

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of PULLMAN
DISPOSAL SERVICE, 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-190085

ORDER 01

ORDER GRANTING EXEMPTION
FROM RULE; ALLOWING
TARIFF REVISIONS TO BECOME
EFFECTIVE BY OPERATION OF
LAW, AND REQUIRING THE
FILING OF A GENERAL RATE
CASE

BACKGROUND

- 1 On February 6, 2019, Pullman Disposal Service, Inc., (Pullman or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions proposing an initial commodity adjustment of an additional charge of \$1.41 per month for residential and 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, Pullman asserts that the recycling commodity markets have become more volatile, and 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 recommends the Commission grant Pullman's request to establish an annual commodity adjustment and grant Pullman's Petition for exemption, subject to the following condition(s):

- (a) Pullman must file for a commodity adjustment within 6 months of the date of this order.
- (b) Pullman must file a general rate case with an effective date no later than January 1, 2020, which will allow Staff to examine the Company's costs and rate design to address its concerns about subsidization between customer classes and lines of service.

DISCUSSION

5 We agree with Staff's recommendation and grant Pullman'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 file a general rate case with an effective date no later than January 1, 2020, is also reasonable in light of Staff's concerns with the Company's rate design. Accordingly, we find that granting 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.¹

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.

¹ See WAC 480-70-051 and WAC 480-07-110

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) Pullman is a solid waste company and a public service company subject to Commission jurisdiction.
- 9 (3) Pullman 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. See also WAC 480-07-110.
- 11 (5) Staff recommends the Commission grant Bainbridge Disposal's request for exemption from WAC 480-70-051.
- 12 (6) This matter came before the Commission at its regularly scheduled meeting on March 28, 2019.
- 13 (7) After reviewing Pullman's proposed tariff revisions filed on February 6, 2019, in Docket TG-190085 and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the requested exemptions are in the public interest, are consistent with the purposes underlying the regulation and applicable statutes, and should be granted, and that the proposed tariff revisions should become effective April 1, 2019, by operation of law.
- 14 (8) Pullman should file a general rate case with an effective date no later than January 1, 2020 to address Staff's concerns with the current rate design.

ORDER

THE COMMISSION ORDERS:

- 15 (2) The Commission grants Pullman Disposal Service, Inc.'s Petition for an exemption from WAC 480-70-351(2), subject to the following condition(s):
- (a) Pullman Disposal Service, 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.
- 16 (3) The tariff revisions Pullman Disposal Service, Inc. filed on February 6, 2019, will become effective on April 1, 2019, by operation of law.
- 17 (4) Pullman Disposal Service, Inc. shall file a general rate case with the Commission with an effective date no later than January 1, 2020.
- 18 (5) The Commission retains jurisdiction over the subject matter and Pullman Disposal Service, Inc. 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 March 28, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON, Executive Director and Secretary