

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

**FIORITO ENTERPRISES, INC. &
RABANCO COMPANIES, d/b/a KENT
MERIDIAN DISPOSAL COMPANY,**

Certificate G-60

Petitioner,

Requesting Authority to Retain 50 Percent
of the Revenue Received from the Sale of
Recyclable Materials Collected in
Residential Recycling

DOCKET TG-210463

ORDER 01

AUTHORIZING REVENUE
SHARING FOR RECYCLABLE
COMMODITIES REVENUE;
ALLOWING RECYCLABLE
COMMODITY CREDIT
ADJUSTMENT

BACKGROUND

1 On June 14, 2021, Fiorito Enterprises Inc. & Rabanco Companies d/b/a Kent-Meridian Disposal Company (Kent-Meridian or Company) filed with the Washington Utilities and Transportation Commission (Commission) the following documents: (1) revised 2019-2020 commodity credits resulting in decreased rates to residential recycling customers and multifamily customers; (2) the Company’s 2021-2023 King County revenue sharing plan (Plan); and (3) a request that the Commission allow Kent-Meridian to retain up to 50 percent of the revenue received from the sale of recyclable materials during the 2019-2021 recycling plan period. The Company serves single family and multi-family residential recycling customers in King County.

END OF 2019-2021 RECYCLING PLAN AND REVENUE SHARING

2 For the 2019-2021 reporting period, the Company reported the following spending:

- \$62,409 for Project Management (Task 1)
- \$22,000 for Data Reporting (Task 2)
- \$26,663.87 for Single Family Education (Task 3)
- \$5,965.90 for Multi-Family Outreach (Task 4)
- \$0 for Cost Analysis for Incorporating Costs into Tariff Rate (Task 5)
- \$0 for Understanding Contamination (Task 6)

Total spending for the second year of the agreement is \$72,258. The total spent during the two-year plan was \$122,890 (\$117,039 plus the five percent incentive of \$5,852).

- 3 The proposed budget for the plan called for \$305,000 in expenditures. However, the total commodity value was only \$260,558. The Company is only allowed to retain up to 50 percent of the commodity value, or \$130,279. The Company underspent by \$7,388, which is credited back to customers in the commodity adjustment calculation. Kent-Meridian customers will have \$4,083 of the underspent amount calculated into their commodity adjustment effective August 1, 2021, based on customer percentages.

PROPOSED 2021-2022 COMMODITY CREDITS

- 4 The Company filed tariff pages, proposing a commodity credit increase, as outlined in the table below. The proposed credit will decrease the recycling rate of the customers for the period August 1, 2021, to July 31, 2022.

Single Family (per month)			
d/b/a	Current Credit	Proposed Credit	Difference
Kent-Meridian	\$0.02	\$0.13 Dr	\$0.15
Multifamily (per yard)			
Kent-Meridian	\$0.00 Dr	\$0.05 Dr	\$0.05

PROPOSED 2021-2023 RECYCLING PLAN AND REVENUE SHARING

- 5 Under RCW 81.77.185, the Commission must allow a solid waste collection company collecting recyclable materials to retain up to 50 percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified by the appropriate local government authority as consistent with the local government solid waste plan, and that demonstrates how the revenues will be used to increase recycling. The remaining revenue must be passed to recycling customers.
- 6 Pursuant to that statute, on June 14, 2021, the Company filed with the Commission its Plan for the period from August 1, 2021, to July 31, 2023. The Plan forecasts \$278,000 in revenue from the sale of recyclable commodities and proposes to retain \$139,000 (50 percent) to spend on Plan activities.

7 Under the Plan, the Company will be limited to retaining up to 50 percent of the actual revenue received from the sale of recyclable commodities for the period from August 1, 2021, to July 31, 2023. Any excess revenue will be carried over to the second year but will be returned to customers in the 2022-2023 recycle commodity credit. The maximum amount the Company can retain in the second year is 50 percent of commodity values, or the remaining unspent portion of the budget if commodity revenues allow, whichever is less. The Company will work with the County to make any relevant budget and plan adjustments and will include those changes in its 2022 commodity credit filing.

8 King County and the Company have submitted the Plan budget in this docket for review. The Plan budget is highlighted below. King County and the Company will be amending the plan in the future to remove all administrative payroll, as the company files for general rates which will include the cost. At that time Commission staff (Staff) will recalculate the commodity adjustment if needed. Given the budget amendment would most likely reallocate Task 1 budget to other tasks the impact on the commodity adjustment should be minimal.

Project	Description	Two-year budget	Proposed 2021-2022
Task 1	Administration	\$67,000	\$33,500
Task 2	Data Collection	\$22,000	\$11,000
Task 3	Single-family Contamination	\$35,000	\$17,500
Task 4	Multifamily Contamination	\$15,000	\$7,500
Task 5	Understanding Contamination	N/A	N/A
Total		\$139,000	\$69,500

9 The Plan’s 2021-2023 budget includes an incentive payment, which is 5 percent of planned expenditures.¹

10 The Plan states, in part: Elements of the review for eligibility for the incentive may include but not be limited to:

¹ On May 30, 2012, the Commission issued its interpretive and policy statement in Docket TG-112162 to address issues concerning implementation of recycling revenue sharing plans, including Incentives, Bonuses, or Returns in paragraphs 26 through 32. The policy statement articulates that incentives should be conditioned upon or tied to achieving performance goals or objectives.

- Regular attendance in regional meetings facilitated and organized by King County.
- Expenditures completed which support and leverage County outreach planning and implementation for recycling and organics stream communication, outreach, and contamination reduction tactics.
- The completion of tactics will be supported with proof of execution

11 Additionally, as set forth in the Plan, eligibility for the incentive will be determined by King County based on its satisfaction that the Company's expenditures of revenue sharing funds are consistent with the Plan's activities and budgets and is subject to review by the Commission. Eligibility for the incentive will be determined on an annual basis.

12 Pat D. McLaughlin, King County Solid Waste Division Director, signed the Plan and certified that it is consistent with King County's Comprehensive Solid Waste Management Plan. King County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received each of the two years of the plan from August 1, 2021, to July 31, 2023.

13 Staff recommends that the Commission grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan and allow the recycling commodity credits filed by Kent-Meridian on June 14, 2021, to go into effect August 1, 2021.

DISCUSSION

14 We agree with Staff's recommendations to (1) grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan; and (2) allow the recycling credits filed by the Company to go into effect by operation of law on August 1, 2021. We address each of the Company's requests in turn.

15 First, the Company has met the requirements of RCW 81.77.185. Kent-Meridian submitted a plan to the Commission that was certified by the appropriate local government authority as consistent with the local government's solid waste plan, and which demonstrates how the revenues will be used to increase recycling. King County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received each of the two years of the plan from August 1, 2019, to July 31, 2021. Therefore, we grant the Company's request to

retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan.

16 Finally, we find that the Company's proposed commodity credits, which reflect both the effect of the Commission-approved deferred accounting mechanism and the commodity revenues for the 2021-2023 plan period, are consistent with the public interest.

FINDINGS AND CONCLUSIONS

- 17 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts, and affiliated interests of public service companies, including solid waste companies.
- 18 (2) Kent-Meridian is engaged in the business of providing solid waste services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 19 (3) This matter came before the Commission at its regularly scheduled meeting on July 29, 2021.
- 20 (4) Under RCW 81.77.185, the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to 50 percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan, and that demonstrates how the revenues will be used to increase recycling. RCW 81.77.185 states that the remaining revenue shall be passed to residential customers.
- 21 (5) King County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of King County's Solid Waste Division certified that Kent-Meridian's recycling plan is consistent with King County's Comprehensive Solid Waste Management Plan.
- 22 (6) Kent-Meridian's request to retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family

residential recycling programs from August 1, 2021, to July 31, 2023, is consistent with RCW 81.77.185 and should be granted.

- 23 (7) It is in the public interest to allow the revisions filed on June 14, 2021, to become effective on August 1, 2021.

ORDER

THE COMMISSION ORDERS:

- 24 (1) Provided Fiorito Enterprises Inc. & Rabanco Companies d/b/a Kent-Meridian Disposal Company complies with the Plan as set forth in this Order, the Company may retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from August 1, 2021, to July 31, 2023.
- 25 (2) Fiorito Enterprises Inc. & Rabanco Companies d/b/a Kent-Meridian Disposal Company must present its revenue sharing plan and commodity adjustments to the Commission requesting an effective date each August 1 hereafter, and must make all future revenue sharing plans and commodity adjustment filings 45 days prior to the proposed effective date.
- 26 (3) Fiorito Enterprises Inc. & Rabanco Companies d/b/a Kent-Meridian Disposal Company must make a compliance filing with the Commission no later than June 16, 2022, in which the Company shall identify the amount of revenue it retained, the amount of money it spent on the activities identified in the Plan, and the effect the activities had on increasing recycling.
- 27 (4) The commodity credits filed by Fiorito Enterprises Inc. & Rabanco Companies d/b/a Kent-Meridian Disposal Company on June 14, 2021, are allowed to go into effect by operation of law.
- 28 (5) The Commission delegates the Secretary the authority to approve by letter all compliance filings required in this Order.
- 29 (6) The Commission retains jurisdiction over the subject matter and Fiorito Enterprises Inc. & Rabanco Companies d/b/a Kent-Meridian Disposal Company to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective July 29, 2021.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary