

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

IN THE MATTER OF THE	)	DOCKET TG-131160
PETITION OF	)	
	)	ORDER 01
RABANCO LTD DBA REPUBLIC	)	
SERVICES OF KENT, RABANCO	)	
COMPANIES, AND SEA-TAC	)	
DISPOSAL,	)	
	)	
Petitioner,	)	
	)	ORDER AUTHORIZING REVENUE
Requesting Authority to Retain Fifty	)	SHARING FOR RECYCLABLE
Percent of the Revenue Received From	)	COMMODITIES REVENUE AND
the Sale of Recyclable Materials	)	ALLOWING RECYCLABLE
Collected in Residential Recycling	)	COMMODITY CREDIT
Service	)	ADJUSTMENT
.....	)	

**BACKGROUND**

1 On June 17, 2013, Rabanco Ltd dba Republic Services of Kent, Rabanco Companies, and Sea-Tac Disposal (Republic Services or Company) filed the following documents with the Washington Utilities and Transportation Commission (Commission): (1) a report of its 2012-2013 recycling plan and revenue sharing; (2) revised 2013-2014 commodity credits that result in increased rates to all recycling customers; (3) the Company’s 2013-2014 recycling plan; and (4) a request that the Commission allow Republic Services to retain up to fifty percent of the revenue received from the sale of recyclable materials during the 2013-2014 recycling plan period. The Company serves approximately 6,200 regulated residential recycling customers in King County.

**REPORT ON 2012-2013 RECYCLING PLAN AND REVENUE SHARING**

2 In Docket TG-121061, Order 02, 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 2012-2013 recycling plan, and the effect the activities had on increasing recycling. The Company made the compliance filing on June 17, 2013, and the results are summarized in the following table:

<b>Labor Costs for implementing tasks in this agreement [Plan] (not allocated to tasks below)</b>	\$103,000		\$ 57,463
<b>Internal Communication and Coordination w/King County</b>			\$ 10,000
<b>Cart Contamination Pilot</b>	\$ 10,000		\$ 25,514
<b>Conversion to 96 Gallon Recycling Carts</b>	\$134,000		\$ 53,663
<b>Promotion of Food and Yard Waste</b>	\$ 10,000		\$ 21,415
<b>External Communication, Outreach, and Education</b>	\$ 10,000		\$ 16,857
<b>Recycling Protocol</b>	\$ 41,000		\$ 40,500
<b>Total</b>	<b>\$308,000</b>		<b>\$225,412</b>
<b>Incentive-1%</b>	\$ 3,080		\$ 2,254
<b>Incentive-4%</b>	\$ 12,320		\$ -
<b>Total</b>	<b>\$323,400</b>	<b>\$249,151</b>	<b>\$227,666</b>
<b>Revenues Returned to customers</b>			<b>\$ 21,485</b>

In its compliance filing, the Company reported that it met the performance standards to retain one percent of expenditures as an incentive, but failed to meet the performance standard to retain the additional four percent of expenditures.

**PROPOSED 2013-2014 COMMODITY CREDITS**

- 3 On July 12, 2013, the Company filed replacement tariff pages in which it proposes to increase recycling rates by \$0.91 (commodity credit decrease from \$1.37 to \$0.46) per month for single-family residential customers and to increase recycling rates by \$0.43 (commodity credit decrease from \$0.61 to \$0.18) per yard for multi-family customers for the period August 1, 2013, to July 31, 2014. 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 2013-2014 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 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. The remaining revenue shall be passed to the residential customers.

5 Pursuant to RCW 81.77.185, on June 17, 2013, the Company filed with the Commission a Commodity Revenue Sharing Enhancement Plan for King County (Plan) for the period August 1, 2013, to July 31, 2014. The Plan covers Republic Services and two other Rabanco Ltd. business units operating in King County. The Plan forecasts \$715,279 revenue from the sale of recyclable commodities collected by the three business units and proposes to retain \$356,591 (49.9 percent), \$47,370 of which is attributed to Republic Services, 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 (\$10,000), Cart Conversion (\$102,206), Cart Contamination Mitigation (\$55,000), Promotion of Food and Yard Waste Recycling (\$45,000), Multi-family Contamination Monitoring and Characterization of Recycling (\$44,000), and Project Management and Administration (\$83,000). The Plan's total budget is \$339,206.

7 The Plan's 2013-2014 budget includes an incentive payment of \$16,960 (5.0 percent of planned expenditures).<sup>1</sup> The Plan states in part:

Republic Services 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 Republic Services 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 Republic Services in implementation of Plan activities.

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.

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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.

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, 2013, through July 31, 2014, 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 revised recycling commodity credits filed by the Company on July 12, 2013, to go into effect August 1, 2013, 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, 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.
- 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 26, 2013.
- 13 (4) RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials 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. 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 the Company's 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, 2013, to July 31, 2014, is consistent with RCW 81.77.185, and the Commission finds that Republic Services' request should be granted.

**O R D E R**

**THE COMMISSION ORDERS:**

- 17 (1) If Rabanco Ltd., dba Republic Services of Kent, Rabanco Companies, and Sea-Tac Disposal complies with the Plan as set forth in this order, the Company may retain up to fifty 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, 2013, to July 31, 2014.
- 18 (2) Rabanco Ltd., dba Republic Services of Kent, Rabanco Companies, 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 Republic Services of Kent, Rabanco Companies, and Sea-Tac Disposal shall make a compliance filing with the Commission no later than June 17, 2014, 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 the activities had on increasing recycling.
- 20 (4) The commodity credits filed by Rabanco Ltd., dba Republic Services of Kent, Rabanco Companies, and Sea-Tac Disposal on June 17, 2013, as revised on July 12, 2013, are allowed to go into effect by operation of law.
- 21 (5) The Commission delegates to 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 of Kent, Rabanco Companies, 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 26, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary