

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

|                                      |   |                        |
|--------------------------------------|---|------------------------|
| In the Matter of the Petition of     | ) | DOCKET TG-101220       |
|                                      | ) |                        |
| WASTE MANAGEMENT OF                  | ) | ORDER 01               |
| WASHINGTON, INC., d/b/a WASTE        | ) |                        |
| MANAGEMENT – NORTHWEST,              | ) |                        |
| G-237,                               | ) |                        |
|                                      | ) |                        |
| Petitioner,                          | ) |                        |
|                                      | ) |                        |
|                                      | ) |                        |
| Requesting Authority to Retain Fifty | ) | ORDER AUTHORIZING      |
| Percent of the Revenue Received From | ) | TEMPORARY REVENUE      |
| the Sale of Recyclable Materials     | ) | SHARING FOR RECYCLABLE |
| Collected in Residential Recycling   | ) | COMMODITIES SUBJECT TO |
| Service                              | ) | REFUND                 |
| .....                                | ) |                        |

**BACKGROUND**

- 1     On July 16, 2010, Waste Management of Washington, Inc., d/b/a Waste Management – Northwest (Waste Management or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff No. 17, designated as Tariff pages 2, 21, 22, 25, 26 and 27. The Company filed revised pages on August 11, 2010, that contain administrative edits and did not change the recyclable commodity revenue adjustments originally filed on July 16, 2010. The stated effective date is September 1, 2010.
- 2     In its filing, Waste Management proposes to increase the amount it pays to single family and multi-family customers for the value of the recyclable materials that Waste Management collects in its residential recycling collection service. The monthly credit for single family customers would increase from \$0.66 to \$1.05 and the monthly credit for multi-family customers would increase from \$0.32 per yard to \$0.41 per yard.
- 3     Also, on July 16, 2010, Waste Management filed with the Commission a request to retain fifty percent of the revenue Waste Management receives from the sale of recyclable materials that it collects in its residential recycling collection service.
- 4     RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials from single family and multi-family customers to retain

"up to fifty 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.<sup>1</sup> The remaining revenue must be passed through to single family and multi-family customers.

- 5 On July 16, 2010, Waste Management filed its Snohomish County (County) recycling plan for the period of September 1, 2010, to August 31, 2011. The plan sets forth specific actions that Waste Management will take using recyclable commodity revenues retained by the Company. The actions include: data reporting; quarterly updates and coordination meetings between the County and the Company; conducting promotions designed to increase the number of households subscribing to curbside collection and food waste services; decreasing residuals and contamination in recyclables through outreach and education of customers, auditing of outgoing residuals from the Cascade Recycling Center (subcontracted by Waste Management to Cascadia Consulting Group); investment in optical sorting equipment and processing technologies for plastics to improve the quality of recyclables coming from the Cascade Recycling Center; harmonization with other area curbside recycling programs (expanding what recyclables are acceptable); increasing the amount of electronic and household hazardous waste diverted from area landfills through training of customer service staff and education of customers; increase food waste collection participation from single family yardwaste customers by hiring an Organics Outreach Coordinator; increase multifamily recycling by implementing ideas generated through focus groups designed to determine the best way to outreach multifamily customers and increase their participation; hiring of a Recycling Outreach Coordinator to staff community events, develop public education and increase awareness about waste reduction in the County; hiring by the Company of a third party agency to manage customer focus groups designed to evaluate the effectiveness of Waste Management's marketing and public education messages and service expectations of both current and future service offerings.
- 6 Included with Waste Management's recycling and commodity revenue sharing plan, is a letter dated July 15, 2010, signed by Matt Zybas, Snohomish County Solid Waste

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<sup>1</sup> Engrossed Second Substitute House Bill 2539, Chapter 154, Laws of 2010 became effective June 10, 2010, increasing the amount that could be retained by solid waste collection companies from 30 percent to 50 percent. Commission Dockets TG-101220, TG-101221, TG-101222 and TG-101224 are the first filings seeking the increased revenue sharing amount (50 percent).

Division. The letter certifies the recycling plan is consistent with the County's Comprehensive Solid Waste Management Plan and recommends to the Commission that Waste Management be allowed to retain fifty percent of the actual value of recyclable commodity revenues received during the period of this agreement (September 1, 2010, through August 31, 2011). Additionally, Mr. Zybas states in his letter that; "If Waste Management does not meet its reporting requirements, the amendment [to the recycling and commodity revenue sharing plan] calls for a reduction in the revenue share retained by Waste Management to 15 percent. If Waste Management does not meet other conditions in the amended Plan, Snohomish County may later request that the WUTC consider requiring that some of the revenues be returned to customers."

- 7 At its regularly scheduled meeting of August 26, 2010, the Commission included this matter in its discussion agenda to hear testimony from Staff, the County and the Company. Present on behalf of Waste Management were: Mike Weinstein, Senior Pricing Manager, Pacific Northwest Market Area and Polly McNeill, Summit Law Group PLLC. Snohomish County was represented by Matt Zybas, Solid Waste Division Director and Sego Jackson, Principal Planner. During the discussion, Mr. Jackson advised the Commission that the County does not receive a budget from the Company when preparing or approving the plan; nor does the County receive sufficient information from the Company to audit plan results or details about how retained revenues are being spent.
- 8 As part of its compliance filing for Commission's Order authorizing revenue sharing in Docket TG-090759, the Company reported that, for the period of September 1, 2009, through August 31, 2010, it retained recyclable commodity revenues of \$726,585 and expended \$601,241. For the same period, pounds recycled per customer increased by 7.6 percent. The revenue sharing agreement in TG-090759 called for 30 percent revenue sharing.
- 9 Staff agreed that the Commission could allow the proposed commodity credits to become effective September 1, 2010, and allow, subject to refund, Waste Management to retain through December 1, 2010, fifty percent of the revenues it receives from the sale of recyclable materials that it collects in its single family and multi-family residential recycling service.

10 Staff recommends that by November 1, 2010, the Company, in conjunction with the County, submit a detailed budget and petition with supporting documents to allow revenue sharing, to be effective through the end of the plan date of August 31, 2011.

### **FINDINGS AND CONCLUSIONS**

- 11 (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.*
- 12 (2) This matter came before the Commission at its regularly scheduled meeting on August 26, 2010.
- 13 (3) Waste Management 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.
- 14 (4) RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials from single family and multi-family customers to retain up to fifty 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 management plan and that demonstrates how the revenues will be used to increase recycling. The remaining revenue shall be passed through to single family and multi-family customers.
- 15 (5) Snohomish County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of Snohomish County Solid Waste certified that Waste Management's recycling plan is consistent with the County's Comprehensive Solid Waste Management Plan and recommended that the Commission allow Waste Management to retain fifty percent of the revenue the Company receives from the sale of recyclable material collected from single family and multi-family customers.

- 16 (6) Waste Management is required to meet the reporting requirements specified by the County in its recycling and commodity revenue sharing plan, the plan calls for a reduction in the revenue share retained by Waste Management to 15 percent. Failure by Waste Management to meet other conditions in the plan may result in the County requesting from the Commission that some of the revenues retained be returned to customers.
- 17 (7) After reviewing Waste Management's request to allow the proposed commodity credits filed on July 16, 2010, to become effective September 1, 2010, and request to retain through August 31, 2011, fifty percent of the revenue received from the sale of recyclable materials collected in its recycling service, and giving due consideration, the Commission finds that Waste Management's requests should be granted on a temporary basis, subject to refund, until December 1, 2010.
- 18 (8) Waste Management is required to file with the Commission no later than November 1, 2010, a petition together with a detailed budget and supporting documents to allow revenue sharing to be effective through August 31, 2011, subject to refund. The Commission will, prior to December 1, 2010, review that budget and determine the appropriate percentage for revenue sharing under RCW 81.77.185. Also, at that time, the Commission may revisit the commodity credit amounts that have been allowed to go into effect by operation of law in this docket.

**ORDER**

**THE COMMISSION ORDERS:**

- 19 (1) The Commission takes no action allowing the revised commodity credits filed by Waste Management of Washington, Inc., d/b/a Waste Management – Northwest to go into effect September 1, 2010, by operation of law.
- 20 (2) Waste Management of Washington, Inc., d/b/a Waste Management – Northwest, is authorized to retain fifty percent of the revenue it receives from the sale of recyclable materials collected in its single family and multi-family residential recycling programs on an interim basis, from September 1, 2010, through December 1, 2010, subject to refund.

- 21 (3) Commencing September 1, 2010, Waste Management of Washington, Inc., d/b/a Waste Management – Northwest, will work with Snohomish County to devise a budget and subsequently petition the Commission in sixty-days (no later than November 1, 2010) to allow the revenue sharing through August 31, 2011 and lift the interim status of the revenue sharing by December 1, 2010 (ninety-days).
- 22 (4) The petition is to include a plan and detailed budget consistent with Snohomish County’s Comprehensive Solid Waste Management Plan that shows details on the amount of revenue it expects to retain, the amount of money it plans to spend on the activities identified in Waste Management of Washington, Inc., d/b/a Waste Management – Northwest’s recycling plan together with the anticipated effect the activities will have on increasing recycling.
- 23 (5) The Commission will, prior to December 1, 2010, issue an order either lifting the interim status of the revenue sharing or set some other amount percentage for revenue sharing. It may also revisit the commodity credit amounts that have been allowed to go into effect by operation of law in this docket.
- 24 (6) Waste Management of Washington, Inc., d/b/a Waste Management – Northwest, will meet the reporting and all other requirements specified by Snohomish County in its recycling and commodity revenue sharing plan. The plan calls for a reduction in the revenue share retained by Waste Management of Washington, Inc., d/b/a Waste Management – Northwest to 15 percent if it does not meet reporting requirements. The Commission requests that Snohomish County inform the Commission if the Company fails to meet its reporting requirements. Upon receipt of such information, either from Snohomish County or from another source, the Commission shall provide notice to the Company that the revenue sharing is being reconsidered and the Company should demonstrate why its percentage should not be reduced.
- 25 (7) Revenues retained by Waste Management of Washington, Inc., d/b/a Waste Management – Northwest, not spent during the previous plan period are to be carried over into the next year, and revenues from this plan period that are not spent are to be carried over to the following year, unless some other treatment as may be ordered by the Commission.

- 26 (8) The Commission retains jurisdiction over the subject matter and Waste Management of Washington, Inc., d/b/a Waste Management – Northwest, to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective August 31, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner