UNIFORM SYSTEM OF ACCOUNTS

for

CLASS A AND B SOLID WASTE COLLECTION COMPANIES

Operating Under

CERTIFICATES OF PUBLIC CONVENIENCE AND NECESSITY
IN THE STATE OF WASHINGTON

Prescribed By The

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Revised January 1992

AS AUTHORIZED IN CHAPTER 295, SESSION LAWS OF 1961

OLYMPIA, WASHINGTON

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SOLID WASTE COLLECTION COMPANIES

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DEFINITIONS

When used in this System of Accounts:

1. **"Accounts"** means the accounts prescribed in this System of Accounts.

2. **"Additions"** means structures, facilities, or equipment added to those in service; or the extension or enlargement of existing property not taking the place of anything previously existing.

3. **"Affiliated Interest"**, as defined in RCW 81.16 means:

> Every corporation and person owning or holding directly or indirectly five percent or more of the voting securities of any public service company engaged in any intrastate business in this state;
>
> Every corporation and person, other than those above specified, in any chain of successive ownership of five percent or more of voting securities, the chain beginning with the holder of the voting securities of such public service company;
>
> Every corporation five percent or more of whose voting securities are owned by any person or corporation owning five percent or more of the voting securities of such public service company or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities;
>
> Every corporation or person with which the public service company has a management or service contract; and

Every person who is an officer or director of such public service company or of any corporation in any chain of successive ownership of five percent or more of voting securities.

4. **"Amortization"** means the gradual extinguishment of an amount in an account by prorating such amount over either a fixed period dependent on the requirements of regulatory bodies, the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

5. **"Betterments"** means the enlargement or improvement of existing structures, facilities and equipment.

6. **"Book Cost"** means the amount at which property is recorded on the books of the carrier without the deduction of related depreciation and amortization.

7. **"Carrier Operating Property"** means the property which is used by the reporting carrier in its daily operations, and which has an anticipated service life of at least one year. This applies to both regulated (certificated) solid waste operations and to all other non-certificated operations consisting of contract solid waste operations and both common and contract motor carrier operations, as defined by the Commission in Cause TG-2016, et al. See Instruction 19 and the narration within the System of Accounts for Account Series 1200.

8. **"Commission"** means the Washington Utilities and Transportation Commission.

9. **"Cost of Removal"** means the cost of demolishing, dismantling, tearing down, or otherwise removing operating property, including the cost of transportation and handling incidental thereto.

10. **"Cost of Service Study"** are all those accounting, statistical and performance studies and analyses undertaken which together assign cost to the particular type of service provided (1 and 2 can residential, toter, commercial can, container, or drop box, etc.).

In rate filings, the Commission requires that a Cost of Service Study be included in the justification material accompanying the proposed tariffs. Carriers having annual solid waste revenues (regulated plus non-regulated) greater than $1,000,000 must do their own study. Commission staff will assist smaller carriers to do their study. In either instance, the carrier has the option to accept established "stop time" and can weight averages, or to develop their own specific to their individual operation. See Appendix 3.

11. **"Current Assets"** mean cash as well as those assets that are readily convertible into cash or are held for current use in operations or construction. Also, current claims against others, the payment of which is reasonably assured, and other amounts accruing to the carrier which are subject to settlement within one year from the date of the current financial statements, or upon demand.

12. **"Current Liabilities"** mean those obligations, the amount of which is definitely determined or closely estimated, which are either matured or become due within one year from date of the current financial statements, or assumption, or upon demand.

13. **"Date of Retirement"** as applied to operating property, means the date at which such property is permanently withdrawn from service, either through removal, sale, trade-in, destruction, abandonment, or whatever.

14. **"Debt Expense"** means all expenses in connection with the issuance and sale of evidences of long-term debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt, fees paid trustees, specific costs

of obtaining governmental authority, fees for legal and accounting services, and other like costs. See Instruction 16B.

15. **"Depreciation and Depreciation Methods"** as applied to depreciable property, mean the loss in service value not restored by current maintenance, incurred in connection with the consumption of property in the course of service. Among the causes to be given consideration are wear and tear, decay, action of the elements, obsolescence, inadequacy, changes in demand, and requirements of public authority.

    Depreciation shall be accounted for by means of the straight line method under which the service value of property is debited to depreciation expense or other appropriate account(s) through equal periodic charges during its service life. See Instruction 23 and Definitions 23 and 24.

16. **"Discount"** as applied to securities issued or assumed by the carrier, means the excess of the par or face value of the securities, plus interest or dividends accrued at the date of the sale, over the cash value of the consideration received from the sale.

17. **"Lurito-Gallagher"** means the mathematical model first found to be acceptable by the Commission in Cause TG-2016, et al., to arrive at an individual, carrier specific operating ratio used for the determination of revenue requirement in solid waste rate cases. The Lurito-Gallagher model has since been modified in Cause Numbers TG-900657 and TG-900658. The new version of this model will be henceforth referred to as the "New-Lurito-Gallagher" model. The New-Lurito-Gallagher model considers additional carrier specific data, such as actual capital structure and actual embedded cost of debt, in the determination of revenue requirement. For further understanding, refer to Appendix 6.

18. **"Long-Term Debt"** means obligations having a life of more than one year from date of creation or assumption, and all unmatured bonds and receivers' or trustees' certificates and demand obligations which by mutual agreement will not be paid within one year from date of the current financial statements.

19. **"Net Book Value"** when applied to property, means its book cost (see Definition 6) less related accumulated depreciation and amortization. For purposes of calculating the Lurito-Gallagher and the New Lurito-Gallagher Revenue Requirements, the staff uses the Beginning-End-Of-Year (BEOY) Average Net Book Value of the aggregate operating property, plant and equipment. This BEOY Average Net Book Value is also referred to as BEOY Average Net Investment for purposes of ratemaking.

20. **"Premium"** as applied to securities issued or assumed by the carrier, means the excess of the cash value of the consideration received from their sale over the face value. See Instruction 16B.

21. **"Pro Forma Income Statement"** is an annual, actual operating statement (test year) adjusted for:

    (1) errors and omissions and;

    (2) differences between company accounting policy and accepted regulatory theory, and further pro formed giving effect to:

    (3) all known and measurable changes in revenues and expenses that have or soon will occur (not offset by other factors) as if such increases or decreases had been in effect for the full test year.

In rate filings, the Commission requires that a Pro Forma Income Statement be included in the justification material accompanying the proposed tariffs.

22. **"Replacing or Replacement"** when not otherwise indicated in the context, means the acquisition, construction, or installation of property to replace retired property of like purpose.

23. **"Salvage Value"** is the amount a fixed asset is estimated to be worth at the end of its service life. Under the straight-line method of accounting for depreciation, book cost less salvage value equals service value. See Instruction 23.

24. **"Service Life"** means the estimated useful life over which an asset will be depreciated during its anticipated use. See Appendix 1 and Instruction 23.

25. **"Solid Waste"** according to RCW 70.95.030(16) means all putrescible and non-putrescible solid and semisolid wastes including, but not limited to, garbage, rubbish, ashes, industrial wastes, swill, demolition and construction wastes, abandoned vehicles or parts thereof, and recyclable materials.

26. **"Subsidiary Company"** means any individual, corporation, trustee, partnership, or other entity owned and controlled by the reporting carrier.

27. **"Income Taxes"** mean taxes based on income determined under provisions of the United States Internal Revenue Code and other foreign, state, or authorities based on net income.

    A. **"Income Tax Expense"** means the amount of income taxes (whether or not currently payable or refundable) allocable to a period in the determination of net income.

B. **"Timing Differences"** means differences between the period in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income. The most common example would be accelerated depreciation of fixed assets for tax purposes versus the straight line method required for ratemaking. (See Instruction 23.) Timing differences originate in one period and reverse or "turn around" in one or more subsequent periods.

C. **"Deferred Taxes"** means tax effects which are deferred for allocation to income tax expense of future periods.

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INSTRUCTIONS

1. CLASSIFICATION OF CARRIERS

A. For purposes of these accounting regulations, the solid waste collection companies in the state of Washington operating under Chapter 295, Laws of 1961, are classed in three groups as follows:

Class A — Carriers having average gross operating revenues (including regulated and non-regulated portions) of $1,000,000 or over annually.

Class B — Carriers having average gross operating revenues (including regulated and non-regulated portions) of less than $1,000,000 annually.

Class C — Specialized carriers, generally hauling specific waste products for specific customers. This class of carrier is not involved in "traditional" residential or commercial solid waste operations.

B. Class A and B Carriers shall keep the accounts as prescribed herein where applicable. Balance Sheet accounts are identical for both. For the Income Statement accounts, Class B Carriers may combine the sub-accounts within each major series. The System of Accounts for Class C carriers is printed on the back page of the Class C Annual Report.

C. The class to which any carrier belongs shall be determined by its annual gross operating revenues derived from solid waste collection operations from the past calendar year. Any carrier which begins new operations or extends its existing operations may be classified in accordance with a reasonable estimate of its prospective annual gross operating revenues.

D. Any carrier may, at its option, place itself in any group higher than the one in which it falls on the basis of its annual gross operating revenues. Notice of such action shall be promptly filed with the Commission.

2. RECORDS

A. All of the accounts prescribed in this System of Accounts shall be kept when applicable, and entries shall be recorded by the double entry method. Each account in the general and subsidiary ledgers shall reflect the prescribed account number. Account titles shall clearly indicate the type of items included therein if the exact titles prescribed herein are not used.

B. Each carrier shall keep its general ledgers and journals and all other books, records and memoranda which support in any way the entries to such accounting books and analyses of general ledger account balances readily accessible. It shall be able to furnish at any time the full information as to any account, and the full support and backup material supporting each entry. The month, day, year and posting reference shall be shown for each entry in the general ledger and subsidiary records, and the entries shall be supported with such detailed information as will provide a ready analysis and verification of the facts recorded therein. All disbursements, including reimbursable expenses of officers and employees, shall be supported by vouchers, payroll registers, receipted bills, canceled checks, receipts for petty cash payments, or other evidences of the expense incurred.

C. The books and ledgers referred to herein include not only books of account in a limited technical sense, but all other records such as minute books, stock books, management reports, correspondence, journals, memoranda, etc., which will be useful in developing the history of, or facts regarding, any transaction.

D. Page 89 of this System of Accounts is a copy of the Interstate Commerce Commission's requirements regarding various records and their recommended retention periods for motor carriers. Its inclusion as Appendix 4 herein incorporates similar requirements for garbage carriers as well.

E. Subdivisions of any account in this System of Accounts may be kept, provided that such subdivisions do not impair the integrity of the accounts prescribed. The Commission reserves the right to order any carrier to subdivide any account in this System of Accounts. The title of each such subdivision shall clearly indicate the account of which it is a part. When an account is subdivided in the general ledger, an account need not be maintained for the total of the subdivisions. When such subdivisions are carried in subsidiary ledgers however, the general ledger shall contain the controlling accounts so that a complete general ledger trial balance may be obtained at any time.

3. ACCRUAL BASIS ACCOUNTING

The prescribed method of reporting revenues and expenses in this System of Accounts shall be the double entry accrual method. If this provision results in an undue hardship, a variance to the cash basis can be requested in writing, explaining your individual circumstances.

Even after such approval is given, if any liability or prepayment is large enough to seriously distort the balance sheet or profit and loss statement, accruals shall be required. Accounts receivable shall also be kept available in a memorandum account at the beginning and end of each calendar year. Where these instructions concern the accrual basis and the carrier has obtained permission to use the cash basis, the instructions may be disregarded.

Under either the accrual or cash basis, adequate internal controls shall be maintained to safeguard all assets, especially cash.

4. ACCOUNTING PERIOD

A. All carriers shall keep their books on a calendar year basis. All transactions shall be entered monthly into the books of original entry (cash book, check register, payroll register, etc.) and posted to the general ledger and balanced. (See Instruction 10.)

B. The final entries for any month shall be made in the general ledger not later than 60 days after the last day of the month for which the accounts are stated. December entries, however, may be extended to such date in March of the following year, as shall not interfere with the preparation and filing of Annual Reports.

C. No changes shall be made in the accounts for periods covered by Annual Reports that have been filed with the Commission, unless the changes have first been authorized by the Commission.

5. CHARGES TO BE JUST AND REASONABLE

All charges to the accounts prescribed in this System of Accounts for carrier property, operating revenues, operating and maintenance expenses, and other account categories, shall be just and reasonable. Payments shall not exceed the fair market value of goods and services acquired in an arm's-length transaction. Any payments in excess of such just and reasonable charges shall be included in Account 7500 - Other Deductions.

6. TRANSACTIONS WITH AFFILIATED AND SUBSIDIARY COMPANIES

The records and supporting data of all transactions with affiliated and subsidiary companies, persons or entities (See Definitions 3 and 25) shall be disclosed and readily available for review by the Commission or its agents. This applies to both the regulated company and the affiliate. In such circumstances, the burden of proof is on the carrier to show that such transactions are just and reasonable. See Instruction 5.

Each bill rendered by an affiliate to a regulated carrier shall state specifically the type and amount of service provided, the dates covered, the amount of the charge, and the basis used to determine the charge.

7. ITEM LISTS, INTERPRETATIONS OF

Within this System of Accounts, lists of items appearing in the texts of the several accounts are given for the purpose of indicating the application of the prescribed accounting. The lists are not to be considered as comprising all items includible in the accounts, but merely as representative of typical items normally included. On the other hand, the appearance of an item in a list is not an absolute mandate to include such items in the account. The proper entry in each instance depends on your particular circumstances.

8. OPENING ENTRIES

As of the effective date of this System of Accounts, the accounts prescribed herein shall be opened by appropriately transferring thereto the balances carried in the accounts previously maintained by the carrier. The carrier is authorized to make such subdivisions, reclassifications, and consolidations as are necessary to meet the requirements of this System of Accounts.

9. PRIOR PERIOD ITEMS

Minor prior period items shall be charged or credited to the same accounts which should have been charged if the items had been recorded in their proper period. If the amount of any such delayed item is relatively so large, however, that its inclusion in the accounts for a single year would distort those accounts, that amount shall be booked in an appropriate equity account.

10. ESTIMATED ENTRIES

When the amount of any item affecting these accounts cannot be accurately determined in a timely manner, estimated entries may utilized. After the item becomes known, the necessary adjustment shall be made through the accounts in which the estimate was recorded. The carrier is not required to anticipate small items which would not appreciably affect these accounts.

11. SPREADING OF UNUSUAL INCOME, REVENUE, AND EXPENSE ITEMS

When the amount of any unusual item includible in any Balance Sheet or Income Statement account for a single period is relatively so large that its inclusion in the accounts for that period would seriously distort those accounts, it shall be included in Account 1850 - Deferred Debits, or Account 2400 - Deferred Credits, as appropriate, and distributed in equal amounts to the appropriate expense accounts for the current and remaining periods of the year or years. Account 7600 - Extraordinary Items (Net) may also be used.

12. DISTRIBUTION OF PAY AND EXPENSES OF EMPLOYEES

The charges to investments, operations and maintenance expenses, and other accounts for services and expenses of employees engaged in activities chargeable to various accounts shall be based upon the actual time engaged in the respective classes of work. In case that method is impractical, then an allocation shall be accomplished based on a study of such time during a representative period. The pay and expenses of an employee of one department who occasionally performs incidental services involving a small expense for another department may be included in the expense of the department in which the employee is regularly employed.

13. CURRENT ASSETS

"Current Assets" are provided for in Accounts 1010 - 1190. Such assets include cash as well as those other items that are readily convertible into cash or are held for current use in operations or construction; current claims against others, the payment of which is reasonably assured; and other amounts accruing to the carrier which are subject to settlement within one year from the date of the current financial statements or upon demand.

Adjustments to accomplish the writing down of items of doubtful value shall be made through Account 4670 - Uncollectible Revenue, Account 2930 - Retained Earnings, or other appropriate equity account.

14. CURRENT LIABILITIES

"Current Liabilities" are provided for in Accounts 2000 -2190. Such liabilities include those obligations the amount of which is definitely determined or closely estimated which are either matured or become due within one year from date of the current financial statements or upon assumption or demand.

15. CAPITAL STOCK

A. All transactions relating to the capital stock of the carrier shall be recorded by class of stock. Stocks are of the same class only when they are issued under identical terms as to all of the following: Par value, stated value, preferences in the distribution of dividends and assets, voting rights, and conditions under which the stock may be retired. If the capital stock of the carrier is of more than one class, its record shall be so maintained as to record the amount applicable to each class in separate subdivisions of the following accounts:

2701 -- Common Stock

2702 -- Preferred Stock

2710 -- Paid in Capital in Excess of Par

2720 -- Other Capital

B. When an issue of capital stock or any part thereof is re-acquired, whether or not canceled, the par value approach of recording such transactions will be observed. Account 2701 - Common Stock will be charged with the par or stated value of the re-acquired shares. Any excess of cost over par or stated value will be split between Account 2710 - Paid in Capital in Excess of Par and Account 2930 - Retained Earnings. Any deficiency will be credited to Account 2710 - Paid in Capital in Excess of Par. Reissuance of such stock shall be treated as in A, above.

C. When stock is issued as a "stock split," generally in ratios greater than 25 percent, no transfer from the retained earnings account to the appropriate capital stock account or the capital in excess of par or stated value account shall be made. A stock split refers to the issuance of a carrier's own common shares, without consideration, for the purpose of effecting a reduction in the per unit market price of shares.

D. When a stock dividend is issued, generally in ratios less than 25 percent, the carrier shall transfer an amount equal to the fair market value of the shares issued from the retained earnings account to the appropriate capital stock account and the capital in excess of par or stated value account.

16. LONG-TERM DEBT

A. When evidences of debt and equipment obligations are issued or assumed by the carrier, the face amount of such evidences shall be recorded in the appropriate account.

B. A separate subdivision shall be maintained for Account 2390 - Unamortized Premium/Discount on Debt (Net). See Definitions 16 and 20. This account will also include the expenses incurred in the issuance of debt (See Definition 14). Each month, entries shall be made to distribute evenly the balance of such account over the life of the security. The concurrent contra debits and credits for both types of entries shall be charged to Account 7100 - Interest Expense.

17. COST OF SECURITIES OWNED

A. Securities of others acquired by the carrier shall be recorded in these accounts at cost at the time of acquisition. Cost does not include any amount paid for accrued interest or dividends.

B. The carrier may write down the book cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial recovery. Fluctuations in market value shall not be recorded, but a permanent impairment in the value of the securities may be recognized in the accounts. A reserve may be provided against such declines in value by charges to the appropriate equity account.

18. CLEARING ACCOUNTS, PURPOSE OF

A. Clearing accounts, designed to facilitate the distribution of certain expenditures which may affect both construction and operations, may be kept when necessary in making the proper distribution of items to the appropriate accounts.

B. Balances in clearing accounts shall be fully cleared not later than the end of the calendar year unless items held therein unquestionably relate to future periods. Items carried over shall be included in Account 1850 - Deferred Debits, or Account 2400 - Deferred Credits.

19. CARRIER OPERATING PROPERTY

A. Accounts grouped in the section of the Balance Sheet, within Accounts 1200 through 1400 are classified as Tangible Property. Carrier operating property is included in Account 1200. (See Definition 7.) Non-operating property is included in Account 1400.

B. Amounts chargeable to Accounts 1211 - 1400 shall represent the actual cost to the carrier of the items properly includible therein, and shall be exclusive of any cost for intangible items, includible in Accounts 1500 - 1550.

C. Tangible property shall be recorded on the company's books at cost. For purchased items, cost includes invoice price (less all discounts and allowances -- see Instruction 20 for purchases involving a trade-in of an existing asset) plus freight, excise and sales taxes, painting and lettering, and any other attachments, accessories, or expenses incurred in obtaining the asset and putting it into service. (See paragraph D, below, for assets held for more than one year.)

For property built, assembled, or fabricated in-house, cost shall include direct and indirect labor, materials (including small tools and similar items consumed in construction), transportation charges, contract work, rent of construction facilities, and taxes; also such portions of engineering, supervision, purchasing department expenses, law expenditures, premiums for workmen's compensation, injuries and damages, and other insurance applicable to the construction period; and other analogous elements entering into the construction or acquisition of property. Unless provided for otherwise, interest costs shall be capitalized only in accordance with Generally Accepted Accounting Principles. If property (such as a structure or unit of equipment including additions thereto) is constructed new or rebuilt by the carrier to increase its capacity or otherwise add to its usefulness for service, or if parts are purchased and assembled by the carrier into a unit of equipment, the cost records for

construction and assembly shall be maintained in a sufficiently complete manner to show the cost of labor, materials, and other expenses incurred for each separate project. When consideration given for property is anything other than cash, the cash value of such consideration shall be used. See paragraph D, below.

D. Accumulated cost of projects not yet completed shall be recorded in Account 1850 - Deferred Debits. Such assets shall not be transferred to the operating property accounts herein until the assets involved are actually put into service. Projects not in service within one year of completion or acquisition shall be transferred to Account 1600 - Investments and Advances.

E. Betterments of operating property (the primary aim of which is to make the affected property more useful, efficient, or of greater durability or capacity) shall also be included in these property accounts.

F. Units of property (and additions to and betterments of existing property) having a life in excess of one year or costing more than $500 shall be charged to the appropriate tangible property accounts. Except for toters and containers, property having a life of one year or less or costing less than $500 may be charged to operating expenses.

Carriers shall not parcel expenditures for acquisitions of several units of property for the purpose of charging them to expense. Carriers shall not combine unrelated items for the purpose of including their cost in the fixed asset accounts.

G. When property is purchased under any plan involving deferred payments, no charges shall be made to the tangible property accounts for interest, insurance, or other expenditures occasioned by such form of payment.

H. The investment in property used jointly in carrier (Account 1200) and noncarrier (Account 1400) operations shall be allocated between such operations according to the extent that it is used by each. See Instruction 22 and Definition 7.

20. PROPERTY AND EQUIPMENT RETIRED FROM SERVICE

A. Whenever a building or structure, piece of equipment or other unit of property is no longer used and useful, it shall be retired from service. The book cost of such property shall be credited to the appropriate property account and concurrently charged to Account 5100 - Gain/Loss on Disposition of Assets. Accumulated depreciation of such property shall be debited to the appropriate reserve account and concurrently credited to Account 5100. Any amounts received from the sale or trade-in, salvage, or insurance recovered, shall also be credited to Account 5100, as will debit amounts expended to repair or prepare the property for sale, trade-in, or retirement, etc. Any balance remaining in Account 5100 will be the gain (credit) or loss (debit) associated with the final disposition of that unit of property. When property is traded-in, the carrier shall recognize gain or loss on the trade-in.

B. Whenever non-operating (Account 1400), investment (Account 1600), or intangible (Accounts 1500 and 1550) property is retired, sold, or traded-in, retirement shall be performed as set out above, except that the gain or loss shall be consolidated and accounted for in Account 6100 - Other Income/Loss.

21. INSURANCE

A. Provision has been made under operation and maintenance expenses for recording amounts of premiums paid to outside insurance companies and accruals for self-insurance in the following accounts:

4530 -- Public Liability and Property Damage;

4540 -- Workmen's Compensation Insurance;

4560 -- Fire, Theft and Collision;

4580 -- Other Insurance and Safety

B. Premiums paid in advance shall be charged to Account 1170 - Prepayments, and equitably distributed to the appropriate expense accounts over the term of the policy for which the premiums have been paid. Minor premiums may be charged directly to expense.

C. Carriers authorized by the Commission to self-insure against liability for injuries to persons and damage to property shall record periodic charges to the appropriate expense accounts in amounts sufficient to cover the probable liability. Such charges shall be determined currently by the carrier from its best source of information. The rates used may be based on percentage of revenue, truck mileage or hours of use, driver payroll dollars or hours, or other equitable basis.

22. COMMON OPERATIONS

A. In accordance with the provisions of the Commission order in Cause TG-2016, et al., the carrier's ledgers and records generated by this System of Accounts shall contain the entire involvement of the reporting carrier in any activity having anything whatever to do with any solid waste or motor carrier operations, either regulated or non-regulated, served under Solid Waste, Common, or Contract authority. Solid waste related assets (Certificated and Contract) shall all be considered operating property and included in Accounts 1211 - 1270. Common and contract motor carrier assets, even though non-certificated, are still operating and shall, therefore, be included in Account 1280 - Other Operating Property. See Definition 7 and Instruction 19. All revenues and expenses incurred in such activities shall be recorded throughout the appropriate accounts herein prescribed. Schedules are

included in the Annual Report which, when completed, will separate (by sub-account) said total investment and operating revenues and expenses into their component parts. Separation methodologies between assets, revenues, and expenses shall be consistently applied.

B. If the carrier is also engaged in any non-operating forms of enterprise other than that described in A above, and any of its tangible property is used in common for such additional purposes, an allocation of the book cost thereof shall be made. The portion determined to be operating property shall be recorded in carrier operating property in Account 1200; the remainder shall be recorded in Account 1400 - Non-operating Property. Related non-operating revenues and expenses shall be recorded in Account 6100 - Other Income/Loss. It is not contemplated that minor or temporary changes in conditions shall necessitate frequent reallocation of common property.

C. The carrier shall be prepared to show at any time and to report to the Commission when required, the following details regarding common property and the related revenues and expenses:

(1) Total cost of assets involved and total revenues accrued and expenses incurred;

(2) The allocation of such cost or amount of revenue and expense to carrier operations and any other purposes for which the joint activity applies;

(3) The basis of the allocation and a demonstration that the methodologies are applied consistently between related assets and expenses.

23. DEPRECIATION AND AMORTIZATION

The carrier shall establish and maintain adequate provision for accruals of depreciation on carrier operating property. Depreciation as set out below shall be accounted for by use of the straight line method on the company's ledgers. The cost of the asset, less its salvage value, yields the service value over which depreciation expense shall be allocated evenly per operating period over the service life of the asset.

For operating property carried in Account Series 1200, depreciation expense shall be charged each month (or four-week period) to Account Series 5000 - Depreciation Expense, with concurrent credits going to Account Series 1213 - 1281 - Accumulated Depreciation, as appropriate. Service value divided by service life (in months -- See Definition 24) will equal the monthly depreciation entry. See Definitions 15 and 23.

Carriers using accelerated depreciations methods for Federal Income Tax or other reasons shall keep such records as memorandum entries on side records, NOT on the books of account. In the absence of individual circumstances to the contrary, carriers shall conform and record straight-line depreciation in accordance with the guidelines included herein as Appendix 1. Any necessary adjustment of prior periods' amounts revising the books and records to the straight-line method should be made using the appropriate equity account. As additional depreciation studies are done by the staff, a new Appendix will be issued.

Depreciation charges on property included in Account 1270 - Leasehold Improvements shall be made upon the same basis as for similar depreciable property includible in other property accounts. When it is reasonably certain that the lease will not be renewed and the property will revert to the lessor, depreciation will be calculated using the remaining service life or lease term, whichever is less.

Depreciation expense on Non-Operating property shall be charged to the appropriate non-operating account (generally to Account 6100 - Other Income/Loss and credited to Account 1401 - Accumulated Depreciation for Non-Operating Property.

Amortization expense on property included in Accounts 1500 and 1550 - Intangibles shall be charged to Account 5150 - Amortization Chargeable to Operations, or to Account 7500 - Other Deductions, as appropriate. See the narration of Accounts 1500, 1501, and 5150. In either case, concurrent credits shall go to Account 1501 or Account 1551.

24. LEASE OF CARRIER PROPERTY

Provision is made in the subdivisions of Account 5300 - Operating Rents for the recording of rents for the use of property when such payments are true operating leases. Leases shall be accounted for as capital leases, however, when the lease meets one or more of the following four criteria:

1. The lease transfers ownership of the property to the lessee by the end of the lease term,

2. The lease contains a bargain purchase option,

3. The lease term is equal to 75 percent or more of the estimated economic life of the property, or,

4. The present value at the beginning of the lease term of the minimum lease payments equals or exceeds 90 percent of the fair value of the leased property to the lessor at the inception of the lease less any related investment tax credit retained by the lessor.

The Income Tax portions of Account 2400 - Deferred Credits shall be maintained separately and readily disclose:

1. The beginning balance.

2. Timing differences (debits and credits) of the current year.

3. Tax credits generated during the current year.

4. Amounts written off during the current period as prior credits that are amortized to expense through Account 8800 - Income Taxes.

5. The ending balance.

Account 8800 - Income Tax shall be maintained and readily disclose:

1. The current provision for Income Taxes.

2. The amount of tax incurred from timing differences (debits and credits) from the current year.

3. The amount of tax incurred because of current tax credits.

4. The amount of tax generated from the current year's amortization of tax credits from Account 2400 - Deferred Credits.

If the lease does not meet any of these four criteria, the lease shall be classified and accounted for as an operating lease. When accounting for capital leases, the lessee shall record the asset and the related obligation as if the acquisition was a purchase. See Instruction 19C.

25. ACCOUNTING FOR INCOME TAXES

(The following remarks relating to timing differences remain valid. Since the Tax Reform Act of 1986 has rescinded Investment Tax Credits, those portions no longer apply except to the extent that existing credits may be amortized if a deferral method of accounting for them was chosen earlier. See Definition 27.)

The interperiod tax allocation method of accounting shall be applied where material timing differences occur between pretax accounting income and taxable income. All income taxes (federal, state and other) currently accruable for income tax return purposes shall be charged to Account 8800 - Income Taxes.

Under the interperiod tax allocation method of accounting, the tax effect of timing differences originating in the current accounting period are allocated to income tax expense of future periods when the timing differences reverse.

Carriers accounting for the Investment Tax Credit by the flow-through method shall charge Account 8800 - Income Taxes, with the net amount of income tax payable for the current accounting period.

Carriers accounting for the Investment Tax Credit by the deferred method shall charge Account 8800 - Income Taxes for deferred taxes, and shall credit Account 2400 - Deferred Credits with the amount of Investment Tax Credit utilized as a reduction of the current year's tax liability, but deferred for accounting purposes. The investment tax credits so deferred shall be amortized by credits to Account 8800 - Incomes Taxes.

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Schedule 1000 - **COMPARATIVE BALANCE SHEET** - Total Company

Instructions: Complete this Balance Sheet in accordance with the beginning and end of year ledger figures as reflected in your books of account. Detail in support of summary amounts herein should be included in the supporting schedules that follow on the indicated pages.

A. ASSETS

Line No.	Account (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
1	Current Assets:	$	$
2			
3	(1010) Cash and Working Fund		
4	(1040) Special Deposits		
5	(1060) Temporary Cash Investments		
6	(1080) Notes Receivable		
7	(1100) Receivables from Affiliated Companies		
8	(1120) Accounts Receivable		
9	Less: (1121) Allowance for Uncollectibles		
10	Net Accounts Receivable		
11	(1170) Prepayments		
12	(1180) Material and Supplies		
13	(1190) Other Current Assets		
14	Total Current Assets		
15			
16	Tangible Property:		
17			
18	(1200) Operating Property		
19	Less: Accumulated Depreciation		
20	Net Operating Property		
21	(1400) Non-Operating Property		
22	Less: Accumulated Depreciation		
23	Net Non-Operating Property		
24	Total Net Tangible Property		
25			
26	Intangible Property:		
27			
28	(1500) Organization, Franchises and Permits		
29	Less: (1501) Accumulated Amortization		
30	(1550) Other Intangible Property		
31	Less (1551) Accumulated Amortization		
32	Total Net Intangible Property		
33			
34	Other Assets and Deferred Items:		
35			
36	(1600) Investments and Advances		
37	(1620) Undistributed Earnings from Subsidiaries		
38	(1850) Deferred Debits		
39	(1900) Other Assets		
40	Total Other Assets and Deferred Items		
41			
42	TOTAL ASSETS		

Schedule 1000 - COMPARATIVE BALANCE SHEET - Total Company

Instructions: Complete this Balance Sheet in accordance with the beginning and end of year ledger figures as reflected in your books of account. Detail in support of summary amounts herein should be included in the supporting schedules that follow on the indicated pages.

A. ASSETS

Line No.	Account (a)	Balance at Beginning of Year (b)	Balance at End of Year (c)
1	Current Liabilities	$	$
2	(2000) Notes Payable		
3	(2030) Payables to Affiliated Companies		
4	(2050) Accounts Payable		
5	(2070) Salaries and Wages Payable		
6	(2120) Accrued Taxes		
7	(2180) Current Portion Long-Term Debt (Equip & Other)		
8	(2190) Other Current Liabilities		
9	Total Current Liabilities		
10			
11	Long-Term Debt Due After 1 Year:		
12	(2300) Equipment Obligations		
13	(2360) Other Long-Term Debt		
14	(2390) Unamortized Premium/Discount on Debt-(net)		
15	Total Long-Term Debt Due After 1 Year		
16			
17	Deferred Credits and Other Items:		
18	(2400) Deferred Credits		
19	(2690) Other Credits		
20	Total Deferred and Other Credits		
21			
22	Total Liabilities		
23			
24	Shareholders' and Proprietors' Equity:		
25	Capital Stock:		
26	(2700) Capital Stock		
27	(2710) Paid in Capital in Excess of Par		
28	(2720) Other Capital		
29	Total Capital Stock		
30			
31	Proprietors' Capital:		
32	(2800) Sole Proprietors' Capital		
33	(2810) Partnership Capital		
34	Total Proprietors' Capital		
35			
36	(2930) Retained Earnings		
37			
38	Total Equity		
39			
40	TOTAL LIABILITIES AND EQUITY		

BALANCE SHEET ACCOUNTS

CURRENT ASSETS

1010 Cash and Working Funds

This account shall include cash in the hands of financial officers and agents, and current funds on deposit and available on demand for general company purposes.

This account shall also include amounts advanced to officers, agents, employees, and others as petty cash or working funds from which certain expenditures are to be made and accounted for.

Amounts of checks or drafts transmitted to payees shall be credited to this account as of the date transmitted. Each day's cash receipts should be deposited, intact, into the bank.

1040 Special Deposits

This account shall include the amount of cash and deposits committed for special purposes. Entries to this account shall include the purpose to which the deposit is made.

Deposits for equipment purchases should be recorded in Account 1850 - Deferred Debits. Deposits that will not be refunded within one year shall be included in Account 1600 - Investments and Advances.

1060 Temporary Cash Investments

This account shall include the book cost of investments such as time loans and time drafts receivable, CDs, and marketable securities with a maturity date of less than one year. Include also all similar investments acquired for the purpose of temporarily investing cash. Any securities included in this account shall be readily convertible into cash at substantially their book value.

This account shall be subdivided to reflect separately:

Temporary Cash Investments - Affiliated Companies
Temporary Cash Investments - Officers, Stockholders and Employees
Temporary Cash Investments - Other

This account shall not include amounts properly includible in Account 1600 - Investments and Advances.

1080 Notes Receivable

This account shall include amounts receivable from others in the form of notes, contracts, or other written agreements, payable on demand or within a time frame not exceeding one year from date of issue. This account shall not include items properly includible in Account 1100 - Receivables from Affiliates, or Account 1600 - Investments and Advances.

This account shall be subdivided to reflect separately:

Notes Receivable - Officers, Stockholders and Employees
Notes Receivable - Other

1100 Receivables from Affiliated Companies

This account shall include the total amounts receivable from affiliated companies or entities which are subject to current settlement. Such items would include, but not be limited to, balances in open accounts for services rendered, material furnished, claims, rent for use of property, and similar items. Also interest and dividends due from affiliated companies or entities, and loans, notes, and drafts for which affiliated companies or entities are liable.

This account shall be subdivided to reflect separately:

Receivables from Affiliated Companies - Loans and Notes
Receivables from Affiliated Companies - Interest and Dividends
Receivables from Affiliated Companies - Accounts Receivable
Receivables from Affiliated Companies - Other

Items not subject to current settlement shall be included in Account 1600 - Investments and Advances.

1120 Accounts Receivable

This account shall include the balances currently due from customers for solid waste collection service. Also include accounts due from agents and other representatives charged with the collection or custody of current revenues.

This account shall also include total amounts currently due from all others (except those from affiliated companies or entities) for material and supplies furnished, work or service performed, or for whatever other reason.

This account shall be subdivided to reflect separately:

Accounts Receivable - Customer Accounts
Accounts Receivable - Officers, Stockholders and Employees
Accounts Receivable - Other

1121 Allowance for Uncollectibles

Current Federal Income Tax regulations prohibit use of this account.

1170 Prepayments

This account shall include the balances representing payment of items in advance, the benefit of which is to be realized subsequent to the time of such payment. Entries shall be made each period, transferring from this account to the appropriate expense or other account, the portion of each prepayment which is applicable.

This account shall be subdivided to reflect separately:

Prepayments - Taxes and Licenses
Prepayments - Insurance
Prepayments - Other

Prepayments of minor items applicable to the current year may be charged directly to the appropriate expense or other account.

1180 Material and Supplies

This account shall include the cost (less cash or other discount) of all unapplied materials and supplies used in the business.

This account shall be subdivided to reflect separately:

Material and Supplies - Fuel and Oil
Material and Supplies - Tires and Tubes
Material and Supplies - Spare Parts
Material and Supplies - Office Supplies
Material and Supplies - Other

When materials and supplies are issued for use, credit this account and charge the appropriate expense or other account with the cost of those items.

Inventories of material and supplies shall be taken at intervals of one year or less, and any overages or shortages disclosed shall be debited or credited to this account. Concurrent

debits for shortages or credits for overages shall be made as far as practicable to accounts to which the material and supplies are ordinarily charged. The remainder should go to Account 4690 - Other General Expense.

Interest charged on bills for material, the payment of which is delayed, shall be charged to Account 7100 - Interest Expense.

1190 Other Current Assets

This account shall include the amount of all assets of a current nature, not includible in any of the foregoing asset accounts.

TANGIBLE PROPERTY

1200 Series Operating Property

Entries in this account shall include the total of the balances in Account 1211 - 1280, excluding accumulated depreciation balances in Account 1213 - 1281. (See Below)

In accordance with the provisions of the Commission order in Cause TG-2016, et al., Account 1200 shall contain the total investment in all fixed assets having anything whatever to do with any solid waste or motor carrier activity, either regulated or non-regulated, serviced under Solid Waste, Common or Contract authority. Solid waste related assets (Certificated and Contract) shall be included in Accounts 1211 - 1270. Motor carrier assets (Common and Contract) shall be included in Account 1280 - Other Operating Property. Schedules are provided in the Annual Report which, when completed, will separate (by sub-account) said total investment into its component parts. See Definition 7 and Instructions 19 and 22.

Records shall be kept so as to reflect separately the total cost and date of acquisition of each separate item of property having a service life in excess of one year. Cost will include freight, excise and sales taxes, if any, painting and lettering, and any other attachments, accessories, or expenses incurred in obtaining delivery and putting the asset into service. Containers and toters may be grouped together by acquisition date if side records are available giving breakdowns of each purchase. See Instruction 19.

Interest or other expense incurred under any plan involving deferred payments shall not be included in this account.

Leases determined to be capital leases under Generally Accepted Accounting Principles will be capitalized and classified according to the type and function of assets involved. Cost records of property assembled by the carrier shall be included in Account 1850 - Deferred Debits. See Instruction 19D.

When a unit of property or a major part thereof, such as a truck chassis is replaced, details shall appear in the supporting records showing the cost of the property removed, the cost of its replacement, and the date. Property no longer used or missing from inventory schedules shall be removed from this account.

Credits to this account (and corresponding debits to the appropriate accumulated depreciated account) in connection with operating property retired, transferred, or disposed of shall be made in accordance with Instruction 20.

Assets acquired in excess of that needed for current purposes, or for which there is no definite plan for use within one year, shall be charged to Account 1600 - Investments and Advances. If at some later time the property is returned to an active status, it shall be returned to this account series at its cost when originally acquired along with its associated accumulated depreciation, if any.

The cost of additions to and betterments of property leased from others shall be recorded in Account 1270 - Improvements to Leasehold Property.

1211 Land and Land Rights

This account shall include the cost of land and land rights used in the conduct of the carrier's operations. The cost of buildings and other improvements (other than public improvements) shall not be included in the land account. If, at the time of acquisition of an interest in land, such interest extends to buildings or other improvements (other than public improvements), the land and improvements shall be separately appraised and the cost allocated on that basis.

Carriers shall keep their records so as to show separately the cost of each parcel, and the purpose or purposes for which it is used.

1212 Buildings and Structures

This account shall include the cost of structures acquired for use in the carrier's operations for such purposes as offices, garages, shops, etc., including the cost of any subsequent additions or betterments.

1222 Garbage Collection Equipment

This account shall include the cost of solid waste collection equipment and trucks including the first set of accessory equipment such as packers and loaders, etc., and any other fixtures or appliances attached to the body or chassis.

1224 Containers, Toters and Drop Boxes/Compactors

This account shall include the cost of containers, toters and drop boxes and compactors. Cost will include lids, wheels, decals, painting, and whatever other attachments as may be necessary.

This account shall be subdivided to reflect separately:

Containers
Toters
Drop Boxes
Compactors

1226 Dump Equipment

This account shall include the cost of all assets such as land, buildings, scales, transfer trucks and trailers, and dump equipment (including whatever accessory or attachments as may be necessary) used in the operation of a disposal facility, transfer station, or processing site.

1230 Service Cars and Equipment

This account shall include the cost of automotive equipment used in connection with keeping operating vehicles in service, including cars and trucks used as trouble wagons for servicing vehicles on the road. This account shall also include the appliances or accessories necessary such as cranes, hoists, compressors, etc. mounted on such service vehicles. See Account 1260 - Other Garbage Equipment for management and supervisory vehicles.

1240 Shop and Garage Equipment

This account shall include the installed cost of machinery and equipment used in shops and garages when such equipment is not an integral part of the housing structure. Steam cleaners and pressure washers shall also be included in this account.

If the carrier has shops and garages in more than one location, the records shall be maintained to reflect the investment at each separate location.

The cost of small tools and implements of little value or short life shall be charged to the appropriate expense account.

The cost of cranes, hoists, and other appliances mounted on service vehicles shall be charged to Account 1230 - Service Cars and Equipment.

1250 Office Furniture and Equipment

This account shall include the installed cost of office furniture and equipment (including computers and software) used in offices, warehouses, and shops when such equipment is not an integral part of the housing structure.

If the carrier has equipment included in this account at more than one location, the records shall be maintained to reflect the investment at each location.

Small articles of little value or short life shall be charged to the appropriate expense account.

1260 Miscellaneous Garbage Property

This account shall include the cost of all solid waste related fixed assets not provided for in the above series. Vehicles used by management, supervisory and sales personnel can also be included in this account only when strict separations are maintained between business and personal use.

1270 Leasehold Improvements

This account shall include the cost of initial and subsequent improvements (including rearrangements, additions and betterments) to property used in the carrier's operations and held under lease or through control for some other owner of the property.

1280 Other Operating Property

This account shall include the cost of all operating property not provided for elsewhere in this series, including motor carrier related assets if the carrier is operating Common or Contract authority. If a carrier finds it necessary to make a general readjustment of operating property records, temporary charges or credits to this account may be made with approval of the Commission. The distribution of the amounts involved shall be made promptly to the appropriate accounts after further authorization of the Commission. See Definition 7.

1213 - 1281 Accumulated Depreciation - Operating Property

This account shall be credited with the following:

1. Amounts charged to the Account 5000 Series - Depreciation Expense, or other accounts for currently accruing depreciation of operating property.

2. The amount of depreciation accrued to date of transfer, applicable to property transferred from Account 1400 - Non-Operating Property, to Account 1200 - Operating Property.

This account shall be debited with the following:

1. Charges to this account in connection with operating property retired, transferred, or disposed of shall be made in accordance with Instruction 20.

2. The amount of depreciation accrued to date of transfer, applicable to property transferred from Account 1200 - Operating Property, to Account 1400 - Non-Operating Property.

This account shall be subdivided to reflect separately:

1213 Accumulated Depreciation: Structures
1223 Accumulated Depreciation: Garbage Collection Equipment
1225 Accumulated Depreciation: Containers, Toters, Drop Boxes and Compactors
1227 Accumulated Depreciation: Dump Equipment
1231 Accumulated Depreciation: Service Cars and Equipment
1241 Accumulated Depreciation: Shop and Garage Equipment
1251 Accumulated Depreciation: Office Furniture and Equipment
1261 Accumulated Depreciation: Miscellaneous Garbage Equipment
1271 Accumulated Depreciation: Improvements to Leasehold Property
1281 Accumulated Depreciation: Other Operating Property

1400 Non-Operating Property

This account shall include the cost of land, structures, equipment and any other fixed assets owned by the carrier, but not used in any of its operating activities as defined by the Commission in the Order in Cause TG-2016, et al. See Instructions 19D and 22B and Definition 7.

1401 Accumulated Depreciation - Non-Operating Property

This account shall include the cumulative amounts provided for depreciation and amortization of property carried in Account 1400 - Non-Operating Property.

INTANGIBLE PROPERTY

1500 Organization, Franchises and Permits

Organization shall include fees paid to state or other governmental authority for the privilege of incorporation, and expenditures incident to organizing the corporation, partnership, or other enterprise, and putting it into readiness to do business. Organization costs are generally of an indeterminate term and are therefore not subject to amortization expense.

When charges are made to this account for organization expenses incurred in mergers, consolidations, acquisitions, or reorganizations, amounts previously included in this account on the books of the retiring company shall not be carried over unless they represent part of the assets acquired. In that case they shall be included in Account 1550 - Other Intangible Property. See Instruction 19B.

Franchises and Permits shall include amounts paid to any governmental authority in consideration of franchises, permits, consents, or certificates running in perpetuity or for a term of more than one year. Also included will be the necessary, reasonable expenses incident to procuring such franchises, consents, or certificates. Franchise and other fees of a specific term may be amortized in Account 5150 - Amortization Chargeable to Operations if it is to the ratepayers' advantage to do so.

Regular recurring payments made to any political subdivision for the right to operate within its boundaries shall be charged to Account 5270 - Franchise Fees (but see the text of Account 4270, below).

Route extensions which are in effect purchases of customers, goodwill, and covenants not to compete should all be charged to Account 1550 - Other Intangible Property.

When any franchises, permits, or consents have expired, are sold, or otherwise disposed of, credits to this account shall be made for the amount such items are carried herein, and concurrently charged to Account 6100 - Other Income/Loss. This same account will be utilized to accumulate whatever other debits or credits associated with the disposition, to arrive at the overall non-operating gain or loss on the transaction.

1501 Accumulated Amortization - Organization, Franchises and Permits

This account shall be credited with the amounts charged to Account 5150 - Amortization Chargeable to Operations or Account 7500 - Other Deductions for currently accruing amortization expense on intangibles recorded in Account 1500.

This account shall also be debited with concurrent credits going to Account 6100 - Other Income/Loss when intangibles are sold or disposed of as mentioned above.

1550 Other Intangible Property

This account shall include the cost of any intangible not provided elsewhere, including the difference between the purchase price of an acquired solid waste collection company's assets and the historic net book value of the assets involved. Also include herein the costs associated with the issuance of capital stock.

The amounts recorded in this account shall be written off, disposed of, or provision shall be made for the amortization thereof as follows:

> **Debit** amounts may be charged to the appropriate equity account or amortized over a reasonable period of time through charges to Account 6100 - Other Income/Loss or Account 7600 - Extraordinary Items without further direction or approval by this Commission. Should a carrier desire the disposition of debits amounts in any manner other than as provided for herein, it shall request that the Commission: (1) approve recommended disposition, or (2) direct appropriate disposition according to the circumstances involved. See Instruction 20.
>
> **Credit** amounts shall be disposed of in such manner as the Commission may direct.

1551 Accumulated Amortization - Other Intangible Property

This account shall be credited with the amounts charged to Account 7500 - Other Deductions for currently accruing amortization expense on intangibles recorded in Account 1550.

This account shall be charged in connection with the sale or disposition of the above intangibles in a similar fashion as that described for Account 1501 - Accumulated Amortization above.

OTHER ASSETS AND DEFERRED ITEMS

1600 Investments and Advances

This account shall include the cost of the carrier's investment in all types of advances, securities, and notes issued or assumed by others that mature later than one year from the date of issue. Include also the cash surrender value of insurance policies when the carrier is the beneficiary.

This account shall also include the amount of cash or other assets held by trustees or others deposited for the purpose of redeeming outstanding obligations or replacing depreciable property.

It shall also include:

1. All assets specifically set aside or invested for purposes not provided for elsewhere;

2. deposits on equipment purchases not refunded within one year;

3. assets purchased or assembled but not placed in service within one year of acquisition or completion; and

4. receivables from affiliates not subject to current settlement

This account shall be subdivided to reflect separately:

Investments and Advances - Subsidiary Companies
Investments and Advances - Other Affiliates
Investments and Advances - Other

Balances in open accounts subject to current settlement shall be included in Account 1040 - Special Deposits or Account 1060 - Temporary Cash Investments.

1620 Undistributed Earnings from Subsidiaries

Include herein the carrier's share of undistributed earnings of subsidiaries the investment of which is included in Account 1600 - Investment and Advances. This treatment is in accordance with the "equity" method of recording investments. Total receivable earnings from subsidiaries, whether distributed or not, shall be included in Account 6520 - Distributed/Undistributed Earning from Subsidiaries.

1850 Deferred Debits

This account shall include all debit balances in suspense accounts that cannot be entirely cleared and disposed of until further information is received. Also include all other items of a deferred nature not includible in Account 1170 - Prepayments or Account 2390 - Unamortized Premium/Discount on Debt which are subsequently to be amortized to operation and maintenance expense or other account. See Instruction 11.

Deposition equipment purchases shall be charged to this account, as will the costs of construction and other Work-In-Process projects not yet completed or ready for service. Cost records of such property shall be maintained in sufficient detail for each project to show the cost of labor, materials, and other expenses incurred in such work. Preliminary costs herein accumulated on projects later abandoned shall be charged to an equity account. See Instruction 19.

This account shall also include other debit items which are subject to amortization by order of the Commission. Such amounts will be amortized to the appropriate expense or other account according to the nature and type of deferred item involved.

Deferred items relating to federal income taxes shall be maintained separately. This account shall include the noncurrent portions of deferred income tax debits and credits when the balance is a net debit. A net credit balance shall be reported in Account 2400 - Deferred Credits. See Instruction 25.

This account shall be debited with the amount of tax debits utilized in the current year for income tax purposes, but deferred for accounting purposes. This account shall be concurrently credited with amounts debited to Account 8800 - Federal Income Tax as the balance of such accumulated deferred income tax debits are amortized to expense. See also Account 2400 - Deferred Credits.

1900 Other Assets

Include herein all debit balances in balance sheet accounts not provided for elsewhere.

CURRENT LIABILITIES

2000 Notes Payable

This account shall include the face value of outstanding obligations in the form of notes, drafts, acceptances, and other similar evidences of indebtedness which by their terms do not run for a period of more than one year.

Notes payable to affiliates should be recorded in Account 2030 - Payables to Affiliates. Current portion of long-term debt should be recorded in Account 2180 - Current Portion of Long-Term Debt. Noncurrent items should be carried in Account 2360 - Other Long-Term Debt.

2030 Payables to Affiliated Companies

This account shall include the total amounts payable to affiliated companies or entities which are subject to current settlement. Such items would include, but not be limited to, balances in open accounts for services rendered, material furnished, claims, rent for use of property, and similar items. Also interest and dividends due to affiliated companies or entities, and loans, notes, and drafts which are payable to affiliated companies or entities.

This account shall be subdivided to reflect separately:

Payables to Affiliated Companies - Loans and Notes
Payables to Affiliated Companies - Interest and Dividends
Payables to Affiliated Companies - Accounts Payable
Payables to Affiliated Companies - Other

Items not subject to current settlement shall be included in Account 2360 - Other Long-Term Debt.

2050 Accounts Payable

This account shall include amounts payable and currently due to others (except affiliated companies) for materials and supplies and services received, including use of property, rents, current accounts with officers and employees, property damage claims, amounts due public authorities, and other similar items.

This account should be subdivided to reflect separately:

Accounts Payable - Trade
Accounts Payable - Officers, Stockholders and Employees
Accounts Payable - Other

Accrued taxes should be included in Account 2120 - Accrued Taxes. However, that portion of payroll taxes representing employee withholdings (hence not an expense to the carrier) should be included in this account.

Accrued payroll should be included in Account 2070 - Salaries and Wages Payable.

2070 Salaries and Wages Payable

This account shall include the amount of salaries and wages payable as of the date of the balance sheet.

2120 Accrued Taxes

This account shall be credited each period with the amount of taxes accrued during the period, with concurrent debits to the appropriate account(s) for tax charges. Payments of taxes for which accruals have been made shall be debited to this account. Adjusting entries will be made aligning actual expense with accrual estimates when the actual liability amount becomes known.

The records supporting entries to this account shall be kept so that the carrier can furnish information as to the amount and basis for each accrual, the kinds of taxes paid, the amount of each, and the accounts charged with the tax accruals.

Prepayments of taxes for future periods shall be charged to Account 1170 - Prepayments.

The liability for the employer's share of industrial insurance and FICA contributions shall be included in this account. However, the liability for such payroll-related taxes withheld from employees wages shall be included in Account 2050 - Accounts Payable.

The current portion of federal income tax accruals shall also be included in this account.

2180 Current Portion of Long-Term Debt

This account shall include the current portion of all long-term debt carried in Account 2300 - Equipment Obligations or Account 2360 - Other Long-Term Debt.

This account should be subdivided to reflect separately:

Current Portion of Long-Term Debt - Equipment Obligations
Current Portion of Long Term Debt - Capitalized Leases
Current Portion of Long-Term Debt - Other

2190 Other Current Liabilities

This account shall include all current and accrued liabilities not provided for in any of the foregoing accounts.

EQUIPMENT AND OTHER LONG-TERM OBLIGATIONS

For all the debt categories that follow, separate subdivisions shall be maintained for each class of obligation included herein. Records shall be maintained to show separately for each issue all details as to date of issue, date of maturity, interest rates and dates, and any pledged security, etc.

2310 Equipment Obligations

This account shall include the face value of all long-term obligations issued by the carrier and not retired or canceled, including bonds, debentures, capitalized leases and other long-term obligations for which revenue equipment (including containers, toters, and drop boxes, etc.) have been pledged as security or are held under conditional sales contracts.

The liability for such obligations maturing within one year shall be included in Account 2180 - Current Portion of Long-Term Debt.

This account should be subdivided to reflect separately:

Equipment Obligations - Regular
Equipment Obligations - Capitalized Leases

2360 Other Long-Term Debt

This account shall include the face value of bonds and other long-term obligations not otherwise provided for.

The liability for such obligations maturing within one year shall be included in Account 2180 - Current Portion of Long-Term Debt.

2390 Unamortized Premium/Discount on Long-Term Debt - (Net)

This account shall include the net balance of all unamortized premiums and discounts on long-term debt. Also include the costs associated with the issuance of debt, i.e., legal and accounting fees, etc.

Premium/credit balances shall be amortized evenly over the life of the obligations to which they relate by debiting this account. The concurrent credit should be to Account 7100 - Interest Expense. Discount/debit balances shall be amortized evenly for the life of the obligation to which they relate by crediting this account; the concurrent debit goes to Account 7100 - Interest Expense.

DEFERRED CREDITS AND OTHER ITEMS

2400 Deferred Credits

This account shall include the credit balances in suspense accounts that cannot be entirely cleared and disposed of until further information is received. Also, all other items of a deferred nature not includible in Account 2390 - Unamortized Premium/Discount on Debt which are subsequently to be amortized to operation or maintenance or other account. This account shall also include other credit items which are subject to amortization by order of the Commission. See Instruction 11.

Deferred items relating to federal income taxes shall be maintained separately. This account shall be credited with the non-current portions of deferred income tax debits and credits when the balance is a net credit. A net debit balance shall be reported in Account 1850 - Deferred Debits.

This account shall be credited with the amounts of investment tax and other credits utilized in the current year for income tax purposes but deferred for accounting purposes. This account shall be concurrently debited with amounts credited to Account 8800 - Federal Income Tax Expense as the balance of such accumulated deferred income tax credits are amortized to expense. See Instruction 25.

This account shall be maintained in such a manner as to show separately:

> The unamortized balance of deferred income taxes and deferred investment tax credits as of the beginning and end of each year. Also the entries which affected the account balance, and the current year's net credits or charges applicable to timing differences and investment tax credits.

See Also Account 1850 - Deferred Debits.

2690 Other Credits

Include herein all credit balances in balance sheet accounts not provided for elsewhere.

EQUITY

2701 Common Stock (Incorporated Companies Only)

This account shall include the par or stated value of common stock outstanding, or the cash value of the consideration received for outstanding non-par common stock without stated value.

Subdivisions shall be maintained for each series of stock showing the number of authorized shares, the number of shares actually outstanding, and the dollars received. Amounts received higher than par or stated value shall be recorded in Account 2710 - Paid in Capital in Excess of Par.

When common stock is reacquired whether or not canceled, this account shall be charged with the amount at which such stock is carried herein in accordance with Instruction 15B.

2702 Preferred Stock (Incorporated Companies Only)

This account shall include the par or stated value of preferred stock outstanding, or the cash value of the consideration received for outstanding non-par preferred stock without stated value.

Subdivisions shall be maintained for each series of stock showing the number of authorized shares, the number of shares actually outstanding, and the dollars received. Amounts received higher than par or stated value shall be recorded in Account 2710 - Paid in Capital in Excess of Par.

When preferred stock is reacquired, whether or not canceled, this account shall be charged with the amount at which such stock is carried herein in accordance with Instruction 15B.

2710 Paid in Capital in Excess of Par (Incorporated Companies Only)

This account shall include the amounts received higher than the par or stated value of the stock sold. Subdivisions shall be maintained for each class and series of stock.

When capital stock is reacquired, whether canceled or not, the amount in this account with respect to the shares of such stock shall be charged hereto. See Instruction 15B.

Expenses incurred at the issue of common stock shall be included in Account 1550 - Other Intangible Property.

2720 Other Capital (Incorporated Companies Only)

This account shall include all capital for incorporated companies not provided for elsewhere in this series. This account shall be subdivided to show each source of capital.

This account shall include the following:

Donations by stockholders of cash or other assets, or of the carrier's capital stock.
Surpluses arising from reorganization or in connection with recapitalization.
Forfeited deposits on purchases of stock.

2800 Sole Proprietor's Capital (for Use of Individually Owned Companies)

This account shall include the amount invested in the business by the sole proprietor for an unincorporated carrier.

The account shall be maintained to reflect separately the following:

Balance at the beginning of the year
Additional investments during the year
Withdrawals/Draws
Prior period adjustments
Profit or loss for the year from the income statement
Balance at the close of the year.

2810 Partnership Capital (for Use of the Partnership Form of Organization)

This account shall include the amount invested in the business by the partners under any style other than an incorporated firm or sole proprietorship.

The account shall be maintained to reflect separately the following:

Balance at the beginning of the year
Additional investments during the year
Withdrawals/Draws
Prior period adjustments
Profit or loss for the year from the income statement
Balance at the close of the year

2930 Retained Earnings (Incorporated Companies Only)

This account shall include the accumulated amount of retained earnings in the business. Amounts included shall be classified according to the following groups:

Credits:

Credit Balance transferred from Income of the period.

Credit applicable to Prior Years

This includes major items directly applicable to prior years' operations and which, if credited during the current year, would seriously distort the accounts.

Other Credits to Retained Earnings.

All other credits not provided for elsewhere.

Debits:

Debit Balance Transferred from Income (Loss) of the Period.

Dividend Appropriations.

This includes amounts declared as dividends on capital stock actually outstanding.

Appropriations to Reserves.

This includes appropriations for sinking funds and other reserves under terms of mortgages, deeds of trust, or other contracts and other appropriations of surplus to be set aside in special reserve accounts.

Debits Applicable to Prior Years.

This includes major items directly applicable to prior years' operations and which, if debited during the current year, would seriously distort the accounts.

Other Debits to Retained Earnings.

All other debits not provided for elsewhere.

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Schedule 2990 - **INCOME STATEMENT** - Total Company

Instructions: Complete this Balance Sheet in accordance with the end of year ledger figures as reflected in your books of account. Detail in support of summary amounts herein should be included in the supporting schedules that follow on the indicated pages.

Line No.	Account (a)	Amount (b)
1	CARRIER OPERATIONS:	$
2		
3	(3000) Total Operating Revenue	
4		
5	(4000/5000) Operating Expenses:	
6	(4100) Equipment Maintenance and Garage Expenses	
7	(4200) Collection Expenses	
8	(4300) Disposal Fees and Processing Expenses	
9	(4400) Traffic, Solicitation and Advertising Expenses	
10	(4500) Insurance and Safety Expenses	
11	(4600) Administrative and General Expenses	
12	(5000) Depreciation Expenses	
13	(5250) Amortization Chargeable to Operations	
14	(5200) Taxes and Licenses	
15	(5300) Operating Rents	
16		
17	Total Operating Expenses	
18		
19	Net Operating Income (Line 3 - Line 17)	
20		
21	OTHER INCOME AND EXPENSES:	
22		
23	(6100) Other Income/Loss	
24	(6510) Interest, Dividends and Other Investment Income/Loss	
25	(6520) Distributed/Undistributed Income (Loss) from Subsidiaries	
26	(7100) Interest Expense	
27	(7500) Other Deductions	
28	(7600) Extraordinary Items (Net)	
29		
30	Total Other Items	
31		
32	Net Income Before Federal Income Taxes	
33		
34	(8800) Federal Income Taxes	
35		
36	NET INCOME	
37		
38		
39	Operating Ratio - % (Line 17/Line 3 to 2 decimal places)	
40		

INCOME STATEMENT ACCOUNTS

OPERATING REVENUE

3000 SERIES

These accounts shall include the total operating revenues as provided in the primary operating revenue accounts, derived by the carrier from its total operations as defined by the Commission in Cause TG-2016, et al. In addition to the revenue derived from solid waste operations served under the "G" permit authority, it will also include solid waste revenue from contract operations and also motor carrier revenue derived from a Common or Contract permit. See Appendix 5.

Solid waste related revenue (Certificated or Contract) shall be included in Accounts 3100 - 3500. Motor carrier revenue (Common or Contract) shall be included in Account 3900 - Other Operating Revenue. Schedules are provided in the Annual Report which, when completed, will separate (by sub-account) said total revenue into its component parts.

The operating revenue accounts are those in which are recorded the amounts the company receives, or is entitled to receive, in connection with its performance of service. Refunds, late fees, and accessorial charges shall be charged or credited to the revenue account to which they relate.

Carriers picking up another "primary" certificated carrier's customers shall record the compensation received from such a service as a credit to Account 4260 - Purchased Transportation.

Carriers owning their own disposal facility, the investment of which is included in Account 1226 - Dump Equipment, shall record the revenue from such operations as a credit to Account 4360 - Disposal Fees and Processing Expenses

3100 Residential Revenue

This account shall include all revenue derived from the service of collecting solid waste (which includes residential recycle collection) from residential customers. Revenue from accessorial charges on residential customers shall also be included within this account. Generally can or toter service is involved. Revenue derived from residential customers living in apartment houses or trailer parks, where management is billed for service provided (presumably either commercial can or containers/drop boxes) shall be included in one of the accounts that follows, as appropriate.

3200 Commercial Revenue

This account shall include all revenue derived from the service of collecting solid waste (excludes CC recyclables) from commercial customers, except those with drop box service. Generally toter, commercial can, or container service is involved. Revenue from accessorial charges on commercial customers shall also be included within this account.

3300 Drop Box and Compactor Revenue

This account will include the revenue derived from the service of collecting solid waste from customers having either drop boxes or compactors. This account will include billings for rent, delivery, empty and return, and whatever other accessorial items as may apply. Revenue from pass-through disposal fees charged in accordance with Item 230 in the Solid Waste Tariff shall be included in Account 3310 - Drop Box Dump Fee Pass Through.

3310 Drop Box Dump Fee Pass-Through Revenue

This account will include the revenue derived from the pass through of disposal fees directly to drop box and compactor customers per Item 230 of the Solid Waste Tariff. These pass-through amounts will be billed on a dollar-for-dollar basis with neither a markup nor markdown, as instructed in the Commission letter sent to all industry members most recently on December 7, 1988. See Appendix 2.

3400 Recycling and Sale of Commodities

This account shall include all revenues derived from providing recycling pickup service to customers not already included in the other accounts. Also included would be the money received from the sale of the recyclable commodities picked up. The expenses incurred in connection with both of these functions should be charged to the appropriate expense accounts within this System of Accounts to which they relate.

3500 Miscellaneous Garbage Revenue

This account shall include all revenue derived from solid waste service not provided for above.

3900 Other Operating Revenue

This account shall include the revenue from all certificated or permitted operations not provided for elsewhere in this series, including motor carrier revenue if the carrier is operating Common or Contract authority from assets recorded in Account 1280 - Other Operating Property.

OPERATING EXPENSES

4000 - 5000
Series

These accounts shall include the total operating expenses as provided in the primary operating expense accounts, derived by the carrier from its total operations as defined by the Commission in Cause TG-2016, et al. In addition to the expenses incurred from solid waste operations served under the "G" permit authority, it will also include solid waste expense from contract operations and also motor carrier expense derived from a Common or Contract permit. Schedules are provided in the Solid Waste Collection Company Annual Report which, when completed, will separate (by sub-account) said total expense into its component parts. See Definition 7.

4100 EQUIPMENT MAINTENANCE AND GARAGE EXPENSES SERIES

4110 Supervision - Salaries and Expenses

This account shall include the pay and expenses of employees supervising and directing the repairs to operating equipment and property used in the business. This generally involves shop foremen or "lead" mechanics.

4115 Mechanics and Helpers Wages

This account shall include the pay of mechanics and helpers repairing and servicing operating equipment and property used in the business. For cost of service purposes (See Definition 10), sub-accounts should be maintained for time spent on container and drop box/compactor repairs.

4120 Repairs to Shop Equipment, Buildings, and Grounds

This account shall include the cost of repairing and servicing shop equipment, buildings, and grounds of the business.

4130 Repairs to Garbage Collection Equipment

This account shall include the cost of repairing and servicing operating equipment, including containers and drop boxes, etc. This would include, but not be limited to, the cost of supplies and parts used, and the expenses incurred in generally keeping the equipment ready for service. Amounts paid to outsiders for repair and servicing of equipment shall also be

included in this account. For cost of service purposes (See Definition 10), sub-accounts shall be maintained for container and drop box repairs. Tires and tubes shall be included in Account 4160; Fuel and Oil shall be included in Account 4240.

Parts and supplies taken from inventory shall be charged to this account with the concurrent credit going to Account 1180 - Material and Supplies. Amounts received from insurance companies or others for reimbursement of said repairs shall be credited to this account in such manner to be readily identifiable.

4160 Tires and Tubes

This account shall include the cost of new and used tires applied on operating equipment, and the cost of repairing, recapping, servicing and mounting new and used tires, tubes, valves, caps, etc.

Tires and tubes taken from inventory shall be charged to this account with the concurrent credit going to Account 1180 - Material and Supplies. Carriers contracting for tires at a flat sum per period, or on a miles run or other basis, shall include such amounts in this account.

4180 Other Maintenance and Garage Expenses

This account shall include other maintenance and garage expenses pertaining to repair and servicing of equipment used in the business not provided for elsewhere. This would include, but not be limited to cleaning supplies and solvents, antifreeze, brake fluid, tarps, cables and other rigging devices, small tools, mechanics uniforms and their cleaning, etc., and the reimbursed expenses of maintenance and servicing personnel.

4200 GARBAGE AND REFUSE COLLECTION EXPENSES SERIES

4210 Supervision - Salaries and Expenses

This account shall include the pay and expenses of employees supervising and directing solid waste collection service, including driver foremen and dispatchers.

4213 Drivers and Helpers Wages

This account shall include the pay of drivers and helpers (swampers and others) engaged in solid waste or motor carrier activity, whether such activity is conducted under a solid waste or contract permit, or whether it is regulated or non-regulated. For cost of service purposes (See Definition 10), sub-accounts shall be maintained for time spent on container routes, and drop box/compactor routes, and recycle routes.

4240 Fuel and Oil

This account shall include the cost of all fuel and oil consumed in company vehicles in the conduct of their operations. Companies have the option to include related fuel taxes here or in Account 5250 - Fuel Taxes.

Fuel and oil taken from inventory shall be charged to this account with the concurrent credit going to Account 1180 - Material and Supplies.

4260 Purchased Transportation

This account shall include amounts payable to others for performing any portion of the carrier's operations whereby the expenses of the operation are borne by the hired carrier. This arrangement does not exempt the hired carrier from having the necessary permits to conduct the operations in accordance with applicable state laws and rules.

Carriers having their customers picked up by another carrier will bill them at their normal tariff rates and include that revenue in Accounts 3100 - 3900 as usual.

Carriers doing the pickups for the "primary" certificated carrier will record expenses from such operations throughout the normal matrix of operating expenses. Revenues (the compensation received from performing that service) shall be credited to this account.

4280 Other Garbage and Refuse Collection Expense

This account shall include all other solid waste collection expenses and motor carrier activity operating expenses not otherwise provided for in this series. Items in this account shall include, but not be limited to, bridge, tunnel, and ferry tolls, tire chains, driver uniforms (including their care), reimbursable driver expenses, driver training and physical exams, traffic fines, etc. Include also the wages of miscellaneous drivers and helpers.

4300 DISPOSAL FEES AND PROCESSING EXPENSES SERIES

With the exception of the debit entries associated with Accounts 4360, 4365 and 4380, below, this series of accounts shall be used when the carrier owns its own landfill, transfer station, or other disposal or processing facility, the investment of which is recorded in Account 1226 - Dump Equipment.

4310 Supervision - Salaries and Expenses

This account shall include the pay and expenses of employees supervising and directing the carrier's disposal of solid waste at their own disposal facility.

4340 Other Disposal Payroll

This account shall include the payroll of all other employees engaged in the operations of the carrier's disposal facility.

4350 Operation of Dump Equipment

This account shall include the expenses incurred in connection with the operation of disposal facility equipment.

4360 Disposal Fees and Charges - Net

Debits:

This account shall include fees and charges paid to cities, counties, and others for the disposal of solid waste at landfills, transfer stations, incinerators, etc., whether such charges are assessed on a yardage, tonnage, or other basis.

NOTE: Be aware that the Annual Report now calls for such amounts to be segregated by disposal site, the number of yards and tons, etc. at each, and the per unit and extended cost of disposal for each. The separation of such statistics derived from "Pass-Through" customers is also required.

Credits:

This account shall also include fees and charges assessed by the carrier to others for disposal privileges when the carrier owns his own disposal facility, the investment of which is included in Account 1226 - Dump Equipment.

4365 Processing Fees and Charges - Net

This account shall include fees and charges paid to cities, counties, and other processors of recyclables, yardwaste, or any other recoverable material not included in Disposal Fees and Charges - Net Above.

Any proceeds from the sale of recyclables or other recoverable materials should be included in Account 3400 "Recycling and Sale of Commodities".

4380 Other Disposal Expense

This account shall include solid waste disposal expenses not provided for elsewhere.

4400 TRAFFIC, SOLICITATION AND ADVERTISING EXPENSES SERIES

4410 Salaries, Wages and Expenses

This account shall include all payroll and expenses of employees engaged in traffic, advertising, and the solicitation of business or the preparation of tariffs and schedules.

4430 Tariffs and Schedules

This account shall include the expenses related to the preparation and printing of tariffs and schedules

4450 Advertising and Promotion

This account shall include the expenses of all advertising and promotional activity, in print and broadcast media or by whatever other means.

4480 Other Traffic and Advertising Expenses

This account shall include all other traffic and advertising expenses not provided for elsewhere in this series.

4500 INSURANCE AND SAFETY EXPENSES SERIES

This account shall include all payroll and expenses of employees engaged in administering the insurance, claims, and safety programs of the carrier.

4530 Public Liability and Property Damage

This account shall include premiums paid (less dividends or refunds) for commercial insurance to protect the carrier against liability to the public and damage to the property of others.

This account shall also be charged with the estimated or actual liability for claims not covered by commercial insurance for the same class of risk.

Carriers utilizing Account 1170 - Prepayments for Insurance Purposes shall credit that account and concurrently debit this one as the policy amortizes evenly through its term.

4540 Workmen's Compensation (Industrial Insurance)

This account shall include net premiums (total due less amounts withheld from employees, dividends, and refunds, etc.) payable to commercial insurers or governmental agencies on account of claims for injuries to, and deaths of, employees arising under the Workmen's Compensation Acts.

This account shall also be charged with the estimated or actual liability for claims not covered for the same class of risk.

4560 Fire, Theft and Collision

This account shall include premiums paid (less dividends or refunds) for commercial insurance to protect the carrier against loss from fire, theft, or collision damage.

This account shall also be charged with the estimated or actual liability for claims not covered by commercial insurance for the same class of risk.

Carriers utilizing Account 1170 - Prepayments for insurance purposes shall credit that account and concurrently debit this one as the policy amortizes evenly through its term.

4580 Other Insurance and Safety Expense

This account shall be charged with the net premiums paid for commercial insurance, and the estimated or actual liability for claims not provided for elsewhere in this series. Also included would be safety-related items not otherwise provided for.

The cost of life insurance on the lives of officers and other employees wherein the carrier is the beneficiary shall be charged to Account 7500 - Other Deductions. The cash surrender value of such policies shall be carried in Account 1600 - Investments and Advances.

4600 ADMINISTRATIVE AND GENERAL EXPENSES SERIES

4611 Salaries of General Officers

This account shall include all salary, bonuses, and other compensation received by officers and managers whose administrative authority extends over the entire range of the carrier's operations.

4612 Wages of Billing and Collection Employees

This account shall include the pay of employees engaged in customer billing and accounting, complaints and inquiries, service stops and starts, and other duties involving contact with customers.

4613 Wages of Other General Office Employees

This account shall include the pay of all other office employees not provided for above, such as accounts and bookkeepers, clerks, secretaries, cashiers, etc.

4620 Office and Other Expense

This account shall include the cost of office supplies and expenses such as the following:

Paper and Pencils
Printed Forms, Labels, Binders
Postage, Envelopes, Postcards
Office Equipment Repair and Service
(but not rent, see Account 5340 - Rent for Office Equipment)
Office Equipment Supplies
Cash Over and Short
Bank Service Charges

4630 Legal and Accounting

This account shall include legal and accounting fees paid to outsiders for their professional service, including rate case related items.

Legal related items would include attorney fees, retainers, expenses of counsel, court costs, transcripts and briefs, and witness fees, etc. Accounting related items would include fees for auditing, preparation of reports and financial statements, tax preparation, etc.

Legal and accounting fees incident to organization of the company, the acquisition of certificates from federal or state commissions, or securing from local authorities franchises or consents with a life of more than one year, shall be charged to Account 1500 - Organization, Franchises, and Permits.

Legal and accounting fees incident to the issuance of long-term debt shall be charged to Account 2390 - Discount on Debt; those pertaining to the sale of stock shall be charged to Account 1550 - Other Intangibles.

Regulatory related expenses, which by approval or direction of the Commission are to be spread over future periods, shall be charged to Account 1850 - Deferred Debits and amortized evenly through their term to Account 4680 - Regulatory Expense.

4640 Communications and Utilities

This account shall include the cost of utilities and communication service used by the carrier in the conduct of its operations.

Communications related items would include telephone, telegraph, mobile radio, repeater station rentals, cellular phone, and repairs to such equipment. Telephone book advertising should be included in Account 4450 - Advertising and Promotion.

Utility related items would include heat, light, water, sewer, and believe it or not - SOLID WASTE SERVICE. (Let's hear it for the good guys!)

4645 Management Fees/Overhead

This account shall include the net balance of home office charges incurred on behalf of, or paid to others. Debit items would include charges incurred in providing the service or payments made in consideration of service received. Credits would include compensation received for providing such services to others.

Such charges and credits should be done on a cost basis for actual service provided with no mark up or mark down. Accurate, detailed, complete records shall be maintained which facilitate ready verification and analysis of all aspects of the transactions involved. See Instruction 6.

4650 Employee Welfare

This account shall include the net payments (premiums or contributions less dividends or refunds) made by the carrier to trustees or commercial insurance companies on behalf of its employees for pensions and retirement plans, group insurance, health and welfare coverage, and related fringe benefits not included elsewhere.

The cost of life insurance on the lives of officers and other employees wherein the carrier is the beneficiary shall be charged Account 7500 - Other Deductions. The cash surrender value of such policies shall be carried in Account 1600 - Investments and Advances.

4660 Bad Debt Collection Expenses

This account shall include fees paid to an agency, company, or individual (other than carrier employee) for the collection of amounts receivable from customers.

4670 Uncollectible Revenue

This account shall be used only by those carriers using accrual based accounting (See Instruction 3) and will include charges for receivables for carrier revenues which, despite diligent effort, have proven impossible to collect. Debits to this account shall be on an actual basis, not an estimate of future uncollectibles. Concurrent credits shall be to Account 1120 - Accounts Receivable. If amounts so written off are subsequently recovered, the entry would be reversed.

4680 Regulatory Expense

Include herein all payments made to a regulatory commission for amounts assessed against the carrier for pay and expenses of the regulatory commission, its officers, agents, or employees.

Exclude from this account all expenses incurred in securing certificates of convenience and necessity and authority for the issuance of securities. Such amounts should be included in Account 1550 - Organization, Franchises, and Permits or Account 1850 - Deferred Debits. Expenses incident to the issuance of capital stock shall be charged to Account 1550 - Other Intangible Property.

Amounts includible in this account which by the approval or direction of the Commission are to be spread over future periods shall be charged to Account 1850 - Deferred Debits and amortized by charges to this account.

4690 Other General Expense

Include herein all general expenses connected with the conduct of the business not provided for elsewhere including reimbursed employee expenses of office employees, dues and subscriptions, janitorial service, office employee training, employment agency fees, and facilities or services for employees, etc.

5000 - 5100 DEPRECIATION EXPENSES SERIES

5000 Depreciation Expense

This account shall include the amount of depreciation charges applicable to the accounting period for all classes of depreciable operating property.

The following subdivisions of this account shall be maintained to reflect the amount of depreciation on each class of property indicated, and the necessary gain or loss if the equipment is retired or disposed of:

5012 Depreciation of Structure
5022 Depreciation of Garbage Collection Equipment
5024 Depreciation of Containers, Toters, Drop Boxes and Compactors
5026 Depreciation of Dump Equipment
5030 Depreciation of Service Cars and Equipment
5040 Depreciation of Shop and Garage Equipment
5050 Depreciation of Office Furniture and Equipment
5060 Depreciation of Miscellaneous Garbage Equipment
5070 Depreciation of Leasehold Improvements
5080 Depreciation of Other Operating Property

5100 Gain/Loss on Disposition of Assets

This account shall include the net gains and losses of all operating property sold, traded in, or otherwise disposed of, the investment of which is included in Account Series 1200 - Operating Property. See Instruction 20.

Gains and losses on the disposition of non-operating property recorded in Account 1400 - Non-Operating Property, investments recorded in Account 1600 - Investments and Advances, or intangibles in Accounts 1500 and 1550 shall be included in Account 6100 - Other Income/Loss.

5150 Amortization Chargeable to Operations

This account shall include the amount of amortization charges applicable to the accounting period for amounts carried in Account 1500 - Organization, Franchises, and Permits for fixed-term items, or from Account 1850 - Deferred Debits, which will be to the advantage of the ratepayer. Otherwise, such amortization amounts shall be charged to Account 7500 - Other Deductions.

5200 OPERATING TAXES AND LICENSES SERIES

5220 Vehicle License and Registration Fees

This account shall include the amounts incurred for the privilege of operating vehicles over highways, such as registration fees, license plate fees, mileage taxes, gross weight and excess weight permits, federal highway use taxes, vehicle title and qualification fees, etc.

5230 Real Estate and Personal Property Taxes

This account shall include taxes payable based on the value of real estate and personal property.

5240 Social Security (FICA) Taxes

This account shall include the employer portion of amounts payable on employees' payroll pursuant to the Federal Insurance Contribution Act.

5241 Federal Unemployment Taxes

This account shall include the employer portion of amounts payable to the federal government for unemployment insurance.

5242 State Unemployment Taxes

This account shall include the employer portion of amounts payable to the federal government for employment insurance.

5242 State Unemployment Taxes

This account shall include the employer portion of amounts payable to state government for unemployment insurance.

5250 Fuel Taxes (Optional)

This account shall include all state, federal, county, and other taxes (except sales tax - See Account 5290, below) on gasoline, diesel, propane, or other fuel consumed by company vehicles.

Carriers have the option to include fuel taxes in Account 4240 - Fuel and Oil.

5260 State Revenue Taxes

This account shall include payments to state agencies for taxes assessed on revenue. Such taxes are generally called public utility taxes and are assessed on the company, not the ultimate consumer. The current rate for this tax in Washington is 1.50%.

Generally, amounts such as the 3.60% Refuse Utility Tax and the 1% Solid Waste Tax are assessed and collected directly against the customer and remitted to the state. Such amounts should be recorded as a liability in Account 2120 - Accrued Taxes that is discharged when the amount due is paid.

Amounts payable to regulatory commissions should be included in Account 4680 - Regulatory Expenses. Recurring payments made to political subdivisions for the right to operate within their boundaries shall be included in Account 5270 - Franchise Fees.

5270 Franchise Fees

This account shall include the recurring payments made to political subdivisions for the right to operate within their borders when they are an expense of the company, not the customer. Amounts collected directly from customers and remitted as trust collections to taxing authorities shall be recorded as liabilities, and not included in this account.

5290 Other Taxes and Licenses

This account shall include all other federal, state, county and municipal operating taxes, licenses, and fees not specifically provided for elsewhere in Accounts 5220 - 5270. Sales taxes on capitalized assets shall be included in the capitalization. Sales taxes on other purchased items or services may be categorized in this system of accounts in like manner as the items to which they were assessed.

Federal Income Taxes (including current and deferred portions) shall not be included in this account.

Special assessments for street or other improvements for specific services rendered by municipal or other taxing bodies shall be charged to the appropriate property investment account.

5300 OPERATING RENTS SERIES

5310 Rent for Garbage Collection Equipment

This account shall include amounts payable to others for furnishing solid waste collection equipment to the reporting carrier.

5320 Rent for Land and Structures

This account shall include amounts payable to others for rental of real estate and other property other than garbage collection equipment. This account shall be credited with amounts receivable if the property is subleased.

Rentals for property and equipment used in noncarrier operations shall be charged to Account 6100 - Other Income/Loss.

5330 Rent for Service Cars

This account shall include amounts payable to others for rental of service cars.

5340 Rent for Office Equipment

This account shall include amounts payable for the rental of office equipment including, but not limited to, postage meters, data processing equipment, office machines, calculators, typewriters, check protectors, photocopiers, etc.

5390 Other Rent

This account shall include all rental payments not provided for elsewhere in this series.

6100 OTHER INCOME/LOSS

This account shall include the net debit and credit amounts for each accounting period resulting from all non-operating portions of your operation. Generally this means the revenue and expense incurred in operation of property, the investment of which is included in Account 1400 - Non-Operating Property, as defined by the Commission in Cause TG-2016, et al. Such activity would have nothing whatever to do with any motor, contract or solid waste carrier operations.

Include also all gains and losses involving the sale or disposition of all non-operating, investment or intangible property (See Instruction 20) and any other miscellaneous revenue or credit items not provided for elsewhere.

6510 Interest, Dividends and Other Investment Income/Loss

This account shall include interest, dividends, and other investment income/losses accruing to investments recorded in Account 1600 - Investment and Advances. Earnings from subsidiaries shall be included in Account 6520 - Distributed/Undistributed Earnings from Subsidiaries.

6520 Distributed/Undistributed Income (Loss) from Subsidiaries

This account shall include the carrier's share of all earnings of subsidiaries, whether distributed or not, the investment of which is included in Account 1600 - Investments and Advances. Concurrent debits for undistributed earnings shall be recorded in Account 1620 - Distributed/Undistributed Earnings from Subsidiaries.

7100 Interest Expenses

This account shall include interest accrued on outstanding obligations issued or assumed by the carrier including equipment obligations, capitalized leases, advances, debentures, notes, unpaid taxes or other accounts payable. This account also includes the appropriate portion of unamortized debt discount and premiums written off during the current period.

This account shall be subdivided so as to reflect interest separately from each of the following sources:

Equipment Obligations
Capitalized Leases
Other Long-Term Obligations
Current Obligations
Amortized Debt Discount and Premiums
Amortized Long-Term Debt Issuance Expenses
Other Interest

7500 Other Deductions

This account shall include all deductions from gross income not provided for elsewhere in this System of Accounts.

7600 Extraordinary Items

This account shall include all extraordinary, nonrecurring items (debits and credits) the recording of which would materially distort current operating results. Such entries shall be made only upon written permission of the Commission.

This account shall be maintained in a manner sufficient to identify the nature and gross amount of each debit and credit.

8800 Federal Income Taxes

This account shall be debited with the accruals for federal, state and local income taxes (as applicable) to the current period, and shall be subdivided to reflect separately such a breakdown into those three parts.

This account shall also include the net tax effect of all timing differences originating or reversing in the current accounting period. This account shall also include credits for the amortization of the investment tax credit (if applicable) if the carrier elected to use the deferred method of accounting for the investment tax credit.

Personal income taxes of sole proprietors and members of a partnership shall not be charged to this account. If paid from funds of the business, such amounts shall be charged to Account 2800 or 2810.

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M E M O R A N D U M

December 20, 1982

TO: All Accounting Division Personnel

FROM: Jim Ainey, Accounting Division Chief
Edward J. Nikula, Supervisor - Revenue Requirements
Frank Stephens, Supervisor - Reports & Statistics

SUBJECT: Depreciation Rates for Garbage Collection Equipment.

Many questions have arisen as to the proper lives and salvage values to be utilized for garbage collection equipment. As a policy, the following lives and salvage values should be utilized:

1. Equipment included in last rate investigation:

   This equipment should be depreciated utilizing the same lives and salvage values as was used previously by the staff in the last rate investigation.

2. Equipment purchased since last rate investigation:

   This equipment should be depreciated using the following lives and salvage values:

   a. New drop boxes and containers - 10 year life with no salvage.

   b. Used drop boxes and containers - life will vary from 3 to 7 years depending upon condition of containers.

   c. New trucks - 7 year life with 20% salvage.

   d. Used trucks - 5 year life with 33% salvage.

   e. Service cars - 5 year life with 33% salvage.

The above lives should be utilized unless company history or policy indicates a shorter life, i.e., Harold LeMay Enterprises at Westport, WA - history demonstrates a 3 year life for containers and Metropolitan Services Corp. in Mead, WA has a company policy of replacing trucks after 3 years service.

Sharon L. Nelson, Chairman
Richard D. Casad, Commissioner
A. J. "Bud" Pardini, Commissioner

APPENDIX 2

STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W. • Olympia, Washington 98504-8002 • (206) 753-6423 • (SCAN) 234-6423

TA-6065

December 7, 1988

TO: ALL CERTIFICATED CARRIERS OF GARBAGE AND REFUSE

SUBJECT: DISPOSAL FEES - TARIFF FILING REQUIREMENTS

The subjects discussed in this general letter are necessary in order to restate the Commission's position and to caution carriers for failure to comply.

ITEM 230 - Pass-through of Disposal Fees

It is the Commission's intent that disposal fees charged to drop box users under Item 230 not exceed the actual cost to the carrier. The disposal fee represents a pass-through of costs set by agencies other than the Commission, and is not to be used in any fashion to produce a profit. Carriers are expected to assess disposal fees contained in their respective tariffs applicable to the dump site actually used, not that of any other site. It shall be the responsibility of each carrier to conform its tariffs as necessary, to track fees imposed at various dump site it may use for service provided under this item.

WAC 480-12-295, WAC 480-70-240, WAC 480-149-120(5), WAC 480-149-130: TARIFF FILING REQUIREMENTS

All tariff changes must be filed with the Commission. This includes any new service offered to the public at a cost. The new service must be properly incorporated into the tariff and filed with the Commission for approval. Carriers may not begin performing a new service prior to this filing. Changes in existing rules, rates, and charges published in carrier's tariff must also be filed with the Commission for approval.

The Commission recently issued penalty assessments to two garbage and refuse carriers totaling $9,400 for violations of the above tariff item and administrative rules.

Any questions with respect for these matters or the filing of tariff charges should be addressed to Edward Nikula or Ken Larson. They may be reached at (206) 753-6420 or 753-6413, respectively.

Sincerely,

Paul Curl
Acting Secretary

N O T I C E

October 25, 1988

Cost of Service/Rate Design
To Be Included With All Future Rate Filings

In January, 1988, the Commission issued an order in Cause Number TG-2016 et al. A copy of that order was sent to your company at the end of February, 1988, along with your 1987 Annual Report forms. Page 32 of that order, Finding of Fact #10 states: "Future filings by garbage and refuse collection carriers shall include carrier specific data and studies consistent with the terms of this order." This finding related to cost of service studies, rate design, and rate spread issues. (See Attachment A)

In that order it was the Commission's intent that all garbage carriers supply cost of service data along with the other material normally included in the justification statement accompanying tariff revisions. In other words, from now on the Commission will not solely be concerned with overall revenue requirements. They will also be looking at what the specific rate should be for 1, 2, or 3 can residential service (with and without distance), extras, commercial cans, 1 or 2 yard container service or drop boxes, etc. Proposed rates should be based on your company's costs of actually providing the various services offered.

Many of the filings being received lately have not contained the required additional cost of service data. They have had to be suspended pending receipt of that information. TO AVOID ANY FUTURE MISUNDERSTANDINGS, THEREFORE, ALL GARBAGE COMPANIES MUST NOW SUBMIT A COST OF SERVICE STUDY ALONG WITH THEIR NEXT GENERAL RATE INCREASE REQUEST. Class A companies must submit a completed study. Class B carriers can opt to supply only the underlying route statistics and stop time/weight (yds.) factors, and the Commission staff will do the rest. (See below, and Attachment B that follows.)

What is a cost of service study, and how does it work? First, all expenses incurred while providing garbage collection service are separated into certain major categories (labor, dump fees, fuel, repairs, depreciation, overheads, taxes etc). Then those costs are assigned or statistically allocated to the various types of services offered in proportion to the effort expended to provide that service. Experience to date suggests that time (manpower & equipment hours) and disposal fees (weight or yardage) are the two major cost components of providing service. The end result is a summary of what it costs your company to pick up a typical 1 can customer, a 2 can customer with distance, or a container or drop box customer, etc.

Certain information is needed to do the study. Part 1 is the statistics on EACH ROUTE for at least 1 full week including, a) daily accumulations of vehicle and driver hours, helper hours (if any), vehicle miles, yards or tons carried (depending on how disposal fees are assessed at the dump), and b) customer statistics broken down into 1 can, 2 can, 1 yd., 2 yd., drive-ins, extras, distance etc. Part 2 is the weight (yds.) and stop time factors for each type of service. Attachment B is a schedule showing some average weight and stop time data for carriers who have done cost of service studies so far. If a sample check indicates that these averages approximate your company's weights and stop times, they can be utilized in your study.

At this point we would anticipate the basic study to be done only every 2-3 years. Periodic reviews would determine if it is still applicable to your operations. If it is, only updates would be required. If there were major changes in your operations, such as a dump site closure, changes in the type of equipment operated from rear to side or front loaders, for example, or changes in number of drivers or helpers on the truck, then a new study would have to be done.

Based on the review of earlier cost of service studies, the staff has found the following to be true:

1) Drop box routes should be analyzed on a monthly or yearly basis, depending on whether the operations are seasonal.

2) Contract operations should be included in the route statistics unless there is a complete and accurate separation of equipment and employees between the two operations.

The Commission staff will be happy to discuss the cost of service study with you. They also will make available, at your request, copies of the cost of service study testimony and exhibits included in Cause TG-2016, and certain spreadsheet and disks available on LOTUS 1-2-3, Version 2.01. It would be the staff's recommendation to begin collecting the customer route statistics and stop time/weight (yardage) factors **NOW**, so they will be available when needed in the future.

If you have any questions, or if you would be interested in attending a seminar regarding cost of service issues, contact Ed Nikula at (206) 753-6424. If enough interest is shown, something will be scheduled in Olympia in the near future.

3) What economic efficiency incentives or disincentives flow from the various methodologies and what addition incentive mechanisms should be considered by the Commission.

6. Hearings were held in this matter October 19 through 23, October 26 and 27, and December 2-4, 1987 in Olympia.

7. On December 4, 1987, the parties to this proceeding agreed to a Stipulation as to Rate Design Matters, a copy of which is attached as Appendix C and incorporated herein by this reference. The Commission accepts the rate design stipulation.

8. After the hearings were concluded, late-filed Exhibits 99 and 107A were submitted and will be included in the record.

9. The Commission finds that the modified operating ratio approach set forth by witnesses Lurito and Gallagher should be adopted as the best available methodology for determining the revenue requirements of garbage and refuse collection carriers. Rates derived under the Lurito/Gallagher modified operating ratio methodology will result in a reasonable level of earnings for garbage and refuse collection carriers.

10. Future filings by the garbage and refuse collection carriers shall include carrier specific data and studies consistent with the terms of this order.

11. The turnover ratio used to derive the appropriate revenue margin should be computed with regulated revenues in the numerator and net plant and working capital devoted to regulated operations in the denominator.

12. Working capital will be determined on a case-by-case basis based on the amount of working capital provided by investors.

13. Class A and B garbage and refuse collection companies should file more complete annual report data as described in Appendices A and B of this order.

CONCLUSIONS OF LAW

1. The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of this proceeding and the parties thereto.

CARRIER: HYPOTHETICAL GARBAGE CO., INC.

DESCRIPTION	STANDARD TIME (UNIT FACTOR) IN SECONDS	WEIGHT (POUNDS) PER PICKUP
RESIDENTIAL:		
1 Can	16.84	34
2 Cans	23.62	51
3 Cans	35.24	77
4 Cans	40.00	97
Supercan 60	25.26	47
Supercan 90	33.68	68
Extras	16.84	34
Once a Month	16.84	34
RESIDENTIAL:		
1 Distance Unit 5 to 25 ft.	7.67	N/A
2 Distance Unit 25 to 50 ft.	11.34	N/A
Sunken Cans	15.00	N/A
Stairs	1.00	N/A
Obstructions	10.00	N/A
Drive-ins	30.00	N/A
COMMERCIAL ACCOUNTS:		
Cans	9.00	29
1 Yd. Containers	80.00	175
1-1/2 Yd. Containers	80.00	250
2 Yd. Containers	80.00	324
3 Yd. Containers	120.00	473
4 Yd. Containers	120.00	613
6 Yd. Containers	120.00	840
8 Yd. Containers	120.00	980
3 Yds. Pckr	120.00	1,301
4 Yds. Pckr	120.00	1,686
5 Yds. Pckr	120.00	2,046
6 Yds. Pckr	120.00	2,310
Yards	47.23	125
Min Yards	47.23	125
Roll-Out	30.00	N/A
Cans Min	9.00	29
Month Min	9.00	29
DROP BOXES:		
20 Yds.	900.00	2,400
25 Yds.	900.00	3,000
30 Yds.	900.00	3,600
40 Yds.	900.00	4,800
50 Yds.	900.00	6,000
20 Yds. Pkr	900.00	7,200
25 Yds. Pkr	900.00	9,000
30 Yds. Pkr	900.00	10,800
40 Yds. Pkr	900.00	14,400

SCHEDULE OF RECORDS AND PERIODS OF RETENTION

Item and category of records	Retention period
A. CORPORATE AND GENERAL	
1. Incorporation and reorganization:	
(a) Charter or certificate of incorporation and amendments	Note A.
(b) Legal documents related to mergers, consolidations, reorganization, receiverships and similar actions which affect the identity or organization of the company.	Do.
2. Minutes of Directors, Executive Committees, Stockholders and other corporate meetings.	Do.
3. Titles, franchises and authorities:	
(a) Certificates of public convenience and necessity issued by regulating bodies	Until expiration or cancellation.
(b) Operating authorizations and exemptions to operate	Do.
(c) Copies of formal orders of regulatory bodies served upon the company	Note A.
(d) Deeds, charters, and other title papers	Until disposition of property.
(e) Patents and patent records	Note A.
4. Annual reports or statements to stockholders	3 years.
5. Contracts and agreements:	
(a) Service contracts, such as for operational management, accounting, financial or legal services, and agreements with agents.	Until expiration or termination plus 3 years.
(b) Contracts and other agreements relating to the construction, acquisition or sale of real property and equipment except as otherwise provided in (a) above.	Do.
(c) Contracts for the purchase or sale of material and supplies except as provided in (a) above.	Until expiration.
(d) Shipping contracts for transportation or caretakers of freight	Do.
(e) Contracts with employees and employee bargaining groups	Until expiration.
(f) Contracts, leases and agreements, not specifically provided for in this section	Until expiration or termination plus 1 year.
6. Accountant's auditor's, and inspector's reports:	
(a) Certifications and reports of examinations and audits conducted by public accountants.	3 years
(b) Reports of examinations and audits conducted by internal auditors, time inspectors, and others.	Do.
7. Other: (See Note A)	
B. TREASURY	
1. Capital stock records:	
(a) Capital stock ledger	Note A.
(b) Capital stock certificates, records of or stubs of	Do.
(c) Stock transfer register	Do.
2. Long-term debt records:	
(a) Bond indentures, underwritings, mortgages, and other long-term credit agreements.	Until redemption plus 3 years.
(b) Registered bonds and debenture ledgers	Do.
(c) Stubs or similar records of bonds or other long-term debt issued	Note A.
3. Authorizations from regulatory bodies for issuance of securities including applications, reports, and supporting papers.	Do.
4. Records of securities owned, in treasury, or held by custodians, detailed ledgers and journals, or their equivalent.	Until the securities are sold, redeemed or otherwise disposed of.
5. Other: (See Note A)	
C. FINANCIAL AND ACCOUNTING	
1. Ledgers:	
(a) General and subsidiary ledgers with indexes	Until discontinuance of use plus 3 years.
(b) Balance sheets and trial balance sheets of general and subsidiary ledgers	3 years.
2. Journals:	
(a) General journals	Until discontinuance of use plus 3 years.
(b) Subsidiary journals and any supporting data, except as otherwise provided for, necessary to explain journal entries.	3 years.
3. Cash books:	
(a) General cash books	Until discontinuance of use plus 3 years.
(b) Subsidiary cash books	3 years.
4. Vouchers:	
(a) Voucher registers, indexes, or equivalent	Do.
(b) Paid and canceled vouchers, expenditure authorizations, detailed distribution sheets and other supporting data including original bills and invoices, if not provided for elsewhere.	Do.
(c) Paid drafts, paid checks, and receipts for cash paid out	3 years.

SCHEDULE OF RECORDS AND PERIODS OF RETENTION—Continued

Item and category of records	Retention period
5. Accounts receivable:	
(a) Record or register of accounts receivable, indexes thereto, and summaries of distribution.	3 years after settlement.
(b) Bills issued for collection and supporting data	Do.
(c) Authorization for writing off receivables	1 year.
(d) Reports and statements showing age and status of receivables	Do.
6. Records of accounting codes and instructions	3 years after discontinuance.
7. Other: (Note A)	
D. PROPERTY AND EQUIPMENT	
NOTE.—All accounts, records, and memoranda necessary for making a complete analysis of the cost or value of property shall be retained for the periods shown. If any of the records elsewhere provided for in this schedule are of this character, they shall be retained for the periods shown below, regardless of any lesser retention period assigned	
1. Property records:	
(a) Records which maintain complete information on cost or other value of all real and personal property or equipment.	3 years after disposition of property.
(b) Records of additions and betterments made to property and equipment	Do.
(c) Records pertaining to retirements and replacements of property and equipment.	Do.
(d) Records pertaining to depreciation	Do.
(e) Records of equipment number changes	Do.
(f) Records of motor and engine changes	Do.
(g) Records of equipment lightweighed and stenciled	Only current or latest records.
2. Engineering records of property changes actually made	3 years after disposition of property.
3. Other: (Note A)	
E. PERSONNEL AND PAYROLL	
1. Personnel and payroll records	1 year (Note A).
F. INSURANCE AND CLAIMS	
1. Insurance records:	
(a) Schedules of insurance against fire, storms, and other hazards and records of premium payments.	Until expiration plus 1 year.
(b) Records of losses and recoveries from insurance companies and supporting papers.	1 year after settlement.
(c) Insurance policies	Until expiration of coverage plus 1 year.
(d) Reports, statements and other data pertaining to personal injuries or damage to property when not necessary to support claims or vouchers.	Do.
(e) Reports, statements, tracers, and other data pertaining to unclaimed, over, short, damaged, and refused freight, when not necessary to support claims or vouchers.	1 year.
(f) Authorities for disposal of unclaimed, damaged, and refused freight	3 years.
3. Other: (See Note A)	
G. TAXES	
1. Taxes. (Note A)	
M. MISCELLANEOUS	
1. Index of records	Until revised as record structure changes.
2. Statement listing records prematurely destroyed or lost	For the remainder of the period as prescribed for records destroyed.

NOTE A: Records referenced to this note shall be maintained as determined by the designated records supervisory official. Companies should be mindful of the record retention requirements of the Internal Revenue Service, Securities and Exchange Commission, state and local jurisdictions and other regulatory agencies. Companies shall exercise reasonable care in choosing retention periods, and the choice of retention periods shall reflect past experiences, company needs, pending litigation, and regulatory requirements.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

APPENDIX 5

DANIEL J. EVANS, GOVERNOR

COMMISSIONERS
DONALD H. BRAZIER, CHAIRMAN
ELMER C. HUNTLEY
FRANK W. FOLEY

ARCHIE E. MARTIN, SECRETARY
HIGHWAYS-LICENSES BUILDING, OLYMPIA 98504
PHONE: 206-753-6423

REFER ALL COMMUNICATIONS TO THE SECRETARY
USE FILE NUMBER

TT-6448

May 14, 1975

TO: ALL CERTIFICATED GARBAGE COLLECTORS

SUBJECT: ADVANCE CUSTOMER BILLINGS AND DELINQUENT CHARGES

With a growing trend toward quarterly customer billing by certificated garbage collectors, the Commission is receiving an increasing number of customer complaints. Many customers have a strong feeling against advance billing irrespective of the time period involved. Some of their arguments run: Why should I pay for something I haven't yet received? Why should they have the use of my money unless they want to pay me interest? What if they go out of business?

Without discussing the merit of such arguments, we believe that billing for as much as three months in advance is undesirable. A bill for service infers an obligation to pay. Whether or not a legal obligation exists for payment within a specified time is only part of the issue.

The Commission has long recognized the savings in operating costs to the collector for quarterly billing versus monthly or bi-monthly billing. We are also aware of the customer convenience of fewer checks to write and the chances of forgetting to pay the bill. We have previously advised some collectors that the Commission has no objection to quarterly billings if such billings are no more than two months in advance and at least one month in arrears.

The assessment of late charges or delinquent charges is another cause for a considerable number of complaints to the Commission. Quarterly billings tend to increase these complaints. When customers are charged a late charge for service which has not yet been fully delivered the complaints become stronger and more frequent. It is our belief that Item 50 of your uniform tariff which deals with this subject is not being properly observed in many instances. You will note that this item provides that no late charge may be assessed before the "time of the next regular billing." Thus, in the case of quarterly billing, a customer may not be penalized if he pays any time within the next three months after his bill is sent. While this does not prevent the collector from sending out "past due" notices after thirty days or other specified time, it does not permit a late charge or penalty assessment prior to the next regular billing date. Neither does it permit a penalty for nonpayment within the current period. Customer bills or printed statements should not infer otherwise.

To date the Commission has not adopted any rule or tariff provisions relating to the time or method of customer billings. Hereafter, it will be our policy that those collectors who bill quarterly may not sent out their statements more than two months prior to the end of the period covered by the statement. The postmark shall be considered proof of the billing date. Any exception to this policy must be secured in writing from the Commission.

Very truly yours,

ARCHIE E. MARTIN
Secretary

ADDITION TO APPENDIX 5
(Updated January 1992)

In addition to the Billing and Delinquent Charge Policy as stated above, the Commission has made it clear that a delinquent charge of over 1 percent is considered excessive and should <u>not</u> to be included in the hauler's tariff.

Sharon L. Nelson, Chairman
Richard D. Casad, Commissioner
A. J. "Bud" Pardini, Commissioner

APPENDIX 6

STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 9022 • Olympia, Washington 98504-9022 • (206) 753-6423 • (SCAN) 234-6423

NOTICE TO ALL SOLID WASTE HAULERS
January 8, 1992

Subject: Commission order in the Sno-King and Northwest hearings

Enclosed is a copy of the Commission's order in the Waste Management rate increase filings for Sno-King Garbage Company, Inc. in Docket Number TG-900657 and for Northwest Garbage Company, Inc. in Docket Number TG-900658. This consolidated order will impact how the staff of the Commission determines your revenue requirement in the future.

The first item to be addressed is the Lurito/Gallagher curve that the staff has used in the past. The Commission order, starting on page 3, discusses the "old curve" and the proposed "new curve." In the order the Commission mandates the use of the new curve. From now on the staff will use your actual consolidated capital structure and your actual embedded cost of debt in determining the imputs into the new curve (please review the second full paragraph on page 8). Based on this paragraph it is staff's position that your actual capital structure will be used with an upper limit on the percentage of equity limited to 60 percent.

The second issue relates to what components should be included in recycling rates. Starting on page 9 of the order the Commission discusses whether the dump fee savings and the loss in revenues associated with recycling should be in the recycling rate or in the solid waste rate. The order for this case allows the inclusion of these two items in the recycling rate, but indicates that all other savings associated with recycling should be recognized as well. The order also indicates that if a company intends to use revenue loss as a cost component of recycling it must justify doing so and request Commission permission before hand.

The third issue relates to deferred federal income taxes starting on page 14 of the order. It has been the position of the Commission staff that end of period deferred taxes are to be deducted from average net investment (rate base). The Commission order supports this deduction. Deferred taxes are calculated by taking the difference between book (straight line) deprecation expense from your tax depreciation expense times your marginal federal income tax rate.

The fourth issue relates to rate design or cost of service starting on page 17 of the order. The order stays with cost of service as being the proper method to set rates. Based on the cost of service study for this case, a spread of $4.00 for the difference between one and two cans and two cans to three cans was determined to be cost based. Therefore, if your disposal fees are in the range of $60.00 per ton you would need a spread of approximately $4.00. Your spread will vary depending on your individual tip fees and operating costs that you are experiencing. However, as many of you are aware the Commission is involved with the Notice of Inquiry (NOI) on rate design. This NOI could change rate design from cost based rates to rates related to some incentive rate design.

The final issue relates to adding revenue sensitive taxes to Item 230 disposal fee pass though rates. Starting on page 18 of the order the Commission rejected this proposal. Therefore, you will need to make up the revenue sensitive costs through the base rate (the per pick-up charge) rather than through a increase in the disposal fee. Pass through fees in Item 230 of your tariff will therefore continue to reflect the posted rate that you pay without any allowed mark ups or mark downs.

If you have any questions related to the order please call Edward Nikula, (206) 586-6589.

Sincerely,

Paul Curl

Paul Curl
Secretary

high interest costs. It supported the methodology, however, despite those concerns. Pierce County haulers also support using individual company debt costs and capital structure in the L-G methodology.

The Commission accepts the Lurito-Gallagher operating ratio method, changed to reflect reasonable individual company capital structure and debt cost. We will apply it to both solid waste collection activities and residential recycling activities. Our experience indicates that the methodology applies validly to both large and small companies.[7] The Commission accepts the witnesses' recommendation to add 75 basis points to the equilibrium rate of return, acknowledging changed market conditions between that period and the present.

If a company does not have a reasonable debt-equity ratio, or presents insufficient information, we will attribute a reasonable capital structure. The Commission also will use the company's actual embedded cost of debt when that cost is known and when it is reasonable. When the cost is not reasonable, or when a company fails to present enough information, the Commission will attribute a reasonable cost.

D. RESPONDENTS' CAPITAL STRUCTURE

Respondents propose using a capital structure of 40% debt and 60% equity. Dr. Siegel, respondents' witness, based his recommendation on WMI's actual capital structure as of August 27, 1990, near the time respondents filed their tariff changes.

Commission staff also proposes using a 40/60% debt/equity ratio. This approach is consistent with the staff recommendation to consider the company's actual capital structure and capital costs to calculate the equilibrium profit margin.

The Commission accepts the proposed capital structure. It does not exceed the recommended reasonable limit. We accept the respondents' testimony that the figure states the parent's actual consolidated capital structure. In any future filings, however, the Commission will require more detailed, documentary evidence proving the parent's capital structure. Lack of that information may require us to attribute a reasonable capital structure.

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[7] On cross examination, Commission staff said that it might attempt to apply the modified operating ratio method to water companies regulated by the Commission. We are skeptical about extending this method to water companies without a strong showing that it will apply validly to that industry.