

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

IN THE MATTER OF THE	)	DOCKET TG-141293
PETITION OF	)	
	)	ORDER 01
	)	
RABANCO LTD DBA REPUBLIC	)	
SERVICES, AND LYNNWOOD	)	
DISPOSAL,	)	
	)	
Petitioner,	)	
	)	ORDER AUTHORIZING REVENUE
Requesting Authority to Retain 50	)	SHARING FOR RECYCLABLE
Percent of the Revenue Received	)	COMMODITIES REVENUE AND
From the Sale of Recyclable	)	ALLOWING RECYCLABLE
Materials Collected in Residential	)	COMMODITY CREDIT
Recycling Service	)	ADJUSTMENT
.....	)	

**BACKGROUND**

1 On June 13, 2014, Rabanco Ltd dba Republic Services, and Lynnwood Disposal, (Republic Services or Company) filed the following documents with the Washington Utilities and Transportation Commission (Commission): (1) a report of its 2013-2014 recycling plan and revenue sharing; (2) revised 2014-2015 commodity credits that result in decreased rates to all recycling customers; (3) the Company’s 2014-2015 recycling plan; and (4) a request that the Commission allow Republic Services to retain up to 50 percent of the revenue received from the sale of recyclable materials during the 2014-2015 recycling plan period. The Company serves approximately 17,000 regulated residential recycling customers in Snohomish County.

**REPORT ON 2013-2014 RECYCLING PLAN AND REVENUE SHARING**

2 In Docket TG-131159, the Commission required the Company to make a compliance filing consisting of the amount of recycling revenue it retained, the amount of money it spent on the activities identified in its 2013-2014 recycling plan, and the effect the activities had on increasing recycling. The Company made the compliance filing on June 13, 2014, and the results are summarized in the following table:

<b>Task</b>	<b>Budget</b>	<b>Retained</b>	<b>Expensed</b>
<b>Labor Costs for implementing tasks in this agreement (not allocated to tasks below)</b>	\$ 37,000		\$ 37,067
<b>Cart Contamination</b>	\$ 74,157		\$ 71,040
<b>Annual Mailer</b>	\$ 100		\$ 49
<b>Multifamily Recycling Improvements</b>	\$ 23,000		\$ 3,644
<b>Organics</b>	\$ 8,000		\$ 5,477
<b>School Recycling Education and Outreach</b>	\$ 91,900		\$ 67,082
<b>Total</b>	<b>\$ 234,157</b>		<b>\$ 184,359</b>
<b>Incentive-5%</b>	\$ 9,218		\$ -
<b>Total</b>	<b>\$ 243,375</b>	<b>\$201,567</b>	<b>\$ 184,359</b>
<b>Revenues Returned to customers</b>			<b>\$ 17,208</b>

In its compliance filing, the Company reported that it did not increase the diversion rate for the plan period, and therefore Republic Services did not meet the performance standards to retain five percent of expenditures as an incentive.

### PROPOSED 2014-2015 COMMODITY CREDITS

- 3 The Company filed replacement tariff pages on July 10, 2014, in which it proposes to decrease recycling rates by \$0.14 (commodity credit increase from \$0.74 to \$0.88) per month for single-family residential customers and to decrease recycling rates by \$0.01 (commodity credit increase from \$0.33 to \$0.34) per yard for multi-family customers for the period August 1, 2014, to July 1, 2015. The proposed commodity credits reflect the Commission-approved deferred accounting treatment and include the additional funds returned to customers in the table set forth above in paragraph two.

### PROPOSED 2014-2015 RECYCLING PLAN AND REVENUE SHARING

- 4 RCW 81.77.185 states that 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.

5 Pursuant to RCW 81.77.185, on June 13, 2014, the Company filed with the Commission a Commodity Revenue Sharing Enhancement Plan for Snohomish County (Plan) for the period August 1, 2014, to July 1, 2015. The Plan forecasts \$437,871 revenue from the sale of recyclable commodities collected and proposes to retain \$218,400 (49.9 percent) to spend on Plan activities.

6 The Plan identifies the following activities and budget amounts: School Education and Outreach (\$63,000), Cart Contamination Mitigation (\$23,000), Mobile and Web App. Implementation (\$20,000), Multifamily Outreach and Infrastructure (\$65,000) and Project Management and Administration (\$37,000). The Plan's total budget is \$208,000.

7 The Plan's 2014-2015 budget includes an incentive payment of \$10,400 (five percent of planned expenditures).<sup>1</sup> The Plan states in part:

“RS [Republic Services] is eligible for a financial incentive for achieving tangible results in the factors listed below:

For increasing diversion of materials from disposal by regulated residential customers, an amount equal to 5% of the company expenditures.”

Additionally, as set forth in the Plan, eligibility for the award of an incentive will be determined by Snohomish County's satisfaction that expenditures of revenue sharing funds by the Company are consistent with the Plan's activities and budgets and subject to review by the Commission.

8 Mathew Zybas, Snohomish County Solid Waste Division Director, signed the Plan and certified that it is consistent with Snohomish County's Comprehensive Solid Waste Management Plan. Snohomish County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received from August 1, 2014, to July 1, 2015, the period of the Plan.

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<sup>1</sup> On May 30, 2012, the Commission issued its interpretive and policy statement (IPS) in Docket TG-112162 to address issues concerning implementation of recycling revenue sharing plans, including Incentives, Bonuses or Returns in paragraphs 26 through 32. The IPS articulates a policy that incentives should be conditioned upon or tied to achieving performance goals or objectives.

9 Staff recommends that the Commission grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during the period of the Plan, and allow the recycling commodity credits filed by Republic Services on June 13, 2014, and revised on July 10, 2014, to go into effect August 1, 2014, by operation of law.

### 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, 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) Republic Services 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.
- 12 (3) This matter came before the Commission at its regularly scheduled meeting on July 24, 2014.
- 13 (4) RCW 81.77.185 states that 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.
- 14 (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 Republic Services' recycling plan is consistent with Snohomish County's Comprehensive Solid Waste Management Plan.
- 15 (6) The Plan includes a provision for an incentive payment of 5 percent, of Republic Services' planned expenditure. The Plan conditions the award of the incentive on achieving specific performance goals.

- 16 (7) Republic Services' 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, 2014, to July 1, 2015, is consistent with RCW 81.77.185, and the Commission finds that Republic Services' request should be granted.

**ORDER**

**THE COMMISSION ORDERS:**

- 17 (1) If Rabanco Ltd dba Republic Services, and Lynnwood Disposal, 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, 2014, to July 1, 2015.
- 18 (2) Rabanco Ltd dba Republic Services, and Lynnwood Disposal, shall present its revenue sharing plan and commodity adjustments to the Commission requesting an effective date each August 1 hereafter, and shall make all future revenue sharing plans and commodity adjustment filings 45 days prior to the proposed effective date.
- 19 (3) Rabanco Ltd dba Republic Services, and Lynnwood Disposal, shall make a compliance filing with the Commission no later than June 17, 2015, 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 of the activities had on increasing recycling.
- 20 (4) The commodity credits filed by Rabanco Ltd dba Republic Services, and Lynnwood Disposal, on June 13, 2014, and revised on July 10, 2014, are allowed to go into effect by operation of law.
- 21 (5) The Commission delegates the Secretary the authority to approve by letter all compliance filings required in this Order.
- 22 (6) The Commission retains jurisdiction over the subject matter and Rabanco Ltd dba Republic Services, and Lynnwood Disposal, 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 July 24, 2014.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary