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STATE OF WASH.
WUTC

March 14, 2006

Ms. Penny Hansen
Regulatory Analyst
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: Eastside Disposal Revenue Sharing Agreement with King County

Dear Penny:

Enclosed is a signed revenue sharing agreement between Rabanco Ltd/Eastside Disposal and King County. If you have any questions please do not hesitate to contact me at 425-646-2426.

Sincerely,

Mark E. Gregg
District Service Analyst

Encl.

RABANCO COMPANIES PROPOSED ENHANCED RECYCLING AND COMMODITY REVENUE SHARING PLAN FOR KING COUNTY

CALENDAR YEAR 2006 PROGRAM FOR EASTSIDE DISPOSAL SERVICE AREA

This year 2006 plan was developed with the expressed intent of increasing the amount of recyclable material generated by WUTC single-family residential customers served by Eastside Disposal Company, an Allied Waste Company. Rabanco proposes to build on its initial enhanced recycling program by adding additional customer benefits as outlined below. A portion of the funding for implementation and ongoing operating costs of the 2006 plan is expected to be received from the sale of the commodities collected and marketed. This commodity sharing provision was enacted by RCW 81.77.185.

Rabanco is requesting authorization to continue retaining 30% of the commodity revenues upon approval and implementation of this plan for the full calendar year 2006.

A. Data Reporting (4% of total 30%)

Rabanco will continue to provide the data required by KCC 10.18.060 to the County in a timely and accurate manner. Copies will be provided to the WUTC at the same time.

Rabanco will continue to provide customer and tonnage information as outlined in Section F of the original 2003 plan. Copies will be provided to the WUTC at the same time.

B. Expanded Services

1. Improvement in resolving glass contamination issues. Rabanco will continue to work with its affiliated company, Rabanco Recycling, to find ways to keep glass particles out of the recycled paper stream. In the past two years the company has made substantial investment in additional trommel screens and other plant equipment. Rabanco will continue to market high quality recycle products. Rabanco Recycling will participate in King County's MRF assessment consulting project under conditions to be mutually agreed upon. The evaluation criterion for the success of this effort will be the amount of residue disposed measured as a percent of total incoming commingled stream. Time references for the measurement of residual reduction will be January through September 2006 measured against January through September 2005. (4%)
2. Removal of yard waste from solid waste. Rabanco will embark on a concentrated education effort to educate its customers in the proper

separation of yard waste from the garbage stream. Rabanco will promote this message through a combination of mailings and/or distribution of can hangers. The targeted time period will be in early spring and early fall in order to coincide with the heaviest yard waste disposal months. In addition Rabanco will continue to monitor customers who may have contamination issues and resolve their issues on a case-by-case basis. Certain customer education steps will be followed to encourage yard waste service sign-ups. If a driver finds yard waste in the garbage container the driver will dump the garbage and leave note for the customer to call the office. The driver will make a notation on the route sheet and customer service will contact the customer and suggest yard waste service. If the contamination continues the driver, on the second occasion, will leave the garbage uncollected along with an explanatory note and again ask the customer to call the office. A route sheet notation will also be made so that customer service can re-contact the customer and request yard waste subscription. Customer service will track the number of new customer sign-ups as a means of evaluating this promotional effort. In addition to the educational message, the following documentation will be maintained:

- a) Number of notes left by drivers
- b) Refused pickups
- c) Number of follow up calls made by CSR group
- d) Number of new customer signups **(6%)**

3. Continuation of the yard waste/ food waste collection program on an every other week basis through the winter months for customers currently participating in that program. Rabanco will distribute information to eligible customers twice during the year, once in the spring and once in the fall. The promotional message will be developed jointly with the County and will stress the environmental benefits of composting rather than disposing of food waste. Rabanco will follow-up the distribution with a random calling effort. Calls will be made by Rabanco customer service to a random number of yard waste customers asking them if they are utilizing the food waste collection program. If they are not Rabanco will encourage them to switch and again promote the benefits. Rabanco will document the call information and extrapolate the data so as to get a sense of overall participation. Actual tonnage results are difficult to measure because yard waste volumes fluctuate so widely with the seasons and the weather. Evaluation criteria will be as follows:

- a) Distribution of information twice during 2006 (documentation and samples to be provided to KC staff)
- b) Rabanco CSR staff will make 20 calls per month to random customers (subject to unusual business conditions) to determine their participation in the program

c) A goal of 25% of those called participating in the program. However, it should be noted that, without prior experience in this type of promotional program marketing, it is unclear whether 25% is a realistic goal or not. (4%)

4. Additional promotional efforts. Rabanco will undertake two separate mass customer information promotional distributions, one in the Summer and one in the Fall. The promotion will stress the benefits of recycling including the message of saving money by recycling more and downsizing garbage service levels. The promotional message will be developed in cooperation with County staff. The information will also promote the concept of first reducing the amount of waste generated in addition to the importance of recycling. For this item, the evaluation criteria will be completing the two mass promotional distributions in 2006. (4%)

5. E-waste pilot collection program. Rabanco will conduct a six-month pilot collection program for e-waste, subject to WUTC approval of a tariff rate for this service. A targeted service area will be selected, mailers will be sent to customers in the target area and collection will be on an on-call basis. The six-month pilot will be evaluated and a determination made as to expansion or termination of the program. The success of the program can be measured by the number of customers who call in for the service and the number of e-waste units collected. Successful completion of this item will include the following:

- a) Discussions with King County staff about the program prior to implementation, regarding program parameters
- b) Documentation of mailers provided to pilot area
- c) Documentation of the number of customers using service and number of units collected. (4%)

6. Model for conversion to weekly organics collection. Rabanco will develop a model identifying the ratepayer cost involved in shifting yard waste collection to once a week such that food waste could be added as a collection service. The results of the model calculations will be shared with County staff. Successful completion of this item includes meeting the proposed timeline and allowing time for review by WUTC staff. (4%)

C Implementation Schedule.

The timeline for enhancement implementation is attached.

D. Follow-on after December 2006.

It is the intention of both parties that this program be continued in 2007, subject to modification by mutual agreement. King County recommends that Rabanco retain 30% of revenues accrued in calendar 2006 for implementation of 2006 programs. During 2006, King County will evaluate

the success of the components of this program. If King County is fully satisfied that all elements of the agreement have been implemented in 2006, it will recommend to the WUTC that revenue sharing be continued in 2007 at the full 30% level. If King County is dissatisfied with Rabanco's performance in any of the elements, the County may recommend reductions in the percentage of revenue Rabanco may retain in 2007.

Rabanco Companies Authorized Representative



District Manager

3/13/06

Date

KING COUNTY AUTHORIZATION

With this acknowledgement, King County hereby certifies this Recycling Plan is consistent with the County's Comprehensive Solid Waste Management Plan and the County's understanding of RCW 81.77.185.

King County Authorized Representative



Solid Waste Director

3-10-06

Date

**IMPLEMENTATION TIME-LINE FOR ENHANCED RECYCLING PROJECT
YEAR THREE PROGRAM (2006) FOR EASTSIDE DISPOSAL SERVICE AREA**

Submit final plan to County for approval	Week of March 6, 2006
Receive certified plan from County	Week of March 6, 2006
Resolve glass contamination issues	Ongoing effective February 6
Continuation of yard waste/food waste	Ongoing effective January 1
Develop draft customer mailing	Mid March
County review of mailing	Late March
Distribute first mailing	Early April
Complete organics collection cost model	April 30
Review cost model with County	Early May
File e-waste collection tariff	Late April
Implement e-waste collection pilot program	Early July
Develop second draft customer mailing	Mid August
County review of mailing	Late August
Distribute second mailing	Early September
Submit evaluation information to WUTC & KC	by October 15
KC & WUTC evaluation of 2006 performance; negotiation of 2007 plan (if needed)	Mid Oct – Mid Nov
Submit final 2007 plan (if needed)	Nov 15
KC 2007 certification letter sent to WUTC	by Nov 30