

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the matter of the Petition of

RABANCO LTD, d/b/a LYNNWOOD
DISPOSAL,

Certificate G-12

Petitioner,

Requesting Authority to Retain 50 Percent
of the Revenue Received From the Sale of
Recyclable Materials Collected in
Residential Recycling Service

DOCKET TG-200559

ORDER 01

AUTHORIZING REVENUE
SHARING FOR RECYCLABLE
COMMODITIES REVENUE;
ALLOWING RECYCLABLE
COMMODITY CREDIT
ADJUSTMENT

BACKGROUND

1 On June 17, 2020, Rabanco LTD, d/b/a Lynnwood Disposal, (Rabanco or Company) filed with the Washington Utilities and Transportation Commission (Commission) the following documents: (1) tariff revisions reflecting 2019-2020 commodity credit decreases, resulting in increased rates to residential recycling customers and multifamily customers; (2) the Company's 2019-2021 Snohomish County revenue-sharing plan (Plan); and (3) a request that the Commission allow Rabanco to retain up to 50 percent of the revenue received from the sale of recyclable materials during the 2019-2021 recycling plan period. Additionally, the Company included increased yard waste rates due to an increase in yard waste disposal implemented by Cedar Grove composting, and an adjustment to all garbage collection rates to recover the increase in the state B&O tax rate, which increased from 0.105 to 0.0175 on April 1, 2020.¹ The Company filed revised tariff pages on July 20, 2020. The Company serves single family and multi-family residential recycling customers in Snohomish County.

¹ Pursuant to WAC 480-07-505(3)(c), the Commission generally will not initiate a general rate case in response to a filing made by a solid waste company to "recover only the costs a company incurs to comply with government actions that directly impact the company's costs to provide regulated service (e.g., changes to state or local fees, charges, or taxes directly related to the collection or disposal of solid waste)."

Tariff Revisions

2 Commission staff (Staff) reviewed the Company’s filing and recommends the Commission allow the tariff revisions reflecting (1) increased yard waste rates due to an increase in yard waste disposal implemented by Cedar Grove composting, and (2) an adjustment to all garbage collection rates to recover the increase in the state B&O tax rate, which increased from 0.105 to 0.0175 on April 1, 2020, to become effective by operation of law.

Mid-Point of 2019-2021 Recycling Plan and Revenue Sharing

3 For the 2019-2020 reporting period, the Company reported the following:

- Task 1 - “Project Management” spending of \$32,936;
 - Task 2 - “Data Reporting” spending of \$0; and
 - Task 3 - “School Outreach” spending of \$28,706.
- Total spending for the first year of the agreement is \$61,641.

4 The proposed budget for the plan called for expenditures of \$154,000. However, the total commodity value for the first year was \$108,164. The Company is only allowed to retain up to 50 percent of the commodity value, which is \$54,082. Total expenses for the first year resulted in the Company overspending by \$7,560, which will be made up from revenue collected in year 2. The year 2 activities have been amended to account for lower projected revenues.

Proposed 2019-2020 Commodity Credits

5 The Company filed replacement tariff pages on July 20, 2020, proposing a commodity credit increase outlined in the table below. The multifamily adjustment includes a correction from the prior year in which the commodity adjustment was credited to customers’ bills when it should have been a charge. The proposed adjustments will decrease the recycling rate of the customers for the period August 1, 2019, to July 31, 2021.

Single			
d/b/a	Current	Proposed	Difference
Lynnwood	\$0.33	\$0.09	\$0.34
Multifamily			
Lynnwood	\$0.14	\$0.13 DR	\$0.27

Proposed 2019-2021 Recycling Plan and Revenue Sharing

- 6 Pursuant to RCW 81.77.185, on June 17, 2020, the Company filed with the Commission a revised Commodity Revenue Sharing Enhancement Plan for Snohomish County (Plan) for the period from August 1, 2019 to July 31, 2021. The Company forecasts \$103,427 in revenue from the sale of recyclable commodities and proposes to retain \$51,713 (50 percent) to spend on Plan activities. Plan activities are budgeted at \$31,657 for Task 1-Administration and Task 2-Staffing, and \$11,500 for Task 3-School Outreach. School Outreach has been, and will be, greatly affected by the COVID-19 pandemic and resulting restrictions.
- 7 Under the Plan, the Company will be limited to retaining up to 50 percent of the actual revenue received from the sale of recyclable commodities for the period from August 1, 2019, to July 31, 2021. Excess revenue will be returned to customers in the current recycling commodity adjustment. The maximum amount the Company can retain in any year is 50 percent of commodity values. The Company will work with the county to make any relevant budget and plan adjustments and will include those changes in its 2021 commodity credit filing.
- 8 Matthew Zybas, Snohomish County Solid Waste Division Director, signed the Plan and certified that it is consistent with Snohomish County's Comprehensive Solid Waste Management Plan. Snohomish County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received each of the two years of the plan from August 1, 2019, to July 31, 2021.
- 9 Staff recommends that the Commission grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan.

DISCUSSION

- 10 We agree with Staff's recommendation and: (1) grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan; and (2) allow the tariff revisions reflecting increases to recycling credits, yard waste disposal fees, and state B&O taxes to go into effect by operation of law on August 1, 2020. We address each of the Company's requests in turn.
- 11 First, Rabanco has met the requirements of RCW 81.77.185. Under the statute, the

Commission must allow a solid waste collection company collecting recyclable materials to retain up to 50 percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified with the local government solid waste plan, and that demonstrates how the revenues will be used to increase recycling.

12 Rabanco submitted a plan to the Commission that was certified by the appropriate local government authority as consistent with the local government's solid waste plan, which demonstrates how the revenues will be used to increase recycling. Snohomish County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received each of the two years of the plan from August 1, 2019, to July 31, 2021. Therefore, we grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan.

13 Finally, we find that Rabanco's proposed commodity credits, which reflect both the effect of the Commission-approved deferred accounting mechanism and the commodity revenues for the 2019-2020 plan period, are consistent with the public interest. Rabanco is also authorized to recover the increased disposal fees and state taxes as a pass-through charge to customers. Accordingly, we allow the revised recycling credits, disposal fees, and state taxes to become effective by operation of law on August 1, 2020.

FINDINGS AND CONCLUSIONS

- 14 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies.
- 15 (2) Rabanco 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.
- 16 (3) On June 17, 2020, Rabanco filed with the Commission 1) tariff revisions reflecting increases to recycling credits, yard waste disposal fees, and state B&O taxes; (2) the Company's 2019-2021 Snohomish County revenue-sharing plan (Plan); and (3) a request that the Commission allow Rabanco to retain up to 50 percent of the revenue received from the sale of recyclable materials during the 2019-2021 recycling plan period.

- 17 (4) This matter came before the Commission at its regularly scheduled meeting on July 30, 2020.
- 18 (5) Under RCW 81.77.185, the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to 50 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. RCW81.77.185 states that the remaining revenue shall be passed to residential customers.
- 19 (6) Snohomish County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of Snohomish County's Solid Waste Division certified that Rabanco's recycling plan is consistent with Snohomish County's Comprehensive Solid Waste Management Plan.
- 20 (7) Rabanco's 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, 2019, to July 31, 2021, is consistent with RCW 81.77.185 and should be granted.
- 21 (8) Rabanco is subject to the filing requirements of WAC 480-70-351(2), for rates, recycling programs, credits, or charges. The Company filed the 12-month calculation as required by WAC 480-70-351(2).
- 22 (9) After reviewing the tariff revisions filed by Rabanco in Docket TG-200559 and giving due consideration, the Commission finds that the proposed tariff revisions are consistent with the public interest and should become effective on August 1, 2020, by operation of law.

ORDER

THE COMMISSION ORDERS:

- 23 (1) Provided Rabanco LTD., d/b/a Lynnwood Disposal, complies with the Plan as set forth in this Order, the Company may 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, 2020, to July 31, 2021.

- 24 (2) Rabanco LTD., d/b/a Lynnwood 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.
- 25 (3) Rabanco LTD., d/b/a Lynnwood Disposal, shall make a compliance filing with the Commission no later than June 15, 2021, 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.
- 26 (4) The tariff revisions filed by Rabanco LTD., d/b/a Lynnwood Disposal, on June 17, 2020, and revised on July 20, 2020, will become effective on August 1, 2020, by operation of law.
- 27 (5) The Commission delegates the Secretary the authority to approve by letter all compliance filings required in this Order.
- 28 (6) The Commission retains jurisdiction over the subject matter and Rabanco LTD., d/b/a Lynnwood Disposal, to effectuate the provisions of this Order.
- 29 The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective July 30, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON
Executive Director and Secretary