

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PULLMAN DISPOSAL SERVICE, INC.,

Petitioner,

Seeking Exemption from the Provisions of WAC 480-70-351(2) Relating to the use of the previous 12 months for calculation of future cost; requesting use of a deferred accounting mechanism to establish an annual commodity adjustment to pass back revenues and charges to customers for recyclable commodities

DOCKET TG-180696

ORDER 01

ORDER GRANTING
EXEMPTION FROM RULE,
AUTHORIZING USE OF
DEFERRED ACCOUNTING
MECHANISM TO ESTABLISH
AN ANNUAL COMMODITY
ADJUSTMENT; ALLOWING
TARIFF REVISIONS TO BECOME
EFFECTIVE BY OPERATION OF
LAW

BACKGROUND

- 1 On August 15, 2018, Pullman Disposal Service, Inc. (Pullman or Company) filed with the Washington Utilities and Transportation Commission (Commission) a request to establish a commodity adjustment to pass through revenues and charges for recyclable commodities to customers, and a petition requesting an exemption from WAC 480-70-351(2) (Petition).
- 2 Under WAC 480-70-351(2), solid waste companies that estimate the revenue from the sale of recyclable materials collected in residential curbside programs as part of a deferred accounting program to return recycling revenues or charges to customers must use the most recent 12-month historical period to estimate the revenue for the next twelve months. In its Petition, Pullman argues that the volatility in the markets makes the past 12 months an inaccurate measure of future costs. Due to the decreased value of recyclable commodities, the Company seeks approval to use a 6-month, rather than 12-month, average to calculate its proposed recycling commodity adjustment.
- 3 On August 15, 2018, the Company also filed tariff revisions proposing an initial commodity adjustment of an additional charge of \$1.59 per month for residential and multi-family recycling customers.
- 4 Commission staff (Staff) reviewed the request and recommends the Commission grant Pullman's request to establish an annual commodity adjustment and grant Pullman's

Petition for exemption, subject to the following condition(s):

- (a) Pullman must file for a commodity adjustment within six months of the date of this order.
- (b) Pullman must track actual containers per customer and actual weight per container for use in future commodity filings.

DISCUSSION

5 We grant Pullman’s Petition subject to the conditions Staff recommends. Using the most recent 6-month historical period to estimate revenues is reasonable because it reflects a more realistic estimate of recyclable commodity revenue. Accordingly, we find that granting an exemption to WAC 480-70-351(2) is consistent with the public interest, the purposes underlying regulation, and applicable statutes.¹

6 We also allow the proposed tariff revisions to become effective by operation of law. RCW 81.77.185(1) requires the Commission to authorize solid waste collection companies collecting recyclable materials to retain up to 50 percent of the revenue paid to the companies for the material, and to pass back remaining revenue to residential customers. Here, the Company is not proposing to retain any revenue. Rather, the Company would pass back to customers any revenues received for recyclable commodities utilizing a deferred accounting program. We note that the Commission has allowed other regulated solid waste companies to implement similar annual commodity adjustments that allow them to pass on the revenues or costs for processing recyclable material.

FINDINGS AND CONCLUSIONS

- 7 (1) The 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.
- 8 (2) Pullman 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.

¹ See WAC 480-70-051 and WAC 480-07-110.

- 9 (3) Pullman is subject to WAC 480-70-351(2), which provides that solid waste companies that estimate the revenue from the sale of recyclable materials collected in residential curbside programs as part of a deferred accounting program to return recycling revenues or charges to customers must use the most recent 12-month historical period to estimate the revenue for the next 12 months.
- 10 (4) Under WAC 480-70-051, the Commission may grant an exemption from the provisions of any rule in WAC 480-70, if consistent with the public interest, the purposes underlying regulation, and applicable statutes. See also WAC 480-07-110.
- 11 (5) This matter came before the Commission at its regularly scheduled meeting on September 27, 2018.
- 12 (6) After review of the petition filed in Docket TG-180696 by Pullman on August 15, 2018, and giving due consideration, the Commission finds that the exemption is in the public interest and is consistent with the purposes underlying the regulation and applicable statutes and should be granted, and that the proposed tariff revision should become effective October 1, 2018, by operation of law.

ORDER

THE COMMISSION ORDERS:

- 13 (1) The Commission grants Pullman Disposal Service, Inc.'s request to implement an annual commodity adjustment utilizing a deferred accounting mechanism.
- 14 (2) The Commission grants Pullman Disposal Service, Inc.'s Petition for an exemption from WAC 480-70-351(2), subject to the following condition(s):
- a) Pullman Disposal Service, Inc. must file for a commodity adjustment within six months from the date of this Order.
 - b) Pullman Disposal Service, Inc. track must its recycling containers per customer and weight per container.
 - c) The commodity adjustment expires six months from the effective date of the credit.

- 15 (3) The tariff revisions Pullman Disposal Service, Inc. filed on August 15, 2018, will become effective on October 1, 2018, by operation of law.
- 16 (4) The Commission retains jurisdiction over the subject matter and Pullman Disposal Service, Inc. 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 September 27, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON, Executive Director and Secretary