) **Refund of Excess Collections.** Any amounts collected pursuant to this paragraph 4(b) will be placed in an escrow account, subject to refund with interest, in the event the amount paid to Benton County for personal property taxes relating to periods after January 1, 1996 is less than the amount so collected.

(ii) **Reduction in Collected Amount.** In the event the assessment relating to periods after January 1, 1996 is reduced to an amount which is less than \$140,000, the Benton County Tax Surcharge in Schedule C will be reduced to equal the amount of the assessment.

(iii) **Collection of Additional Amounts.** In the event the Company is required to pay to Benton County for personal property taxes relating to periods after January 1, 1996 an amount which is greater than the amount collected pursuant to this paragraph 4(b), the -Company is authorized to submit a proposed tariff revision for Schedule C to adjust the Benton County Tax Surcharge to recover such higher amount. Such revised Surcharge shall be sufficient in amount to collect the amounts paid or to be paid to Benton County for personal property taxes relating to periods after January 1, 1996.

Commission Staff and Intervenors reserve the right in that filing to dispute the recoverability of these amounts.

Section 5. Miscellaneous Provisions

(a) **No Precedent.** The Parties enter into this Settlement Agreement to avoid further expense, inconvenience, and delay and to dispose of litigation. By executing this Settlement Agreement (including the Results of Operations as adjusted by restating and pro forma adjustments), no Party shall be deemed to have accepted or consented to the facts, principles, methods or theories employed in arriving at such a Settlement Agreement nor shall any Party be deemed to have agreed that such a Settlement Agreement is appropriate for resolving issues in any other proceeding.

(b) **Binding on Parties.** This Settlement Agreement is offered in this proceeding as the joint, exclusive proposal of the Parties with respect to the issues set forth herein. The Parties have negotiated this Settlement Agreement as an integrated document, and therefore recommend that the Commission accept this Settlement Agreement in its entirety.

(c) **Procedure.** The Parties shall cooperate in submitting this Settlement Agreement promptly to the Commission for acceptance, and shall request that the Commission consider and take action on the Settlement Agreement at the hearing on December 4, 1995, previously scheduled for cross-examination of testimony. In the event the Settlement Agreement:

- (i) is rejected in its entirety by the Commission, or
- (ii) is rejected in part by the Commission and any Party notifies the Commission and the remaining Parties within three (3) business days thereafter that the Settlement Agreement is no longer applicable to that Party,

the Parties propose that the following procedures apply and at the following times after the Rejection Date (rejection under (i) or notification under (ii) above):

- (i) **Rebuttal testimony** will be filed one week after the Rejection Date;
- (ii) Hearing will be convened three (3) weeks after the Rejection Date; and

(iii) Briefs will be due five (5) weeks after the Rejection Date; or such other schedules as the Commission may prescribe to accommodate an order by the Commission that will permit rates to become effective no later than March 1, 1996.

(d) Authority. Each Party represents that it is authorized to enter into this Settlement Agreement and that the obligations such Party undertakes in this Settlement Agreement and such exhibits are valid, lawful, binding and enforceable obligations and within the authority of such Party to undertake. Each Party represents that all necessary approvals in respect to its authority to execute this Settlement Agreement and such exhibits have been obtained.

(e) Execution. This Settlement Agreement may be executed by the Parties in several counterparts and as executed shall constitute one agreement.

(f) Necessary Actions. Each Party shall take all actions necessary and appropriate to enable it to carry out this Settlement Agreement.

(g) Compliance. The compliant procedures provided in WAC 480-92-090 shall apply with respect to the Company's compliance with this Settlement Agreement.

US ECOLOGY, INC.

WASHINGTON UTILITIES AND
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By: _____
Its: _____

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(f) Necessary Actions. Each Party shall take all actions necessary and appropriate to enable it to carry out this Settlement Agreement.

(g) Compliance. The complaint procedures provided in WAC 480-92-090 shall apply with respect to the Company's compliance with the Settlement Agreement.

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BONNEVILLE POWER
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PORTLAND GENERAL ELECTRIC
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PRECISION CASTPARTS CORP. TELEDYNE WAH CHANG

By: _____

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Its: _____

PUBLIC SERVICE COMPANY
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