

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET TG-082038
)	
RUBATINO REFUSE REMOVAL, INC.,	)	ORDER 01
)	
Petitioner,	)	ORDER GRANTING EXEMPTION
	)	FROM RULE; APPROVING
Seeking Exemption from the	)	REVISED COMMODITY
Provisions of WAC 480-70-351(2) to	)	CREDITS ON LESS THAN
Extend the Current Commodity Credits	)	STATUTORY NOTICE; AND
for an Additional Six Months and	)	REQUIRING DEFERRED
Requesting Revised Rates to Become	)	ACCOUNTING TREATMENT
Effective January 1, 2009, on Less	)	FOR RECYCLABLE
Than Statutory Notice	)	COMMODITIES REVENUE
.....)	

BACKGROUND

- 1 On November 10, 2008, Rubatino Refuse Removal, Inc., (Rubatino or Company), filed with the Washington Utilities and Transportation Commission (Commission) a revised Tariff No. 7.
- 2 The filing proposes, among other things, to increase the commodity credits that Rubatino pays to residential customers for the value of the recyclable materials that Rubatino collects in its recycling service. The stated effective date is January 1, 2009. Rubatino filed revised tariff pages on December 15, 2008, that propose to extend the current commodity credits for an additional six months. Also on December 15, 2008, Rubatino filed a petition requesting an exemption from WAC 480-70-351(2) and filed revised tariff pages that propose to extend Rubatino’s current commodity credits, scheduled to expire December 31, 2008, for an additional six months.
- 3 RCW 81.28.050 and WAC 480-70-266 require forty-five days’ notice to the Commission prior to the effective date of the tariff. The tariff sheets bear an inserted effective date of January 1, 2009. However, the revised pages filed December 15, 2008, decrease the amount of the commodity credit in Rubatino’s original filing, resulting in customers paying higher rates. Rubatino requests less than statutory notice as permitted by WAC 480-70-276, so that the tariff revisions filed December 15, 2008, become effective on January 1, 2009. The Company requests less than statutory notice treatment because the

current commodity credits will expire on December 31, 2008. The Company is required to notify customers after final Commission action.

- 4 WAC 480-70-351(2) requires 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 to use the most recent twelve-month historical period to estimate the revenue for the next twelve months.
- 5 The Commission allowed the Company's first commodity adjustment to become effective January 1, 2001, by operation of law without an order authorizing deferred accounting treatment. The Company has filed annual commodity adjustments using the same methodology the Commission established for other companies with authorized deferred accounting treatment. The commodity adjustment has two components: a true-up component that, for the previous twelve-month test period, compares the estimated commodity value to actual commodity value, and an estimate of the revenue (cost) of the next twelve months using the average twelve-month test period revenue (cost). Because there would be no true-up component if the current commodity credit is extended, the entire commodity credit would become an estimate of the revenue for the next six months.
- 6 Rubatino's twelve-month test period ended in September 2008 and showed Rubatino received \$411,436 from the sale of recyclable materials. Subsequently, the markets for recyclable materials collapsed in November. Rubatino reports that its revenues fell from an average of \$34,286 during the test period to \$30,778 in October and \$4,619 in November. Staff's review of the commodities markets show that values for recyclable materials have fallen: newspaper (- 65.7 percent), mixed paper (- 95.5 percent), and aluminum (- 42.8 percent).
- 7 Residential customers currently receive a \$2.14 per month credit in Snohomish County. The established methodology would increase the credit to \$2.42 in Snohomish County effective January 1, 2009. Rubatino projects that, if the markets stay low, customers may then receive a credit as low as \$0.31 in 2010. Rubatino proposes to extend the current commodity credits for an additional six months to allow the markets time to adjust.
- 8 Staff recommends the Commission approve Rubatino's request for exemption and allow the proposed revised tariff changes to become effective January 1, 2009, on less than statutory notice, because there is substantial uncertainty in the markets and Rubatino's

proposal may decrease the volatility of the commodity adjustments. Staff recommends that the Commission require Rubatino to implement deferred accounting treatment for the revenue (cost) received (paid) from the sale (disposal) of recyclable commodities collected in the Company's recycling service using the most recent twelve-month test period to true-up the estimated revenue to actual revenue, and to estimate revenue for the next twelve-month period. Staff also recommends that the Commission condition its approval on Rubatino making its next commodity adjustment effective July 1, 2009, and each July 1 thereafter, and that Rubatino make all future commodity adjustment filings forty-five days prior to the proposed effective date to give Staff sufficient time to review the filing.

- 9 Staff recommends that the Commission grant the Rubatino's request for an exemption of WAC 480-70-351(2) to allow the Company to extend the current recyclable commodity credits for an additional six months, approve the revised commodity credits filed on December 15, 2008, to become effective January 1, 2009, on less than statutory notice, and require the Rubatino to implement deferred accounting treatment for the revenue (cost) received (paid) from the sale (disposal) of recyclable commodities collected in the Company's recycling service.

FINDINGS AND CONCLUSIONS

- 10 (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, rules, 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.*
- 11 (2) This matter came before the Commission at its regularly scheduled meeting on December 23, 2008.
- 12 (3) Rubatino 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 (4) Rubatino is subject to RCW 81.28.050 and WAC 480-70-266, which require solid waste companies to file changes in any rate or charge with forty-five days' notice.

Under WAC 480-70-276, the Commission may allow, for good cause shown, changes in rates or charges without requiring forty-five days' notice in an order specifying the changes to be made and the effective date.

- 14 (5) Rubatino asks the Commission to allow the revised rates filed on December 15, 2008, to become effective January 1, 2009, on less than statutory notice, because the current commodity credits will expire December 31, 2008.
- 15 (6) WAC 480-70-351(2) requires 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 to use the most recent twelve-month historical period to estimate the revenue for the next twelve months.
- 16 (7) Rubatino requests an exemption of WAC 480-70-351(2) to allow it to extend the effective date of the current commodity credits for an additional six months because of the dramatic fall in prices paid for recyclable materials in the commodity markets.
- 17 (8) After reviewing Rubatino's requests for an exemption to WAC 480-70-351(2) and to allow the revised commodity credits filed on December 15, 2008, to become effective January 1, 2009, and giving due consideration, the Commission finds that Rubatino's requests are reasonable and should be granted. The Commission also finds it is reasonable to require Rubatino to implement deferred accounting treatment of the revenue (cost) received (paid) from the sale (disposal) of recyclable commodities collected in the Company's recycling service.

ORDER

THE COMMISSION ORDERS:

- 18 (1) After the effective date of this Order, Rubatino Refuse Removal, Inc., is granted an exemption from WAC 480-70-351(2) to extend the current commodity credits for an additional six months.

- 19 (2) The revised tariff revisions Rubatino Refuse Removal, Inc., filed on
December 15, 2008, will be effective on January 1, 2009, on less than statutory
notice.
- 20 (3) Rubatino Refuse Removal, Inc., is required to use deferred accounting treatment
of the recycling commodity revenues and costs related to its residential recycling
services. Rubatino Refuse Removal, Inc., shall make its next commodity
adjustment effective July 1, 2009, and each July 1 thereafter, and shall make all
future commodity adjustment filings forty-five days prior to the proposed
effective date.
- 21 (4) The Commission delegates to the Executive Secretary the authority to approve by
letter all compliance filings required in this Order.
- 22 (5) The Commission retains jurisdiction over the subject matter and Rubatino Refuse
Removal, Inc., to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public
interest, directed the Executive Secretary to enter this Order.

DATED at Olympia, Washington, and effective December 23, 2008.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Secretary