

Agenda Date: June 27, 2003  
Item Numbers: B1, B2, B3, and B4

**Dockets:** TG-030711, TG-030712, TG-030713, TG-030923  
**Company:** Waste Management of Washington Inc., G-237 dba  
Northwest (Tariff No. 15)  
Rainier, Nick Raffo and RST (Tariff No. 20)  
Seattle (Tariff No. 6)  
Sno-King (Tariff No. 12)

Staff: Nicki Johnson, Regulatory Analyst  
Deborah Reynolds, Regulatory Analyst

**Recommendations:**

1. Allow the staff recommended revised rates of Waste Management, Inc., in Dockets TG-030711 and TG-030712, to become effective by operation of law on July 1, 2003.
2. Allow the proposed rates of Waste Management, Inc., in Docket TG-030713, to become effective by operation of law on July 1, 2003.
3. Grant the request of Waste Management, Inc., for less than statutory notice in Docket TG-030923, for rates to become effective July 1, 2003.
4. Order the Company to provide quarterly reports and other information the Staff needs to determine the effectiveness of revenue sharing to increase recycling and the effect of revenue sharing on the costs to customers.

Discussion:

On May 16, 2003, Waste Management (or the Company) filed proposed tariff revisions to change its annual recycle commodity revenue adjustment for Tariff No. 6 (Seattle), Tariff No. 15 (Northwest) and Tariff No 20 (Rainier, Nick Raffo and RST). On June 11, 2003, the Company filed its annual recycle commodity revenue adjustment for Tariff No. 12 (Sno-King). The proposed effective date of the filings is July 1, 2003.

These are the first filings before the Commission proposing to initiate revenue sharing of recycle commodity revenue under the provisions of RCW 81.77.185. The Company submitted Recycling and Commodity Revenue Sharing Plans (Recycling Plans) for both King and Snohomish counties. A county representative certified that the respective Recycling Plan is consistent with its Comprehensive Solid Waste Management Plan. Both Recycling Plans propose, and the counties support, that during the first year of the program, July 2003 to July 2004, the Company retain 30% of the revenue from the sale of residential and multi-family recycling commodities.

To increase recycling, Waste Management proposes to add poly-coated beverage containers, expand plastic commodities to include all plastic bottles and tubs, and to pick up ferrous and nonferrous metals. The Company also intends to switch from three-bin source separated collection to single stream recycling where all recyclables are placed in a single wheeled cart. In King County the new cart collection will begin in August and September. In Snohomish County the collection will begin in October and November.

Snohomish County, by Motion No. 03-232, expanded the recycling service zone to include all of Snohomish County. Recycling in Snohomish County is mandatory pay, but voluntary participation. Beginning in July, an additional 2,800 customers in the Company's Northwest service area will be receiving curbside recycling. The rate for curbside recycling is \$6.35 per month. These customers have been notified of the service and rate change.

The Commission has received several phone calls (approximately 35) and 15 letters opposed to mandatory recycling and the proposed rate. Customers believe the recycling rate should be much lower. Some mini-can customers have stated that under the proposal they would be paying more to recycle than for actual garbage service.

In King County, in addition to the new recycle commodities and cart system, the company proposes changes in the yardwaste program. The first change is a proposal to add post-consumer food waste to its yardwaste program. This collection program will begin as soon as a site acceptable to Waste Management is permitted to accept post-consumer waste for composting.

A pilot program for yardwaste is also proposed. Waste Management will collaborate with King County and the Commission to plan and implement a program for yardwaste that includes yardwaste rates with variable-can rates similar to the garbage collection rate design. A universal base fee for organics to be paid by all single-family customers in the pilot area is also part of the proposal.

The Company will submit status reports to Snohomish and King counties by May 1, 2004, showing the effectiveness of the programs to increase recycling. Each county will review the report to see if the goals have been achieved and recommend the percent of revenue sharing for the year beginning July 2004.

It is the Commission's responsibility to report to the legislature the effectiveness of the programs as incentives to increase recycling and to measure the costs of revenue sharing to the customer. To enable Staff to make this determination, it is necessary that the Company submit information to the Staff. The Staff recommends that the Commission order the Company to provide:

- (1) Copies of all waste composition studies and quarterly reports required by the County Recycling Plans.

- (2) On a quarterly basis, multi-family statistics that include the tons of solid waste disposed and recycle commodities collected and a count of multi-family customers subscribing to each level of garbage collection.
- (3) For each month in the quarter, the commodity sales revenue for each product sold.
- (4) On a quarterly basis, schedules detailing the costs associated with implementing the Recycling Plans such as the expenses of conducting the waste composition studies, switching to single stream recycling and adding recyclable materials, expansion of curbside collection into rural Snohomish County and adding food waste to yardwaste programs.
- (5) Any other information that may be needed to evaluate the effectiveness and cost of the programs.

The table below shows regulated customer numbers, the projected revenue for the next 12 months and 30% of that revenue.

	<u>Customer Numbers</u>	<u>Projected Revenue</u>	<u>30% of Revenue</u>
<u>King County</u>			
Rainier, RST, Raffo, Seattle	31,850	\$807,100	\$242,130
Sno-King	22,500	\$597,797	\$179,339
<u>Snohomish County</u>			
Northwest	<u>66,900</u>	<u>\$1,427,239</u>	<u>\$428,172</u>
Totals	<u>121,250</u>	<u>\$2,832,136</u>	<u>\$849,641</u>

It is recommended that the Commission allow the staff recommended revised rates of Waste Management, Inc., in Dockets TG-030711 and TG-030712, to become effective by operation of law on July 1, 2003.

Allow the proposed rates of Waste Management, Inc., in Docket TG-030713, to become effective by operation of law on July 1, 2003.

Grant the request of Waste Management, Inc., for less than statutory notice in Docket TG-030923, for rates to become effective on July 1, 2003.

Order the Company to provide quarterly reports and other information the Staff needs to determine the effectiveness of revenue sharing to increase recycling and the effect of revenue sharing on the costs to customers.