



October 27, 2010

David W. Danner, Executive Director
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

SUBJECT: Pierce County Comment on TG-101545 and TG-101548

Dear Executive Director Danner:

This letter provides formal comment and recommendations from Pierce County concerning the above-referenced docket numbers. To supplement this written comment, I will present oral testimony at the Washington Utilities and Transportation Commission Open Meeting on Thursday, October 28, 2010.

Background

American Disposal Company, Inc. and Murrey's Disposal Company, Inc. ("the companies") provide garbage collection and residential recycling services in Pierce County under certificates of convenience and necessity issued by the Washington Utilities and Transportation Commission ("Commission").

Annually, the companies file with the Commission a revised tariff to account for changes in the value of commodities collected through recycling programs. The companies filed the recycling commodity adjustments on September 15, 2010 in Docket TG-101545 and TG-101548.

Concurrent with the companies' filings, and in a letter to the Commission dated September 16, 2010, Pierce County certified a revised Company Recycling Plan designed to meet the requirements of RCW 81.77.185 and which reflects the requirements of Pierce County Code Chapter 8.29 – Minimum Levels of Service for Residential Recycling and Yardwaste Collection.

In the updated Company Recycling Plan, the companies will be required to make additional demonstrations and provide additional services in support of curbside recycling out of the revenues retained from the sale of recyclable commodities. Further, Pierce County will evaluate the companies' performance against new performance measures and thereby determine whether the companies will be eligible to retain up to fifty percent (50%) of revenue generated from the sale of commodities in the upcoming rate period.

State law assigns to local government "primary responsibility for solid waste management and to develop and implement aggressive and effective waste reduction and source separation strategies," [RCW 70.95.010(6)(c)].

The Commission is an important and crucial partner assisting local government efforts. Through the responsibilities assigned in Chapter 81.77 RCW, the Commission not only supervises and regulates private solid waste collection companies, but does so in a way that requires "compliance with local solid waste management plans and related implementation ordinances", and requires "certificate holders under



chapter 81.77 RCW to use rate structures and billing systems consistent with the solid waste management priorities set forth under RCW 70.95.010 and the minimum levels of solid waste collection and recycling services pursuant to local comprehensive solid waste management plans.”

Formal Comment

Through the regulatory efforts highlighted above, the Commission supports and enforces the solid waste management, waste reduction, and recycling systems that local governments are required to develop and implement. Pierce County wishes to formally thank the Commission and its staff for its acknowledgement of the Company Recycling Plan and the mutual efforts of Pierce County and the companies to optimize systems for the collection and processing of recyclable materials.

In both TG-101545 and TG-101548, the County concurs with staff recommendation 1.

Concerning staff recommendation 2, in both TG-101545 and TG-101548 the recommendation refers to “conditions set forth in staff’s memo.” These conditions appear in the paragraph at the bottom of page three. Pierce County supports some of the language and objects to other language. To better show our comments, I have divided the paragraph into each of its component parts.

Staff Recommendation

“Staff recommends that the commission accept the county’s recommendation that American retain fifty percent of the revenue it will receive from the sale of recyclable materials and require the company to report to the commission the amount of revenue it retained, the amount of money it spent on the activities identified in the company’s recycling and revenue sharing plan and the effect the activities had on increasing recycling.”

“Staff also recommends that the commission require the company to meet the performance requirements set forth in the plan...”

“... and consider whether to reduce the revenue share the company retained if the company fails to meet those performance requirements.”

“Finally, staff recommends that the commission require revenues that American retained but did not spend during the previous plan period to be carried over into the next year, and revenues from this plan period that are not spent to be carried over to the following year, unless the commission orders some other treatment.”

County Response

Pierce County concurs.

Pierce County agrees. This reflects the County-WUTC regulatory partnership envisioned in RCW 81.77.030(6).

This clause, with the Commission shouldering all of the responsibility for this review, does not adhere to the partnership envisioned in RCW 81.77.030(6), nor the requirements of RCW 81.77.185.

This “roll-over” seems to run at odds with the legislative intent of RCW 81.77.185: the creation of **financial incentives** to optimize recycling systems.

David W. Danner, Executive Director

October 27, 2010

Page 3

Pierce County believes the Commission can, through the Orders to be issued for each docket item, protect and preserve the regulatory partnership envisioned by the legislature when it first allowed revenue sharing in 2002 and expanded revenue sharing in 2010.

Formal Recommendations

Pierce County recommends that the Commission accept staff recommendation 1 as reported in both TG-101545 and TG-101548.

Pierce County further recommends that the Commission accept staff recommendation 2 as reported in both TG-101545 and TG-101548, using the following language to establish the conditions of approval with the Order Authorizing Revenue Sharing:

[insert name of company] is authorized to retain fifty percent of the revenue it will receive from the sale of recyclable materials; require the company to report to the commission the amount of revenue it retained, the amount of money it spent on the activities identified in the company's recycling and revenue sharing plan and the effect the activities had on increasing recycling; require the company to meet the performance requirements set forth in the Company Recycling Plan certified by the Pierce County Department of Public Works and Utilities; and after consulting with Pierce County, consider whether to reduce the revenue share the company retained, carry forward retained revenues into the next year, or other treatment ordered by the commission, if the company fails to meet those performance requirements.

As noted in the opening to this letter, I will be attending the Commission's Open Meeting to comment on these docket items in person. In the meantime, please contact me at (253) 798-4656 if you have any questions.

Respectfully,



Stephen C. Wamback
Solid Waste Administrator

- cc: Brian J. Ziegler, P.E., Director, Department of Public Works and Utilities
- Toby Rickman, Deputy Director, Department of Public Works and Utilities
- Robert Dieckmann, Solid Waste Project Coordinator, Public Works and Utilities
- Eddie Westmoreland, Waste Connections
- Dan Schooler, Waste Connections
- Irmgard Wilcox, Waste Connections

CORS/SO3451-SCW
Project File: OP-8.7