

April 27, 2012

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BY HAND

David Danner, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
Attention: Records Center  
P.O. Box 47250  
1300 S. Evergreen Park Dr. SW  
Olympia, WA 98504-7250

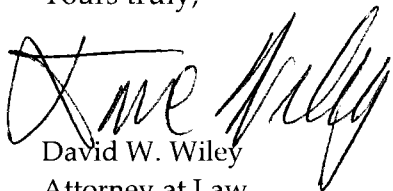
Re: Docket No. TG-111681, Consolidated –Corrected/Supplemented Response to Bench Request No. 5 on Behalf of Respondent Mason County Garbage Co., Inc. d/b/a Mason County Garbage, G-88

Dear Mr. Danner:

Enclosed for filing in the above referenced docket are the original and five (5) copies of Mason County Garbage Company's Corrected/Supplemented Response to Bench Request No. 5 pursuant to WAC 480-07-405(8).

Please contact me if you should have any further questions or concerns on this filing.

Yours truly,



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Attorney at Law  
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**BENCH REQUEST NO. 5 (to Mason):**

**Regarding the recycling revenue figures or calculations that Mason uses in its report to the Commission on the amount of revenue the Company retained and the amounts it spent on activities identified in its 2010-2011 recycling plan, did Mason discount the recyclable commodity values? If so, please describe the basis for such a discount and provide a copy of all documents on which the Company relied or that otherwise support the discount.**

**RESPONSE**

Yes. In the 2010-2011 reporting year, Tacoma Recycling Company, Inc. (“Tacoma Recycling” or “TRCI”), an affiliated company of Mason County Garbage Company, Inc., returned 80% of the actual commodity sale proceeds to Mason County Garbage Company, Inc., which, in turn, returned those proceeds to customers as appropriate, under RCW 81.77.185. Tacoma Recycling retained 20% of those proceeds to cover taxes and profit. We understand as well that other local processing facilities (whether their cost to process is lower<sup>1</sup> than or comparable to TRCI) retain higher percentages of commodity sale proceeds.

In computing the amount to be retained for processing costs by Tacoma Recycling, Mason County was guided by the attached schedule (Exhibit 5, bates number MCG 00007) computed in the previous plan reporting year.

**CORRECTION:** While Mason County Garbage Company, Inc. (“MCG”) management did duly decide to discount the recyclable commodity values for the activities identified in its 2010-2011 recycling plan to allow affiliate Tacoma Recycling Company 20% of the actual commodity sales proceeds for taxes and profit, the underlying account transfer adjustment was not in fact made by the close of accounting records on December 31, 2011 due to a miscommunication between management and accounting personnel in the region. This omission was discovered in the course of preparation of schedules for the 2011 WUTC Annual Report due May 1, 2012. MCG nevertheless seeks to have this adjustment authorized as a “prior period adjustment” for the 2010-2011 reporting period as a result of this current proceeding. For the Commission and Staff’s information, if 100% rather than 80% of the proceeds are ultimately retained by MCG,

<sup>1</sup> On November 15, 2011, one of those prominent facilities in Pierce County, (SP Recycling)’s parent company filed for protection under Chapter 11 of the United States Bankruptcy Court in Delaware. While SP Recycling’s processing costs were previously lower than Tacoma Recycling, it also provided significantly lower percentages of recycling sale proceeds to haulers bringing materials to the processing facility from customers.

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the reported revenue share proceeds for 2010-2011 would increase by \$13,598 and the unspent revenue share retention would thus rise from \$1,709 to \$15,308.

Response: Irmgard Wilcox, Senior Pricing Manager, Waste Connections, Inc.

Date: April 27, 2011