

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET TG-090759
)	
WASTE MANAGEMENT OF	)	ORDER 01
WASHINGTON, INC., DBA WASTE)	
MANAGEMENT - NORTHWEST,)	
G-237,)	
)	
Petitioner,)	
	)	ORDER APPROVING
Requesting Tariff Revisions To	)	COMMODITY CREDITS;
Commodity Credits Become Effective	)	AUTHORIZING REVENUE
July 1, 2009, and Requesting Authority	)	SHARING; AND REQUIRING
to Retain Thirty Percent of the	)	DEFERRED ACCOUNTING
Revenue Received From the Sale of	)	TREATMENT FOR
Recyclable Materials Collected in	)	RECYCLABLE COMMODITIES
Residential Recycling Service	)	REVENUE
.....)	

BACKGROUND

- 1 On May 15, 2009, Waste Management of Washington, Inc., dba Waste Management – Northwest (Waste Management or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its current Tariff No. 17, designated as tariff pages 2, 21, 22, 25, 26 and 27.
- 2 The filing proposes to decrease the commodity credits that Waste Management pays to residential and multi-family customers for the value of the recyclable materials that the Company collects as part of its residential curbside and multi-family recycling services. The stated effective date is July 1, 2009. The proposed monthly credit for residential curbside recycling customers decreases from \$3.79 to \$1.27 for Everett and from \$2.82 to \$.66 for unincorporated areas of Snohomish County. Multi-family recycling customers will also see a decrease in their monthly credits from \$0.93 to \$0.50 per container yard for Everett and from \$.68 to \$.32 per container yard for unincorporated areas of Snohomish County.
- 3 On April 1, 1996, the Commission approved Waste Management’s commodity price adjustment request in Docket TG-960237 on less than statutory notice (LSN). The Order granting LSN treatment did not specifically authorize the Company to use a deferred accounting treatment mechanism to adjust the amount paid to customers for the sale of recycled commodities. Waste Management has filed annual commodity adjustments

using the same methodology the Commission established for other companies with authorized deferred accounting treatment. The commodity adjustment has two components: a true-up component that, for the previous twelve-month test period, compares the estimated commodity value to actual commodity value, and an estimate of the revenue (cost) of the next twelve months using the average twelve-month test period revenue (cost).

- 4 Staff recommends that the Commission require Waste Management to implement deferred accounting treatment for the revenue (cost) received (paid) from the sale (disposal) of recyclable commodities collected in the Company's recycling service using the most recent twelve-month test period to true-up the estimated revenue to actual revenue, and to estimate revenue for the next twelve-month period. Staff also recommends that the Commission condition its approval on Waste Management making its next commodity adjustment effective July 1, 2010, and each July 1 thereafter, and that the Company make all future commodity adjustment filings forty-five days prior to the proposed effective date to give Staff sufficient time to review the filing.
- 5 On May 15, 2009, Waste Management filed with the Commission a request to retain thirty percent of the revenue the Company receives from the sale of recyclable materials that it collects from residential and multi-family customers.
- 6 RCW 81.77.185 states that the Commission shall allow solid waste collection companies collecting recyclable materials to retain up to thirty percent of the revenue paid to the companies for the material if the companies submit 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. The remaining revenue shall be passed to residential customers.
- 7 On June 9, 2009, Waste Management filed its Snohomish County recycling and commodity revenue sharing plan for the period of July 1, 2009, to June 31, 2010. The plan sets forth specific actions that Waste Management will take including: working with Snohomish County to develop and implement a system to identify roll-off loads with significant contaminants and/or a high degree of recyclable materials; collecting, evaluating and reporting data; providing quarterly updates and coordinating with County Planning Staff; implement an educational program to educate customers on ways to properly recycle/dispose of Electronic and Hazardous Wastes. The plan also requires

Waste Management to file monthly recycling and disposal reports with Snohomish County Public Works' Solid Waste Division including recycling activities at the Cascade Recycling Center. Waste Management states that it will use retained revenue to:

- Increase the proportion of households subscribing to curbside collection services.
- Decrease residuals and contaminants in the recycling stream.
- Coordinate with other curbside recycling programs.
- Promote expanded collection of organics and food waste to existing and new yard waste customers.
- Expand multi-family recycling education efforts.
- Promote recycling programs through a variety of public outreach methods such as the internet, bill inserts, media, and labeling of carts and containers.
- Conduct recycling audits.
- Plan for possible future transition to every other week/weekly recycling and organics and every other week garbage.

8 Waste Management's recycling and commodity revenue sharing plan, dated June 8, 2009, is signed by Matt Zybas, Solid Waste Division Director, Snohomish County, which states, in part, that "Snohomish County hereby certifies that the provisions of this plan are consistent with the Snohomish County Comprehensive Solid Waste Management Plan and the County's understanding of RCW 81.77.185." Snohomish County recommends to the WUTC that Waste Management be allowed to retain thirty percent of the actual commodity values received during the period of this agreement (July 1, 2009 – June 31, 2010). Staff recommends that the Commission grant Waste Management's request to retain thirty percent of the revenue it receives from the sale of recyclable materials that it collects in its recycling service and require the Company to report to the Commission the amount of revenue it retained, the amount of money it spent on the activities identified in Waste Management's recycling and commodity revenue sharing plan and the effect the activities had on increasing recycling.

9 In summary, Staff recommends that the Commission approve the proposed commodity credits to become effective July 1, 2009, require Waste Management to implement deferred accounting treatment for the revenue (cost) received (paid) from the sale (disposal) of recyclable commodities collected in the Company's residential and multi-family recycling service, and grant Waste Management's request to retain thirty percent of the revenues it receives from the sale of recyclable materials that it collects from its residential and multi-family customers.

FINDINGS AND CONCLUSIONS

- 10 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies. *RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.*
- 11 (2) This matter came before the Commission at its regularly scheduled meeting on June 25, 2009.
- 12 (3) Waste Management 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.
- 13 (4) RCW 81.77.185 states that the Commission shall allow solid waste collection companies collecting recyclable materials from residential and multi-family customers to retain up to thirty percent of the revenue paid to the companies for the material if the companies submit 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. The remaining revenue shall be passed through to residential and multi-family customers.
- 14 (5) Snohomish County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of Snohomish County's Solid Waste Division certified that Waste Management's recycling plan is consistent with the County's Comprehensive Solid Waste Management Plan and recommends that the Commission allow Waste Management to retain thirty percent of the revenue the Company receives from the sale of recyclable material.
- 15 (6) After reviewing Waste Management's request to allow the proposed commodity credits filed on May 15, 2009, to become effective July 1, 2009, and request to retain thirty percent of the revenue received from the sale of recyclable materials collected in its residential and multi-family recycling service, and giving due consideration, the Commission finds that Waste Management's requests are

reasonable and should be granted. The Commission also finds it is reasonable to require Waste Management to implement deferred accounting treatment of the revenue (cost) received (paid) from the sale (disposal) of recyclable commodities collected from residential and multi-family customers.

O R D E R

THE COMMISSION ORDERS:

- 16 (1) The proposed tariff revisions Waste Management of Washington, Inc., dba Waste Management – Northwest filed on May 15, 2009, will be effective on July 1, 2009.
- 17 (2) Waste Management of Washington, Inc., dba Waste Management – Northwest is authorized to retain thirty percent of the revenue it receives from the sale of recyclable materials collected in its residential and multi-family recycling programs from July 1, 2009 to June 31, 2010. Waste Management of Washington, Inc., dba Waste Management – Northwest will report to the Commission no later than July 1, 2010, the amount of revenue it retained, the amount of money it spent on the activities identified in its recycling plan and the effect the activities had on increasing recycling.
- 18 (3) Waste Management of Washington, Inc., dba Waste Management – Northwest is required to use deferred accounting treatment of the recycling commodity revenues and costs related to its residential and multi-family recycling services. Waste Management of Washington, Inc., dba Waste Management – Northwest shall make its next commodity adjustment effective July 1, 2010, and each July 1 thereafter, and shall make all future commodity adjustment filings forty-five days prior to the proposed effective date.
- 19 (4) The Commission delegates to the Executive Director and Secretary the authority to approve by letter all compliance filings required in this Order.
- 20 (5) The Commission retains jurisdiction over the subject matter and Waste Management of Washington, Inc., dba Waste Management – Northwest to effectuate the provisions of this Order.

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

DATED at Olympia, Washington, and effective June 25, 2009.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary