



October 2, 2009

David W. Danner, Executive Director
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

SUBJECT: TG-091463 and TG-091467: Replacement Letter

Dear Executive Director Danner:

This letter serves as Pierce County's official comment on the above referenced docket item.

American Disposal and Murrey's Disposal provide garbage collection and residential recycling services in Pierce County under a certificate of convenience and necessity (G-9 and G-87) issued by the Washington Utilities and Transportation Commission. Because the companies have earned less on the sale of commodities collected through our programs, the companies have asked permission to lower the "commodity credit" refunded to customers.

Companies Eligible to Retain 30% of Commodity Revenue (Revenue Sharing)

American Disposal and Murrey's Disposal have complied with the Revenue Sharing conditions detailed in the approved Recycling Plan on file with Pierce County. The companies are eligible to retain 30% of commodity revenue. Please see the enclosed table for detailed information.

Concerns About Deferred Accounting Practices

Pierce County has concerns that the use of a deferred accounting methodology, combined with forward-looking commodity revenue projections, has resulted in unreasonable rate swings that will only serve to confuse and aggravate the citizen-customers we are charged with serving.

The reduction in the single-family residential recycling commodity credit from \$3.39 per month to \$0.14 per month will be viewed by our residents as a 19.2 percent rate increase, one of the largest rate increases imposed upon Pierce County residents in the twenty-year history of our recycling program.



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Page 2

The County is not arguing that the companies miscalculated the commodity credit. Nor are we arguing that the Commission is not following its established procedures. Rather, the County is calling the Commission's attention to a practice that resulted in significant overpayments to customers during the previous year that now have to be paid back. While the final rate is likely where it would have been, additional moderate rate increases, or a system in which there were no need for prior period adjustments, would have been easier for customers to handle.

Outside the context of these docket items, Pierce County asks the Commission to review the Deferred Accounting Methodology and invite stakeholder comment. It is our hope and belief that together we can develop an accounting methodology that retains the hallmarks of "cost-of-service" without causing future excessive and retroactive rate swings.

Conclusions

1. Pierce County affirms that American Disposal and Murrey's Disposal are eligible to retain 30 % of revenue generated on the sale of recyclable commodities.
2. Pierce County concurs with the companies' request to reduce the commodity credit.
3. Pierce County asks the Commission to review its methodology for calculating the commodity credit outside the context of these docket items.

Please contact me at (253) 798-4656 if you have any questions.

Respectfully,



Stephen C. Wamback
Solid Waste Administrator

cc: Brian J. Ziegler, P.E., Director, Department of Public Works and Utilities
Toby Rickman, Deputy Director
Eddie Westmoreland, Waste Connections
Keith Kovalenko, Waste Connections
Irmgard Wilcox, Waste Connections

Enclosure: American / Murrey's Disposal - Commodity Revenue Sharing Analysis

CORS/SO3301-SCW

American Disposal and Murrey's Disposal - Commodity Revenue Sharing Analysis

Summary				
Criteria	Topic		Percent Eligible	Percent Approved
A	Implementation		10%	10%
B	Data Monitoring		8%	8%
C	Performance Increase		12%	12%
			<u>30%</u>	<u>30%</u>

Detail				
Criteria	Topic	Status	Percent Eligible	Percent Approved
A1	Public Outreach	Developed and Maintained		
A2	Implementation Schedule	On Time		
A3a	Cart Switch Out	In Compliance		
A3b	Messaging	In Compliance	10%	10%
A3c	Customer Service Department	In Compliance		
A3d	Pick-Up Schedules Promoted	Complied		
A3e	Glass Drop Off	Expanded in 2009		

Criteria	Topic	Status	Percent Eligible	Percent Approved
B1	Excel Spreadsheets	In Compliance		
B2	Baseline Date	In Compliance		
B3	Commodity and Contaminants	In Compliance		
B4	Glass Collection	In Compliance	8%	8%
B5	Glass Collection	In Compliance		
B6	Alternative Collection Containers	In Compliance		
B7	Tracking System	In Compliance		

Criteria	Topic	Status	Percent Eligible	Percent Approved
D1	Data comparison to 2004	In Compliance	N/A	N/A
		131% overall increase & 104 % <i>per capita</i> increase in fibre recovery since 2004	3%	3%
D2	Increase in Paper Fiber			
		102% overall increase & 72 % <i>per capita</i> increase in total recycling since 2004	4%	4%
D3	Increase in Total Recycling			
		7% overall decrease & 18 % <i>per capita</i> decrease in disposal since 2004	5%	5%
D4	Decrease in Disposal			