

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition filed by:

WASTE MANAGEMENT OF  
WASHINGTON, INC., d/b/a WASTE  
MANAGEMENT OF SPOKANE,  
VALLEY GARBAGE SERVICE CO.,

Requesting Authority to Retain 50 Percent  
of the Revenue Received From the Sale of  
Recyclable Materials Collected in  
Residential Recycling Service and Seeking  
Exemption from the Provisions of WAC  
480-70-351(2) Relating to Recycling  
Credits or Charges

DOCKET TG-190496

ORDER 01

ORDER AUTHORIZING REVENUE  
SHARING FOR RECYCLABLE  
COMMODITIES REVENUE AND  
ALLOWING RECYCLABLE  
COMMODITY CREDIT ADJUSTMENT;  
GRANTING EXEMPTION FROM RULE

**BACKGROUND**

1 On June 12, 2019, Waste Management of Washington, Inc., d/b/a Waste Management Spokane, Valley Garbage Service Co., (Valley Garbage or Company) filed with the Washington Utilities and Transportation Commission (Commission) the following documents: (1) revised 2018-2019 commodity credits resulting in decreased rates to residential recycling customers and increased rates to multifamily customers; (2) the Company's 2018-2019 recycling revenue sharing plan; and (3) a request that the Commission allow Valley Garbage to retain up to 50 percent of the revenue received from the sale of recyclable materials during the 2018-2019 recycling plan period. The Company serves approximately 22,000 residential and 300 multifamily recycling customers in Spokane County.

**PROPOSED 2018-2019 COMMODITY CREDITS**

2 The Company filed replacement tariff pages on July 9, 2018, proposing a commodity credit increase from \$1.03 to \$1.04 per month, resulting in an overall decrease in recycling rates for single-family residential customers of \$0.01 per month. For multifamily customers, the filed tariff reflects a commodity credit decrease from \$0.26 to \$0.21 per yard, resulting in increased recycling rates of \$0.05 per yard for the period June 1, 2019 to May 31, 2020. The proposed commodity credits reflect the effect of the

Commission-approved deferred accounting mechanism. The Company chose to project its commodity revenues based on the most recent 12-month historical period as allowed by WAC 480-70-351(2).

### **PROPOSED 2018-2020 RECYCLING PLAN AND REVENUE SHARING**

- 3 Under RCW 81.77.185, the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to 50 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. The remaining revenue shall be passed to the residential customers.
- 4 Pursuant to that statute, on June 11, 2015, Spokane County (County) and Valley Garbage have begun a revenue sharing plan (Plan) beginning August 1, 2018, and expiring July 31, 2020. According to the Plan, the Company will, subject to approval by the Commission, be allowed to retain 50 percent of the revenue received for the sale of recyclable commodities collected in its curbside recycling operations in Spokane County. The retained revenue will be used to increase recycling in Spokane County through initiatives and tasks outlined in the plan. For the 2018-2020 plan period, the Company projects it will earn \$896,600 annual revenue from the sale of recyclable commodities from 22,000 regulated recycling customers, allowing the Company to retain \$428,000.
- 5 For the 2018-2019 reporting period the Company reported the following: Task 1 - "Recycling and Organics Rules Advertising" \$10,500; Task 2 - "Recycling and Organics Promotion at Events" \$600; Task 3 - "Elementary School Recycling Education" \$39,202; Task 4 - "Multifamily Recycling Education" \$31,486; and administrative costs of \$36,152. Total expenses for the first year amounted to \$117,940. The Plan also provides for a 5 percent performance incentive for increasing diversion rates (3 percent) and increasing the total number of participating residential accounts (2 percent). Incentive payments amount to \$10,667 for the first year.
- 6 Kevin Cooke, P.E., Spokane County Director of Environmental Services, signed the Plan and certified that it is consistent with Spokane County's Comprehensive Solid Waste Management Plan. Spokane County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received each of the two years of the plan from August 1, 2018, to July 31, 2020.

7 Commission staff (Staff) recommends that the Commission grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan, and allow the recycling commodity credits filed by Valley Garbage Services on June 12, 2019, as revised on July 9, 2019, to go into effect August 1, 2019.

### **DISCUSSION**

8 We agree with Staff's recommendation and: (1) grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan; and (2) allow the recycling credits filed by the Company to go into effect by operation of law on August 1, 2019. We address each of the Company's requests in turn.

9 First, the Company has met the requirements of RCW 81.77.185. Valley Garbage submitted a plan to the Commission that was certified by the appropriate local government authority as consistent with the local government's solid waste plan, which demonstrates how the revenues will be used to increase recycling. Spokane County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received each of the two years of the plan from August 1, 2018, to July 31, 2020. As such, we grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan.

10 Finally, we find that the Company's proposed commodity credits, which reflect the effect of the Commission-approved deferred accounting mechanism, are consistent with the public interest.

### **FINDINGS AND CONCLUSIONS**

11 (1) The 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.

12 (2) Valley Garbage 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 (3) This matter came before the Commission at its regularly scheduled meeting on July 26, 2019.
- 14 (4) Under RCW 81.77.185, the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to 50 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.
- 15 (5) Spokane County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of Spokane County's Solid Waste Division certified that Valley Garbage's recycling plan is consistent with Spokane County's Comprehensive Solid Waste Management Plan.
- 16 (6) Valley Garbage's request to retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from August 1, 2018, to July 31, 2020, is consistent with RCW 81.77.185, and the Commission finds that Valley Garbage's request should be granted.
- 17 (7) It is in the public interest to allow the revisions to Tariff No. 11, No. 26, and No. 27 filed on June 12, 2019, and revised on July 9, 2019, to become effective on August 1, 2019.

**ORDER**

**THE COMMISSION ORDERS:**

- 18 (1) Provided Waste Management of Washington, Inc., d/b/a Waste Management of Spokane, Valley Garbage Service Co., complies with the Plan as set forth in this Order, the Company may retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from August 1, 2018, to July 31, 2020.

- 19       (2)     Waste Management of Washington, Inc., d/b/a Waste Management of Spokane, Valley Garbage Service Co., shall make a compliance filing with the Commission no later than June 16, 2020, 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.
- 20       (3)     Waste Management of Washington, Inc., d/b/a Waste Management of Spokane, Valley Garbage Service Co., is exempt from WAC 480-07-520(4), for purposes of the tariff revisions filed in Dockets TG-190496.
- 21       (4)     The commodity credits filed by Waste Management of Washington, Inc., d/b/a Waste Management of Spokane, Valley Garbage Service Co., on June 12, 2019, and revised on July 9, 2019, are allowed to go into effect by operation of law.
- 22       (5)     The Commission delegates the Secretary the authority to approve by letter all compliance filings required in this Order.
- 23       (6)     The Commission retains jurisdiction over the subject matter and Waste Management of Washington, Inc., d/b/a Waste Management of Spokane, Valley Garbage Service Co., 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 Lacey, Washington, and effective July 26, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON, Executive Director and Secretary