

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

IN THE MATTER OF THE	)	DOCKET TG-141295
PETITION OF	)	
	)	ORDER 01
	)	
Rabanco Ltd dba Rabanco	)	
Companies, Republic Services, and	)	
Sea Tac Disposal,	)	
	)	
Petitioner,	)	
	)	
Requesting Authority to Retain 50	)	ORDER AUTHORIZING REVENUE
Percent of the Revenue Received	)	SHARING FOR RECYCLABLE
From the Sale of Recyclable	)	COMMODITIES REVENUE AND
Materials Collected in Residential	)	ALLOWING RECYCLABLE
Recycling Service	)	COMMODITY CREDIT
.....	)	ADJUSTMENT
	)	

**BACKGROUND**

1 On June 13, 2014, Rabanco Ltd dba Rabanco Companies, Republic Services, and Sea Tac Disposal, (Sea Tac Disposal 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 Sea Tac Disposal 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 6,200 regulated residential recycling customers in King County.

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

2 In Docket TG-131160, Order 01, 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 Sea Tac Disposal made the compliance filing on June 13, 2014, and the results are summarized in the following table:

Task	Budget	Retained	Expensed
<b>Labor Costs for implementing tasks in this agreement [Plan] (not allocated to tasks below)</b>	\$ 104,410		\$ 83,134
<b>Data Collection and Reporting</b>	\$ 10,000		\$ 10,000
<b>Cart Conversion to 96 Gallon Recycling</b>	\$ 90,798		\$ 80,148
<b>Carts Contamination Pilot</b>	\$ 57,650		\$ 82,338
<b>Promotion of Food and Yard Waste</b>	\$ 47,548		\$ 39,639
<b>Multifamily Contamination Monitoring and Characterization of Recycling</b>	\$ 41,500		\$ 10,144
<b>Total</b>	<b>\$ 451,906</b>		<b>\$ 305,403</b>
<b>Incentive-1%</b>	\$ 4,519		\$ 3,054
<b>Incentive-4%</b>	\$ 18,076		\$ 12,216
<b>Total</b>	<b>\$ 474,501</b>	<b>\$ 395,328</b>	<b>\$ 320,673</b>
<b>Revenues Returned to customers</b>			<b>\$ 74,655</b>

In its compliance filing, the Company reported that it increased both diversion and organics subscription rates and therefore met the performance standards required to retain four percent and one percent of expenditures respectively, as an incentive. In its June 13, 2014 letter to the Commission, Pat D. McLaughlin, King County Solid Waste Division Director certified that the Company had met both performance goals and was eligible to retain the incentive amounts as outlined in the Plan.

### PROPOSED 2014-2015 COMMODITY CREDITS

- 3 The Company filed replacement tariff pages on July 2, 2014, in which it proposes to decrease recycling rates by \$0.34 (commodity credit increase from \$0.46 to \$0.80) per month for single-family residential customers and to decrease recycling rates by \$0.13 (commodity credit increase from \$0.18 to \$0.31) 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 King County (Plan) for the period August 1, 2014, to July 1, 2015. The Plan covers Sea Tac Disposal and two other Rabanco Ltd. business units operating in King County. The Plan forecasts \$1,027,258 revenue from the sale of recyclable commodities collected by the three business units and proposes to retain \$513,450 (50.0 percent), \$67,597 of which is attributed to Sea Tac Disposal, to spend on Plan activities.
- 6 The Plan includes activities, budgets and performance measures for the three business units combined, not specific to each individual business unit. The Plan identifies the following activities and budget amounts: Data Collection and Reporting (\$11,000), Cart Contamination Mitigation (\$169,500), Mobile and Web App. Implementation (\$56,500), Food and Yard Waste Recycling Education (\$35,000), Multi-family Outreach and Infrastructure Improvements (\$130,000), and Project Management and Administration (\$87,000). The Plan's total budget is \$489,000.
- 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:

Rabanco Ltd is eligible for a financial incentive for implementation of this plan as follows:

- For increasing diversion of materials from disposal by regulated residential customers, an amount equal to 4 percent of the total expenditures incurred by Sea Tac Disposal in implementation of Plan activities.
- For increasing voluntary subscriptions by regulated single-family residential customers for the food and yard waste (organic) collection services an amount equal to 1 percent of the total expenditures incurred by Sea Tac Disposal in implementation of Plan activities.

---

<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.

Additionally, as set forth in the Plan, eligibility for the award of an incentive will be determined by King 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 Pat D. McLaughlin, King County Solid Waste Division Director, signed the Plan and certified that it is consistent with King County's Comprehensive Solid Waste Management Plan. King 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.

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 Sea Tac Disposal on June 13, 2014, and revised on July 2, 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) Sea Tac Disposal 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) King County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of King County's Solid Waste Division certified that Republic Services' recycling plan is consistent with King County's Comprehensive Solid Waste Management Plan.
- 15 (6) The Plan includes a provision for an incentive payment of five percent, of Sea Tac Disposal's planned expenditure. The Plan conditions the award of the incentive on achieving specific performance goals.
- 16 (7) Sea Tac Disposal's 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 Sea Tac Disposal's request should be granted.

## **ORDER**

### **THE COMMISSION ORDERS:**

- 17 (1) If Rabanco Ltd dba Rabanco Companies, Republic Services, and Sea Tac 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 Rabanco Companies, Republic Services, and Sea Tac 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 Rabanco Companies, Republic Services, and Sea Tac 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 Rabanco Companies, Republic Services, and Sea Tac Disposal on June 13, 2014, and revised on July 2, 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 Rabanco Companies, Republic Services, and Sea Tac 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**