

November 1, 2013

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VIA EMAIL AND FIRST CLASS MAIL

Steven V. King, 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. A-130355, Rulemaking to Consider Possible Corrections and Changes in Rules in  
WAC 480-07: Solid Waste Industry Specific Procedural Rules

Dear Mr. King:

On behalf of Waste Connections, Inc. and the regulated solid waste collection companies they operate in Washington, this is to respond to various proposals submitted by the Staff on October 17, 2013. In so responding, we also wish to incorporate by reference the undersigned's earlier letter in this docket of May 17 on overall changes to the Commission's procedural rules and point out that many of the other proposed changes have not been identified, responded to or counter-proposed by the Staff, thus, we do not wish our comments below to be limiting in terms of the various procedural rules we believe should be reviewed on this rulemaking iteration.

As to the proposals at WAC 480-07-505(3), which are the exceptions to general rate case workpaper filing requirements, we are generally in support and appreciative of the changes proposed. In-505(3)(d) we do not think it is necessary that the notation about the effect of decreases in commodity credits be made, and merely suggest any commodity credit adjustment or annual true-up be exempt from the general rate case workpaper filing rules. In other words, the proposed wording is somewhat ambiguous and we thus believe the Staff would intend that all commodity credit filings constitute exceptions to the general rate case workpaper rules requirements.

Obviously, the more substantial proposed changes are provided in the Staff's various proposals under WAC 480-07-520(4). We will comment on subparts of the proposed rule changes that concern us consistent with the language proposed by Staff.

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**b. Require a general description of the rate case filing, including discussion of the significant factors causing the need for rate change, the date of the last rate change, and customer class impacts.**

The above proposal seems to call for additional overview language on the basis for the rate filing in general but is unclear in the latter reference to "customer class impacts" language. We are not certain if the type of analysis of customer class impacts sought here is that already provided in both the detailed transmittal letter at WAC 480-70-326(2) and in WAC 480-70-271(c) customer notices, or if the Staff intends some additional layered analysis. If so, the proposed language is not clear in that regard and we believe the current description in the transmittal and customer notice rules would likely suffice here as to the fiscal impact on customer classes, factors causing the rate filing, etc.

**c. Require a narrative explanation and supporting calculations of all restating and pro forma adjustments.**

The reference to "narrative explanation" which is provided in multiple subparts of the Staff proposed rule revisions of October 17, 2013 begs the larger issue of exactly what is to be considered a "narrative explanation" and in what form that would take. In other words, in the above subpart proposed rule, are we talking about narrative explanations in spreadsheets where cell column explanations should be deemed sufficient or are we talking about a cover letter, overview type explanation as is being required proposed subpart (b) above? Again, the reference to "narrative explanations" seems to be duplicated throughout the proposed subparts and is not clarified as to content or format.

**d. Establish a time for Commission staff review before a filing is accepted and the corresponding impact on tariff effective dates. If the filing does not initially satisfy the filing requirements, the commission will not consider the document to be officially filed and the statutory filing time period will not start until the date and time that the commission receives all required electronic and paper copies that comply with the rule requirements.**

This particular segment of the general rate case workpaper rule is particularly concerning in that it would appear now to make uncertain and ambiguous the interval of time under which the Staff of the Commission will consider a rate filing for its completeness, assign an auditor and specify a timeline to the Open Meeting. As noted in the letter from the Assistant Director of Solid Waste/Water and Transportation of June 6, 2013, we trust the Staff does not want to regress on this interval by potentially extending the amount of time in which the Commission on procedural grounds can reject the filing. Again, the time for review and rejection needs to be quantified (i.e. two business days) and we do not believe a longer initial review time than was announced in the June, 2013 policy statement would be constructive.

**e. Specify that filings that do not comply with all filing requirements will be rejected.**

It would be far preferable here to reference, for instance, the underlying documents tied to the checklist proposed at WAC 480-70-520(f), instead of an overbroad reference to "all filing requirements." This current proposed provision in our view is not helpful to clarity in or compliance with the procedural rules. "Complying with *all* filing requirements" needs to be subject to a materiality standard as to any deficiency in the filing requirements and also needs to sync with the standards being articulated in the revised rulemaking. Simply including a catch-all provision that would allow a filing to be rejected on technicalities does not seem to contribute to the public interest goal of this rule's revision.

**g. Require under WAC 480-07-520(4)(j) that the company demonstrate the cost of every affiliate transaction.**

We believe that this proposed language signals a further expansion of the current rule at WAC 480-07-520(4)(j) by extending to "every affiliate" transaction as contrasted with those that "directly" or "indirectly" implicate the proposed rates. Some limitation seems called for in the type and kind of transactions to be disclosed, even under the broad affiliate interest power of RCW 81.16 et seq. We believe some qualification that would exclude transactions established by operation of law and transactions involving nonregulated affiliates and their relationships with third parties would seem appropriate for exclusion from disclosure, particularly in light of the recurring concerns for confidentiality in solid waste general rate cases for nonregulated affiliates under RCW 42.56.

**h. Require under WAC 480-07-510(3)(e) that the company explain and provide work papers supporting the derivation of all inter- and intra-company and multiservice cost allocation factors.**

We are confused by this provision since there is no subpart 510 for solid waste collection company general rate case filings. This proposed subpart appears to mirror instead the language for energy and telephone company general rate case filings and speaks of "multi service cost allocation factors" which have not heretofore been included as references in the general rate case workpaper rules for solid waste collection companies. We think that the ambiguity in the language as proposed definitely merits further clarification. We would ask then that Staff please provide sample language and proposed formats for subsequent consideration and comment.

**i. Provide that the Commission and staff may request additional information needed to determine costs and rates during the review process.**

We believe this subpart is concerning due to the apparent synonyms here of the nouns "Commission" and "staff" which are conflated to "commission Staff" in most of the procedural rules and thus we are not certain to whom this would apply. Again, while under RCW 81.04 and RCW 81.28, the Commission itself has obviously broad review power over ratemaking, we question why this boilerplate catch-all provision need be included in a proceeding which promotes clarity to make more transparent general rate case workpapers rules. Rather than establishing a broad default mechanism, (which, in effect, nullifies any need for procedural rule directives under which apparently the Commission Staff could default to "anything and everything" if the rule somehow does not anticipate an audit requirement), the goal should be clarifying precisely what is required in the rate review process.

**j. Require that all electronic documents filed under this rule must comply with WAC 480-07-140(6), be fully functional, include all formulas, include all linked spreadsheet files, and not include locked, password protected, or hidden cells.**

While we are well aware of the requirements that have been currently incorporated by reference at WAC 480-07-140(6), based on recent experience, we are concerned with the language as proposed in subpart (j), above. In short, this is a laborious, quite voluminous documentation requirement that lacks any threshold materiality standard, for instance, for linked spreadsheet files. In our view, it is not only extremely burdensome and at times impractical to link all spreadsheet files together, particularly to outside source documents, we have also found that that linkage is subject to increased data corruption risks. Additionally, some source documents are not susceptible to linkage, for instance fuel schedules, which are not linked to individual fuel invoices, truck invoices, employee payroll checks, etc. but which are in turn typically supplied to the audit staff during the course of the audit. While we well understand the need for transparency of the source of all numbers, computations and formula derivations and their necessity to be revealed to the auditor, the voluminous duplication or linkage requirements at least as recently interpreted by Staff are a concern, as noted. The Staff can certainly propound data requests if a spreadsheet presentation is in any way esoteric and the companies can timely respond to the cited cell omissions or any potential gaps in spreadsheets. But, as we indicated in our May 17, 2013 letter, some limitation on this rule provision needs to be imposed which would not require linkage or cell revelation when the formula or numbers are "otherwise self-explanatory or objectively understood." For example, the monthly residential service average pick-up amount of 4.33 or the prevailing B&O tax rate of 1.5% should not need to be redundantly demonstrated, replicated or explained by the rate filing proponent in its general rate case workpapers. Again, we are concerned about a form over substance rule provision that lends nothing to the cumulative clarity of the rate filing

and which historically has not been an issue when raised and resolved by the auditors. Furthermore, the rule as proposed, would lend itself to technical rejection of rate filings and delays which is certainly not the goal of procedural rule clarification nor should this entail a "hit or miss" prospect when a good faith effort is made to file a comprehensive general rate case.

**k. Require under WAC 480-07-250(a) that the filing include for each adjustment, the source of the adjustment (e.g. general ledger) and all supporting calculations and documentation, as well as a narrative explanation of the underlying reasons for each adjustment.**

We believe this again refers to 520(a) not to 250(a) and appears, other than the example of general ledgers, to constitute yet another reference to a "narrative explanation" subpart of the rule which we have no objection to. Why that needs to be replicated in a separate subpart here "(k)," we do not know. General ledger production is highly problematic without statutory confidential protection for regulated solid waste collection companies due to harmful competitive and potential identity theft reasons. Instead, the preferred audit practice is provision of journal entry summaries which are readily available and produced upon each request and thoroughly document the individual expense and revenue line items of the regulated company contained in its financial statements.

**l. Require an analysis of the cost to provide each of the collection services offered by the company.**

Despite the use of the possibly euphemistic language "analysis of the cost to provide," we read this rule as reinstating a cost of service requirement which was discarded by the Commission by rule for solid waste collection company general rate cases approximately a decade ago. While we are unaware of the rationale for its proposed reinstatement now and oppose the reinstatement, we believe that if cost of service studies are going to be required that they be subject to a time interval limitation such as a five to seven year interval which is somewhat analogous to the policy adopted by the Commission Staff in A-042090 on fuel surcharges and which would not require production, by the company or Staff, of a cost of service study in the interim. Our recent experience with cost of service studies is that they are typically not utilized to any substantive degree by the Commission Staff and are highly time-consuming and labor intensive to produce. On this particular subpart as with many others noted, we welcome additional dialogue with the Staff to better understand its rationale for mandating this renewed requirement.

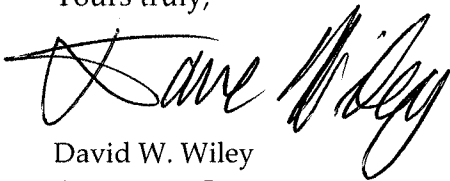
As described initially, we also allude to other aspects of the procedural rules particularly, those dealing with filing deadlines, numbers of copies and service requirements, definition of terms such as

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“restating actual adjustments” and temporary rates subject to refund, all of which are important topics for further reflection and dialogue as this proceeding develops.

Thank you for this opportunity to address the initial Staff proposal language of October 17, 2013 and we of course look forward to further participation in stakeholder sessions and additional written comments in this important proceeding.

Yours truly,

A handwritten signature in black ink, appearing to read "David W. Wiley". The signature is fluid and cursive, with the first name "David" being the most prominent.

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