

Agenda Date: May 30, 2019  
Item Numbers: B1, B2, B3, B5

**Dockets:** **TG-190175 (Waste Management North Sound)**  
**TG-190177 (Waste Management South Sound)**  
**TG-190178 (Waste Management Brem-Air)**  
**TG-190184 (Waste Management Spokane)**

Company Name: Waste Management, Inc. d/b/a Waste Management – North Sound and Waste Management - Marysville G-237  
Waste Management, Inc. d/b/a Waste Management – South Sound and Waste Management - Seattle G-237  
Waste Management, Inc. d/b/a Brem – Air Disposal G-237  
Waste Management, Inc. d/b/a Waste Management of Spokane, Valley Garbage Service Co. G-237

Staff: Scott Sevall, Regulatory Analyst  
Greg Hammond, Regulatory Analyst  
Tiffany Van Meter, Regulatory Analyst  
Cristina Steward, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Take no action allowing tariff revisions filed on March 14, 2019, and revised on May 7, 2019, by Waste Management, Inc. d/b/a Waste Management – North Sound and Waste Management - Marysville, Waste Management, Inc. d/b/a Waste Management – South Sound and Waste Management - Seattle, Waste Management, Inc. d/b/a Brem – Air Disposal, and Waste Management, Inc. d/b/a Waste Management of Spokane, Valley Garbage Service Co., to go into effect June 1, 2019, by operation of law.

### **Discussion**

On March 14, 2019, Waste Management, Inc. d/b/a Waste Management – North Sound and Waste Management – Marysville (North Sound), Waste Management – South Sound and Waste Management – Seattle (South Sound), Brem – Air Disposal (Brem-Air), and Waste Management of Spokane, and Valley Garbage Service Co. (Spokane), (or collectively as Waste Management), filed tariff revisions for recycling collection rates with the Utilities and Transportation Commission (commission) that would generate approximately \$742,500 (North Sound), \$165,000 (South Sound), \$413,000 (Brem-Air), \$176,000 (Spokane) in additional annual revenue, with total additional annual revenue of \$1,511,725. These four filings remove the surcharge and increase the recycling collection rate to recover the increases in recycling processing costs. Waste Management serves approximately 204,000 regulated residential recycling customers in these four business units which operate primarily in King, Kitsap, Snohomish and Spokane counties respectively.

Commission staff's (staff) review found that the company's proposed recycling collection rates would result in excess revenue. Staff and the company agreed to a revised revenue requirement of approximately \$1,271,157 (\$561,028 North Sound, \$224,953 South Sound, \$155,658 Brem-Air, \$329,518 Spokane) additional annual revenue. On May 7, 2019, Waste Management filed revised tariff pages with rates at staff recommended levels.

The difference between the company's original proposal and the agreed upon revenue requirement centered on the tonnage and customer counts to be used in the rate calculation. The company's initial proposal used the previous general rate case customer count and recycling tonnage, a similar methodology to that used in disposal fee increases, and was the agreed method for calculating the recycling surcharges when initially proposed. Staff proposed calculations using more recent customer counts and tonnages in this case because recycling markets and programs (as well as customer growth) have had significant changes since the last general rate case for each business unit became effective.<sup>1</sup> The rates that staff and the company have agreed to are fair, just, reasonable, and sufficient.

### **Rate Comparison**

Waste Management Recycling Collection Rates						
	Current Collection Rate	Current Surcharge	Company Proposed Increase	Revised Proposed Increase	Proposed Tariff Rate	Percent change from tariff plus surcharge
North Sound	\$8.82	\$0.46	\$0.52	\$0.39	\$9.21	(1.0%)
South Sound	\$9.40	\$0.81	\$0.79	\$1.06	\$10.46	2.5%
Brem-Air	\$7.10	\$0.81	\$0.75	\$0.28	\$7.38	(6.7%)
Spokane	\$8.15	\$0.56	\$0.65	\$1.20	\$9.35	6.8%

### **Customer Comments**

Customers will be noticed of the changes on the first billing after the effective date of rates.

### **Conclusion**

Take no action allowing tariff revisions filed on March 14, 2019, and revised on May 7, 2019, by Waste Management, Inc. d/b/a Waste Management – North Sound and Waste Management - Marysville, Waste Management, Inc. d/b/a Waste Management – South Sound and Waste Management - Seattle, Waste Management, Inc. d/b/a Brem – Air Disposal, and Waste Management, Inc. d/b/a Waste Management of Spokane, Valley Garbage Service Co., to go into effect June 1, 2019, by operation of law.

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<sup>1</sup> The last general rate cases were as follows: TG-151382 for North Sound became effective September 1, 2015, and generated an additional annual revenue of 2,273,000 (3.7 percent); TG-140471 South Sound became effective June 1, 2014, and generated an additional annual revenue of 1,053,000 (10 percent); TG-121822 Brem-Air became effective February 1, 2013, and generated an additional annual revenue of 1,600,000 (10.8 percent); TG-143889 Spokane became effective March 1, 2015, and generated an additional annual revenue of 992,000 (8.6 percent).