

adjustments. The Company also filed its 2014-2015 Recycling and Commodity Revenue Sharing Plan, and requests that the Commission authorize the Company to retain 35 percent of the revenue generated from the sale of recyclable commodities from these business units during the 2014-2015 plan year.

Recyclable Commodity Revenue Adjustments

- 2 Waste Management Northwest proposes to decrease recycling credits for customers in rural Snohomish County from \$1.38 per month to \$1.14 per month; and decrease recycling credits for customers in Everett from \$2.34 per month to \$2.06 per month for single-family customers. The Company proposes to decrease the monthly credit for multi-family customers from \$0.29 to \$0.28 per yard per month.
- 3 Waste Management-SnoKing proposes to decrease recycling credits for customers in Snohomish County from \$1.50 per month to \$1.13 per month for single-family customers, and to decrease the monthly credit for multi-family customers from \$0.38 to \$0.25 per yard per month.
- 4 The recyclable commodity revenue adjustments reflect the revenue the Company receives from the sale of recyclable materials collected from single-family and multi-family customers and is adjusted annually pursuant to a deferred accounting mechanism. Staff has reviewed the proposed changes and recommends the Commission take no action on the tariff revisions implementing the recyclable commodity revenue adjustments, and allow them to become effective January 1, 2014, by operation of law.

2012-2013 Recycling and Commodity Revenue Sharing Plan

- 5 On November 15, 2013, the Company also filed its report of the activities and results for 2012-2013 plan year revenue sharing plan as detailed in the following table.

Task	Expenditure
Task 1 - Monthly Data Reporting	\$ 1,883.54
Task 2 - Contamination Monitoring & Quarterly Data Reporting	\$ -
Task 3 - Quarterly Meetings	\$ -
Task 4 - Behavior Study & Strategic Planning	\$ 141,750.00
Task 5 - Promotion of Multifamily Recycling	\$ 150,660.00
Task 6 - Organics	\$ 194,568.13
Task 7 - Promotion of Recycling at Key Events	\$ 59,178.36
Task 8 - Increase Recycling and Decrease Contamination	\$ 1 11,897.91

Task	Expenditure
Task 9 - Harmonization of Curbside Recycling Programs	\$ 3,004.16
Task 10 - Promote, Sustain and Improve Away from Home recycling	\$ 11,007.70
Task 11 - Schools Program (SnoCo. only)	\$ 200,000.00
TOTAL	\$ 873,949.80
Labor	\$ 197,650.00
Plan Totals Minus Incentive	\$ 1,071,599.80

- 6 In its compliance filing, the Company reported that it met the performance standards to retain five percent of expenditures as an incentive. Snohomish County certified that the Company achieved its performance goal and should be awarded the five percent incentive, and concurs.

2014-2015 Recycling and Commodity Revenue Sharing Plan

- 7 On November 15, 2013, the Company also filed its 2014-2015 Recycling and Commodity Revenue Sharing plan for Snohomish County. The budgeted expenditures for the plan total \$2,309,500, including the \$110,000 performance incentive. The specific tasks are:

- Task 1: Quarterly Updates and Coordination Meetings – Waste Management will meet with the County once each quarter to review progress, lessons learned and budgeted versus actual expenditures. Budgeted expense for this task is \$0.
- Task 2: Monthly Data Reporting Requirements – The Company will provide monthly recycling and disposal reports for the County. Budgeted expense for this task is \$0.
- Task 3: Strategic Communications – The Company will plan and implement a comprehensive strategic communications plan to increase recycling amount WUTC residents in Snohomish County. Budgeted expense for this task is \$125,000.
- Task 4: Multicultural Study, Outreach and Trans created Materials – Waste Management will contract with multicultural outreach specialists and behavior study experts to conduct a recycling behavior study of Spanish-speaking residents in Snohomish County to identify attitudes and behaviors and barriers to recycling as well as gather information on which outreach strategies are most effective in

educating and motivating Spanish-speaking residents to recycle. Budgeted expense for this task is \$134,000.

- Task 5: Multi-Family Multicultural Recycling Outreach – The Company will work with the County to evaluate the pilot program started in last year’s plan and make recommendations for changes. Budgeted expense for this task is \$319,000.
- Task 6: Organics – The Company will discuss with the County how the Company monitors organics contamination in their trucks and at the curb in residential yard waste carts. The team will look for ways to minimize contamination if it comes from Waste Management’s trucks or carts. Budgeted expense for this task is \$359,000.
- Task 7: Promotion of Recycling at Key Events – Outreach and education at major community events, farmer’s markets, fairs and festivals to promote and encourage recycling. Budgeted expense for this task is \$134,000.
- Task 8: Increase Recycling and Decrease Contamination – Conduct a usability study of the previously developed residential recycling guide and, using the 2013 behavior study, work with the County to develop, implement, and evaluate a regional community based social marketing recycling education campaign. Budgeted expense for this task is \$359,500.
- Task 9: Elementary Recycling Educational Presentations and Outreach – The Company will make available educational assemblies, classroom workshops and technical assistance to all eligible schools. Budgeted expense for this task is \$400,000.

8 In addition to a labor cost allocation of \$369,000, the plan includes an incentive award of five percent of expenditures, currently estimated at \$110,000. To receive the incentive, the Company must demonstrate to the County that it has achieved the performance goals stated in the plan.

Request to Retain Up To 35 Percent of Revenue from the Sale of Recyclable Materials

9 Also on November 15, 2013, Waste Management asked the Commission to authorize it to retain 35 percent of the revenue generated from the sale of recyclable commodities

collected by Northwest's and SnoKing's residential recycling programs during the 2014-2015 plan year.

- 10 RCW 81.77.185 states that the Commission shall allow solid waste collection companies collecting recyclable materials to retain up to fifty 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.
- 11 On November 12, 2013, Matthew Zybas, Snohomish County Solid Waste Division Director, the appropriate local government authority as specified in RCW 81.77.185 (1), certified that the plan is consistent with the County Solid Waste Management Plan, and that the plan demonstrates how retained revenues will be used to increase recycling.
- 12 Staff recommends that the Commission authorize the Company to retain up to 35 percent of the revenue it receives from the sale of recyclable materials collected in Northwest and SnoKing residential recycling programs, require the Company to meet the performance requirements set forth in its recycling and revenue sharing plan, and in consultation with the County, consider whether to reduce the revenue share the Company retained if the Company fails to meet those performance requirements.

DISCUSSION

- 13 RCW 81.77.185 requires the Commission to allow a solid waste collection company collecting recyclable materials to retain up to fifty 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. Waste Management has satisfied both statutory standards. The Director of Snohomish County's Solid Waste Division certified that Waste Management's recycling plan is consistent with Snohomish County's Comprehensive Solid Waste Management Plan. We agree with Staff that the Company's plan sufficiently demonstrates how the revenues Waste Management is entitled to retain, including the five percent incentive payment, will be used to increase recycling consistent with our prior determinations. Accordingly, Waste Management may retain up to thirty five percent of the revenue it receives from the sale of recyclable materials collected in its

single-family and multi-family residential recycling programs from January 1, 2014, to December 31, 2015, if it complies with the terms and conditions of the plan.

FINDINGS AND CONCLUSIONS

- 14 (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, 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.
- 15 (2) Waste Management is a solid waste company and a public service company subject to Commission jurisdiction.
- 16 (3) This matter came before the Commission at its regularly scheduled meeting on December 27, 2013.
- 17 (4) RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to fifty 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.
- 18 (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 Snohomish County's Comprehensive Solid Waste Management Plan.
- 19 (6) Waste Management's Plan includes a provision for an incentive payment of five percent, of the Company's planned expenditure. The Plan conditions the award of the incentive on achieving specific performance goals.
- 20 (7) Waste Management's request to retain up to 35 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from January 1, 2014, to December 31,

2015, is consistent with RCW 81.77.185, and the Commission finds Waste Management's request should be granted.

ORDER

THE COMMISSION ORDERS:

- 21 (1) If Waste Management of Washington, Inc., dba Waste Management of Washington-Northwest and Waste Management of Washington-SnoKing complies with the Plan as set forth in this order, the Company may retain up to thirty five percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from January 1, 2014, to December 31, 2015.
- 22 (2) Waste Management of Washington, Inc., dba Waste Management of Washington-Northwest and Waste Management of Washington-SnoKing shall present its revenue sharing plan and commodity adjustments to the Commission requesting an effective date each January 1 hereafter, and shall make all future revenue sharing plans and commodity adjustment filings 45 days prior to the proposed effective date.
- 23 (3) Waste Management of Washington, Inc., dba Waste Management of Washington-Northwest and Waste Management of Washington-SnoKing shall make a compliance filing with the Commission no later than November 16, 2014, 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.
- 24 (4) The commodity credits filed by Waste Management of Washington, Inc., dba Waste Management of Washington-Northwest and Waste Management of Washington-SnoKing on November 15, 2013, as revised on December 23, 2013, are allowed to go into effect by operation of law.
- 25 (5) The Commission delegates to the Secretary the authority to approve by letter all compliance filings required in this Order.
- 26 (6) The Commission retains jurisdiction over the subject matter and Waste Management of Washington, Inc., dba Waste Management of Washington-

Northwest and Waste Management of Washington-SnoKing, 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 Olympia, Washington, and effective December 27, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary