



Snohomish County
Public Works

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November 18, 2011

David W. Danner, Secretary and Executive Director
Attention: Gene Eckhardt, Assistant Director
Washington State Utilities and Transportation Commission
PO Box 47250
Olympia, Washington 98504-7250

RE: Dockets TG-111813 – Revenue Sharing Plans

Dear Mr. Danner:

The purpose of this letter is to provide Snohomish County's determinations regarding the revenue sharing compliance with RCW 81.77.185 by Waste Management of Washington, Inc. (Waste Management). This letter conveys support for and certification of the new revenue sharing plan that will extend revenue sharing programs in Snohomish County through August 31, 2012. It also reports the County's findings regarding Waste Management's performance under the previous revenue sharing plan from August 31, 2010 to November 31, 2011. The plans referenced herein apply to Waste Management's G-237 certificated territory within Snohomish County.

2011-2012 Plan

Waste Management and Snohomish County have come to an agreement on a new recycling plan for the Waste Management Northwest service area within Snohomish County for the period beginning December 1, 2011, and ending August 31, 2012. A copy of the Plan signed by both parties and certified by the County as being in compliance with its current Solid Waste Management Plan is being transmitted to you by Waste Management concurrently with this letter.

We recommend that the Washington Utilities and Transportation Commission (WUTC) allow Waste Management to retain 30 percent of the revenues from the sale of commodities generated during the 2011-2012 Plan period to implement the program activities described in the Plan. The County believes the Plan activities demonstrate how the retained revenue will be used to increase recycling, as required by RCW 81.77.185. "Recycling," as defined in RCW 70.95.030, means "transforming or remanufacturing waste materials into usable or marketable materials for use other than landfill disposal or incineration." The benefits to the County and our collective customers are significant. These programs are made possible by the revenue sharing program.

The Plan establishes performance standards under which Waste Management is eligible to earn financial rewards for its role in increasing recycling in Snohomish County. We believe those performance standards are consistent with Chapter 70.95 RCW, and with WUTC's orders. As reported by Waste Management, the activities identified in this agreement are not requirements or costs that are built into Waste Management's WUTC tariff rates. The Plan instead specifically allows for Waste Management to earn a financial incentive, to be determined at the end of the period covered by this Plan in accordance with the company's ability to achieve the performance standards. The proposed budget projects revenues and estimates expenses for the activities identified in this Plan. It also earmarks funds to be potentially earned by Waste Management, but does not guarantee the company those financial rewards, unless Waste Management has been able to meet the standards that demonstrate increased recycling in Snohomish County. Snohomish County therefore endorses this Plan with the belief that it implements the WUTC's policies that allow a financial reward, so long as it is conditioned on meeting specific performance standards that indicate how the revenue-sharing funds have been "used to increase recycling."

2010-2011 Plan

In June of 2010, the County provided initial certification of the 2010-2011 Plan, and recommended that Waste Management retain 50% of the commodity revenues generated during that time period. As a result of uncertainties created during administrative proceedings, the 2010-2011 Plan was extended upon recommendation of the County and approval of WUTC through November 30, 2011.

The 2010-2011 Plan included a budget in which Waste Management was allowed to retain 8% of retained revenues as a reward for successful implementation of the Plan. This concept was recently rejected by WUTC. Nevertheless, Snohomish County is satisfied with Waste Management's performance during the 2010-2011 Plan period, and we believe Waste Management deserves to be compensated for its costs and rewarded for its successes.

Consequently, Snohomish County requests that the performance standards and compensation methodologies developed for the 2011-2012 plan be applied to the 2010-2011 Plan to determine the amount of funds that Waste Management is allowed to retain for successfully implementing the Plan. Using these criteria, Waste Management has met the performance standards that objectively measure its success. It made program expenditures to implement the Plan and

incurred the costs of doing so. In the certificated territory of Snohomish County, it increased food and yard waste subscriptions by 3.7%. It increased the amount of solid waste diverted from landfill disposal by .4%. Additionally, it secured markets for paper commodities that exceed the industry standard by \$498,000 (14%).

We have reviewed and approved Waste Management's calculation of funding that the Company requests to retain for implementing the 2010-2011 Plan, and we understand that this request has been presented to WUTC in the context of the tariff filing for the next period's rebate. Snohomish County recommends WUTC approve the rates submitted by Waste Management.

Thank you for the opportunity to offer our comments and support for the recycling plans developed by Waste Management and Snohomish County. If you have any questions, please contact Sejo Jackson at (425)388-6490 or sejo.jackson@snoco.org

Sincerely,



Matthew Zybas
Solid Waste Director
Snohomish County Solid Waste Division