



- 4 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 original tariff sheets bear an inserted effective date of January 1, 2009. This date recognizes statutory notice as required. However, Sanitary Service filed revised tariffs on December 15, 2008, and the Company requests less than statutory notice as permitted by WAC 480-70-276, so that the revised tariff pages 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.
- 5 On December 15, 2008, Sanitary Service filed a petition requesting an exemption from WAC 480-70-351(2) and filed revised tariff pages that propose to extend Sanitary Service's current commodity credits, scheduled to expire December 31, 2008, for an additional six months. 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.
- 6 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 charge is extended, the entire commodity charge would become an estimate of the cost for the next six months.
- 7 Sanitary Service's twelve-month test period ended in November 2008, and showed the company paid \$25,790 for the sale of recyclable materials. The markets for recyclable materials collapsed in November. Sanitary Service reports that it received an average of \$2,149 per month revenue during the test period, but had to pay \$2,717 for October and pay \$30,544 for 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).
- 8 Residential customers currently pay \$0.38 per month. The established methodology would result in a \$0.10 per month credit effective January 1, 2009. Sanitary Service projects that, if the markets stay low, customers may need to pay as much as \$2.55 per

month in 2010. Sanitary Service proposes to extend the current commodity charge for an additional six months to allow the markets time to adjust and to ensure that the next twelve-month estimate that would be effective July 1, 2009, reflects data from low revenue months.

- 9 Staff recommends the Commission approve Sanitary Service'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 Sanitary Service's proposal may decrease the volatility of the commodity adjustments in the short run. Staff also recommends that the Commission condition its approval on Sanitary Service making its next commodity adjustment effective July 1, 2009, and each July 1 thereafter, and that Sanitary Service make all future commodity adjustment filings forty-five days prior to the proposed effective date to give Staff sufficient time to review the filing.

#### 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) Sanitary Service 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) Sanitary Service is subject to an order issued in Docket TG-960419 that requires the Company to file a commodity adjustment to become effective each January 1.
- 14 (5) Sanitary Service 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.

- 15 (6) Sanitary Service 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.
- 16 (7) 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.
- 17 (8) Sanitary Service requests an exemption from 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.
- 18 (9) After reviewing Sanitary Service's tariff filing in this docket, and giving due consideration, the Commission finds that the tariff filing is acceptable and in compliance with the requirements of the order issued in Docket TG-960419.
- 19 (10) After reviewing Sanitary Service's requests for an exemption to WAC 480-70-351(2) and to allow the revised commodity credits filed on December 15, 2009, to become effective January 1, 2009, on less than statutory notice, and giving due consideration, the Commission finds that Sanitary Service's requests are reasonable and should be granted.

**ORDER**

**THE COMMISSION ORDERS:**

- 20 (1) Sanitary Service Co., Inc.'s tariff filings in this docket comply with the requirements set forth in the Commission's order issued in Docket TG-960419.

- 21 (2) After the effective date of this Order, Sanitary Service Co., Inc., is granted an exemption from 480-70-351(2) to extend the current commodity charges for an additional six months.
- 22 (3) The revised tariff revisions Sanitary Service Co., Inc., filed on December 15, 2008, will be effective on January 1, 2009, on less than statutory notice.
- 23 (4) Sanitary Service Co., Inc., shall make its next commodity adjustment effective July 1, 2009, and each July 1 thereafter.
- 24 (5) Sanitary Service Co., Inc., shall make all future commodity adjustment filings forty-five days prior to the proposed effective date.
- 25 (6) The Commission delegates to the Executive Secretary the authority to approve by letter all compliance filings required in this Order.
- 26 (7) The Commission retains jurisdiction over the subject matter and Sanitary Service Co., 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