

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

SANITARY SERVICE CO., INC.,

Petitioner,

Seeking Exemption from the Provisions of
WAC 480-70-351(2) Relating to the use
of the previous 12 months for calculation
of future cost

DOCKET TG-200441

ORDER 01

GRANTING EXEMPTION FROM
RULE; ALLOWING TARIFF
REVISIONS TO BECOME
EFFECTIVE BY OPERATION OF
LAW

BACKGROUND

- 1 On May 14, 2020, Sanitary Service Co., Inc. (Sanitary or Company), filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions proposing an initial commodity adjustment of an additional charge of \$2.36 (an increase from \$1.69) per month for residential and an additional charge of \$0.78 (an increase from \$0.50) per yard multi-family recycling customers, and a petition requesting an exemption from WAC 480-70-351(2) – Rates, recycling programs, credits, or charges (Petition).
- 2 Under WAC 480-70-351(2), solid waste companies that estimate the revenue from the sale of recyclable materials collected in residential curbside programs as part of a deferred accounting program to return recycling revenues or charges to customers must use the most recent 12-month historical period to estimate the revenue for the next 12 months.
- 3 In its Petition, Sanitary asserts that the recycling commodity markets have become more volatile, and that a shorter projection period for calculating commodity adjustments would avoid large swings in the credit or debit to customers based on changing commodity values. Due to the decreased value of recyclable commodities, the Company seeks approval to use a 6-month, rather than 12-month, average to calculate its proposed recycling commodity adjustment.

4 Commission staff (Staff) reviewed the request and recommended granting Sanitary's request for exemption, subject to the following condition(s):

- (a) Sanitary must file for a commodity adjustment within 6 months of the date of this Order.
- (b) The next commodity adjustment filed will re-establish the 12-month standard set in WAC 480-70-351(2).

DISCUSSION

5 We agree with Staff's recommendation and grant Sanitary's Petition for exemption from WAC 480-70-351(2) subject to the conditions Staff recommends. Using the most recent 6-month historical period to estimate revenues is reasonable because it reflects a more realistic estimate of recyclable commodity revenue. Requiring the Company to transition back to the 12-month standard in WAC 480-70-351(2) when the Company files its next commodity adjustment is also reasonable because the industry is transitioning back to the 12-month cycle and the commodity markets are stabilizing. Accordingly, we find that granting the Company's request for an exemption subject to Staff's proposed conditions is consistent with the public interest, the purposes underlying regulation, and applicable statutes.

6 We also allow the proposed tariff revisions to become effective by operation of law. RCW 81.77.185(1) requires the Commission to authorize solid waste collection companies collecting recyclable materials to retain up to 50 percent of the revenue paid to the companies for the material, and to pass back remaining revenue to residential customers. Here, the Company is not proposing to retain any revenue. Rather, the Company would pass back to customers any revenues received for recyclable commodities utilizing a deferred accounting program. We note that the Commission has allowed other regulated solid waste companies to implement similar annual commodity adjustments that allow them to pass on the revenues or costs for processing recyclable material.

FINDINGS AND CONCLUSIONS

7 (1) The 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.

- 8 (2) Sanitary is a solid waste company and a public service company subject to Commission jurisdiction.
- 9 (3) Sanitary is subject to WAC 480-70-351(2), which requires solid waste companies that estimate the revenue from the sales of recyclable materials collected in residential curbside programs as part of a deferred accounting program to return recycling revenues or charges to customers to use the most recent 12-month historical period to estimate the revenue for the next 12 months.
- 10 (4) Under WAC 480-70-051, the Commission may grant an exemption from the provisions of any rule in WAC 480-70, if doing so is consistent with the public interest, the purposes underlying regulation and applicable statutes.¹
- 11 (5) This matter came before the Commission at its regularly scheduled meeting on June 25, 2020.
- 12 (6) After reviewing the Petition filed in Docket TG-120441 by Sanitary on May 14, 2020, and giving due consideration, the Commission finds that the exemption is in the public interest and is consistent with the purposes underlying the regulation and applicable statutes and should be granted, and that the proposed tariff revisions should become effective July 1, 2020, by operation of law.

ORDER

THE COMMISSION ORDERS:

- 13 (1) The Commission grants Sanitary Service Co, Inc.'s Petition for an exemption from WAC 480-70-351(2), subject to the following condition(s):
- (a) Sanitary Service Co, Inc. must file for a commodity adjustment within six months from the date of this Order.
 - (b) The commodity adjustment expires six months from the effective date of the credit.

¹ See also WAC 480-07-110.

- 14 (2) The tariff revisions Sanitary Service Co, Inc., filed on May 14, 2020, will become effective on July 1, 2020, by operation of law.
- 15 (3) The Commission retains jurisdiction over the subject matter and Sanitary Service Co, Inc., to effectuate the provisions of this Order.
- 16 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 June 25, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary