

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

2 KING COUNTY DEPARTMENT OF)
PUBLIC WORKS, SOLID WASTE)
3 DIVISION,)

Complainant,)

DOCKET NO. TG-940411

4 vs.)

VOLUME II

5 SEATTLE DISPOSAL COMPANY,)
6 RABANCO LTD., d/b/a EASTSIDE)
DISPOSAL AND CONTAINER)
7 HAULING,)

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Respondent.)

8 -----)

9

10 A hearing in the above matter was held on
11 July 14, 1994 at 9:30 a.m., at 1300 South Evergreen
12 Park Drive Southwest, Olympia, Washington before
13 Chairman SHARON NELSON, Commissioner RICHARD HEMSTAD
14 and Administrative Law Judge ALICE HAENLE.

15

16 The parties were present as follows:

17 THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION STAFF, by ANNE EGELER, Assistant Attorney
18 General, 1400 South Evergreen Park Drive Southwest,
Olympia, Washington 98504.

19

20 KING COUNTY SOLID WASTE DIVISION, by MARY
F. PERRY and KATHRYN A. KILLINGER, Senior Deputy
Prosecuting Attorneys, E550 King County Courthouse,
21 Seattle, Washington 98104-2312.

22 RABANCO COMPANY d/b/a EASTSIDE DISPOSAL, by
ELIZABETH THOMAS and ANNE DIEHL REES, Attorneys at Law,
23 701 Fifth Avenue, Suite 5000, Seattle, Washington
98104.

24 Cheryl Macdonald, CSR

25 Court Reporter

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1 P R O C E E D I N G S

2 JUDGE HAENLE: The hearing will come to
3 order. This is the second day of hearing in Cause No.
4 TG-940411, which is the complaint of King County
5 against the rates of Rabanco Company. The hearing is
6 taking place on July 14, 1994, before the
7 commissioners. We'll be taking testimony first from
8 the complaining party, then from the responding party,
9 and finally from the Commission staff. We'll be taking
10 those today through Tuesday, and Tuesday is scheduled
11 for a public hearing in Bellevue.

12 I'd like to take appearances at this time,
13 please. If you have already entered an appearance, you
14 can just give your name and your client's name.

15 MS. PERRY: Mary Perry, King County
16 Prosecuting Attorney's Office, civil division, and I
17 represent the King County Solid Waste Division.

18 MS. THOMAS: Elizabeth Thomas, representing
19 Rabanco Companies, doing business as Eastside Disposal
20 Company.

21 MS. EGELER: Anne Egeler, Assistant Attorney
22 General, representing the Commission staff.

23 JUDGE HAENLE: The order of witnesses has
24 been established. I think we'll begin with Dr. Hansen.
25 I have the grid with the time estimates on it. I'll

1 make copies of that and have it available at the first
2 break. The estimates from the parties are about 18
3 hours of cross-examination, so we need to keep that in
4 mind as we schedule.

5 I was going to suggest that we take the
6 rebuttal witnesses and do their cross at the same time
7 we do their direct to save having to go back to them.
8 Is that all right with you, Ms. Perry?

9 MS. PERRY: I have no objection to that.

10 MS. THOMAS: No objection.

11 MS. EGELER: That's fine.

12 JUDGE HAENLE: We'll do it in that manner,
13 then.

14 MS. PERRY: May I ask what the estimate is
15 for Mr. Hansen's cross-examination?

16 JUDGE HAENLE: Certainly. Two and a half
17 hours.

18 MS. PERRY: Thank you.

19 JUDGE HAENLE: That doesn't include
20 commissioner questions, that doesn't include obviously
21 redirect. That's just the cross-examination estimates.
22 And anyone that wants a copy of the grid can get one
23 after the break, as I said. Are there any procedural
24 matters we need to discuss before we take the first
25 witness? Anyone?

1 I did have one thing I wanted you to think
2 about, and that was we generally put an exhibit in for
3 illustrative purposes of letters that are received from
4 people who do not come to the public hearings, that are
5 received by the Commission. Generally public counsel
6 takes care of that and in cases where public counsel
7 isn't represented, like this case, I would ask if the
8 Assistant Attorney General would be willing to do that.

9 MS. EGELER: That's fine. We'll have that
10 prepared by the time of the public hearing.

11 JUDGE HAENLE: Great. I appreciate that.
12 Okay. Is there anything else we need to discuss, then?
13 Good. Well, let's go ahead. As I understand, we'll be
14 taking Dr. Hansen first. He has assumed the stand.

15 Would you raise your right hand, sir?
16 Whereupon,

17 RODNEY G. HANSEN,
18 having been first duly sworn, was called as a witness
19 herein and was examined and testified as follows:

20 JUDGE HAENLE: Thank you. Before we went on
21 the record, we marked a number of documents for
22 identification. We marked as T-1 a 36-page document
23 that has RGH-2 in the upper right-hand corner, and it
24 is identified as the testimony of Rodney G. Hansen.

25 (Marked Exhibit T-1.)

1 JUDGE HAENLE: Doctor Hansen has then
2 Exhibits RGH-1 through RGH-26, so if you just want to
3 mark them on your own, Exhibits 2 through 27, we won't
4 go through them all on the record unless someone
5 requests that specifically. I'll put the exhibit
6 number and the number of pages on to the exhibit list
7 which anyone is welcome to that wants it.

8 (Marked Exhibits 2 through 27.)

9 JUDGE HAENLE: All right. Your witness has
10 been sworn.

11 DIRECT EXAMINATION

12 BY MS. PERRY:

13 Q. Would you please state for the record your
14 full name, your position and your business address?

15 A. My name is Rodney G. Hansen. My position is
16 manager of the King County solid waste division, and my
17 address is 400 Yesler Way, suite 600, Seattle,
18 Washington 98104.

19 Q. Are you the same Rodney G. Hansen who
20 prepared testimony consisting of 36 pages of direct
21 testimony, with accompanying exhibits RGH-1 through
22 RGH-26, which has been marked for identification as
23 Exhibit T-1 and Exhibits 2 through 27?

24 A. Yes.

25 Q. Do you have a copy of that -- those exhibits

1 before you?

2 A. Yes.

3 Q. Were these prepared by you personally or
4 under your direct supervision?

5 A. They were not prepared by me personally.
6 They were prepared under my direct supervision.

7 Q. Do you have any changes or corrections you
8 wish to make to them?

9 A. No.

10 Q. If I were to inquire orally concerning the
11 material contained in it, would your responses be
12 substantially the same as the answers in those prefiled
13 testimony and those exhibits?

14 A. Yes.

15 Q. I request that what has been marked for
16 identification as Exhibits T-1 and Exhibits 2 through
17 27 be admitted into evidence.

18 JUDGE HAENLE: Any objection, Ms. Thomas?

19 MS. THOMAS: Yes, Your Honor. Eastside
20 Disposal objects to the inclusion of a portion of the
21 testimony appearing on line -- I'm sorry, page 30 of
22 Exhibit T-1, line ten, where Dr. Hansen is referring to
23 the Commission's action. It says, this action and
24 future action will inhibit the county's ability to do
25 certain things. Future action of the Commission is not

1 at issue in this case. This case involves a complaint
2 proceeding against Rabanco Companies. The county can
3 prevail on its complaint only if it is determined under
4 RCW 81-041-10 that Rabanco Companies has somehow
5 violated a law, a regulation, an order. What the
6 Commission may do in the future on a speculative basis
7 cannot constitute a present or past violation of law on
8 the part of Rabanco Companies. For that reason, I
9 would move to strike the words "and future action."

10 JUDGE HAENLE: All right. Do you have any
11 objection to the documents, Ms. Egeler?

12 MS. EGELER: I don't have any objection,
13 Your Honor.

14 JUDGE HAENLE: Do you want to respond?

15 MS. PERRY: Yes, I do. This is not
16 speculative at all. There was a hearing yesterday on a
17 tariff revision in the case of Sea-Tac Disposal in
18 which the same issues were raised. The concerns, and I
19 am not speaking for Dr. Hansen, but in general, King
20 County's concerns, are that this particular document
21 has set a precedent, that future tariff revisions are
22 going to be requested based on the same analysis, that
23 incentive rates are not necessary. And therefore it is
24 King County's position, which is reflected in Mr.
25 Hansen's testimony, that because this has precedential

1 value, that indeed the future actions will have an
2 impact.

3 JUDGE HAENLE: Any brief response, Ms.
4 Thomas?

5 MS. THOMAS: Yes, Your Honor. That argument
6 might have some merit if this were a declaratory
7 judgment action in Superior Court against the
8 Commission, but it's not, it's on a complaint against
9 Rabanco Companies. Future action of the Commission
10 can't constitute grounds for the company to prevail on
11 a complaint under 81-041-10.

12 JUDGE HAENLE: Okay. I am going to deny the
13 motion to strike, enter all of the documents and
14 materials into the record. You can cross-examine the
15 witness about what he has in mind when he talks about
16 future action, and on brief you'll have the opportunity
17 to tell the Commission what you think the future force
18 if any of this action -- I'm sorry, of this case might
19 be. So I will leave it in and enter T-1 and 2 through
20 27 into the record.

21 (Admitted Exhibits T-1 and 2 through 27.)

22 MS. PERRY: At this time, I offer Mr. Hansen
23 for cross-examination.

24 JUDGE HAENLE: All right. Thank you. Ms.
25 Thomas?

1 MS. THOMAS: Thank you, Your Honor.

2 CROSS-EXAMINATION

3 BY MS. THOMAS:

4 Q. Good morning, Dr. Hansen.

5 A. Good morning.

6 Q. As you know, I'm Liz Thomas, representing
7 Rabanco Companies in this action. Does the county's
8 complaint in this action accurately state the reasons
9 that the county believes it's entitled to relief?

10 MS. PERRY: I object, Your Honor. That
11 calls for a legal conclusion.

12 JUDGE HAENLE: Ms. Thomas?

13 MS. THOMAS: Well, I guess what I'm trying
14 to get at, and I think that it's an appropriate topic
15 for testimony, is what grounds the county has for the
16 relief that it's seeking in this action.

17 JUDGE HAENLE: I believe that's a proper
18 question, assuming -- are you the policy witness for
19 the county, Dr. Hansen?

20 THE WITNESS: The policy witness?

21 JUDGE HAENLE: Yes, the one of whom general
22 questions would be asked?

23 THE WITNESS: Yes.

24 JUDGE HAENLE: All right. I feel that is an
25 appropriate question, if you want to ask that, what are

1 the grounds.

2 Q. What are the grounds for relief that the
3 county is seeking in this action, Dr. Hansen?

4 A. Well, from a general perspective, we've been
5 charged to implement programs both out of our own
6 policy and that are required by state law, and a
7 significant piece of what we want to achieve is
8 achieved through rate incentives that are administered
9 by the UTC. I mean, the grounds for -- the grounds for
10 us presenting this complaint are that the rates that
11 have been requested and approved are not consistent
12 with state law, they're not consistent with our local
13 comprehensive solid waste management plan, and we feel
14 there will be a detrimental impact on our system and
15 our facilities, on the uses of our facilities and on
16 the residents near our facilities as a result of that.

17 Q. Are you aware of anything that Eastside
18 Disposal has done that's violated the law?

19 MS. PERRY: I object, Your Honor. Same
20 objection. It calls for a legal conclusion.

21 MS. THOMAS: My response is the same, Your
22 Honor. It's a complaint proceeding under 80-041-10
23 which -- I'll put my hands on it -- the basic language
24 of the statute is complaint may be made by a body
25 politic setting forth any act or thing done or omitted

1 to be done by any public service corporation in
2 violation or claimed to be in violation of any
3 provision of law or of any order or rule of the
4 Commission.

5 What I'm trying to get at is what if
6 anything Eastside Disposal has done wrong so as to
7 warrant this complaint proceeding.

8 JUDGE HAENLE: I'll overrule the objection,
9 direct the witness to answer. Sir?

10 A. Well, I can't define in -- I don't know how
11 to respond to that question. What I know is that when
12 the rates were filed, the rates that were filed were
13 inconsistent with King County code. We understood
14 those rates to have been filed as directed by the UTC,
15 so rather than take issue with the Eastside at that
16 point in time, we came down and we testified against
17 approval of the rates. After the rates were approved,
18 we filed a request for reconsideration with the UTC.

19 That request was denied and we are
20 instructed or I was told in I believe it was
21 correspondence addressed either to us or to the
22 prosecuting attorney's office that the proper way to
23 bring this issue to the table was to file a complaint
24 against Eastside, and so that in fact is what we did.

25 Beyond that, I mean, I can't give a lawyer's

1 opinion on all of the legal ramifications here. I'm
2 just saying we have just proceeded through this in the
3 way that we were told to proceed by the Commission.

4 Q. As I understand the county complaint -- and
5 if you don't have a copy handy, I'll be pleased to give
6 you one -- the core concern that the county has is the
7 failure of Rabanco's -- Eastside Disposal's current
8 rate structure to reflect the rate spreads called for
9 by King County ordinance. Is that your understanding
10 of the core of the county's concerns?

11 A. Well, that's not the sole core of our
12 concerns. The county code calls for franchised haulers
13 to submit rates to the Commission that meet certain
14 differentials. The code also strongly encourages the
15 UTC to adopt rates that either meet those -- I can't
16 remember if the code now says exactly that it meets
17 those differentials or that provides a significant
18 incentive for recycling. So independent of the
19 specific numbers themselves, the main concern we have
20 is that the rates do not provide a sufficient incentive
21 for recycling, that they are not consistent with state
22 law, that specifically directs the Commission to
23 approve rates that are consistent with the solid waste
24 management priorities of the state, and that they are
25 also not consistent with King County comprehensive

1 solid waste plan and the ordinances that have been
2 added on to implement those plans. So it's not limited
3 to the differentials that are specified in the county
4 code, but more broadly the fact that they were
5 inconsistent both with state law and with their local
6 plan.

7 Q. Would I be correct if I understood the core
8 of the county's complaint then to be rate -- or the
9 core of the county's concerns to be rate structure?

10 A. Yes.

11 Q. Are there any ways in which the county
12 believes that Eastside Disposal -- rate structure
13 issues aside, are there any other ways in which the
14 county is concerned that Eastside Disposal may have
15 violated any law including the King County code?

16 MS. PERRY: I again object. Calls for a
17 legal conclusion.

18 JUDGE HAENLE: I'll overrule the objection.
19 Sir?

20 A. Well, I don't know what -- exactly what is
21 being asked. I did say that when the rates were filed,
22 that was in conflict with King County code. I don't
23 know how to answer the question about whether Eastside
24 may or may have not violated any other law.

25 BY MS. THOMAS:

1 Q. You say when the rates were filed. Can you
2 describe what it means to file a rate in your mind?

3 A. Well, in general terms, a company like
4 Eastside, I'll use the word files or presents a
5 proposed tariff to the Commission. At the same time,
6 we were informed of this proposal or this filing by the
7 company, and so the specific act or event that I'm
8 making reference to is when we became aware of rates
9 that were being proposed by Eastside to the Commission.

10 Q. I'd like to ask you to look at two documents
11 that I've prepared for illustrative purposes, as soon
12 as I can get my hands on them. I've already provided
13 copies of these to counsel.

14 MS. THOMAS: Your Honor, shall I ask that
15 these be marked for identification and then lay a
16 foundation and move their admission at an appropriate
17 time? Would that be the way to proceed here?

18 JUDGE HAENLE: Well, I don't know that this
19 witness can sponsor something that you've prepared
20 yourself. Counsel, how would you like to have that
21 handled?

22 MS. PERRY: If these are for illustrative
23 purposes, we don't have an objection, but obviously,
24 you know, I don't know what the basis for these are at
25 all and it's not something that Mr. Hansen has

1 developed himself.

2 JUDGE HAENLE: Do they illustrate a
3 hypothetical of some kind?

4 MS. THOMAS: I believe they illustrate the
5 differences between the rate structure called for under
6 the King County code and the rate structure reflected
7 by the current Eastside Disposal tariff that is in
8 force.

9 JUDGE HAENLE: Well, if they're something
10 that you expect the Commission to rely on in making its
11 decision, then you would have to ask that they be
12 marked and entered into the record.

13 MS. THOMAS: I am using them solely for
14 illustrative purposes, Your Honor.

15 Q. Dr. Hansen, you have before you two
16 documents. One is entitled Cost of Service Rates and
17 the other is entitled Steeply Inverted Rates. Do you
18 see what I'm referring to?

19 A. Yes.

20 Q. And if you look at the steeply inverted
21 rates, you notice that there are certain percentage
22 figures reflected on four bars. Could you see what I'm
23 referring to where it says 100 percent, 160 percent?

24 A. Yes.

25 Q. Do you know whether the differences between

1 those percentages accurately reflect the rate spreads
2 called for under the King County code?

3 A. Not without calculating them, no.

4 Q. Could you take a moment to do that? I can
5 give you a calculator if it would be useful.

6 MS. PERRY: First of all, I object to doing
7 detailed calculations, but if there's going to be
8 calculations, I would ask that there be a break so
9 that --

10 JUDGE HAENLE: Can you perhaps take your
11 questions out of order so that the witness can do this
12 over -- we ordinarily have our morning break and if he
13 can do those calculations then and we could go on with
14 something else, we wouldn't have to break twice.

15 Q. Do you know what the rate spread called for
16 under the King County code is?

17 A. Yes.

18 Q. What is that rate spread?

19 A. Between a mini-can and one can it's 60
20 percent; one to two, 40; two to three, 25.

21 JUDGE HAENLE: Is that reflected in your
22 testimony anywhere, Dr. Hansen?

23 THE WITNESS: I would have to look. I don't
24 remember if I stated those numbers specifically. I
25 believe the ordinance that I'm referring to is at least

1 an exhibit to my testimony, so it would be in the
2 exhibits if I did it mention it specifically in the
3 testimony.

4 MS. THOMAS: The ordinance is Exhibit 15 for
5 reference.

6 JUDGE HAENLE: Thank you.

7 Q. And when you say those rate spreads, does
8 that mean that a one can -- under the ordinance the
9 one-can rate should be 60 percent or more greater than
10 the mini-can rate?

11 A. Yes.

12 Q. And then the two-can rate should be at least
13 40 percent greater than the one-can rate?

14 A. Yes.

15 Q. And then the three-can rate should be at
16 least 25 percent greater than the two-can rate?

17 A. Yes.

18 Q. So that the percentages are applied to the
19 next lower level?

20 A. Yes.

21 Q. Do you know what the current rates under the
22 Eastside Disposal tariff are?

23 A. Yes.

24 Q. And what are those rates?

25 A. Well, I'm going to make reference to my

1 testimony to be sure that I recall those correctly.

2 The approved Eastside Disposal rates are
3 \$9.65 per month for the mini-can, \$10.90 for the one
4 can, \$12.75 for two cans, \$15.80 for three cans. I've
5 seen the tariff that goes beyond that, but don't recall
6 those numbers, and did not include those in my
7 testimony.

8 Q. Do you know whether Eastside's current
9 tariff is intended to reflect cost of service?

10 A. Yes.

11 Q. Is it intended to reflect cost of service?

12 A. Well -- my understanding is that as cost of
13 service is defined and applied by the Commission, yes,
14 it's intended to reflect cost of service.

15 Q. Can you describe how -- can you describe
16 your understanding of how cost of service is applied by
17 the Commission?

18 A. Yes.

19 Q. What is that understanding?

20 A. Well, generally, and probably somewhat
21 simplistically, the way I would describe it is that the
22 Commission takes all of the costs related to arriving
23 at a household, and attributes those to the cost of
24 getting to the household, and that it only applies to
25 the next can levels the cost of the disposal fee, and

1 the additional cost of the -- you know, the extra time
2 it takes to dump two cans instead of one can, and so
3 on. There may be some other smaller costs that are
4 assigned to the different subscription levels, but
5 those are the two big ones, as I understand it.

6 And my understanding is what the Commission
7 specifically does not do, for example, is allocate
8 things like the cost of the equipment, the cost of
9 administration, the cost of the additional capacity in
10 the truck, that is consumed by the higher can levels,
11 that those do not appear to be allocated amongst the
12 subscription levels.

13 My recollection from reviewing the testimony
14 that's been prepared for this case is that the single
15 biggest difference between the different subscription
16 levels is the tip fee, related to the additional weight
17 that's assumed to be in the cans.

18 Q. Who sets the tip fee that's paid by Eastside
19 Disposal on the waste it collects?

20 A. The King County council.

21 Q. And at what facility is that tip fee
22 imposed?

23 A. That tip fee is imposed at all facilities
24 operated by the King County solid waste division.

25 Q. Do you know which facility Eastside Disposal

1 takes its collected waste to?

2 A. Well, I know that Eastside Disposal takes
3 its waste to several facilities, including I believe
4 the First Northeast transfer station, the Houghton
5 transfer station, and the Factoria transfer station.

6 MS. PERRY: Are you done using the exhibits
7 for illustrative purposes?

8 MS. THOMAS: No, I haven't begun.

9 MS. PERRY: Well, I would like to make an
10 objection to the titles of those. They seem to be -- I
11 realize they're only for illustrative purposes, but I
12 would like to state my objection that the title first
13 of all, Steeply Inverted Rates, I think it's more
14 appropriately titled Rates Pursuant To The Ordinance.

15 JUDGE HAENLE: I tell you what. Why don't
16 the two of you discuss the titles and illustrative
17 while your witness is doing the calculations that
18 involve those, see if you can work out any differences
19 you might have there. Go ahead.

20 Q. Fine. Getting back to rate structure, would
21 you describe the rate spreads called for by the King
22 County code as involving an inverted rate structure?

23 A. No.

24 Q. Why not?

25 A. Well, my understanding of what would be

1 called an inverted rate structure is when the next
2 increment of consumption actually costs more than the
3 first increment of consumption, so, for example, if I
4 paid \$10 for one can, I would have to pay more than \$20
5 for the second can for that rate to be inverted, and
6 that's my understanding. That's what I would mean by
7 the term inverted rate structure.

8 Q. Is there -- would you characterize it as a
9 variable can rate?

10 A. Yes.

11 Q. Would you also characterize the Eastside
12 Disposal current rate structure as a variable can rate?

13 A. Yes.

14 Q. Would you characterize the King County rate
15 as -- when I say the King County rate, I mean the rate
16 spreads called for by the King County code as a
17 structure that provides an incentive for recycling and
18 yard waste diversion?

19 A. Yes.

20 Q. Would you describe the current Eastside
21 Disposal rate as a rate that provides an incentive for
22 recycling and yard waste diversion?

23 A. No.

24 Q. Why not?

25 A. Two reasons. One of those is that it is a

1 judgment call. In going -- in the progression from a
2 flat rate to what I have called a steeply -- or to what
3 I've called an inverted rate, there has to be some
4 judgment or some analysis that will lead you to
5 conclude whether or not a sufficient incentive is being
6 given. In other words, if the differential from one
7 can to two cans is a dollar a month, will that induce
8 people to source separate and handle their recycling
9 labels separately, or is a difference of \$2 or \$3
10 necessary for that to happen. That is the kind of
11 things that economists live for, and the advice, and
12 I've been given advice by a number of competent
13 qualified economists who advise that the kind of
14 differential we see in the Eastside rates is not a
15 sufficient incentive.

16 Beyond that, when you look at the Eastside
17 rates themselves, what you'd want to exist as an
18 incentive no longer exists, and the specific example we
19 have is yard waste, where when we adopted, when King
20 County adopted a yard waste van, we could tell the
21 public that you could reduce your subscription level
22 from three cans to one can, add yard waste service,
23 purchase the same amount of disposal volume, basically,
24 not precisely, but close to it, and save money. And
25 today under the current rate for them to do that, it

1 costs them more money to get rid of the same amount of
2 material, source separated yard waste and source
3 separated -- or disposable. So in addition to the
4 question as to whether or not there's an adequate
5 incentive between the different subscription levels, we
6 at least have the specific penalty imposed upon those
7 who are subscribing to yard waste services.

8 Q. What assumptions do you make about the
9 amount of yard waste generated by the average King
10 County household during the months in which the most
11 yard waste is generated?

12 A. I don't have those numbers.

13 Q. How do you know then what number of garbage
14 cans would be appropriate for a customer like that to
15 use to accommodate all their yard waste as well as
16 their ordinary garbage?

17 A. I only answered the question with respect to
18 how much disposal or throw away capacity that the
19 consumer was purchasing. I wasn't suggesting that they
20 were generating that much yard waste, and I can only
21 estimate how much yard waste someone would generate
22 with respect to how much I myself generate, but the
23 answer that I gave only had to do with how much
24 disposal capacity they were purchasing.

25 Q. But you were drawing a comparison in terms

1 of incentives, and you talked about yard waste and
2 diversion of yard waste. How do you know where to draw
3 the line between the rate structure called for under
4 the King County code and the Eastside Disposal rate
5 structure about what provides a sufficient incentive
6 and what doesn't?

7 A. Well, from my perspective, I work based upon
8 the advice given by people who are qualified and
9 capable of performing that kind of work, who have done
10 a lot of empirical work, and other kinds of analytical
11 work and give advice as to what adequate incentives
12 are.

13 Q. Is one of those people Lisa Skumatz?

14 A. Yes.

15 Q. Are you familiar with the study prepared by
16 Dr. Skumatz entitled Variable Rates For Municipal Solid
17 Waste, Implementation, Experience, Economics And
18 Legislation, June, 1993? It's attached as Exhibit
19 JAG-1, marked for identification as that to Mr.
20 Gaisford's, G A I S F O R D, testimony?

21 A. I'm familiar with the existence of that
22 study, yes.

23 Q. Have you read the study?

24 A. No.

25 Q. So you wouldn't know what Dr. Skumatz says

1 in there about variable can rates providing incentives?

2 A. Not specifically, no.

3 Q. Do you have an opinion about whether solid
4 waste collection rates should be set based on cost of
5 service?

6 A. Yes.

7 Q. What is that opinion?

8 A. Well, I believe that solid waste collection
9 rates should reflect cost of service, but in using that
10 term, I do not believe I used that term in the same
11 sense that the Commission uses that term. I think one
12 of the difficulties or one of the problems with the way
13 the Commission is setting rates under state law as it
14 exists today is that costs are allocated to the stop
15 which should be allocated to what we're throwing away.
16 When we -- what we are -- the service that we are
17 purchasing in garbage disposal, I mean, basically what
18 we're purchasing is so much disposal capacity in a
19 landfill, and we're also purchasing so much transport
20 capacity in a garbage truck, and although the
21 Commission -- although the methodology as I understand
22 it does allocate the cost of the disposal capacity
23 we're purchasing, it does not allocate the cost of the
24 transportation capacity that we're purchasing. As
25 adopted, you get to use up, if you're a three can

1 customer, you get to use up three times as much of that
2 garbage truck as a one can customer, and you only pay
3 -- well, it's -- and the difference you pay is only
4 about 50 percent more than the one can customer, and
5 yet you've used up three times as much of the capacity
6 of that truck. If you use up three times as much of
7 the capacity at Cedar Hills, then you pay three times
8 as much, but that's not the case for the cost of
9 getting it from your home to Cedar Hills, and I think
10 that that's where the methodology falls apart.

11 Q. Do you know whether the amount of time it
12 takes a truck to drive from one house to another is
13 affected by the volume or the weight in the can or cans
14 at each house?

15 A. Well, my answer to that -- yes.

16 Q. How so?

17 A. Well, excuse me. The question you asked me
18 was do I know whether the --

19 Q. I'm sorry.

20 A. And that's the question I answered.

21 Q. Quite right. Does it differ?

22 A. Well, there's a number of things that are
23 going to affect how much time it takes a hauler to go
24 from one house to the next, and the way I would express
25 that is -- I mean, what the hauler is seeking to do

1 with a piece of equipment is pick up as many houses in
2 a day as possible, and that's going to be impacted by a
3 whole lot of things, including how the streets are laid
4 out and whatnot. All of those things aside, how much
5 garbage we put out affects how many households the
6 hauler can legally get in that truck. I mean, when you
7 buy a truck, that truck has a legal pay load. If I put
8 out three times as much garbage as you, then I've used
9 up three times as much of that legal pay load as you
10 have. So under the assumption that all of the haulers
11 are operating within legal pay load that they're
12 authorized to take, then the number of stops they would
13 be able to service in any given day and therefore the
14 average time between stops is going to be directly
15 affected by how much garbage that house puts out.

16 Q. I was with you until you said the average
17 time between stops. I understand your point that there
18 would be fewer stops per route, if you will, but how
19 does that change the amount of time it takes to get
20 from one house to the next?

21 A. That does not change the amount of time it
22 takes to get from one house to the next as one is
23 driving through the route, but it does change the
24 effective use that the hauler can make of that
25 equipment, and therefore -- and therefore, you know,

1 the average time one is spending in traveling from one
2 house to the next, and that's what I do not see
3 reflected in how the cost of service methodology is
4 applied.

5 Q. But it doesn't affect the actual time
6 between houses, only on an average basis, is what
7 you're saying?

8 A. Well, while one is in route and while a
9 garbage truck is servicing whatever number of houses
10 that it's going to service in that particular day, then
11 the additional -- it does not reflect the average
12 driving time from one house to the next. I mean, if it
13 -- I mean, as the truck gets heavier, it's going to go
14 a little slower, but that's insignificant. But it will
15 affect the number of houses that will be serviced.

16 Q. As I understand it, your view is that the
17 historical approach of the Commission to establishing
18 cost of service does not comport with your view of how
19 cost of service should be calculated. Is that a fair
20 statement?

21 A. No.

22 Q. I'm sorry.

23 A. Well, I'm not familiar with what the
24 historical view of the Commission has been or what --
25 you know, what the historical methods of the Commission

1 have been. What I said is that methodology -- as I
2 understand the methodology from having reviewed the
3 submission here and from having reviewed testimony that
4 had been prepared here, that the methodology applied in
5 this ratemaking is not how I would apply what I would
6 call a cost of service methodology.

7 The only thing I can say about what I've
8 seen historically in rates approved by the Commission
9 is that there seems to be a lot of room for judgment in
10 how costs are allocated, and you can come up with
11 significant differences in how -- in the resulting
12 structure of the tariff depending on how some of those
13 judgments are made, all of that occurring within the
14 envelope of what's been called a cost of service
15 methodology.

16 Q. Is the county's complaint in this action in
17 any way grounded on some failure of the Eastside
18 Disposal rates to comply with cost of service
19 principles?

20 MS. PERRY: I'd make the same objection,
21 that it calls for a legal conclusion.

22 JUDGE HAENLE: I'll overrule the objection.

23 A. Would you restate the question?

24 Q. Yes. Is one of the bases for the county's
25 complaint in this action an allegation that the

1 Eastside Disposal tariff fails to comply with cost of
2 service principles?

3 A. In my recollection is that the only bases we
4 stated in our complaint were that it did not -- that
5 the rate was inconsistent with state law and that it
6 was inconsistent with our comprehensive plan and
7 ordinances that had been adopted to implement the plan.
8 I don't have the complaint in front of me but my
9 recollection of how that complaint was framed would be
10 that we are not complaining about whether it follows
11 the cost of service methodology.

12 Q. One of the grounds you just mentioned,
13 though, was an alleged failure to comply with statutory
14 requirements relating to priorities for solid waste
15 handling, is that correct?

16 A. Yes.

17 Q. What are those statutory priorities?

18 A. Well, the statutory priorities are waste
19 reduction first; recycling second; landfilling or
20 incineration of source separated solid wastes, third;
21 landfilling or incineration of mixed solid wastes,
22 fourth.

23 Q. So is it fair to say that rates should
24 provide an incentive for waste reduction and recycling
25 in order to be consistent with those statutory

1 priorities?

2 A. Yes.

3 Q. Is there anything else that rates should do
4 in order to be consistent with the statutory
5 priorities?

6 A. I don't know that I understand the question.

7 Q. What I'm asking is whether there is
8 something that you think the Eastside Disposal rates
9 should do that you feel they're not doing now other
10 than provide a greater incentive for waste reduction
11 and recycling?

12 A. Well, I think that the answer to that -- my
13 answer to that question is no, but the way I would
14 state that is having participated in the development of
15 the Waste Not Washington act, and having participated
16 in the development of King County's policies, during
17 that whole process, there was a substantial amount of
18 discussion about how garbage rates were -- whether
19 those things provided an adequate incentive to recycle.
20 There was a lot of discussion about making source
21 separation a fundamental element of our solid waste
22 handling systems, where before human behavior had been
23 considered to be a part of the environment that we
24 don't influence.

25 All of that debate resulted in statements

1 like it should be just as inexpensive to recycle
2 something as it should be to throw it away, it should
3 be just as convenient to recycle something as it should
4 be to throw it away. All of that occurred as a matter
5 of policy. A lot of what was debated at that time was
6 -- part of that -- I mean, there was specific concern
7 about universal set-out fees, and also about very flat
8 -- what I'll call flat variable weight fees and the
9 fact that those did not or would not provide an
10 adequate incentive.

11 Now, I know that there are a lot of other
12 things that you seek to achieve in ratemaking, like
13 meeting the revenue requirements of the company, for
14 example, but that policy, and the policy that we're
15 expressing concern about now specifically had to do
16 with the rates that provided an adequate incentive to
17 recycle, and I wasn't seeking to venture into other
18 arenas of ratemaking.

19 Q. You used a couple of terms just then that
20 I'd like to ask a definition for. I think one is
21 universal set-out. What is that?

22 A. Yes. In some jurisdictions you're allowed a
23 set or even an unlimited number of cans without paying
24 -- you know, at the same fee.

25 Q. And what is a -- you mentioned also I think

1 the term flat variable rate fees.

2 A. Well -- yes.

3 Q. What is that?

4 A. That was a qualitative term. The Commission
5 -- to my knowledge, the Commission has for its history
6 adopted variable rates, variable can fees, and at times
7 there is some sloppiness in the use of the term a
8 variable can fee, and an incentive fee. I use the term
9 a flat variable rate because if you take a look at the
10 rates that have been approved by Eastside, the
11 progression from one subscription to the next is
12 relatively small, and so it's flatter. I mean, if you
13 plot it out on a chart, it would plot out flatter.

14 Q. Not as steep?

15 A. Not as steep as that which is called for in
16 the King County code and certainly not as steep as an
17 inverted structure or even a linear structure would be.

18 Q. Explain to me what a linear structure would
19 be.

20 A. Well, what I said earlier is one of our
21 concerns about the methodology as applied by the
22 Commission is that it's allocating to the stock certain
23 costs that should then -- that in our view should more
24 appropriately be allocated to the volume of material
25 that you're disposing of, so what I would call a linear

1 one would be if I throw away -- if I throw away 100
2 pounds of garbage and you throw away 50 pounds of
3 garbage, I would pay twice as much as you because I
4 have used up twice as much of the landfill, I have used
5 up twice as much of the truck that it takes to get the
6 -- my waste from my home to the landfill, and actually
7 during the NOY that's been referenced in some of the
8 documentation, I think some of the feedback we gave is
9 we should look to -- at the fact that the thing -- the
10 service that you're purchasing here is throwing -- is
11 throwing stuff away, and not just a truck stopping at
12 your house.

13 Q. So is it fair to say then that both the rate
14 structure called for under the county code and the
15 current Eastside tariff involved variable rates, just
16 the King County code calls for a more steeply inclining
17 variable rate?

18 MS. PERRY: Object to the form of the
19 question. It's compound.

20 MS. THOMAS: I'll be happy to rephrase the
21 question.

22 BY MS. THOMAS:

23 Q. Do both the King County code and Eastside
24 Disposal tariff involve variable rates?

25 A. Yes.

1 Q. Is the King County code structure a more
2 steeply inclining variable rate going from the mini-can
3 up to three cans than the -- than the Eastside rate?

4 A. Yes.

5 Q. In your testimony you mentioned compliance
6 with the service level provisions of a local ordinance.
7 I believe that was at page three of your testimony, and
8 that term is also used in RCW 81-770-30. What is your
9 understanding of the meaning of the term service level
10 in this context?

11 A. Could you show me specifically on page three
12 the line that you're referring to?

13 Q. Lines five through 16, particularly the end
14 of that discussion, talks about your view of what the
15 statute requires, and you note that the Commission, now
16 I'm reading from line 11, should be requiring
17 certificate holders under chapter 81-77 to use rate
18 structures and billing systems consistent with the
19 solid waste management priorities set forth under RCW
20 70-950-10 and the minimum levels of solid waste
21 collection and recycling services pursuant to local
22 comprehensive solid waste management plans. My
23 question is what is meant there by the term minimum
24 levels of solid waste and recycling services?

25 A. What is meant there is specifically the

1 service that you purchase, whether you purchased yard
2 waste disposal, mini-one, two cans, and the mix of
3 services that are offered by the company.

4 Q. What are minimum levels of such services?

5 A. Well, the -- I mean, our county ordinance
6 specifies the mix of services that we would like the
7 hauler to provide, and that mix of services is
8 different than what existed at the time that this
9 process started, and -- I mean, what was covered by
10 here is that if a county plan or an ordinance
11 implementing that plan called for a mix of services
12 that was different than the hauler had traditionally
13 provided or the Commission had traditionally approved,
14 that the services called for in the plan would be
15 implemented by the Commission. In our case, it
16 included addition of the mini-can which hasn't been
17 added before. I think that we added some less than
18 weekly service options, source separated yard waste is
19 a option that had not been available before the 1990s,
20 as several examples.

21 Q. Does Eastside Disposal provide the specific
22 mix of services that the county would like haulers to
23 provide?

24 A. To my knowledge, yes.

25 Q. Under the statutory scheme, do you believe

1 that the Commission is required to make the hauler
2 comply with the rate structure called for under the
3 county code?

4 A. In answering that question, I am going to
5 say that if you're referring to King County code, that
6 county code does not require or purport to require the
7 Commission to adopt any particular rate structure.

8 Q. I am referring to the code. Maybe it'll be
9 helpful to look at it a bit. It's Exhibit 15.

10 A. Are you referring to what I would have as
11 tab 14?

12 Q. Yes. Is that the current code, as far as
13 you know?

14 A. Yes.

15 Q. And then down at the bottom of the page I'm
16 looking at, it's marked 366-13, and about a quarter of
17 the way down the page there's a paragraph marked
18 capital B which says, certified haulers shall file
19 tariffs with a certain effective date with the
20 Washington Utilities and Transportation Commission.
21 And then if you go into paragraph C, I'm skipping over
22 about ten lines, it then says the tariffs filed shall
23 include the following percentages of increases between
24 levels of service, and then it goes on to set forth the
25 percentage differentials.

1 A. Yes?

2 Q. What is your understanding of what that
3 language means?

4 A. Well, the language that you've quoted up to
5 this point calls for the haulers to file tariffs that
6 meet certain requirements, but if you go to the last
7 sentence in subpart C, it says, the WTC is strongly
8 encouraged to approve tariffs that are consistent with
9 the policies set forth in this chapter, and that meet
10 the minimum percentages specified in this section. In
11 writing this ordinance, we understood and understand
12 that the UTC is an agency with some discretion.

13 We believe that the UTC needs to adhere to
14 ordinances -- to the comprehensive plan and to the
15 ordinances that implement those plans, but in writing
16 these ordinances, we didn't seek to direct the UTC to
17 adopt a specific rate structure. We sought to make a
18 clear statement of what county policy is, and we sought
19 to encourage the UTC to adopt rate structures that were
20 consistent with that policy, but we didn't write
21 language that was intended to direct. We wrote
22 language that was intended to respect the UTC's
23 existence as an independent jurisdiction that wants to
24 exercise discretion, that had in working with us -- I
25 mean, even though we weren't agreeing on fundamental

1 principles, we were staying within a circle of
2 agreement, and when we drafted this ordinance, we
3 didn't want to raise a dispute of that type.

4 Q. At the beginning of your immediate past
5 answer, I believe you stated something to the effect
6 that the WUTC needs to observe or comply with the
7 county's solid waste management plan and the
8 implementing ordinances, is that correct?

9 A. Well, that's at least roughly the phrase
10 that I used.

11 Q. Is it your position that the WUTC needs to
12 observe the rate structures contained in the solid
13 waste management plan and the implementing ordinances?

14 A. My position would be that if the plan and/or
15 an ordinance implementing that plan required a specific
16 rate structure to be put in place, that the UTC would
17 be required to implement that rate structure.

18 JUDGE HAENLE: I guess I don't fully
19 understand your answer. So is that the case here,
20 then?

21 THE WITNESS: The ordinance as it exists
22 today does not require the UTC to adopt any specific
23 rate structure. It encourages, recommends, but it does
24 not require.

25 JUDGE HAENLE: Thank you.

1 BY MS. THOMAS:

2 Q. So if as you mentioned a hauler proposes
3 a certain rate structure to the Commission, the
4 Commission considers the hauler's proposal and based on
5 a Commission decision, a certain tariff is filed and
6 becomes the effective rate for the hauler, isn't that
7 correct?

8 A. Is that my understanding of the process that
9 is --

10 Q. Yes.

11 A. Generally, yes.

12 Q. Suppose for a moment that the Commission's
13 decision is to adopt some rate structure different from
14 the rate structure called for under the county code.
15 Is the hauler then supposed to file a tariff that will
16 become the effective rate along the lines that the
17 Commission has ordered, or should it instead file one
18 that comports with the county code?

19 A. I don't know.

20 Q. And just to clarify, the county is not
21 proposing any specific rates in this case in terms of
22 dollar figures, rather, the county is seeking an order
23 that Eastside Disposal's rates comply with the rate
24 spreads contained in the county code?

25 A. Well, we're not proposing any specific rate.

1 What we are -- what we are saying is that the rate that
2 has been approved is not consistent with state law, and
3 there's two pieces to state law, the first piece being
4 the specific direction given to the Commission to adopt
5 rates consistent with the priorities, and the second
6 piece being given directions to adopt rates consistent
7 with plans and the implementing ordinance. We believe
8 that the rate is inconsistent with both of those.

9 Clearly a rate that exactly meets our
10 percentage differentials would be satisfactory to us
11 but again we don't purport to impose those percentage
12 differentials on the UTC and in the past rates that had
13 been generally consistent with those differentials have
14 been satisfactory to us, and in this case a rate that
15 is generally consistent with those differentials would
16 be satisfactory to us as well.

17 MS. THOMAS: Your Honor, I'm not sure at
18 what point you like to break for morning break. I'm
19 about to move into a new area. I'd be happy to do that
20 or if you --

21 JUDGE HAENLE: Why don't we do that now,
22 then, if it's a good breaking point. We generally take
23 15 minutes which would take us to ten minutes to 11 by
24 the clock on the wall. Please note that the clock on
25 the wall may not match the other clocks in the building

1 so we'll go by that one. During the time we were off
2 the record if the two or I guess the three of you
3 would discuss that illustrative exhibit, see if you can
4 get those differences worked out, and the witness will
5 do those calculations. So we'll be in recess.

6 (Brief recess.)

7 JUDGE HAENLE: Let's be back on the record
8 after our morning recess. Go ahead, Ms. Thomas.

9 MS. THOMAS: Thank you.

10 BY MS. THOMAS:

11 Q. Doctor Hansen, I believe you have in front
12 of you again two documents that have now been labeled,
13 one is labeled Eastside current rates, and the others
14 labeled King County codes.

15 MS. PERRY: We labeled it differentials in
16 King County ordinance.

17 MS. THOMAS: Oh, I'm sorry.

18 JUDGE HAENLE: Let's go off the record,
19 figure this one out.

20 (Discussion off the record.)

21 JUDGE HAENLE: Let's be back on the record.
22 During the time we were off the record, Ms. Thomas
23 distributed a two-page exhibit. the title at the top
24 of the first page is Eastside's Current Rates. Title
25 at the top of the second page is Differentials in King

1 County Ordinance. These two documents will be marked
2 as Exhibit 28 for identification.

3 (Marked Exhibit 28.)

4 Q. Dr. Hansen, drawing your attention to
5 Exhibit 28 for identification, would you agree that the
6 percentages reflected on page one of that exhibit
7 reflect the differentials between the prices for
8 different levels of service under Eastside Disposal's
9 current tariff?

10 A. Well, what those --

11 JUDGE HAENLE: Start with a yes or no and
12 then explain.

13 A. As I understand the question, no. What they
14 reflect is the ratio of each subscription level to the
15 mini-can rate.

16 Q. Do the percentages stated there accurately
17 reflect the percentages of the different levels of
18 service to the mini-can rate?

19 A. Yes.

20 Q. Drawing your attention to page 2 of that
21 Exhibit, do the percentage differentials stated there
22 accurately reflect the ratio of the rates that are
23 called for under the King County ordinance for various
24 levels of service to the mini-can level?

25 A. They reflect the ratios that would be in

1 place if the differentials specified in the county code
2 were strictly adhered to.

3 Q. And would you accept subject to check that
4 the height of the bars on each page of this Exhibit 28
5 for identification are proportional, using 100 percent
6 as the base amount?

7 A. I would accept subject to check. I would
8 observe that the hundred percent bar on page one is a
9 different height than the hundred percent bar on page 2
10 of the exhibit, and I haven't measured them, so I --
11 you know, I would measure to see if the remainders are
12 proportional within, but they're not proportional
13 between.

14 MS. THOMAS: Your Honor, with that I would
15 move the admission of Exhibit 28 for illustrative
16 purposes.

17 JUDGE HAENLE: Any objection, Ms. Perry?

18 MS. PERRY: If it's only for illustrative
19 purposes, we don't object.

20 JUDGE HAENLE: Any objection, Ms. Egeler?

21 MS. EGELER: No objection.

22 JUDGE HAENLE: I will enter 28 then for
23 illustrative purposes.

24 (Admitted Exhibit 28.)

25 MS. THOMAS: Thank you, Your Honor, and

1 we've prepared a larger version of the exhibit so that
2 it will be easy to see as the questioning proceeds, and
3 on this larger version, the titles aren't reflected
4 since that was in the subject discussion over the
5 break. Perhaps at the next break, I can simply mark
6 the titles on them, and with the acceptance of Your
7 Honor, I'll just prop them here against these chairs.

8 JUDGE HAENLE: Do we have an easel or
9 something? I guess we don't, unless we have people
10 that want to volunteer to be an easel.

11 MS. THOMAS: Perhaps during the break I can
12 find one.

13 JUDGE HAENLE: We've sent someone to see if
14 we can get them. Go ahead.

15 Q. Dr. Hansen, before the break we were talking
16 about variable can rates, and we were talking I believe
17 about how the rates called for under the King County
18 code inclined more steeply than the rates that were
19 called for that are specified in Eastside's current
20 tariff, is that correct?

21 A. Yes.

22 Q. Do the ratios reflected on Exhibit 28
23 accurately reflect subject to check the difference in
24 the level of incline between Eastside's current rates
25 and the rate differentials called for under the county

1 ordinance?

2 A. Yes.

3 MS. PERRY: Subject to check?

4 THE WITNESS: Yes.

5 JUDGE HAENLE: Because we're doing all
6 stages of the hearing now, be sure that you make a good
7 note of the subject to check items and let us know
8 immediately if there is a problem. We don't have the
9 luxury of several weeks to check these things. Thanks.
10 Go ahead, Ms. Thomas.

11 Q. Dr. Hansen, I'd like to ask you now to turn
12 your attention to participation goals which I think are
13 mentioned at page 21 of your testimony, and on page 21,
14 lines eight through 14, you note participation levels
15 in certain programs, both the levels as of February
16 1994 for Eastside Disposal and the levels that are
17 called for by the county ordinance. Is it your view
18 that the Commission should take some action to achieve
19 the participation levels called for under the
20 ordinance?

21 A. Well, if I understand the question
22 correctly, it's not my view that the Commission should
23 take specific action other than to set rates consistent
24 with the laws we've set, and to implement those service
25 levels which we have specified.

1 Q. Is the county concerned that the fact that
2 Eastside requires customers to sign up in order to
3 receive recycling service may discourage recycling?

4 A. Are we concerned that that may discourage
5 recycling?

6 Q. Yes.

7 A. Well, the way I would state that is that I
8 believe our concern would be that you could do a better
9 job of encouraging recycling. My recollection, as
10 we've looked at the results of the different franchised
11 haulers in King County, my recollection is that there
12 is a strong relationship between those who require
13 signup, which is specifically Rabanco Companies, and
14 those who do not, and participation. There are other
15 factors like how are the rates structured that affect
16 that, but our concern at this point based on the data
17 we've seen is that you can observe lower participation,
18 where signup is required, in King County.

19 Q. Do you know what the participation rates are
20 where signup is not required for recycling service?

21 A. I don't have those off the top of my head.

22 Q. Is it your impression that someone at the
23 county knows what they are?

24 A. Yes. I mean, I recall having reviewed a
25 staff presentation sometime back that took a look at

1 participation rates, or maybe it was recycling rates by
2 a franchised hauler, and one of the variables that was
3 involved or considered as a possible cause for
4 differences in participation rates was the issue of
5 signup being required. There will of course be a lot
6 of other variables, you know, that are going to affect
7 the amount of material being recycled in any particular
8 service area, and my recollection was that the data
9 that I was looking at had to do with the amount of
10 material being recycled more than participation rates.
11 There's a lot of demographic variables that are going
12 to affect that, there's different -- you know, there's
13 how the services are priced that are going to affect
14 that, but my recollection is that one of the
15 significant factors was the issue of requiring signup,
16 and that that was felt to be one -- a significant
17 issue.

18 Q. Do you know what the participation levels
19 are for service areas where bins are delivered to all
20 customers without signup?

21 A. No.

22 Q. Do you know whether anyone at the county
23 possesses that information, and if you're not sure, I'd
24 direct your attention to the county's response to a
25 certain data request? Perhaps I could use this

1 document to refresh his recollection. I don't think
2 it's necessary to enter it into the record. It's data
3 request number two.

4 A. That's this one?

5 Q. And I direct your attention to the answer
6 appearing at the top part of the second page.

7 A. Okay.

8 Q. Isn't it a fact that the county doesn't know
9 what participation rates are occurring in areas where
10 customers are not required to sign up for recycling
11 service?

12 A. Yes.

13 Q. In your testimony I believe you refer to
14 certain goals for recycling with a goal of 60 percent
15 by the year 2000, is that correct?

16 A. No.

17 Q. I'm sorry. What are the county's recycling
18 goals?

19 A. It's 65 percent by the year 2000, 50 percent
20 by 1995, and it was 35 percent by 1992.

21 Q. Are those the same goals that the state has
22 established?

23 A. No.

24 Q. What are the state's goals?

25 A. The state has set a goal of 50 percent by

1 1995.

2 Q. And no goal for 2000?

3 A. That's correct.

4 Q. Do you know whether the state also had a
5 goal of 35 percent by 1992?

6 A. Yes. I mean yes, I know, and no, they did
7 not.

8 Q. Did they have any goal for 1992?

9 A. No. The only goal that I recall that was
10 set in the act is the 50 percent by 1995.

11 Q. Do you know whether in fact the state had
12 achieved a rate of about 35 percent by 1992?

13 A. My recollection is that yes, they had
14 achieved a rate of about 35 percent.

15 Q. Do you know whether the state is on track
16 for meeting its goal of 50 percent by 1995?

17 A. Well, I know -- I mean, the last opinion
18 that I heard from the Department of Ecology was that
19 they would -- they were not on track, that that goal
20 would not be achieved.

21 Q. Does King County believe it's on track for
22 its goal of 50 percent by 1995?

23 A. Yes. We believed we were on track.

24 Q. At what point in time did you believe you
25 were on track?

1 A. Well, we completed some work late last year
2 and earlier this year that led us to conclude that we
3 were on track.

4 Q. Can you describe that work?

5 A. Well, generally. I mean, it involved some
6 forecasting work, it involved some assessment of what
7 was being recycled, what else had to be recycled, how
8 effective we would expect programs to be, how much
9 additional material would have to be recycled. Most of
10 it, I think the biggest -- the most difficult part of
11 the work had to do with preparing a forecast for the
12 coming year, and I can't tell you specifically the
13 analyses that were performed. I can tell you that the
14 conclusion of that was that we believed we were on
15 track to make a 50 percent goal.

16 Q. In your testimony you mention preserving
17 Cedar Hills as one of the objectives of waste reduction
18 and recycling, is that correct?

19 A. Yes.

20 Q. And I think you describe Cedar Hills as a
21 valuable resource or I guess you quoted a county policy
22 which described the Cedar Hills landfill as a valuable
23 and irreplaceable resource.

24 A. What page are you referring to?

25 Q. 26.

1 A. Yes.

2 Q. Is the nature of the value of Cedar Hills as
3 a source of revenue for the county or is the facility
4 capable of meeting public health needs by providing
5 landfill capacity?

6 MS. PERRY: Object to the form of the
7 question. It's compound.

8 JUDGE HAENLE: I am not going to -- I'd like
9 to hear what the witness means -- how the witness
10 interprets valuable, but I think he can understand the
11 question. Sir, what does valuable mean?

12 A. Well, we do not consider it a valuable
13 resource from the perspective of it being a revenue
14 generator for King County. We consider it a valuable
15 resource from the standpoint of providing
16 environmentally sound disposal capacity and of
17 providing that capacity at a lower cost than the other
18 alternatives available to us.

19 Q. Are you aware of the availability of
20 landfill capacity in the Pacific Northwest?

21 A. Yes.

22 Q. Isn't it true that there's a fair amount of
23 landfill capacity available through several regional
24 landfills?

25 A. There is a significant volume of landfill

1 capacity available. I do not know the full region
2 within which that capacity is being marketed, so I
3 don't know what the expected life of that capacity is.

4 Q. The county, as I understand it, has not
5 conducted or supervised any studies that would
6 specifically estimate the effect that Eastside's
7 current rates will have on the life of the Cedar Hills
8 landfill, has it?

9 A. No.

10 Q. Are you aware of anyone outside the county
11 having conducted such a study?

12 A. No.

13 Q. Has anyone at the county or anyone else, to
14 your knowledge, conducted any studies to estimate the
15 effects that waste reduction efforts have had on the
16 volumes disposed of at the Cedar Hills landfill?

17 A. That they have had?

18 Q. Yes.

19 A. We haven't -- we have not been able to
20 specifically separate or identify how much waste
21 reduction has occurred as opposed to recycling. We
22 have looked at waste generation patterns that existed
23 in the past and patterns that exist at the present.
24 You can see differences in the slopes of those kinds of
25 curves that may or may not be attributed to waste

1 reduction, but we haven't been able to specifically
2 quantify waste reduction.

3 Q. So is it fair to say that waste reduction
4 helps extend the life of the Cedar Hills landfill?

5 A. Yes.

6 Q. Would diversion of waste to some other
7 disposal facility than Cedar Hills also help extend the
8 life of the Cedar Hills landfill?

9 A. Yes.

10 Q. And I believe you testified earlier that the
11 county establishes the tip fees at the landfill, is
12 that correct?

13 A. Yes.

14 Q. Do you know what happens to the yard waste
15 that Eastside Disposal collects through its current
16 curbside yard waste program?

17 A. I believe I do, yes.

18 Q. Where does it go?

19 A. It's transported -- I believe Eastside --
20 hauls it to Cedar Grove compost facility.

21 Q. Is that a facility owned or operated by the
22 county?

23 A. No.

24 Q. How are the fees for disposal established
25 for -- for transfer established at that compost

1 facility, if you know?

2 A. Fees for transfer established at that
3 compost facility?

4 Q. As I understand it, the facility charges
5 some amount for accepting the yard waste from Eastside
6 Disposal, is that correct?

7 A. Presumably. I don't know how they decide
8 what they're going to charge Eastside Disposal.

9 Q. Has the county ever considered subsidizing
10 compost operations so that yard waste collected by a
11 hauler could be composted without any imposition of a
12 tip fee?

13 A. No.

14 Q. Do you know whether any other counties in
15 Washington state provide that kind of subsidy?

16 A. I do not know.

17 Q. Are you familiar with the decision of the
18 United States Supreme Court in Carbone against the town
19 of Clarkston, also referred to as the flow control
20 case, C A R B O N E?

21 A. Yes.

22 Q. Do you have an understanding of the court's
23 ruling in that case?

24 A. Generally, yes.

25 Q. What is your general understanding?

1 A. My general understanding is that the court
2 invalidated a statute in New York which required
3 material within a town to be hauled to a specific
4 facility for recycling and disposal.

5 Q. Are there -- prior to the Carbone decision,
6 was there some requirement that waste collected within
7 unincorporated King County be disposed of at county
8 facilities?

9 A. Yes.

10 Q. Has the county -- is the county considering
11 whether the ruling in the Carbone case will affect the
12 volumes delivered to the county facilities, county
13 disposal facilities?

14 MS. PERRY: Object, Your Honor. Calls for a
15 legal conclusion.

16 JUDGE HAENLE: Ms. Thomas?

17 MS. THOMAS: I'm not asking for a legal
18 conclusion. I'm asking Dr. Hansen about whether the
19 county is expecting to see a change in waste volumes
20 based on this court case. I am not asking him about
21 what the court case means.

22 JUDGE HAENLE: You asked him if they had
23 studied that. I think that's a proper question. Go
24 ahead, sir.

25 A. Well, the question I heard was whether we

1 had considered whether that case would affect the
2 amount of material delivered to our system. Yes.

3 BY MS. THOMAS:

4 Q. Are you expecting that waste volumes at
5 county facilities are likely to change as a result of
6 the court case?

7 MS. PERRY: Your Honor, underlying all this
8 is the legal advice that has been given to or will be
9 given to the solid waste division and the legal
10 conclusion regarding the effect if any the Carbone
11 decision will have on King County, so I will object
12 generally to this line of questioning.

13 JUDGE HAENLE: Ms. Thomas?

14 MS. THOMAS: I am not asking for any legal
15 opinions, your Honor. One of the points that Dr.
16 Hansen made was that it is important to provide strong
17 incentives for recycling in order to preserve the -- to
18 preserve the capacity at the Cedar Hills landfill.
19 With this court case, the county may be expecting more
20 free transport of waste in and out of its boundaries
21 which in turn may significantly affect the life
22 expectancy of that landfill.

23 JUDGE HAENLE: I'll allow the question.

24 Sir?

25 THE WITNESS: Could you repeat the question?

1 BY MS. THOMAS:

2 Q. Sure. Let me try to phrase a more clear
3 one. Do you believe that the Carbone decision is
4 likely to increase the flow of waste to landfills that
5 have relatively low tip fees?

6 A. Well, I don't know. I mean --

7 Q. Okay.

8 A. But to follow up on that, the data available
9 -- the data available to me indicate that in fact our
10 facilities are either almost or are the lowest tip fees
11 in our region.

12 Q. Has the county considered increasing the tip
13 fee at the landfill in order to extend the life of the
14 landfill?

15 A. Well, indirectly, yes.

16 Q. Could you explain, please?

17 A. Well, the tip fee that we assess includes
18 cost components that require today's users of that
19 facility to generate the cost of its replacement, and
20 so to the extent -- I mean, the policies that we have
21 in place treat Cedar Hills as an asset that is depleted
22 by current users, and therefore the costs of its
23 depletion are paid by current users rather than a
24 commodity to be consumed by current users with whatever
25 its replacement is, you know, paid for by future users.

1 So our tip fees do, in addition to reflecting our
2 day-to-day operating and maintenance costs, do reflect
3 among other things the cost of replacing Cedar Hills
4 when it eventually reaches capacity. There's a lot of
5 other things that our tip fees reflect as well
6 including the cost of environmental improvements at the
7 site, maintenance of environmental facilities at the
8 site and things like that.

9 Q. Has the county considered establishing tip
10 fees in excess of these various costs that you've
11 described in order to make the tip fee at Cedar Hills
12 relatively high with comparison to other landfills in
13 the region?

14 A. We have not considered tip fees in addition
15 -- that would generate revenues above our revenue
16 requirements, you know, beyond defining things like
17 replacement as a part of our revenue requirement. We
18 have not considered tip fees that would generate, you
19 know, those kind of surplus revenues.

20 Q. Before the break we discussed the amount of
21 time it takes a truck to drive from one house to
22 another and whether the volume or weight in a can would
23 affect the time it took a truck to drive between
24 houses. Do you know whether Eastside Disposal trucks
25 typically make more than one trip to a transfer

1 facility or disposal site each day?

2 A. I do not know, no.

3 Q. Would you agree that if a truck currently
4 makes a certain number of stops on each route and that
5 takes most of the day and the remainder of the day is
6 devoted to making a sole trip to a landfill or transfer
7 station, that it would be impractical to add new stops
8 on that route because it would extend the day beyond
9 the time allotted for the driver to complete his work?

10 A. Well, that's a hypothetical that involves a
11 lot of variables. I do know in many instances trucks
12 make more than one trip a day to a transfer facility,
13 and in that kind of situation the second trip would
14 usually be a partial load, and I know that there are a
15 lot of variables that will go into determining whether
16 they're going to do it that way or whether they're
17 going to do a short day or whatever. I do not know
18 what kind of policies Eastside had in place.

19 The point that I was making in the earlier
20 testimony is that if you generate garbage, you do
21 consume and use more of that truck, and that was the
22 whole point of that, that you needed to do more than
23 just say, it takes X seconds or whatever fraction of a
24 minute to get from one house to the next, and that
25 those costs are completely time dependent, and my whole

1 point is that they're not completely time dependent,
2 that they also are affected by the amount of material
3 that you put in that truck.

4 Q. Do you know whether the time that it takes a
5 truck to travel from the end of its route to a transfer
6 station or disposal facility and then back to wherever
7 it starts, do you know whether that amount of time is
8 allocated by weight or by number of -- or by customer?

9 A. No, I do not know.

10 Q. In your view, would it be appropriate to
11 allocate that time by weight?

12 A. Not necessarily. I don't know. I wasn't
13 intending to say that all costs should be allocated by
14 weight, and I wasn't intending to say that the fee that
15 would be in place would in fact be linear. In fact,
16 from what I know of our costs and utility costs, the
17 fee probably wouldn't be linear. I mean, there are
18 certain -- like the cost of sending out a bill is a
19 cost that is clearly a customer driven cost, but the
20 cost of -- the cost of purchasing the equipment is a
21 weight -- that is also a weight driven cost, and I can
22 conceive that the cost of getting from the -- you know,
23 from the end of the route to the transfer station and
24 back would be a -- that would be a weight driven cost.
25 I can't sit here off the top of my head and, you know,

1 without taking a lot of time, guess at which one should
2 be allocated where. The point that I was making
3 earlier was that from the testimony that I reviewed,
4 things were being allocated to a stop that in my view
5 clearly should be allocated to the volume or the weight
6 of the material being disposed, that the trip in, I
7 would like to know how the hauler is routing his trucks
8 before I decided -- I might not let them allocate that
9 if they're not routing their trucks very efficiently.

10 Q. Assume an efficient route and assume that
11 the time from the end of the route to the transfer
12 station and back is allocated by weight. Would it then
13 be appropriate to allocate the time between houses
14 to customers rather than to weight?

15 A. Well, I don't know. I mean, I think that
16 question is a specific that's somewhat beyond the point
17 that I'm trying make. I mean, I'm not purporting to
18 get into all of the individual details of how the
19 methodology is applied. I was only making a general
20 observation about the methodology itself, as I
21 understood it, based on the information presented in
22 the testimony. I think that the issue -- the issue
23 here with respect to what we understand about the
24 process, and an issue that's also relevant to the fee
25 collected at Cedar Hills, we're not questioning -- I

1 mean, it's one thing to determine what the revenue need
2 is and it's another thing to allocate that revenue need
3 appropriately. Our belief is that the revenue is not
4 being allocated amongst the customers appropriately.
5 In the case of Cedar Hills, if you generate twice as
6 much weight, you pay twice as much, subject to a
7 minimum fee, so our cost curve at Cedar Hills is not
8 one to one, but subject to a minimum fee, you pay in
9 direct proportion to the weight that you deliver to the
10 system. That's not the case in the rates being
11 collected by Eastside and so that price signal is just
12 not being delivered direct to the consumer, and that's
13 where we believe -- I mean, that is the big problem and
14 that's the big inconsistency with the policy directions
15 involved.

16 Q. Can you specify or maybe you could tell me
17 if it's another of the county's witnesses would be able
18 to specify which costs that are now being allocated
19 according to customer should be allocated according to
20 weight?

21 A. I can't specify a county witness that would
22 answer that. I was just describing what from my view
23 and from my reading of the testimony is one of the
24 reasons for the rate structure that's being put in
25 place being inconsistent with the policy set in state

1 law. I recognize that the Commission has the
2 authority, you know, and -- within the boundaries of
3 state law, just like us, you know, to exercise
4 discretion. We think they've moved outside of those
5 boundaries, but we don't have anyone that's purporting
6 to do that work for them.

7 Q. And then at Cedar Hills, as I understand it,
8 the county sets rates there basically to cover its
9 revenue requirements including certain costs you
10 mentioned for replacement facility and for
11 environmental controls, is that right?

12 A. Well, yes, that's correct.

13 Q. Has the county taken into consideration
14 setting rates at Cedar Hills in order to encourage
15 recycling or to encourage diversion of yard waste?

16 A. Well, I mean, I believe that the rates that
17 we have done and the policies that are in effect do
18 that. I mean, that's one of the reasons for example
19 for defining it as an asset, and that's one of the
20 reasons why, in our system -- and our system includes
21 far more than Cedar Hills. Our system includes 11
22 facilities, ten of which are open to the public, and
23 Cedar Hills is not, so when you talk about influencing
24 the public or services provided to the public, it's not
25 quite as relevant to talk about Cedar Hills as it is to

1 talk about the rest of our facilities. Where we can,
2 we do provide for source separated yard waste at a
3 lower cost than we do for disposal.

4 Q. But there's still some cost for source
5 separated yard waste?

6 A. Yes.

7 Q. It would be a greater incentive, wouldn't
8 it, if you accepted that yard waste for free?

9 A. It would be a greater incentive for us to
10 not charge for the yard waste. We would have to pick
11 that cost up somewhere else.

12 Q. So you'd have to use some other revenue to
13 subsidize that service, is that right?

14 A. Yes.

15 Q. And the county has made a decision that it
16 doesn't want to use other sources of revenue to
17 subsidize yard waste to that extent?

18 A. Well, I don't -- the decision that -- the
19 way we price solid -- the way we price yard waste is we
20 -- the tip fee we charge reflects our cost of disposal,
21 plus our system averaged cost of transporting that yard
22 waste, so to the extent that -- to a certain extent
23 there is a yard -- yard waste is gaining a benefit from
24 being able to use our system averaged cost, so we do
25 not separate yard waste out, for example, and deal with

1 the handling costs that are specifically attributable
2 to yard waste. So to that extent it is benefiting from
3 the scaled economies that exist within our whole
4 system, but beyond that we have not called out for
5 there to be a subsidy. We just look for costs to be
6 allocated to the different cost centers both -- well,
7 in what we would call an appropriate manner, and again
8 in the case of the Eastside rates, we don't see -- we
9 don't believe that there is a -- that we're seeing an
10 allocation which is appropriate, and I don't believe
11 the term subsidy applies to at least what my view is of
12 how waste should be allocated.

13 Q. It's within the county's power, isn't it, if
14 it wanted to, to say increase the fees for disposal of
15 solid waste at various transfer stations and at Cedar
16 Hills in order to generate sufficient revenue to
17 subsidize the yard waste operations so that yard waste
18 would be accepted for free?

19 A. Yes.

20 Q. Okay. I have no further questions. Thank
21 you very much.

22 JUDGE HAENLE: All right. Ms. Egeler?

23 CROSS-EXAMINATION

24 BY MS. EGELER:

25 Q. Good morning, Mr. Hansen. Can you tell me

1 what analysis was performed by King County to arrive at
2 its recommended 60, 40, 25 percent rate spread between
3 the mini-can, one can and two can rates?

4 A. Well, I can tell you in general the analysis
5 that was performed. What you need to know that our
6 recycling goals, the comprehensive plan itself, which
7 lays out different actions to achieve those goals, and
8 the ordinance and ordinances that implement the
9 comprehensive plan were developed during a long, open,
10 very public process. There were tons of analyses being
11 performed by staff of different agencies, organizations
12 and citizens groups. We and our elected officials were
13 hearing testimony and the results of analyses from a
14 number of different sorts -- from a number of different
15 sources. And to make a long story short, that very
16 public process led to the adoption of the goals, and
17 one of the elements of that was based on testimony and
18 all of the other information provided was that
19 incentive rates should -- were a necessary tool, one of
20 many, but a necessary tool for us to achieve those
21 goals. Beyond that, then, we -- I mean, the next step
22 -- I'll back up a step. So the first time we adopted
23 this policy, we adopted it as a policy and didn't put
24 any numbers to it. We did want to put some numbers
25 with it, and we were involved in a series of

1 discussions with Commission staff, with, you know,
2 economists and city staff, and with the haulers. And
3 to make a long story short there, the differentials
4 that are specified in the ordinance were adopted
5 because we felt they would provide certainly a better
6 incentive than what we saw in place, at least in some
7 areas at the time. They reflected differentials that
8 were agreeable to the haulers, acceptable to the
9 haulers, and they were differentials that the UTC staff
10 felt could be met within the cost of service
11 methodologies, at least that were being employed at
12 that time. So we viewed those differentials as a first
13 step towards some longer term goal which we were hoping
14 -- you know, which we were involved in some discussions
15 with the Commission primarily on, but it was more -- it
16 was more of a -- it was more of a -- what I would call
17 a policy type compromise than the result of any
18 specific analysis that if we make a 60 percent
19 differential, we're going to get a certain impact.

20 Q. You said this was a first standpoint. Does
21 that mean the county is anticipating increasing those
22 differentials?

23 A. Not at this time, no. What I'm saying is
24 when we put those in place, that was the result of a
25 long, very open process that involved a lot of

1 discussions and negotiations of compromise amongst
2 different parties involved. We -- at about that time,
3 we disagreed with Commission staff on some of the
4 fundamental assumptions about how costs should be
5 allocated to the different subscription levels, but --

6 MS. EGELER: Excuse me. Your Honor, this is
7 going far beyond the scope of the question that I asked
8 and I'd like to ask the witness to restrict his answer
9 to the question that's actually asked as opposed to
10 using it as an opportunity to go on with policy
11 considerations.

12 JUDGE HAENLE: Yep.

13 THE WITNESS: Well, maybe I've lost track of
14 the question.

15 BY MS. EGELER:

16 Q. You answered it initially by telling me that
17 the county, no, does not intend to go on and further
18 increase the differentials between the rate spreads and
19 that was the question that was asked. Thank you.

20 I'd like to turn to some of your discussion
21 that you had with Ms. Thomas regarding landfill space.
22 You talked about the availability of landfill space in
23 Eastern Washington, I believe, and specifically those
24 two landfills are the regional disposal facility in
25 Klickitat County and the waste management site in

1 Arlington, is that correct, Arlington, Oregon, rather
2 than Washington?

3 A. I said that I was aware of the
4 availabilities of landfill -- of additional landfill
5 space and those are two sites, yes.

6 Q. And there's additional landfill space
7 besides those two major sites as well, is that correct?

8 A. Well, I don't know. I believe there is one
9 other regional landfill that is available right now,
10 also located in Oregon, and I'm aware that there are
11 some sites that are proposed for Eastern Washington and
12 possibly eastern Oregon.

13 Q. Are you also aware that two years ago the
14 city and county of Spokane opened a state of the art
15 waste energy incinerator?

16 A. Well, I am aware that Spokane opened an
17 incinerator, yes.

18 Q. And are you aware that at this time some
19 counties are using the option of shipping waste to some
20 of the larger Oregon landfills?

21 A. Yes.

22 Q. You've stated in your testimony that the
23 current Eastside rates will have a detrimental effect
24 on the life of the Cedar Hills landfill, is that
25 correct?

1 A. We've stated it, yes, that we believe it
2 will.

3 Q. On page 26 of your testimony, you reference
4 a sentence from the 1992 solid waste plan update.
5 The quote there says that the Cedar Hills landfill is
6 an invaluable and irreplaceable resource and that
7 action must be taken to preserve it for as long into
8 the future as possible, is that correct?

9 A. Yes.

10 Q. But isn't it true that county has decided
11 not to develop area eight of the landfill and that this
12 decision will shorten the life of the landfill by three
13 years? That's a yes or no question.

14 A. Well, that -- that's much more than a yes or
15 no question, because you're speaking to a sentence that
16 came from a rate study that arises from a site
17 development plan that due to significant changes in
18 conditions is no longer current and under revision.

19 The quote that you made had to do with
20 assumptions that were made for the purposes of making
21 the rates that were done in that rate study, and in
22 order for me to give a complete and accurate answer to
23 your question, I have to go in -- I have to discuss
24 what the site development plan was, how area eight
25 relates to that, exactly why -- and for what reasons

1 Cedar Hills is a valuable resource and how that
2 reflects actions that were taken for Cedar Hills.

3 Q. Let me restate my question then. Will -- at
4 this time is the county intending to develop section
5 eight?

6 A. We are not intending to develop area eight
7 as referenced in that plan because there will not be an
8 area eight. The plan is being revised. Under the new
9 plan there will be an area eight, so I could answer
10 both yes or no to your question. The original site
11 development plan -- back up one step. Cedar Hills is a
12 920 acre site.

13 Q. I just would like you to answer the question
14 I've asked, Mr. Hansen, and I'd like a straightforward
15 answer. At this time today is King County planning to
16 develop area eight of the landfill, yes or no?

17 A. Well, again, I have answered the best. I
18 know what you're reflecting. We are not intending to
19 develop that area eight because that area eight will no
20 longer be designed as proposed.

21 Q. Thank you. And did your plan also state
22 that the effect of not developing area eight would be
23 to shorten the life of the landfill by three years?

24 A. Yes. That's a statement from the rate
25 study, not from the plan.

1 Q. Is part of -- let me strike that question.
2 Let me go on. On page 20 of your testimony, lines four
3 through seven, you state that participation in
4 programs, referring to recycling programs, is
5 volunteer, and Eastside customers must sign up to
6 participate in the programs rather than not requiring
7 signup and delivering bins to all customers. Do you
8 see that?

9 A. Do I see that?

10 Q. Yes?

11 A. Yes.

12 Q. Isn't it true, Mr. Hansen, that although
13 participation is volunteer that the rate for recycling
14 in the Eastside service district is mandatory and that
15 all customers pay for recycling service?

16 A. All customers who subscribe to collection
17 service pay for recycling service, yes.

18 Q. So you're saying that those who do not
19 subscribe do not pay a mandatory rate for recycling in
20 the Eastside service territory?

21 A. I'm saying someone is not a customer of
22 Eastside do not pay that rate and they're not required
23 to be a customer.

24 Q. So what you're saying is if you're --
25 can we agree that if you are a solid waste customer,

1 you must mandatorily pay the fee for recycling service?

2 A. If you're a customer of Eastside's? Yes.

3 Q. And that is regardless of whether or not you
4 want to participate in the recycling program, is that
5 correct?

6 A. Yes.

7 Q. Okay. In fact, isn't it true that all
8 carriers in King County have a mandatory recycling rate
9 for solid waste customers?

10 A. In every case, all customers who subscribe
11 are required to pay a fee that covers the cost of
12 recycling, yes.

13 Q. Regardless of whether or not they want to
14 participate in the recycling program, correct?

15 A. Yes.

16 Q. When a customer of Eastside decides that she
17 wants to participate in the recycling program after
18 all, she would already be forced to pay for it if she's
19 taking solid waste service, wouldn't she just call up
20 Eastside and request delivery of the bins, is that how
21 it works?

22 A. That's how I did it.

23 Q. And so the hauler only delivers bins to
24 customers that request them, is that correct?

25 A. That's my understanding, yes. In the case

1 of Eastside.

2 Q. Yes, I'm directing the questions to
3 Eastside. And therefore Eastside's recycling plan does
4 not bear the cost of delivering bins to solid waste
5 customers who don't want to or will refuse to
6 participate in the recycling program, isn't that
7 correct?

8 A. Yes.

9 Q. Do you know what Eastside's current
10 recycling program participation rate is?

11 A. Well, I mean, yes, I believe that was in my
12 testimony.

13 Q. Do you know that off the top of your head?
14 I can give you a reference if you need it. Would you
15 accept subject to check that as of February of 1994,
16 the participation rate was 83.52 percent?

17 A. I would accept that subject to check. I
18 believe on page 21, the single-family participation
19 rate in my testimony is given at 84 percent.

20 Q. The number I was giving you for purposes of
21 your check was the overall participation rate, and if
22 you'd like to check it you may want to refer to
23 prefiled Exhibit JAG-12. At page 33 of your testimony,
24 line two --

25 MS. PERRY: What page was that, please?

1 Q. 33. You compare the new mini-can rate of
2 \$15.65 which includes recycling and yard waste and
3 state that this same customer could save \$2.90 if
4 they dropped yard waste service and signed up at the
5 two-can level, \$12.75 per month. Isn't it true that
6 effective October 1993 King County now has a county
7 ordinance banning yard waste from the solid waste
8 stream?

9 A. Well, it's true but that's not even close to
10 the point of this point in the testimony.

11 Q. I'm asking you whether or not that ordinance
12 exists.

13 A. Yes.

14 Q. Therefore it is illegal under King County
15 ordinance to put yard wastes into your solid waste can,
16 is that correct?

17 A. That is correct.

18 Q. If a normal law abiding customer had the
19 need for two cans of solid waste, and had yard waste
20 debris, the proper rate would be \$18.75, is that
21 correct, in other words, the customer would have to pay
22 for solid waste service and for the yard waste service,
23 is that correct?

24 A. That's correct.

25 Q. And of course recycling, since recycling is

1 a mandatory rate, correct?

2 A. That's correct, but the point here is that
3 same law abiding customer is specifically penalized --
4 the yard waste customer that was there is specifically
5 penalized by the rate action and the requirement --

6 Q. That's not my question. I would like you to
7 restrict your answer to the question I've asked you. I
8 was asking you whether or not a law abiding citizen who
9 needed solid waste service for two cans of service, and
10 had yard waste debris, if that customer would pay a
11 rate of \$18.75, and your answer as I understood it was
12 yes?

13 A. It was yes.

14 Q. Thank you. After the Commission rejected
15 the steeply inverted incentive based variable can rates
16 that King County advocates for Eastside, did King
17 County investigate other types of rate incentives that
18 it could include in its waste reduction plan?

19 MS. PERRY: I object to the characterization
20 of the rates as steeply inverted incentive rates.

21 Q. Well, I would recharacterize them as more
22 steeply inverted than the rates that the Commission did
23 actually accept since obviously there were inverted
24 rates accepted by the Commission.

25 MS. PERRY: I would still object. Mr.

1 Hansen has testified that the rates that are required
2 under the county ordinance for haulers to submit are
3 not inverted rates, so I would object to the
4 characterization of these rates as being steeply
5 inverted.

6 JUDGE HAENLE: Ms. Egeler?

7 Q. Let's clarify this issue of what's inverted
8 and what's not. Mr. Hansen, would it be your testimony
9 that the rates approved by the Commission are not
10 inverted and that the rates that are recommended in the
11 King County ordinance are not inverted rates either?

12 A. Yes.

13 Q. Okay. Then let me rephrase the question and
14 ask you. After the Commission declined to accept the
15 type of rate structure that the county proposed for
16 Eastside Disposal, did King County investigate other
17 types of rate incentives that it could include in its
18 waste reduction plan?

19 A. I need to say that the Commission did not
20 reject any rate proposal that was made by the county.
21 The testimony that we gave was that the rates they were
22 getting ready to approve were inconsistent with state
23 law, and in fact in that testimony we made reference to
24 the comprehensive plan requirement but our testimony
25 was based upon the direct charge in state law and the

1 Commission rejected that testimony, and adopted the
2 rate that had been recommended by staff. They never
3 had before them a rate that was consistent with the
4 requirements in King County code. Subsequent to that,
5 we did not -- we have not evaluated any incentives
6 other than looking for what we view as a proper cost
7 allocation methodology at the point of collection.

8 Q. Would King County have any objection to cost
9 based rates if the costs were allocated properly as you
10 have previously stated this morning they should be
11 allocated?

12 A. Well, I hesitate to use -- I'm hesitating on
13 the term cost based rates because that has seemed to be
14 -- that's -- the meaning of that term has seemed to
15 change. We do not believe rates should generate
16 revenues in excess of the revenue needs that the hauler
17 has. We do not believe that our rates should generate
18 revenues in excess of our needs. We believe those
19 rates should be allocated so that they do -- so that
20 they are consistent with our priorities and so that
21 they do reflect more the cost of what is being disposed
22 of rather than just the cost of stopping. Beyond --
23 you know, I haven't done or we haven't done the kind of
24 analyses that the Commission does in setting -- in
25 setting rates, and in allocating those -- you know, the

1 revenue needs amongst the different subscription
2 levels.

3 All I know at this point is that there is
4 direction from state law to adopt rates that are
5 consistent with the solid waste management priorities,
6 that somewhere that needs to be balanced with, you
7 know, the methodology you're going to use in allocating
8 that cost amongst different subscription levels, and
9 that that's not being done here.

10 Q. One of the problems that you expressed this
11 morning with the cost based rates advocated by the
12 staff was that in your opinion the cost based rates
13 were not properly allocating the cost of equipment, for
14 example, between the various service levels, is that
15 correct?

16 A. Well, looking at the cost of service
17 methodology as specifically applied, I question some of
18 its specific applications. In addition to that, there
19 is the policy direction to adopt rates that are
20 consistent with priorities that goes in my mind beyond
21 those comments, so part of what I was saying is yeah,
22 that based on the review of the testimony that I had
23 seen, I would question how the cost of service
24 methodology was being applied. Even beyond that I
25 would question, for example, the -- how the unit of

1 service is defined, and a couple of examples that I
2 gave were on the one hand you could define the unit of
3 service as the stop, and on the other --

4 MS. EGELER: Objection, Your Honor. Once
5 again this goes beyond the scope of the question that
6 was asked. The question was asked and answered long
7 ago, so I would like to direct the witness -- have you
8 direct the witness to answer the question.

9 JUDGE HAENLE: Mr. Hansen, we try to strike
10 a balance between allowing you to explain your answer
11 and allowing you to go beyond. I think you are going
12 beyond. You can explain your yes or no answers, but
13 any additional policy testimony you feel you need to
14 give would be done on redirect with your counsel.

15 Q. Does King County have a concern for the
16 fairness and equity of the rate charged to the solid
17 waste subscribers?

18 A. Yes.

19 Q. Before filing this case did King County
20 consider the cost to Eastside Disposal of defending
21 this case?

22 A. Yes.

23 Q. Are you aware of who ultimately may be
24 bearing the cost for Eastside's defense in this case?

25 A. Yes.

1 Q. And who would that be?

2 A. Presumably that would be the ratepayers.

3 Q. And did you consider the cost to King County
4 of filing this case and your residents?

5 A. Yes.

6 Q. And do you know what that may be?

7 A. Yes.

8 Q. Or will be?

9 A. Do I know what the costs may be?

10 Q. Approximately what the cost to the county
11 will be.

12 A. No.

13 Q. Do you know or did you make an estimate of
14 what the costs will be to Eastside and its ratepayers?

15 A. No.

16 Q. And did you consider what the costs would be
17 to the state of pursuing this case?

18 A. No.

19 Q. I have no further questions.

20 JUDGE HAENLE: All right. Commissioners,
21 you're next. I don't know if you want to do them now
22 or if you want to do them after the lunch break or what
23 your preference is. Do you want to start now and go
24 into the lunch break or -- you have lots of choices.

25 COMMISSIONER HEMSTAD: I don't care.

1 CHAIRMAN NELSON: I'd prefer to break. Come
2 back at 1:15.

3 JUDGE HAENLE: All right. Let's recess at
4 this time, then, for lunch. We'll be back at 1:15 and
5 we'll begin with the commissioners' questions.

6 (Luncheon recess at 11:50 a.m.)

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1 AFTERNOON SESSION

2 1:15 p.m.

3 JUDGE HAENLE: Let's be back on the record
4 after our lunch recess. Commissioner?

5 E X A M I N A T I O N
6 BY COMMISSIONER HEMSTAD:

7 Q. Dr. Hansen, first, I hope this isn't
8 covering ground that was covered this morning, but
9 could you succinctly tell me what -- if you could have
10 it the way you would want it, what you would want an
11 order from this Commission to say?

12 A. What we would like an order from this
13 Commission to say, or to achieve, is a rate structure
14 that would exceed or at least be very close to that
15 which is contained in the King County code.

16 Q. All right. And those are the percentage
17 differentials -- refresh my memory again. What are
18 they again?

19 A. From the mini-to the one-can, it was 60
20 percent; from one to two, 40 percent; from two to
21 three, 25 percent. A little bit beyond this specific
22 issue is perhaps a second look at the whole issue of
23 incentive rates, given that we've had some of these
24 programs in place now for about five years, another
25 look at incentive rates might be appropriate, but the

1 specific objective for these hearings has to do with
2 the rate structure that Eastside has in place.

3 Q. Now, as I read your ordinance, it doesn't
4 say, and I think probably understandably so, it doesn't
5 direct the Commission to do that, but you urge the
6 Commission, or you, King County, urges the Commission
7 to adopt that pattern of rates?

8 A. Yes, that is correct.

9 Q. And it's your view that the tariff as
10 adopted violates state law by not adopting that
11 pattern?

12 A. No, not by not adopting that pattern per se,
13 but we believe that the direct charge to the Commission
14 is that you adopt rates that are consistent with the
15 state's solid waste management priorities, and we
16 believe these are not, and the second charge is that
17 you adopt rates that are consistent with local
18 comprehensive solid waste plans and the ordinances that
19 implement them, and we believe these aren't. We
20 recognize the nature of the UTC, in the way the
21 ordinance was written, which -- it doesn't direct, it
22 encourages. We recognize that you're an independent
23 policy body, and over the length of this time have been
24 working with you to achieve common ground, and over the
25 length of this time believe we have achieved the common

1 ground up until the Eastside thing, so there have been
2 other rates that you have approved that have not been
3 exactly those that we have not questioned because
4 they're close.

5 Q. But it would be your position that a tariff
6 that we would approve would have to at least
7 approximate those differentials?

8 A. Yeah. We would like them to be, I would say
9 approximate or be close to.

10 Q. Is it your view that those differentials are
11 able to be defended on a cost of service basis?

12 A. Well, I think they can. When we first set
13 those differentials, one of the reasons we picked those
14 differentials was because in our opinion they did
15 provide an adequate incentive at the time we were
16 setting them, and it was also our understanding from
17 Commission staff that those differentials could be
18 achieved within the cost of service methodology at
19 least as it was being employed at that time, and so I
20 don't -- at this point in time, I don't know if that
21 still is possible, but when we set those, that was our
22 understanding.

23 Q. But I have the sense that -- or from our
24 Wednesday morning meeting when the tariff was adopted,
25 that the experience over time with some history was

1 what was the driver here, that permitted further
2 analysis as to what costs were. I understand you have
3 a difference as to how you would allocate those costs,
4 but that was -- wasn't that a factor in the staff's
5 position?

6 A. My understanding is that that is a factor in
7 staff's position subject -- you heard the questions I
8 had on how specifically the cost of service methodology
9 was employed, so I won't repeat those. If that is in
10 fact -- I mean, if that is in fact the way it is, then
11 I would question whether the cost of service
12 methodology as employed is consistent with the
13 direction provided by the legislature to adopt rates
14 that are consistent with the priorities.

15 Q. Okay. You discussed in response to counsel
16 questions the process by which the 60, 40, 25 ratios
17 were adopted. You said you went through an elaborate
18 hearing process and so on. But in making that -- or
19 coming to that conclusion, that that should be the
20 appropriate differential to put in your plan, was there
21 any cost of service analysis applied to that, or was it
22 essentially a determination based upon what you and
23 your consultants and everyone who was involved with it
24 concluded would be needed in order to incent behavior?

25 A. I'll start by saying that those percentages

1 are not in our plan. Our plan calls for rates that
2 provide an incentive for waste reduction recycling.
3 Those percentages are in an ordinance that the council
4 adopted.

5 Q. In the translation of the plan to the
6 ordinance?

7 A. Yes. In coming up with those numbers, there
8 was a lot of analysis being done, some of which
9 postulated different -- I'll say different rate setting
10 policies. For example, one of the rate setting
11 policies is the cost of service one where you allocate
12 like all of your fixed costs to the stop, and another
13 policy is to say that we ought to be completely linear,
14 that two cans ought to be twice as much as one can, so
15 we had analyses supporting different scenarios like
16 this. Within the context of all of that, in working
17 with the haulers primarily and Commission staff and our
18 own staff, we picked those numbers specifically because
19 they were achievable, I mean, it's something the
20 Commission said we could implement within the way we do
21 it now, there's something the haulers said that this is
22 something that we can manage with, and from our
23 perspective they did provide for that time a better
24 incentive that than exists with most of the rates that
25 were in place.

1 Q. If a tariff were adopted by this Commission
2 with those differentials, do you have an opinion as to
3 whether they would then encompass cross-subsidies of
4 any significance between groups or classes of
5 ratepayer?

6 A. May I ask, is a one can customer like one
7 class and a two can customer another class?

8 Q. Well, I'm not sure. You can respond to that
9 however you think appropriate.

10 A. Well, I -- how I would respond to that is as
11 I understand the Commission's staff definition of
12 cost of service, then those differentials would result
13 in, to use your word, a subsidization of the lower
14 subscription levels, and the higher subscription levels
15 would generate a surplus to cover that, so one class of
16 customers, that is commercial versus residents, there
17 wouldn't be that kind, but within.

18 Q. Within a residential group?

19 A. Yes. But I think that is entirely driven by
20 how you decide to allocate specific costs which is the
21 subject of some degree of judgment, and the example I
22 gave this morning was the equipment one.

23 Q. But let's assume your cost allocation
24 assumptions were to be applied, and let's take -- let's
25 take a couple of examples. Let's compare a single

1 person residence, say a senior citizen, with a -- that
2 prototypical American family of two adults and two
3 children, and using -- and generating an average amount
4 of waste, and the senior citizen uses the mini-can and
5 let's say the family of four uses two cans. Would
6 there be subsidies flowing between those two?

7 A. Using my -- because I haven't performed any
8 analyses of what the rates would look like if some
9 of the policy points that I suggested were there, I
10 really can't answer that question.

11 Q. Do you think it's relevant?

12 A. Well, I think it's relevant, but -- I mean,
13 I think there are other significant factors. See, from
14 my perspective, it would be just as easy to argue that
15 the policies exist -- that exist today provide a
16 subsidy to the large waste generators. The question
17 that you asked me, as I understood it, was whether the
18 larger waste generators were going to subsidize the
19 lower waste generators, and I don't know that we have a
20 quantitative answer to that right now.

21 Q. Have there been any studies done by King
22 County or are you aware of any in the country that ask
23 the question what a typical family say of four will
24 generate in waste as sort of a minimum requirement?

25 A. We have developed data and performed studies

1 on what a -- you know, a quote typical family would
2 generate, more in the form of observing what families
3 in King County are generating today. I don't believe
4 that we've set a floor -- I mean, we have not
5 determined that there is some floor below which they
6 cannot generate.

7 Q. Well, let me pose the question this way. It
8 probably is unlikely that a typical family of four will
9 be able to meet or will be able to conserve to the
10 point where they can generate waste that would fill
11 only one mini-can a week.

12 A. That -- my personal answer to that question
13 would be to agree, and that kind of depends on what you
14 call a typical family, because there are the zero
15 generators. There are families -- you know, I believe
16 that with good recycling in fact that you can -- that
17 you can do that. I just don't know if that's a
18 typical --

19 Q. Then do you have any studies as to how that
20 would indicate what percentage of those family units
21 use mini-cans? When I say family units, I mean, you
22 know, more than a single person, a family with
23 children.

24 A. I am not personally recalling that we have
25 any studies indicating what under percentage of the

1 family use mini-cans. I'm not recalling that we have
2 that today. The information that we have today on how
3 much material is being generated and recycled by
4 households has to do with the weight of the material
5 and not necessarily the containers that they're using
6 to dispose of it, and it's because of how the data are
7 reported to us.

8 Q. But it gets to the same point. A family
9 will generate a certain amount of weight?

10 A. Yes.

11 Q. Which translates into cans eventually, and
12 presumably it's intuitively so that the average family
13 will generate more weight than the average single
14 personal residence?

15 A. You know, absent any waste reduction
16 behaviors, yes. It depends on what the two are doing.

17 Q. Doesn't that pose a question then of equity,
18 particularly say if you're comparing a relatively well
19 off senior citizen and a relatively low income family,
20 and their ability to -- or their opportunity, if you
21 will, to hold their costs down?

22 A. But -- there is an equity question there
23 that has to be balanced against the price signal that
24 we need to give that low income family, but again, as
25 I'm recalling all of the data that we've developed and

1 I've seen, it is possible for that four person family
2 to get down to the one can, and I -- you know, I would
3 think that it -- I mean, it would take some work,
4 they're going to have to invest some of their own
5 effort in exchange for cash which happens in those
6 kinds of income things. They can get down to a
7 mini-can as well.

8 We have developed information on the amount
9 and composition of material that is being recycled and
10 on the amount and composition of material that is still
11 being thrown away, and there is a lot of recyclable
12 material that is still being thrown away.

13 Q. I'm sure we would all agree with that, but I
14 guess I would like to know from you whether you think
15 there can be a cost of service variable rate here
16 reflecting cost, and understanding the disagreement
17 with how you measure cost, that would accomplish the
18 objectives of the King County plan and ordinance
19 without overlaying that with additional incentives on
20 price?

21 A. You're asking me to make a qualitative
22 judgment.

23 Q. Yes.

24 A. Based -- and based on what I've said, I
25 think that we can -- I think there can be common

1 ground. In other words, I think that there can be a
2 cost of service approach that does approach our goals
3 for rate structure. Up to the point of approval of the
4 Eastside rates, in fact, our understanding was cost of
5 service methodologies were being applied, and the rates
6 that were being developed were rates that were
7 consistent with our objectives for rate structure.

8 Q. Well, there may be -- again, from our
9 Wednesday morning discussion when the tariff was
10 adopted, I was left with the sense that it was the
11 development of some experience with the new system that
12 led to the ability for more precise cost evaluation
13 than had been able to be done before, and there may
14 well just simply have been a divergence of position
15 here that is not able to be bridged.

16 A. This is referring to the hearing some months
17 back?

18 Q. Yes.

19 A. Well, I don't -- from what I can recall -- I
20 mean, part of what I testified to at that hearing was
21 just that the surface belief that the rates that were
22 being adopted were inconsistent with the direction
23 given by the legislature, so that had nothing -- my
24 testimony at that time had nothing to do with the
25 analysis that led to the rates. Beyond that, though, I

1 think that with respect to these specific rates, how
2 the unit of service is defined and how the cost of
3 service methodology is applied is critical.

4 One of the things that I believe I said in
5 that hearing, although I'm not 100 percent certain I
6 said this, was when we participated in the notice of
7 inquiry process here several years back, one of the
8 things that we suggested would be -- was that it would
9 be legitimate for the Commission to define the unit of
10 service as the can rather than the stop because what
11 we're purchasing is the right, you know, to throw
12 something away, as I said this morning. If we define
13 the unit of service to the can as opposed to the stop,
14 then a strict cost of service methodology would lead to
15 a linear rate structure where two cans would cost twice
16 as much as one can. So in that sense, the assumptions
17 you make or the choices you make about what the unit of
18 service is going to be are very important, and that's
19 kind of what I was relating to in part anyway back
20 then. What I said this morning is that even defining a
21 unit of service as the stop, I think there are some --
22 there at least are some things in the way the
23 methodology is done that I would do differently.

24 Q. I was rather surprised at your response this
25 morning that you were not aware of what the tip fees

1 are at the other regional landfills in the region?

2 A. Well, I don't know that that's what I said.
3 What I thought I said was -- I mean, there are no other
4 regional landfills in the region. I know what the tip
5 fees are -- I know what tip fees are being charged by
6 other counties and cities within the general area of
7 King County.

8 Q. Well, I'm sorry. I meant in Eastern
9 Washington and eastern Oregon.

10 A. I do know -- if that's the question I
11 answered, I answered it incorrectly. I do know
12 generally what the tip fee is at the Klickitat County
13 landfill.

14 Q. What is that?

15 A. At the Klickitat County landfill I believe
16 it is approximately \$20 a ton.

17 Q. And what are your fees at Cedar -- I'm
18 sorry?

19 A. Cedar Hills?

20 Q. Yes.

21 A. I have to give a little broader answer
22 because the tip fee that we charge in addition to
23 paying for the land fee itself pays for a
24 transportation system, and they also pay for our waste
25 reduction and recycling programs and for a number of

1 other things that are not recovered in the tip fee at
2 the landfill. The system-wide fee that we charge today
3 is \$66 a ton, and the tip fee that is charged by
4 Rabanco at its transfer facilities in King County for
5 delivery to Klickitat County is in the -- before you
6 add on taxes and surcharges is in the range of 62 to
7 \$65 a ton, somewhere in there, so it's generally
8 comparable. But part of the apples and oranges piece
9 of that is some of the costs that we recover through
10 the tip fee, companies like Rabanco and cities like
11 Seattle will recover through the collection fee, and so
12 you don't get back to apples and apples until you
13 figure what exists back at the point of collection.

14 Q. And is it your view that the -- attempting
15 to make it apples and apples, that the cost of using
16 the King County landfills is less expensive than using
17 the Eastern Washington or eastern Oregon landfills?

18 A. Yes. We have done some analyses that tell
19 us that Cedar Hills -- that having Cedar Hills
20 available is less expensive for King County ratepayers
21 than going to either Klickitat County or to the Gilliam
22 County landfill.

23 Q. On a difference of -- why is there a
24 differential in the fees between the disposal -- or the
25 tip fees for the disposal companies and self --

1 A. Well, there's not, but in answering that, we
2 actually -- we generally have a two tiered structure.
3 Our general fee that we charge to all users at all
4 facilities is \$66 a ton, and when the local
5 hazardous waste surcharge and the state utility tax is
6 added it comes to be about 71.77 per ton. Cedar Hills
7 is not open to the general public, so that is not a fee
8 that is available to anyone -- to the general public at
9 Cedar Hills. At Cedar Hills we also have what is
10 called our regional direct fee which is currently \$43 a
11 ton. That fee is available to the operators of
12 transfer stations, and at the time that that fee was
13 formalized and cost allocation decisions for that fee
14 were formalized, other customers to our system included
15 city of Seattle which operated two transfer stations
16 and then two privately operated transfer stations, but
17 in order to get the \$43 a ton rate you have to deliver
18 garbage to Cedar Hills in these large semi trucks, you
19 know, instead of route collection trucks, and it has to
20 be from another transfer station, so that one of the
21 things that transfer stations do is it consolidates
22 waste in the larger load so we get less traffic at
23 Cedar Hills, and our fee structure reflects that.

24 Q. That's all I have for now.

25

E X A M I N A T I O N

1 BY CHAIRMAN NELSON:

2 Q. Can I follow up on that? So, in other
3 words, the \$43 that you mention at page 36 of your
4 testimony for the direct haulers, there's a limit in
5 universe of those who are direct haulers, and they are
6 people who are hauling from a transfer station, is that
7 right?

8 A. Yes. There is an extremely limited
9 universe.

10 Q. That clears up one of mine.

11 A. Now, you need to know that in the rate study
12 that I believe is -- in the rate recommendations that I
13 believe are a part of this record, we have recommended
14 that that rate be broadened so that operators of
15 recycling facilities also can call to Cedar Hills
16 regional direct to provide a benefit for recycling, but
17 that still is an extremely limited set of customers.

18 Q. Okay. Well, we were talking about yard
19 waste, so let's talk a little bit more about yard
20 waste. I was struck at page 21 of your testimony about
21 the 26 percent penetration ratio for Eastside Disposal.
22 I want to just explore that a little bit with you. I
23 understand that Mr. Gaisford's testimony indicates that
24 since the yard waste ban has been in effect that
25 participation rates have gone up to 12 to 36 percent,

1 is that correct? Do you remember Mr. Gaisford's
2 testimony?

3 A. I don't remember Mr. Gaisford's testimony
4 specifically, but the numbers that have been presented
5 to me in terms of the results -- impacts that have
6 happened since the yard waste ban are that that kind of
7 a change has occurred in participation rates throughout
8 the county.

9 Q. And yet -- so it looks like Eastside might
10 be -- I think it is, it's page 14, lines 16 to 25 of
11 his testimony where he lays out those percentages, so
12 the 36 percent would indicate that Eastside's
13 participation might be higher than other haulers?

14 A. Well, it looks like it's in the middle of
15 that range, yard waste.

16 Q. How does the county intend to try to achieve
17 its goal?

18 A. The 50 percent goal, the 65 percent goal?

19 Q. The 60 percent goal for single-family yard
20 waste.

21 A. Well, oh, you're talking about the
22 participation rate?

23 Q. Yes.

24 A. Well, we -- I mean, the way we were doing
25 that specifically given the rate structures that were

1 in place at the time we took on the ban was through
2 implementation of the ban, through public education
3 programs that informed people of the availability of
4 the service, and specifically of its availability at a
5 lower cost. We were seeking to move people in that
6 direction. Quite frankly, there's a couple of
7 significant things that I think we need more
8 information on in yard waste now having to do with how
9 many people are like backyard composters and how many
10 people are self haulers. When these goals were set, I
11 mean, there's information that may be available now
12 that might lead us to question some of those goals, but
13 we specifically were looking at education focusing on
14 the ban itself and the economic advantage of reducing
15 service levels and using yard waste, and that's in
16 addition to encouraging waste reduction.

17 Q. Do you do anything besides educate? Do you
18 levy fines or have any other sort of enforcement
19 efforts?

20 A. Well, for the ban specifically, the
21 enforcement effort that we set up was to have the can
22 rejected, tagged and rejected, not picked up.

23 Q. So it's left there?

24 A. Yeah.

25 Q. But beyond that, anything more punitive than

1 that?

2 A. We have not proposed anything more punitive
3 than that, beyond that. I would say that the
4 requirement is contained in King County code, and there
5 is -- there are civil penalties for violating King
6 County code that could be enforced, but we haven't
7 intended to do that.

8 Q. Let me turn to page 26 of your testimony,
9 lines 12 through 16, there's a quote from the 1992
10 plan, which uses a word I found interesting,
11 irreplaceable is how the Cedar Hill landfill is
12 described. Do you find that a little exaggerated or
13 hyperbolic?

14 A. No.

15 Q. No? Well, then, in what sense can you tell
16 me it's irreplaceable?

17 A. Well, the general sense is there will never
18 be another regional landfill located in King County,
19 and many will say that there will never be another
20 regional landfill located in Western Washington, and so
21 if you -- the context within which this statement is
22 made is that there's a certain amount of capacity there
23 that's available at a lower cost than its alternatives
24 to King County ratepayers, and when that capacity is
25 gone, it will be gone. It would not be possible to

1 replace that here.

2 Q. Meaning that the hole in the earth will be
3 used up?

4 A. Yes.

5 Q. And meaning that no part of the earth is
6 ever replaceable?

7 A. That I don't understand.

8 Q. Well, I find it to be -- I mean, it's an
9 ecologist's notion. I mean, the planet is what the
10 planet is and you just don't have any more inches of
11 capacity as that hole in the earth, is how it's
12 irreplaceable, but in the economic sense, I think all
13 of us who were around when the Waste Not Washington
14 plan was drafted have been a little surprised at the
15 market reaction, that all of a sudden there are
16 regional landfills, so if one looked at it in less than
17 just the earth is what it is, that there are perhaps
18 market mechanisms that might work to replace the
19 landfill capacity once it is used up?

20 A. Well, that actually is not a surprise. My
21 recollection during the Waste Not Washington act
22 process was that those landfills in fact were either
23 under construction, under development even then, so
24 that was known then. When we speak of Cedar Hills as
25 an irreplaceable asset, we acknowledge that there are

1 benefits to our ratepayers, that Cedar Hills is a lower
2 cost than the alternatives to Cedar Hills. And so one
3 of the reasons we're very concerned about rate setting
4 methodologies, that in our view don't properly allocate
5 costs like to the different subscription levels, we
6 risk over consuming that resource. We want rate
7 setting methodologies that give a strong price signal
8 direct to the consumer to reduce the amount of waste
9 they generate.

10 Q. But in terms of it being irreplaceable, that
11 is from the perspective I guess of the county and its
12 citizens at this point in time?

13 A. Yes.

14 Q. Commissioner Hemstad and you just went
15 through a colloquy and I would like to follow up on
16 that also about your appearance at a Wednesday morning
17 meeting several months ago where I think you made the
18 argument that we apply avoided cost thinking in the
19 electric utility context and we should try to apply
20 that context -- apply that kind of thinking, parallel
21 thinking in the solid waste area. Do you recall that
22 general argument?

23 A. Well, I believe that was a piece of what I
24 said, but I don't believe that was the bigger piece of
25 what I said.

1 Q. Well, I would just like to talk about
2 avoided costs. I'm just trying to set the stage to
3 talk about avoided costs, and I guess I heard
4 Commissioner Hemstad -- heard your answer the way I
5 heard it from a colloquy earlier this morning, that the
6 county isn't aware of capacity outside of the county.

7 What I'm trying to get at is if we were to
8 try to apply avoided cost thinking, in the electric
9 context we have a proxy for the costs that are being
10 avoided, and I guess I'm trying to ask in your mind the
11 costs that are being avoided are the -- are Cedar Hills
12 costs, and once -- that is the proxy that we're trying
13 to achieve. Is that -- and that's why we don't know
14 what other landfill capacity is in the region?

15 A. Well, I'm not -- I'm not correcting your
16 question with the response that I gave earlier this
17 morning, because I am and have been aware of the
18 regional landfills that are available. I recall when I
19 said I wasn't aware of other landfills that are
20 available, what I heard in the question was that there
21 were other landfills available like in Western
22 Washington other than those regional landfills, and
23 that's what I was saying I don't know. Beyond that --
24 I mean, the cost we're avoiding at Cedar Hills right
25 now is whatever the higher cost of its replacement will

1 be, and to the extent that we limit those to economic
2 costs, you know, then we can develop an estimate of
3 what those avoided costs are. We have done that to
4 a degree by incorporating replacement facility costs in
5 the tip fee that we charge for Cedar Hills, but that is
6 an economic cost that our ratepayers pay. I don't
7 think -- to the extent that avoided costs factor into
8 the revenue requirement that you need to come up with,
9 we aren't questioning that. We're merely questioning
10 its allocation.

11 Q. Amongst the various residential subscribers?

12 A. Yes.

13 Q. Now, the electric utility regulation
14 context, we've also been challenged recently to think
15 about environmental externalities, and I guess I just
16 have a question. You're from the solid waste division
17 of King County. Anecdotally I've heard evidence that
18 Seattle's inverted rate structure caused quite a lot of
19 external waste dumping not in the Seattle managed waste
20 stream, that is, dumping was made in ravines and in
21 parks and so on. Has King County's parks department
22 had any similar experiences with the rate structures
23 that were in effect before Eastside's were adopted
24 which was a more inverted rate structure, have you done
25 any studies or have you had any anecdotal evidence in

1 that regard?

2 A. We haven't done any specific studies. We
3 have anecdotal information that would probably support
4 any conclusion that you would want to draw. There is
5 -- our parks department does -- they do have litter
6 problems or illegal dumping problems in their system
7 from time to time. They haven't said to me that they
8 are any worse now than they were before. We do know
9 that since the Newcastle landfill closed in 1990 or
10 1991, somewhere in there, and the cost of construction
11 debris management went way up, there has been illegal
12 dumping, there is evidence of illegal dumping that
13 needs to be dealt with.

14 From my own personal experience over about
15 20 years, which includes in Snohomish County the
16 adoption of a rate where none existed before, you do
17 see illegal dumping but it's more transitory, you know,
18 as people become accustomed, just kind of like we've
19 become accustomed to the higher cost of gasoline.
20 We're in an arena now with rates where that may or may
21 not be true, but that is one of the things that we have
22 to deal with, but I don't -- I'm sure that I've heard
23 many or similar anecdotes as you, but I know
24 specifically that we have tracked illegal dumping in
25 construction debris, I mean specifically, and have seen

1 some of that since the price of debris management went
2 way up.

3 Q. Well, pricing those are powerful things, we
4 definitely know that, and when prices become too high,
5 consumers or in this case producers of waste have
6 incentives to look elsewhere for alternative ways of
7 consuming or disposing, but I take it from your
8 previous answer you don't think that the county's
9 preferred rate structure would lead to any unexpected
10 or untoward departures of people from the solid waste
11 stream that would pop up in an external sense somewhere
12 else and become part of someone else's cost problem?

13 A. No. I mean, having to do with the nature of
14 the structure, no, and we certainly agree that prices
15 are a very effective way to have people look for
16 alternatives, and I would say with respect to the
17 example I gave on construction debris where we do
18 observe or have observed at least in transition illegal
19 dumping, we have also observed huge, huge changes in
20 waste reduction and recycling behaviors in the
21 construction industry, and I can say this both from
22 looking at the data and from personal observation,
23 where you would knock down a building and haul it all
24 off and bury it, you see a lot of it being reused on
25 site, you know, reproduced as an aggregate. And we do

1 have to balance, you know, the public policy
2 implications of risking and policing legal and illegal
3 dumping versus the changes in recycling, but we have
4 seen in the construction industry huge, huge increases
5 in the amount of material being recycled. So I think
6 what we have to do in responding to the response to
7 these price signals is manage and control these things,
8 and in my own experience, it is effective, if you
9 police illegal dumping adequately, it's not a behavior
10 that will persist, but you do need to police it
11 adequately, and that observation is based on
12 experience. We've had more -- we've had to close
13 facilities then replace them in response to price
14 changes.

15 Q. Thank you. One last question. I want to
16 refer to your Exhibit RGH-2, page 20. What's our
17 exhibit number?

18 JUDGE HAENLE: Exhibit 3.

19 BY CHAIRMAN NELSON:

20 Q. Exhibit 3. I just want to try to understand
21 this chart, and I'm especially looking at the summary
22 -- this table 3.2, solid waste diversion operating
23 expenditure solid waste disposal projections. Under
24 summary 3.81, total administration, what does that
25 number represent? It seems so very high to me

1 compared to the other numbers on the table. Is that
2 all of King County's administrative overhead or is that
3 overhead for the solid waste division or what is that
4 number?

5 A. I specifically don't know what is in that
6 number. I believe if you ask that question either of
7 Jeff Gaisford, Russ Davies or Kim Albert, you would get
8 that answer, but what I -- and part of that is because
9 this cost assessment is prepared on the form specified
10 by the Commission and not necessarily are in the same
11 format as information provided to me.

12 I will say that if you look at our budget,
13 you will find a number of costs under the category of
14 administration that are not strictly administration.
15 For example, in our case, debt service is budgeted
16 under the category administration even though it's for
17 asset acquisition. Our landfill reserves fund transfer
18 also I think appears under administration budget.
19 That's the one that includes the closure and post
20 closure maintenance, so there's a lot of things that
21 get thrown in under administration that can mislead
22 somewhat.

23 Q. I'll follow up with Mr. Gaisford. Thank
24 you.

25

1 E X A M I N A T I O N

2 BY COMMISSIONER HEMSTAD:

3 Q. I'm sorry. Just a couple more questions.
4 What is the number or the dollar figure for replacement
5 costs in your tipping fee for your landfills, either --
6 approximately, if you know it?

7 A. Approximately I'm going to say it's a couple
8 of dollars a ton. I believe there's an exhibit
9 somewhere in the works that will tell you exactly what
10 that is proposed to be for the 1995 -- well, for the
11 coming rate period. At this point in time, I'm not
12 sure which rate study exhibit you have before you. I
13 also -- excuse me. I also believe that in response to
14 data requests, I furnished copies of previous rate
15 studies that will identify what that account -- it's
16 called a landfill replacement account in the land
17 reserve fund that will give those numbers.

18 Q. And are those dollars going into a
19 depreciation fund or are they being held or --

20 A. They are going into a reserve fund.

21 Q. Reserve fund.

22 A. And are being held for either the
23 construction of a replacement facility or these funds
24 can also be used for any facility or program that will
25 conserve the life or increase the capacity of Cedar

1 Hills.

2 Q. So I assume it's within the contemplation of
3 the King County planners that what, there will be
4 additional replacement within King County in future
5 years?

6 A. No. When that account was originally
7 established, that was the perception, but because of
8 the availability of county landfills, that no longer is
9 the perception. That is why several years ago, that
10 when these regional landfills became available, one of
11 the specific issues that the council dealt with was
12 whether it should eliminate that replacement account,
13 because we won't be building a new landfill. Rather
14 than eliminate that replacement account, the council
15 broadened the purposes for which the funds could be
16 used to include facilities and programs other than the
17 replacement landfill that would seek to increase the
18 capacity or life of Cedar Hills. They still wanted to
19 keep that price signal in the tipping fee that we
20 charge at Cedar Hills, but it is -- for example, if we
21 determined we could add so many years of life to Cedar
22 Hills by building a food waste composting facility, we
23 could use those funds to build a food waste composting
24 facility, thereby increasing the life of Cedar Hills.

25 Q. King County -- does King County have a

1 requirement that all waste haulers must use King County
2 facilities for dumping?

3 A. Yes.

4 Q. If that requirement were to be removed would
5 haulers go elsewhere?

6 A. I don't know. I truly don't know. Again,
7 as I said this morning, we are -- at least locally we
8 are about the lowest rate charged of all of the local
9 agencies around.

10 Q. Then why do you require that they must dump
11 in King County?

12 A. Well, there's a number of conflicting
13 objectives that we need to balance. One of those, for
14 example, is that we have invested considerable funds in
15 environmental improvements at the Cedar Hills landfill
16 and that includes improvements over -- for disposal
17 practices that were done in the past. That is a cost
18 that we are seeking to recover through solid waste
19 ratepayers as opposed to through general taxpayers, so
20 that's just one example. We have other obligations
21 related to the services that we provide that lead us to
22 have those kinds of policies in place.

23 Q. This question was asked this morning, but
24 wouldn't it follow if some portion of the waste flow
25 went elsewhere, it would surely lengthen the life span

1 of your facilities, wouldn't it?

2 A. Well, it would, but with adverse
3 consequences to our ratepayers. One of the things
4 suggested this morning, for example, that we just
5 start hauling some of our waste to an out of county
6 facility. Because out of county facilities are more
7 expensive than Cedar Hills that would result in a
8 higher cost to our ratepayers. Another way to achieve
9 that is to just allow waste to escape our system. That
10 again would require us to allocate our fixed costs over
11 a smaller rate base, so it is true that in setting our
12 policies we have to balance, you know, our goals for
13 conserving the capacity of Cedar Hills with our goals
14 for maintaining a secure rate base for Cedar Hills, and
15 that is a balance that our local elected officials go
16 through in adopting rates for our system, and also in
17 adopting policies like waste flow control policies for
18 our system, and the outcome of that process are the
19 policies that we have in place today.

20 Q. That's all I have.

21 E X A M I N A T I O N

22 BY JUDGE HAENLE:

23 Q. You said I think in answer to earlier cross
24 that you did not have in mind specific rates that you
25 want the Commission to implement, is that right?

1 A. Yes. I'm trying to remember if the question
2 was asked with respect to today or with respect to the
3 hearing that occurred some months ago. We have never
4 suggested a specific rate.

5 Q. I mean today. Why have you not suggested
6 specific rates?

7 A. Well, again, we recognize and have sought to
8 work with the Commission as an agency with independent
9 authorities. I mean, that's why we specifically wrote
10 the county code the way we did. We also don't have the
11 staff resource to perform the kinds of analyses that
12 the Commission performs in setting rates, and so the
13 argument that we bring forth is not one related to a
14 specific rate structure so much as it is related to
15 that this rate structure deviates in significant ways
16 from the policies that we believe have been imposed
17 upon both of us.

18 Q. So if the Commission found in the county's
19 favor, what would you then be asking the Commission to
20 do specifically?

21 A. Specifically today that would be to adopt a
22 rate structure --

23 Q. No, I don't mean generally. I mean, what
24 would happen then? It would go back to the drawing
25 board, there would be no more studies -- what would

1 happen then?

2 A. Eastside would get new rates.

3 Q. Well, where would those rates come from?

4 A. Well, I -- that's a process question. I
5 don't know how the UTC process works, so I guess I
6 don't know the answer. I mean, I don't know if
7 something is remanded -- at this point in time, I don't
8 know how that happens, but the outcome that we would
9 see is that Eastside -- is that the rates that exist
10 today would not be valid and that a new process whereby
11 new rates would be put in place would happen.

12 Q. And you are assuming then that all of the
13 studies involved and all of that would be done by the
14 Commission staff rather than by someone at the county
15 to support what was this proper incentive rate?

16 A. Well, I don't -- to some -- I mean, I don't
17 know how much the Commission staff does, how much the
18 hauler does. You're asking me questions about which I
19 am ignorant. My understanding is that typically a
20 hauler submits a proposed tariff, and that the -- you
21 know, the Commission will expend staff effort to review
22 that tariff. If this were starting from ground zero in
23 our case the hauler would have submitted a tariff that
24 would equal or at least come very close to the
25 differential specified in county ordinance, and if the

1 process that is followed is -- from this hearing is
2 that the hauler is directed to do that, then most of
3 the work would be the hauler's work, as I understand
4 it.

5 Q. Has the county determined any kind of
6 appropriate rates for this company that would cover the
7 revenue requirement, thought anything about the revenue
8 requirement in determining these rates?

9 A. You mean have -- do we have a view as to
10 what the revenue requirement should be?

11 Q. No, how the revenue requirement should be
12 achieved?

13 A. Well, I believe -- I mean -- I believe that
14 -- I mean, our ordinance says that our policy is that
15 the revenue requirements be achieved through a rate
16 structure that meets the specifications in our
17 ordinance. That doesn't say anything about what we
18 believe the revenue requirement itself should be, only
19 how it is distributed amongst the different
20 subscription levels.

21 Q. Looking at page 19 of your testimony, at the
22 top of the page, you state that the county's percentage
23 differential should be applied to the solid waste rate
24 including the recycling rate. Why do you include the
25 component cost of recycling in this determination?

1 A. Well, from our view, what a homeowner is
2 doing when -- whether that homeowner puts something
3 into a recyclable material, container, or a garbage can
4 that is hauled off to a landfill, the homeowner or the
5 resident is discarding or getting rid of materials that
6 no longer have any value to her, and we -- so the basic
7 service that you're getting is the same, regardless of
8 which can you're putting it into, although under
9 today's policies we're asking you to work a little more
10 at it by source separating it than we did in the past,
11 and when we adopted those rates, we wanted it -- I
12 mean, there would be what we felt would be a sufficient
13 price signal to allow a homeowner to substitute
14 recyclable containers for garbage containers, and it
15 was, you know, within that context, we'd look at those
16 differentials with respect to the service of getting
17 rid of things that they were buying.

18 Q. Looking at page 22, the chart at the bottom,
19 those -- do those include the recycling component in
20 the solid waste rate?

21 A. The chart at the bottom? Yes, my
22 understanding is yes, those are the rates that were --
23 yes. Those are the rates that were in effect before
24 the current rate increase. I mean, my understanding is
25 that some of them -- I've read the testimony on the

1 mini-can, for example, and how that might have actually
2 been below cost, but my understanding is the recycling
3 fee is embedded in all of that.

4 Q. Looking back at page 21 with those
5 percentages of participation, is any collection company
6 meeting the county's 60 percent participation goals?

7 A. I don't know.

8 Q. Do you know if Eastside's participation
9 percentage is higher than the mean?

10 A. Higher than the mean? I don't know.

11 Q. Okay. On page 22 at line six you have a
12 note indicating that Eastside requires signup for
13 service rather than providing mass delivery. Referring
14 to Mr. Gaisford's Exhibit JAG-7, the county recycling
15 rates are depicted. In all of the areas except areas
16 six through nine the county has better than a 25
17 percent recycling rate. Do you know if Eastside's
18 service territory includes areas six through nine?

19 A. I would have to look at the exhibit.

20 Q. Do you have it or should that be something I
21 would ask of Mr. Gaisford?

22 A. Well, you could ask that of Mr. Gaisford. I
23 believe I could answer that -- the exhibit is not a
24 map? If the exhibit is not a map, then I won't be
25 able to answer the question.

1 Q. All right. I'll ask Mr. Gaisford. Never
2 mind. That's all right. Okay. At page 29 beginning
3 at line 13 you state that the predominant burden of the
4 cost of the rate increase was borne by the customers
5 who have done the most to reduce and recycle their
6 waste. Have you done any studies or do you have any
7 evidence that you relied on to determine that customers
8 with a mini-can have reduced or recycled more than
9 those on a one or even a two-can service level?

10 A. I don't recall that we sorted that -- that
11 we sorted that specific one out. We have tracked or
12 sought to track changes in subscription levels as
13 recycling services have gone on, both in our service
14 area and others, and are aware of a strong relationship
15 between increased recycling and reduced subscription,
16 and that was the basis for any comment here.

17 Q. Do you have any factual data which
18 established that those customers using a mini-can
19 produced the majority of the county's 35 percent
20 recycling rate?

21 A. No, we don't have any data and in fact I
22 would believe that the customers that subscribe to the
23 mini-can do not produce the majority. I mean, the
24 mini-can customers are not -- I don't believe they're
25 that significant component of the customer base.

1 Q. There was a discussion about the yard waste
2 ban a little earlier and you said that there were no
3 fines other than the general fines for violations of
4 the King County code, is that right?

5 A. Generally. I mean, I said the fine that
6 exists, which is true for everything in the solid waste
7 title, is a general fine for a private individual.
8 It's up to \$500 for a violation of the county code, so
9 it's not like -- it's not like where we would call out
10 a specific fine for a speeding ticket and a specific
11 fine for a parking ticket. There's just a general fine
12 for a code violation.

13 Q. Have any of those fines been imposed with
14 regard to the yard waste ban?

15 A. No.

16 Q. Do you intend to have any kind of
17 enforcement fines with respect to this yard waste ban
18 in the future?

19 A. Well, I don't know about the future. Our
20 intent with the ban today was to handle it through
21 tagging and not picking up, and we've also -- I mean,
22 as we ended the ban, we did a public information
23 process in advance of the ban, but we were looking
24 mainly at tagging and not picking up.

25 Q. Earlier in your testimony you expressed

1 concerns regarding the Commission's Meeks study which
2 allocates truck costs based on time, is that correct?

3 A. Well, I expressed -- I didn't make any
4 reference to the Meeks study. I did express some
5 concerns about allocating truck -- equipment costs
6 solely on the basis of time given that, for example,
7 someone who generated three times as much garbage is
8 using up more of that investment than someone who does
9 not.

10 Q. Do you know whether -- isn't it true that a
11 half to two-thirds of the time in the study that the
12 Commission uses, the Meeks study, is allocated based on
13 tons, and that only a third to a half of that is
14 allocated directly on to times?

15 A. That I don't know. When I answered the
16 question this morning, I answered it with respect to
17 testimony I read that identified those items that
18 contribute to the increments between cans, and my
19 recollection was that the huge majority, the increment
20 between cans was specifically related to the tipping
21 fee, and so the question -- and then a much smaller
22 increment of that increment was related to the time
23 cost, and I question that because there is -- you know,
24 there are equivalent investments in equipment --

25 Q. I understand what your testimony was then.

1 What I'm trying to find out is how familiar you are
2 with the actual components of the Commission study.

3 A. Not at all.

4 JUDGE HAENLE: That's all I have.
5 Commissioners, anything else? Any redirect?

6 MS. PERRY: Yes, five minutes.

7 REDIRECT EXAMINATION

8 BY MS. PERRY:

9 Q. This morning when Ms. Thomas was questioning
10 you, there was a question that she asked and your
11 response raised a question in my mind and I need to
12 rephrase it, and I hope I rephrase it correctly, Ms.
13 Thomas can correct me if I'm wrong. As I recall the
14 question, she asked you, if the Commission makes a
15 decision, and she then asked what is a hauler supposed
16 to do, in other words, if the Commission makes a
17 decision that certain rates are going to be adopted,
18 cost of service rates, and those are not in compliance
19 with the differentials that are in the King County
20 ordinance, she then, as I recall asked, is a hauler
21 then supposed to file a tariff along the lines of the
22 Commission's decision or in accordance with the
23 county's differential requirement in the ordinance.

24 Your response, as I recall, was that you
25 didn't know. I just wonder if you could explain that

1 answer because I didn't quite follow that.

2 A. Well, the question that I was asked, as I
3 understand it, had to do with if the county code
4 directed the differentials as opposed to encouraged or
5 recommended them, and if the Commission adopted
6 something that was different then what would the hauler
7 do, and I said I don't know, and I don't. I mean, in
8 fact, that issue was one that we've been aware of for
9 some time. That is one of the specific reasons we
10 wrote the county code the way it is, and have sought to
11 work with the Commission and its staff in achieving
12 what we hope would be a common goal. And because we
13 have been working in that mode, we specifically have
14 not sat down and said, well, okay, what do we think
15 would happen if we made the code directive as opposed
16 to encouraging that kind of a proposal. So I don't
17 know what would happen because that's just not
18 something that we've looked at and developed and
19 prepared to propose.

20 Q. This morning you answered a question to the
21 effect that participation rates aren't known for areas
22 where bins are delivered to all customers. Does the
23 county keep tonnage records regarding the amount of
24 recycling in various haulers' areas?

25 A. Yes.

1 Q. So in an area where bins are delivered to
2 all customers, the county could determine what the
3 tonnage of recycling for that area is, is that correct?

4 A. Yes. The hauler's report and we monitor the
5 amount of tons recycled and the amount of tons
6 disposed, and so that rather than the participation
7 rates themselves is what we're looking at, and there is
8 a relationship between that and areas where signup is
9 required and signup is not required.

10 Q. And what is that relationship?

11 A. Well, generally the higher participation --
12 the higher -- the most material is being recycled from
13 areas where the bins are delivered as opposed to
14 signups being required. I don't think we've drawn any
15 global conclusions on that as of yet because there are
16 demographic differences between those areas, and so we
17 need to take a look at that more than we've done, but
18 there is in terms of amount of material being recycled,
19 there is that relationship.

20 Q. Thank you. This morning there was a
21 discussion regarding area eight of the Cedar Hills
22 landfill, and I got the impression that you were having
23 some difficulty answering a question that was posed to
24 you in a straightforward yes or no manner because of
25 your desire to explain your answer, and I wonder if you

1 could possibly explain what it is you were trying to
2 say this morning?

3 A. Yes. The question being answered had to do
4 with a site development plan prepared some years ago
5 now that proposed that Cedar Hills be developed in a
6 series of eight stages. Cedar Hills is a 920 acre
7 site, 470 acres of which is tied up in a thousand foot
8 buffer around the perimeter of the landfill, to protect
9 neighbors from the landfill, and then 450 acres of the
10 site is proposed for development as a landfill. In the
11 1980s, we developed a plan for developing Cedar Hills
12 that called for a significant portion of that thousand
13 foot buffer to be used for stockpiling dirt, so the
14 trees that are there would be cut down and it would be
15 used for operating purposes.

16 At that time our waste stream forecasts were
17 much higher than they are now. We had not adopted
18 recycling goals, so this was prior to 1988 that this
19 plan was developed.

20 Subsequently, as we have adopted our
21 recycling goals and as our forecast is reduced, we have
22 made a policy decision to not develop this buffer zone
23 for soil stockpiles, and that decision, in addition to
24 the significantly reduced waste stream forecasts for
25 Cedar Hills, are leading us to revise the site

1 development plan for Cedar Hills. And right now our
2 current -- the draft of that plan actually calls for
3 Cedar Hills to be developed in nine stages as opposed
4 to eight.

5 In the rate study that we transmitted to the
6 executive at the time I prepared my testimony, as a
7 proxy to estimate the impact of this decision on the
8 life of Cedar Hills, we deleted the old site
9 development plan's area eight from the capacity of
10 Cedar Hills, so this does reduce the ultimate capacity
11 available at Cedar Hills and we made that clear in the
12 rate study.

13 What we're balancing there is the capacity
14 that we are going to utilize at Cedar Hills with the
15 impact of that facility on its surrounding community,
16 and the policy decision we made was to not use the
17 buffer for operating purposes, even though that reduces
18 the life of Cedar Hills, and in the long-term increases
19 our costs, both at Cedar Hills and for the replacement
20 of Cedar Hills. So I was having trouble because of the
21 context of the question and because there actually are
22 two area eights out there, one of which we pulled out
23 of a rate study for rate analysis purposes, and another
24 of which will be developed pursuant to the new site
25 development plan when it's prepared.

1 Q. Thank you. King County has made a policy
2 decision regarding requiring charges for yard waste
3 collection, if I understood your testimony this
4 morning. Do you know what that decision was based upon
5 or why that decision was made?

6 A. Yes.

7 Q. And could you please tell us?

8 A. Well, there's two general components to it.
9 One of them was specifically -- I mean, our specific
10 objective is for yard waste to be less expensive than
11 solid waste disposal. That is why I mentioned earlier
12 about how transportation costs are averaged and we
13 don't pull yard waste out of a specific cost center,
14 but beyond that there needs to be a fee in our view in
15 this service because the number one priority in this
16 state is waste reduction and to accept a zero fee
17 would be inconsistent with that authority and could
18 serve to encourage behaviors to the contrary.

19 Q. Could you explain exactly why you think it
20 would be inconsistent?

21 A. Well, if I have the choice between expending
22 effort to compost yard waste in my backyard as opposed
23 to some disposal site for nothing, I mean, that -- we
24 want to have a price signal that on the one hand will
25 encourage people, if they're willing to expend effort,

1 like for backyard composting, but at the same time will
2 encourage people if they are going to transport it for
3 disposal to source separate it so they can dispose of
4 it at an overall lower fee than garbage, and so that's
5 another one. I mean, we have to balance those kinds of
6 signals. But specifically we do not want to -- we do
7 not want to adopt a fee in our system that will
8 discourage waste reduction, and we also don't want to
9 adopt a fee in our system that will allow or induce
10 people to opt out of subscribing to collection
11 services. In fact, we specifically would like the fee
12 in our system to encourage people to subscribe to
13 collection services that the haulers provide, not only
14 for yard waste but for garbage as well.

15 Q. That's all I have.

16 JUDGE HAENLE: Do you have any recross, Ms.
17 Thomas?

18 MS. THOMAS: Yes, about ten minutes.

19 RECROSS-EXAMINATION

20 BY MS. THOMAS:

21 Q. Doctor Hansen, it's correct, is it not, that
22 the basis for the differentials shown on Exhibit 28
23 described as differentials in King County ordinance
24 were established as a result of a negotiated process?

25 A. Yes.

1 Q. And that those figures were arrived at as a
2 reasonable effort to provide a greater incentive to
3 recycle?

4 A. Yes.

5 Q. And you agree, I -- as I understand it, that
6 in establishing rates, that certain costs should be
7 allocated by weight while other costs should be
8 allocated to customers?

9 A. Yes, I agree with that.

10 Q. But you can't tell us today which costs that
11 are presently allocated to customers under Eastside's
12 current tariff should instead be allocated by weight?

13 A. No. And I need to say that what I stated
14 was a personal view. There are others who believe that
15 for garbage, as in the case of other utilities, it is
16 completely legitimate as a matter of policy to have
17 linear or even inverted rate structures, so in
18 answering your question, I stated a personal view. I
19 don't -- I don't have a personal problem with making
20 policy decisions on rate allocations. I would be more
21 sensitive to being sure that I had the appropriate
22 revenue requirement nailed down than to having some
23 elaborate methodology to justify a cost based
24 distribution of that revenue requirement amongst
25 different levels of service.

1 Q. Is your personal view also the position of
2 King County in this action?

3 A. King County's position in this action is
4 expressed by title ten of the King County code.

5 Q. No, I'm asking about what King County's
6 position is with respect to whether it is appropriate
7 to allocate certain costs according to weight and other
8 costs by customer.

9 A. Again, King County has never considered that
10 specific question, and its position on this issue is a
11 position in favor of rates that provide an incentive
12 and in rates that provide the specific incentives
13 specified in King County code.

14 Q. So is it fair to say that the core of King
15 County's concern is the question of whether the rates
16 on the left hand chart should look more like the rates
17 on the right hand chart?

18 JUDGE HAENLE: You'll have to for the
19 record --

20 BY MS. THOMAS:

21 Q. For the record, whether the rates on page
22 one of Exhibit 28 should look more like the rates on
23 page 2 of Exhibit 28, page 2 being the one labeled
24 differentials in King County code?

25 A. Well, that's -- that's the core of the

1 county's concern as I am expressing it, as --
2 interpreting, if that's the right word, title ten of
3 the King County code. At the core of that was a
4 legislative finding after substantial public review
5 that rate incentives were a necessary tool, you know,
6 in the tool box of tools, for us to achieve our
7 recycling goals. The legislative body of the county
8 viewed it more as a matter of policy after hearing a
9 lot of testimony on both sides, and when we brought the
10 specific differentials to them, what they heard I think
11 was an agreement amongst various policies that here was
12 a way to take at least this first step on that.

13 Q. You referenced the legislative priorities.
14 You're talking about the priorities favoring waste
15 reduction, recycling and so on, the statutory --

16 A. Yes, and in King County's specific case,
17 those priorities were waste reduction, recycling and
18 landfilling.

19 Q. And is it recycling of all materials?

20 A. I don't know that I understand the question.

21 Q. Well, some materials are more expensive to
22 recycle than to throw away, are they not?

23 A. Yes. Well, I would presume so. I mean, the
24 goals that were set 35, 50, 65, were based upon a lot
25 of analysis and a lot of testimony as to what was

1 recyclable. The council heard testimony and were
2 presented with analyses that told them anywhere from 15
3 percent to 85 percent of the waste stream would be
4 recyclable. The recommendation made by the executive
5 and adopted by the council was that we adopt that
6 ultimate goal of 65 percent. We could have adopted a
7 85 percent goal and been supported by testimony and
8 analysis presented to us. 65 percent was a policy
9 judgment that was made based on that public process.

10 Q. You testified I think that how a unit is
11 defined and how costs are allocated are critical. Is
12 it your position that -- and I thought I heard you say
13 that the unit should be defined as a can and not as a
14 stop. Is that your position?

15 A. No. I said that one possible way, as an
16 example, to define the unit of service would be to
17 define it as a can, and in fact that is a view that we
18 presented, so I was just presenting two possible ways
19 that would lead to a much different outcome on rate
20 structure.

21 Q. It's possible to use a hybrid, isn't it,
22 where to some extent the unit is the stop and to that
23 extent the costs are assigned on a per customer basis,
24 and so the remainder are assigned, if you will, is a
25 can and costs go on a weight basis?

1 A. It's possible, yes.

2 Q. Are you aware of whether Eastside current
3 rates represent that kind of hybrid?

4 A. Yes, I'm aware.

5 Q. Do they?

6 A. Yes, under the cost of service methodology
7 that the Commission employs, yes, they do.

8 Q. In response to a question from Judge Haenle,
9 you were talking about the enforcement mechanisms used
10 by the county for the yard waste ban, and, as I
11 understand it, the current enforcement mechanism, the
12 sole mechanism, is to be tagging and not picking up the
13 material that's set out if it contains yard waste?

14 A. I'd have to look at how the ordinance is
15 written specifically, but in the procedure that we set
16 out, you know, from my recollection starts with the
17 public education programs that we undertook, we were
18 looking for those -- yes, for if a can had yard waste
19 in it that shouldn't be in it for it to be tagged and
20 left.

21 Q. How long should it be left?

22 A. Well, the intent was that the yard waste be
23 separated out.

24 Q. So the next week that same can has then been
25 separated by the customer and the material can be

1 picked up, is that what the county had in mind?

2 A. Well, if it's -- what we had in mind was
3 that yard waste not be placed in the garbage can, and
4 so I mean ultimately, yeah, we would expect the yard
5 waste to be separated out of the garbage can and the
6 garbage thrown away and the yard waste either composted
7 or put in a yard waste bin, but I don't -- there were
8 specific conversations with the haulers in coming up
9 with those procedures and in answering questions like
10 that that I was not specifically involved in.

11 Q. Do you know whether any public health
12 concerns were raised in connection with whether it was
13 appropriate to leave the material at the curb if it
14 contained any yard waste?

15 A. No, no public health concerns were raised to
16 me.

17 Q. You mentioned that free yard waste -- a zero
18 tip fee, if you will, for yard waste was rejected in
19 part because the county wanted to maintain a price
20 signal for backyard composting, is that correct?

21 A. Well, we did not propose a zero tip fee for
22 that reason in part.

23 Q. Is there a policy preference for backyard
24 composting over curbside yard waste pickup?

25 A. Yes.

1 Q. Doesn't maintaining a separate -- do you
2 want to take a moment?

3 A. I'm sorry.

4 Q. Okay. Doesn't maintaining a separate
5 collection fee for yard waste also send a signal
6 favoring backyard composting?

7 A. Yes.

8 Q. And finally I'd like to --

9 A. I need to say that that -- the decision --
10 when our service ordinance was written, an explicit
11 decision made by the council was to not imbed the yard
12 waste fee because they did not want to penalize and
13 also wanted to encourage backyard composters. In
14 observing patterns, we are seeking to evaluate the
15 effectiveness of that strategy in achieving our overall
16 goals with the effectiveness of strategies that imbed
17 the yard waste fee. We have not proposed but it's
18 conceivable we could propose that that policy changes,
19 but as you have described it, that is the policy that
20 was in place and it was made for the reasons I
21 described.

22 Q. Finally I'd like to get back to section
23 10.18.020 of the county code which describes the rate
24 differentials, and subsection B there.

25 A. Could you remind me again of the number?

1 Q. Yes. In your exhibits, it was --

2 A. I have it.

3 Q. You've got it now?

4 A. Yes.

5 Q. And then I'm looking first at the page that
6 says 3-66-12 at the bottom, where section 10.18.020 of
7 the county code begins, and actually turn it over to
8 the next page because that's where the operative
9 language appears. And under subsection B there it
10 says, certificated haulers shall file tariffs, and then
11 down in subsection C it says, the tariffs filed shall
12 include the following percentages of increases between
13 levels of service, and then it goes on and states the
14 percentages. And when Ms. Perry asked you to clarify
15 your answer that you had given in response to my
16 question about what is the hauler supposed to do if the
17 Commission enters a cost of service order that is not
18 in compliance with the percentages established here in
19 the King County code, I believe your answer was you
20 didn't know, that that was why you had worked with
21 various affected groups to I guess try to reach
22 agreement.

23 A. That wasn't exactly my answer.

24 Q. I'm sorry. Could you state your answer
25 briefly?

1 A. My answer briefly was that we didn't know
2 because the question that you hypothesized was a -- was
3 a specific scenario that we had not considered or that
4 we had not developed.

5 Q. Is that not the scenario that exists here
6 today?

7 A. No.

8 Q. Why not?

9 A. Well, I mean, because -- well, I guess I
10 don't think it is. I mean, the situation that exists
11 today is that the company filed a tariff that violated
12 county code. We did not levy a fine under the county
13 code because we understood the hauler to be responding
14 to conflicting direction from the Commission, and that
15 is why our first, you know, steps here were to testify
16 in this before the Commission and subsequently to
17 request the Commission reconsider. We're here today
18 because this is the process we were told we needed to
19 follow, and this is my answer, to bring this to a
20 decision. I don't -- I mean, the question you asked
21 was what rates would the hauler file if the county code
22 directed something and the Commission directed another,
23 and that's not where we are today because we don't
24 direct something.

25 Q. Well, is it your reading of this provision

1 here that Eastside when it filed its proposed rates
2 some months ago should have filed proposed rates that
3 contained the differentials shown on page 2 of Exhibit
4 28, knowing full well that the Commission staff didn't
5 feel those differentials were appropriate, then simply
6 had Commission staff respond and say, we don't think
7 those differentials are appropriate and here is what we
8 think the correct rates for you are, and then I don't
9 know what Eastside should have done at that point,
10 should it have said fine, and accepted the staff
11 revisions or would it have said gee, we'd like to
12 accept your revisions, but the King County code says
13 we've got to do that so I guess we'll have to go to
14 rate hearing. I just don't understand how shall is
15 supposed to operate here in this code provision in
16 conjunction with the deference that I think I've heard
17 you say is due to a Commission order once it comes
18 down.

19 A. What's the question?

20 Q. That's not a question. I'm sorry.

21 JUDGE HAENLE: Actually, I think it is a
22 question. If a code says that a hauler should do these
23 things, isn't that mandatory?

24 THE WITNESS: Yes. And shall has to do with
25 the tariff that is submitted to the Commission by the

1 hauler.

2 JUDGE HAENLE: So should the hauler have
3 done what Ms. Thomas just said?

4 THE WITNESS: The hauler should have
5 submitted a tariff that met those requirements to the
6 Commission, yes.

7 JUDGE HAENLE: And should have done that
8 despite having talked to the Commission staff and
9 feeling that the Commission staff would not have
10 recommended approval of that?

11 THE WITNESS: Well, that question is why we
12 didn't take any enforcement action against the hauler.
13 We understood that the hauler had been told in effect,
14 if you submit this rate, then we're going to suspend
15 it, and so in a sense the hauler is between a rock and
16 a hard place here. We're here today because this is a
17 significant political issue that needs to be resolved,
18 and as it turns out it's being resolved on Eastside's
19 ratemaking, but I don't know -- I mean, how this should
20 have gone on quite frankly is for a rate close to that
21 to have been approved.

22 JUDGE HAENLE: Ms. Thomas, other questions?

23 BY MS. THOMAS:

24 Q. Yes. Eastside does have current rates in
25 effect, does it not?

1 A. Yes.

2 Q. And those rates are contained in a tariff,
3 are they not?

4 A. Yes.

5 Q. And the current tariff is on file with the
6 Commission, is it not?

7 A. Yes.

8 Q. And somebody filed it, didn't they?

9 A. Yes.

10 Q. Who filed it?

11 A. The rates that are in effect today?

12 Q. Yes.

13 A. Well, that is the staff recommendation that
14 my understanding that Eastside developed it in response
15 to staff review of the proposed tariff that they filed.
16 So if that means Eastside filed it, then fine, but I
17 understand the rates themselves were developed pursuant
18 to a staff recommendation.

19 Q. Yes, but technically the current rates are
20 in a tariff that was filed by Eastside albeit in
21 response to a Commission order, is that correct?

22 A. Yes.

23 Q. No further questions. Thank you.

24 JUDGE HAENLE: Will you have additional
25 questions, Ms. Egeler?

1 MS. EGELER: Just a few, Your Honor.

2 JUDGE HAENLE: We need to come up to a break
3 here pretty soon. Will you have redirect as well?

4 MS. PERRY: Well, one at this point, maybe
5 more.

6 JUDGE HAENLE: We'll try to finish it up
7 pretty soon, but we may have to finish it up in the
8 next few minutes. We may have to break if people go on
9 longer than they anticipate.

10 RECROSS-EXAMINATION

11 BY MS. EGELER:

12 Q. Mr. Hansen, in response to questions from
13 Ms. Perry stating I believe --

14 JUDGE HAENLE: You'll need to bring the
15 microphone right up, maybe even put it on the top of
16 your notebook.

17 Q. I'm not sure if I heard you right or not.
18 Did you say that most recyclable material is collected
19 where bins are delivered to everyone, is that correct,
20 as opposed to the customers having the ability to
21 request the bins only if they are going to use them?

22 A. No, I did not say that.

23 Q. I misunderstood you, then. I'm a little
24 confused at this point about your position on yard
25 waste. Is it the county's position that yard waste

1 should be a universal mandatory service for all solid
2 waste customers?

3 A. Do you mean should all customers be required
4 to subscribe to yard waste collection?

5 Q. Correct.

6 A. No, that is not our position.

7 Q. And is it your position that all customers
8 should be required to pay for yard waste service
9 regardless of whether they subscribe to it?

10 A. No, that is not our position.

11 Q. Do you then support voluntary yard waste
12 participation?

13 A. Yes.

14 Q. Is the tip fee scheduled to increase at the
15 Cedar Hills landfill this fall?

16 A. No.

17 Q. January 1st?

18 A. Yes.

19 Q. And what is that increase to be?

20 A. The executive recommended rate is \$76.75
21 a ton, and, as I explained earlier, that is not a
22 tip fee charged specifically at Cedar Hills. That is a
23 tip fee charged to general customers, and as I also
24 explained earlier, there are surcharges and taxes on
25 top of that.

1 Q. And how much are the surcharges and taxes?

2 A. The moderate risk waste surcharge is \$2.61 a
3 ton. The tax is 4.6 percent. It's the state's public
4 utility tax plus the solid waste account tax.

5 Q. And when you say that it'll be 76, 76 a ton
6 to general customers, that's excluding the direct haul
7 customers, is that correct?

8 A. That's correct.

9 Q. So everybody else would pay that new rate?

10 A. Everyone -- yes, everyone other than the
11 direct haul customers including garbage collection
12 companies would pay that rate, and it's 76.75. And
13 that again is the executive proposed rate. The council
14 has not heard that rate yet.

15 Q. Do you know if there is any impact on
16 participation rates in recycling programs based on the
17 demographics of those who participate in the program?
18 For example, do you know if there's any difference in
19 participation rates based upon age?

20 A. I don't know those numbers.

21 Q. And other factors as well. Would you know
22 based on income or educational level, et cetera?

23 A. No. Again, I don't specifically know those
24 numbers. I would expect there to be differences in
25 participation and differences in the amount of

1 materials generated for recycling and disposal based on
2 demographic differences. I do know that, but, again,
3 what we have specifically looked at is the amount of
4 material and not like percentage participation.

5 Q. I have no further questions.

6 JUDGE HAENLE: Commissioners, anything else?

7 CHAIRMAN NELSON: No.

8 COMMISSIONER HEMSTAD: No.

9 JUDGE HAENLE: Anything else, Ms. Perry?

10 MS. PERRY: One question. It may be more
11 than one, but it's one topic. It'll be short.

12 REDIRECT EXAMINATION

13 BY MS. PERRY:

14 Q. Some questions were asked about enforcement
15 of the yard waste collection ban, and I would just like
16 to follow up on those. You refer to generalized
17 enforcement procedures under title ten of the King
18 County code. Now, normally when the county wishes to
19 enforce some provision of the code they send out a
20 notice and order, and an individual who wishes to
21 contest that is entitled to a hearing, is that not
22 correct?

23 A. Yes.

24 Q. So in order to enforce the yard waste ban
25 there would be the necessity if someone asked for a

1 hearing that we conduct a hearing, is that correct?

2 A. By that procedure, yes, if by issue of
3 notice and order someone has a right to appeal that to
4 the county hearing examiner.

5 Q. And that would require the necessity for
6 evidence to be taken and the hauler would have to come
7 in and testify regarding the actual incident that's
8 being enforced, that's the way that I understand it.
9 Is that the way you understand it?

10 A. Yes.

11 Q. So in order to enforce it, it would
12 necessitate the time and the cost of going through this
13 hearing procedure presumably on a repeated basis?

14 A. If people were to appeal those, yes.

15 Q. Thank you. I have no further questions.

16 JUDGE HAENLE: Anything more of the witness?

17 RECROSS-EXAMINATION

18 BY MS. EGELER:

19 Q. That raises a question for me. Mr. Hansen,
20 in talking about this right to have a hearing -- this
21 is just one question, I promise -- would that be like
22 someone's right to say appeal a parking ticket, the
23 same type of administrative hearing request that could
24 be made?

25 A. Well, I don't have any recent personal

1 experience on parking tickets, but based on distant
2 personal experience, no. It is a -- it would be a
3 formal public hearing before the county's hearing
4 examiner, which -- who works for the county council. I
5 would compare it to the hearing today where we're
6 having a hearing before a judge, you know, where two
7 sides present cases in evidence and the hearing
8 examiner makes a finding and his finding holds or his
9 decision holds.

10 Q. No further questions.

11 JUDGE HAENLE: Anything more of the witness?
12 Thank you, sir. You may step down. Let's take fifteen
13 minutes at this time. Be back at five minutes after
14 three.

15 (Brief recess.)

16 (Marked Exhibits T-29, 30 through 43 and
17 T-44.)

18 JUDGE HAENLE: Let's be back on the record.
19 During the time we were off the record a new witness
20 assumed the stand. Would you raise your right hand,
21 sir?

22 Whereupon,

23 JEFFREY A. GAISFORD,
24 having been first duly sworn, was called as a witness
25 herein and was examined and testified as follows:

1 JUDGE HAENLE: Also during the time we were
2 off the record, I marked a number of documents for
3 identification. Marked as Exhibit T-29 for
4 identification is a multi-page document. In the upper
5 right-hand corner it has JAG-T and identifies itself as
6 testimony of Jeffrey A. Gaisford, G A I S F O R D.
7 Then Exhibits 30 through 43 are JAG-1 through JAG-14,
8 and Exhibit T-44 for identification is a multi-page
9 document, JAG rebuttal T. That's a good way to do it.
10 And that'll be T-44 for identification. Your witness
11 has been sworn.

12 DIRECT EXAMINATION

13 BY MS. PERRY:

14 Q. Would you please state for the record your
15 full name, position and business address?

16 A. My name is Jeffrey A. Gaisford. I'm a
17 program supervisor for the King County solid waste
18 division. My business address is 400 Yesler Way,
19 Seattle, Washington, 98104.

20 Q. Are you the same Jeffrey A. Gaisford who
21 prepared testimony consisting of 15 pages of direct
22 testimony with accompanying exhibits JAG-1 through
23 JAG-15, and 29 pages of rebuttal testimony to which
24 there are no exhibits which have been marked for
25 identification as, I hope I get this right, Exhibit

1 T-29, Exhibits 30 through 43, and Exhibit T-44?

2 A. Yes, I am.

3 Q. Do you have a copy of these exhibits before
4 you?

5 A. Yes, I do.

6 Q. Were these prepared by you personally or
7 under your direct supervision?

8 A. They were prepared both by me and under my
9 supervision.

10 Q. Do you have any changes or corrections to
11 make to your testimony?

12 A. I have one minor correction to make to a
13 figure that is presented on page five and six of my
14 direct testimony.

15 Q. And what is that correction?

16 A. It's regarding some figures presented in the
17 table that is at the bottom of that page. It's
18 regarding different service levels, comparing those in
19 1991 to those in 1993 for Waste Management, Sno-King
20 and Rainier.

21 Q. And what are the changes you have to make?

22 A. The changes I'd like to make are the column
23 in 1993 for mini-can customers should be six percent,
24 not seven percent. The percentage of two can customers
25 in 1991 should be 64 percent and not 63 percent.

1 Q. Do you have any other changes to make?

2 A. I would note that the two can classification
3 that is stated in the table is actually any customers
4 subscribing to two can service or more. It is not just
5 the two can service level.

6 Q. Any other corrections?

7 A. No. That is it.

8 JUDGE HAENLE: If it's all right with you,
9 then, I would say on the official copy correct that
10 entry to be two can or more just to be sure there's no
11 misunderstanding. Is that all right?

12 MS. PERRY: That's fine. Thank you.

13 Q. If I were to inquire orally concerning the
14 material contained in these exhibits before you, would
15 your responses be substantially the same as the answers
16 in your prefiled testimony and exhibits?

17 A. Yes, they would.

18 Q. I request that what has been marked for
19 identification as Exhibit T-29, exhibits 30 through
20 43, and Exhibit T-44 be admitted into evidence.

21 JUDGE HAENLE: Any objection, Ms. Thomas.

22 MS. THOMAS: No objection.

23 MS. EGELER: I have an objection to Exhibit
24 30 or what's been marked rather for identification as
25 Exhibit 30. This is an exact duplicate of one of the

1 exhibits attached to the prefiled testimony of Lisa
2 Skumatz, and I think that this is -- that this
3 duplication is unnecessary and since it is Ms. Skumatz'
4 article that it is more appropriately attached as part
5 of her testimony and there is no need to have a
6 duplicative 80 page exhibit attached to this testimony
7 as well.

8 JUDGE HAENLE: Ms. Perry, we can handle that
9 a number of ways, I guess. I agree that it doesn't
10 make much sense to duplicate. If no one else minds, we
11 could take J and G out and that would -- let me try
12 that again. That would mean that we would be
13 questioning about a premarked exhibit from a witness we
14 haven't had yet but we run into that all the time, and
15 as long as nobody cares that that's the way it's done,
16 I think it does more properly probably belong with Ms.
17 Skumatz. It's up to you. You want it with this one
18 instead or --

19 MS. PERRY: That's fine. I realize the
20 redundancy. It's just these were created
21 independently. Therefore, two were attached.

22 JUDGE HAENLE: All right.

23 CHAIRMAN NELSON: Talk about waste
24 reduction.

25 JUDGE HAENLE: Well, that's a way to do it,

1 too. If that's all right with everyone that will mean
2 that when we get to Skumatz' testimony, we'll need to
3 revise the numbers or the -- put in the correct
4 reference to JAG-1, but that's the only change we'll
5 need to make. Keeping that in mind, then, have you any
6 objection to the documents, Ms. Egeler?

7 MS. EGELER: No.

8 JUDGE HAENLE: 31 through 43 and T-44 will
9 be entered into the records.

10 (Admitted Exhibits T-29, 31 through 43 and
11 T-44.)

12 MS. PERRY: At this time I offer Mr.
13 Gaisford for cross-examination.

14 CROSS-EXAMINATION

15 BY MS. THOMAS:

16 Q. My name is Liz Thomas. I'm here
17 representing Rabanco Companies, doing business as
18 Eastside Disposal, this afternoon. I'd like to start
19 out by following up on a question posed by Chairman
20 Nelson to Dr. Hansen. I don't know if you were in the
21 room at the time but Chairman Nelson had a question
22 about one of his exhibits, and he deferred to you.
23 Were you in the room when that exchange went on?

24 A. Yes, I was here for the entire testimony.

25 Q. And did you hear the question relating to

1 administrative costs?

2 A. If you're referring to the cost assessment,
3 that it was part of our 1992 comp plan, is that the
4 exhibit?

5 Q. Yes.

6 A. I don't have that in front of me.

7 Q. Exhibit No. 3, and I believe the question
8 arose on table 3.2 the category of costs relating to
9 administrative expenses.

10 CHAIRMAN NELSON: Page 20.

11 THE WITNESS: Page 20?

12 MS. PERRY: RGH-2.

13 THE WITNESS: Okay.

14 BY MS. THOMAS:

15 Q. As I understood the question, the amount
16 looks rather high. What goes into it?

17 A. I did not prepare this table. Another staff
18 person from the solid waste division prepared the cost
19 assessment in this section.

20 Q. Is there anyone who is scheduled to testify
21 on behalf of the county who knows more about this table
22 than you do?

23 A. I'm not sure.

24 Q. Do you have anything more to say about what
25 goes into these administrative expenses than Dr. Hansen

1 did?

2 A. No.

3 CHAIRMAN NELSON: Could you find out
4 overnight?

5 THE WITNESS: That's something we could look
6 into. If we can't find out overnight, perhaps on
7 Monday.

8 CHAIRMAN NELSON: Okay. Great.

9 JUDGE HAENLE: That's a good idea. Will you
10 remember to ask?

11 MS. THOMAS: I will try.

12 CHAIRMAN NELSON: One of us will.

13 MS. THOMAS: Thought I'd done well to
14 remember it over a break.

15 Q. I'd like to ask you to turn to page 22 of
16 Exhibit T-44, your rebuttal testimony.

17 A. I'm sorry, which page?

18 Q. 22.

19 A. Okay.

20 Q. And you state there that representatives of
21 King County and Eastside Disposal met and developed
22 rates that provided better incentives to encourage
23 participation in recycling programs. Can you give me
24 an approximate time frame for those meetings or that
25 meeting?

1 A. Yeah. This is in reference to rates that
2 were filed in 1990 by Eastside Disposal, and I believe
3 we met with the representatives of Eastside Disposal in
4 March or April of 1990.

5 Q. So the fact that you were meeting to discuss
6 rates that provided better incentives means that the
7 rates -- the filed rates at that time did provide some
8 incentives, is that correct?

9 A. No. What I meant by saying better rates is
10 it was better than the rate structure that they had.
11 They had proposed some things that we didn't agree
12 with.

13 Q. On the previous page, you mentioned Eastside
14 Disposal filed a tariff in 1990.

15 A. Yes.

16 Q. That was a proposed rate, is that correct?

17 A. Yes, I believe so.

18 Q. And you preferred a rate that provided
19 better incentives, is that correct?

20 A. Yes, better than what was proposed.

21 Q. But what was proposed did include some
22 incentives, did it not?

23 A. I guess it depends on how you define
24 incentives. I don't know exactly what we're talking
25 about.

1 Q. Well, I read the language here that says you
2 discussed rates that provided better incentives. If
3 the incentives became better, the incentives must have
4 existed in the first place?

5 A. Yes, the alternatives that we discussed I
6 think provided better incentives. There were some
7 other incentives provided in what was proposed by the
8 fact that they had recycling services available to all
9 their customers, for example.

10 Q. And variable can rates do provide
11 incentives, do they not?

12 A. They can.

13 Q. Included with your testimony, the first
14 exhibit there, was the study by Dr. Skumatz that's
15 been marked as Exhibit 30?

16 A. Yes.

17 Q. And, as I understand it, the county has
18 retained Dr. Skumatz to testify on its behalf in this
19 proceeding, is that correct?

20 A. That's correct.

21 Q. So I gather the county has some respect for
22 her views on the subject of ratemaking, is that
23 correct?

24 A. Yes.

25 Q. And her study states at page 12 that

1 variable can rates provide incentives, is that correct?

2 A. If it states it here, I -- that's a
3 statement that Ms. Skumatz can address, yes.

4 Q. And would you also agree with the statement
5 on page three of her study that -- I'm reading now the
6 fourth line up from the bottom of the page, recycling
7 is not a goal in itself, but is one means toward the
8 lowest cost waste management system possible. Do you
9 agree with that statement?

10 A. I believe that that may be Ms. Skumatz'
11 opinion. We also have county policies and a plan to
12 follow, and that statement is rather broad for me to
13 say whether I agree or do not agree.

14 Q. Does the county view recycling as a goal in
15 itself or rather a means toward the lowest cost waste
16 management system possible?

17 A. We need -- when we look at what recycling
18 programs we're planning and what our recycling goals
19 are, we have to balance different alternatives, whether
20 they be disposal, whether they be recycling or whether
21 they be waste reduction, and we seek to have that
22 balance and at the same time provide that at the best
23 cost that we can.

24 Q. What is the purpose of recycling if not to
25 provide a low cost waste management system?

1 A. Well, I mean, part of the -- again, in
2 planning our recycling programs, it depends on what
3 your time horizon is. I mean, we view recycling as
4 resource conservation, and it may not appear at
5 some times to be the lowest cost alternative. In the
6 long run, it may or may not be, but it is a waste
7 management tool that we've been directed by the state
8 and through county policies to pursue.

9 Q. So it's the county's position that it may be
10 appropriate to pursue recycling even if on a long and
11 short-term basis it appears not to result in the lowest
12 cost waste management system?

13 MS. PERRY: I object. That mischaracterizes
14 his testimony.

15 JUDGE HAENLE: If that's not correct, then
16 please say what is correct, sir.

17 A. What is correct is that we have direction to
18 reduce waste, to recycle and then to dispose of waste,
19 and that is the solid waste management system that we
20 are supposed to be implementing, according to the state
21 and according to county policy, and that is what we're
22 seeking to implement.

23 Q. Has the county ever analyzed the cost
24 effectiveness of recycling programs that achieve the
25 stated goal of 65 percent by the year 2000?

1 A. The actual 65 percent goal itself?

2 Q. Yes.

3 A. We've had various studies that have looked
4 at the costs of that goal versus other alternatives.
5 There's been numerous studies on that.

6 Q. Are those included in the materials that are
7 part of -- that were attached to your testimony?

8 A. I don't believe they're attached to my
9 testimony. I believe they were provided in discovery
10 requests that we received.

11 Q. Was a cost effectiveness evaluation part
12 of the county's determination that the 65 percent goal
13 should be adopted?

14 A. I do not know specifically.

15 Q. Do you think it's appropriate to determine
16 the cost effectiveness of a recycling goal before
17 determining what that goal is?

18 A. State the question again.

19 Q. Should a cost effectiveness evaluation be
20 done before recycling goals are established?

21 A. I don't know that one has to happen before
22 the other.

23 Q. Is it appropriate to do a cost effectiveness
24 evaluation at some point?

25 A. I think it's appropriate to look at the

1 costs of programs or services that you're recommending,
2 and effectiveness can have several different measures.

3 Q. How would you assess the cost effectiveness
4 of a recycling program?

5 A. Not sure I understand that question either.

6 Q. Let me move on to another subject area. At
7 page five of Exhibit T-29, your main testimony, you
8 state that, and I'm reading now from about line 15,
9 county residents have recused their level of garbage
10 service due to rate incentives, and the availability of
11 recycling and yard waste services. Do you see where
12 I'm reading from?

13 A. Yes, I do.

14 Q. Has the county ever attempted to isolate the
15 effects of rate incentives from effects of the
16 availability of service?

17 A. I myself have not attempted to do that.
18 It's not a study that I would do. I believe some of
19 our other witnesses may be addressing that later,
20 isolating those effects.

21 Q. Have you ever conducted or are you aware of
22 any studies that attempt to isolate the effect of
23 overall rate levels from the rate spreads among levels
24 of service?

25 A. Can you clarify for me what you mean,

1 overall rate levels?

2 Q. Yes. Let me refer to Exhibit 28. Take the
3 page 2, which is the differentials in the King County
4 ordinance. That kind of a rate structure could be
5 imposed where the mini-can rate was say \$10 and the
6 others progressed on up or it could be imposed at a
7 level where the mini-can rate was \$20 and everything
8 went up from there. In that example, starting with the
9 mini-can rate at \$10, you would have lower overall rate
10 levels than you would in the example where the mini-can
11 rate starts at \$20.

12 A. Yeah, the mini-can rate would be different
13 for -- yes.

14 Q. And I guess what I'm trying to say is that
15 the rate structure is a separate issue from rate
16 levels. Rate structure tells you what the relationship
17 is in prices among different levels of service.
18 Overall rate levels speaks to whether rates are
19 generally high or generally low regardless of which
20 particular level of service you're talking about.

21 A. Can you restate the first part of your
22 question? It sounds like you're asking me two
23 questions.

24 Q. Okay. First let me ask, is it clear in your
25 mind what I'm trying to say when I talk about the

1 distinction between rate levels -- overall rate levels
2 as distinct from rate spreads?

3 A. Yes. I think I understand that.

4 Q. Have you ever conducted or are you aware of
5 any studies that attempt to isolate the effect of
6 overall rate levels as distinct from the effect of
7 particular rate spreads?

8 A. As compared to what? I'm not sure what I'm
9 comparing those overall levels with.

10 Q. Let me try to rephrase the question.

11 A. Okay.

12 Q. Are you aware of any studies that have tried
13 to determine whether it's more important to have a
14 certain spread among rates or more important to have
15 high overall rate levels in terms of incentive icing
16 customer behavior?

17 A. So if I could rephrase it, is it more
18 important for there to be a 60 percent differential
19 between certain rate levels, or is it more important
20 that I pay \$12 more for an additional service, is
21 that --

22 Q. Yes. And my question is not if you know
23 which is more important but rather whether you know if
24 there have been any studies of that.

25 A. I don't know of any specific studies that

1 are addressing what you're talking about.

2 Q. Isn't it a fact that over the last ten
3 years, regardless of rate structures, overall rate
4 levels have been increasing for most of the haulers in
5 King County?

6 A. I would say that's true.

7 Q. And as far as you're aware, there haven't
8 been any studies to try to determine whether customer
9 responses that we've seen have been driven more by the
10 general increase in rate levels or rather by the
11 adoption of certain rate structures?

12 A. I'm sorry, talking about the customers
13 again?

14 Q. Yes. As far as you know, therefore been no
15 studies that have tried to assess whether it's the
16 general increase in overall rate levels that's been
17 driving customer behavior rather than changes in rate
18 structures?

19 A. Getting customers to seek other means like
20 recycling or use other services?

21 Q. Yes.

22 A. Well, we've been evaluating, we've been
23 looking at the data and the shifts in customers over
24 time, so we've seen that they've responded, and given
25 that rates have been rising, the general rates that

1 you're talking about have been rising over the last
2 five to six years, the percentages have been changing
3 also, the rate structures have been changing, and in
4 addition we've been implementing services such as
5 recycling and yard waste services at the same time
6 educating people. I haven't seen any studies that
7 separate out the effects of all of those. I mean, we
8 use all of those tools to affect people's behavior, and
9 that's what we're doing.

10 Q. So we know behavior is changing but as
11 between general rate increases, changes in rate
12 structure, availability of new services, and education,
13 we don't know which of those factors is more or less
14 important in driving their behavior?

15 A. Well, we can look at specific examples, like
16 the city of Sea-Tac that I talk about in my testimony
17 where they're one city in King County where residents
18 pay a little more than \$4 a month to have recycling
19 services. It's not part of their garbage bill and they
20 have one of the lowest participation and the lowest
21 amount recycled, so there seems to be a direct
22 relationship there, so there are examples of that.

23 Q. On pages five and six of your testimony, you
24 set forth some figures. I read those figures as
25 showing that there's been a migration of customers to

1 lower levels of service. Is that a correct reading?

2 A. That's true. There's been a migration of
3 lower levels.

4 Q. Has there been any study to determine the
5 extent to which that migration may represent a more
6 efficient filling of cans rather than a reduction in
7 the weight or volume of material disposed of?

8 A. Again, I don't -- if people are migrating
9 from say 90 gallon toters to one garbage can, I don't
10 think they could fill their 60 gallon or their 30
11 gallon can with what was in their 90 gallon toter and
12 also I believe each of the haulers has a maximum weight
13 for each garbage can of what they would pick up, so I
14 wouldn't -- if they exceed that, the hauler is not
15 going to pick it up.

16 Q. But we don't really know if their 90 gallon
17 toter was full beforehand, do we?

18 A. We don't know if it's empty now. I mean, we
19 don't know that.

20 Q. And the county has as I understand it at
21 least two types of yard waste programs. One is the
22 curbside collection and the other's home composting?

23 A. Those are two of our yard waste programs,
24 yes.

25 Q. Are there others?

1 A. I would say that the yard waste services
2 that we offer at our transfer stations are one, and we
3 also offer composting information over the phone.
4 There may be others, but those are the primary ones.

5 Q. About how many home compost boxes have been
6 distributed pursuant to the county's programs in the
7 last five years?

8 A. I believe it's somewhere in the testimony in
9 the neighborhood of 45,000 bins of our own, bins that
10 have been distributed.

11 Q. Do you know about how many of those have
12 gone to Eastside's territory?

13 A. We have that information. I don't know that
14 information.

15 Q. Do you know if that information was provided
16 in response to any data requests?

17 A. I believe there was a data request on our
18 backyard composting program and we included a report
19 that talked about how many bins were distributed to
20 different areas.

21 Q. And is it fair to say that among people who
22 obtain the compost boxes, about 15 percent drop off and
23 don't continue to use their box on a regular basis?

24 A. I don't know how many drop off in the
25 program.

1 Q. And, as I understand it, the compost boxes
2 -- the first compost box that somebody purchased had
3 some subsidy in its price, is that correct?

4 A. That is correct. We were paying a portion
5 of the cost of that bin.

6 Q. What portion of the cost of that bin was the
7 county paying?

8 A. I don't know that dollar amount. I'm sure
9 that's in the report that was given.

10 Q. As I understand it, there isn't any
11 subsidized that you're aware of involved in the
12 curbside waste yard program, is that correct?

13 A. You mean a subsidy from the county to say
14 the haulers or to residents?

15 Q. To the haulers, to residents or to the
16 manager of the composting facility that the haulers
17 take their loads to.

18 A. I'm not aware of any subsidies that we
19 provide, no.

20 Q. Is it the county's policy to prefer backyard
21 composting over yard waste collection?

22 A. Mr. Hansen already affirmed that and I would
23 agree that it's our policy because backyard composting
24 is viewed as waste reduction. I would note that we
25 have discontinued providing bins and discontinued our

1 backyard composting bin program primarily because there
2 are several private sector alternatives, and we now
3 refer county residents to those alternatives and we
4 still provide information over the phone, but we do not
5 provide bins to people any more.

6 Q. And would you accept subject to check that
7 for each composting box on average about 600 pounds of
8 material is composted each year?

9 A. I don't have a good idea so if you could
10 show me where the information came from.

11 Q. Sure, and maybe -- well, maybe what I'll do
12 is after we break for the day is give some figures to
13 your lawyer and a listing of where I got them from and
14 you can check them.

15 JUDGE HAENLE: And on that note it's my
16 understanding we will be breaking at quarter to four
17 for the day, so if you want to as you're coming up on
18 that look for a stopping place close to that time.
19 Thanks.

20 Q. Has the county done any study of the numbers
21 of customers violating the yard waste ban?

22 A. We have received information from a number
23 of haulers that provide service in the unincorporated
24 areas that give us information on the number of tags
25 they have put on containers. We were provided with

1 monthly reports from the haulers, the number of them,
2 as the ban started, gave us information on the number
3 of cans that were refused.

4 Q. Through those reports have you developed a
5 sense of approximately what level of ongoing compliance
6 there is with the ban?

7 A. I don't know. Currently I have not looked
8 at the reports say for this year, for 1994, the
9 previous reports that are in and provided in the
10 testimony seem to indicate that a lot of people
11 initially put yard waste in with their garbage and
12 perhaps over time those people have either found other
13 alternatives or signed up for yard waste service.

14 Q. So as far as you're aware, there is
15 currently no widespread violation of the yard waste
16 ban?

17 MS. PERRY: I object. That mischaracterizes
18 his testimony.

19 Q. Let me phrase it as a question, then. Are
20 you currently aware of any widespread violation of the
21 yard waste ban?

22 A. As I said, I have not looked at the reports
23 for 1994, so I don't know what the current level is of
24 violating that ordinance.

25 Q. Assuming that you've got reasonably good

1 compliance with the yard waste ban, if you saw a
2 significant increase in curbside yard waste collection,
3 might not that actually represent diversion away from
4 home composting?

5 MS. PERRY: Object. It calls for
6 speculation.

7 JUDGE HAENLE: Ms. Thomas?

8 MS. THOMAS: Well, Mr. Gaisford testified
9 that originally there were a number of people putting
10 yard waste in their -- mixed into their garbage after
11 the ban went into place, but I believe he testified
12 that that practice appeared to have dropped off.

13 JUDGE HAENLE: I am going to overrule the
14 objection, direct the witness to answer. Is that
15 possible, sir?

16 THE WITNESS: If she could restate her
17 question, please.

18 Q. Yes. If you assume reasonably good
19 compliance with the yard waste ban, a significant
20 increase in participation in the curb waste -- curbside
21 yard waste program, might actually represent diversion
22 away from home composting of yard waste, mightn't it?

23 A. I don't know which people would choose to
24 back yard compost versus signing up for the curbside
25 service.

1 Q. At page 8 of your testimony, at line 21,
2 when asked to what you ascribe the changes in waste
3 reduction and recycling, you state that a number of
4 factors may be involved, including education and
5 customers' concern for the environment. You also
6 mentioned financial incentives in the availability of
7 service. A fifth factor if you will would be the
8 exercise of police power, wouldn't it?

9 A. Describe what you mean by police power.

10 Q. Well, isn't the -- even if you're not
11 enforcing the yard waste ban through notices of
12 violation, isn't a ban on including yard waste really
13 an exercise of the county's police power?

14 A. I would agree that by instituting the ban
15 that we were hoping to decrease the amount of yard
16 waste that was coming to our landfill, whether that be
17 through backyard composting or using the curbside yard
18 waste services. That was our reason for doing it.

19 Q. And the ban worked pretty well, didn't it?

20 A. I wouldn't say that we've seen the full
21 effects of the ban. It went in effect in October which
22 tends to be the end of the growing season, and I'd say
23 that, you know, there may be some more -- in fact,
24 there should be some more effects of the ban during
25 this year during the growing season.

1 JUDGE HAENLE: Was that a yes or no? Has
2 it worked very well or not?

3 A. It's a qualified -- well, I guess I wouldn't
4 say yes or no. I can't say yes or no. Because we
5 haven't seen the full effects.

6 Q. Well, on page 14, I think you testified that
7 -- line 16 you say King County has seen a large
8 increase in participation in our yard waste collection
9 program since the curbside ban went into effect.

10 A. I think that's true, and that's reflected in
11 the data that we have. I don't think that we're fully
12 where we should be with that.

13 Q. But is it your -- and I guess I looked at
14 your exhibit, or just reading through your figures down
15 here lower on the page, you said January 93,
16 participation ranged from 7 to 18 percent in curbside
17 yard waste, a little over a year later, it had
18 basically doubled and then ranged from 12 to 36
19 percent. I read this paragraph as meaning that the ban
20 on yard waste had led to a significant increase in
21 participation in the curbside yard waste collection
22 program. Is that what you meant there?

23 A. I think that it led to increased
24 participation in many of the yard waste programs in the
25 county, and we've seen that.

1 Q. And was it a significant increase, do you
2 think?

3 A. Relatively speaking, I think it's
4 significant. We had very low participation rates in
5 our yard waste programs.

6 Q. So a ban is another kind of factor that can
7 be involved in changes in waste reduction and recycling
8 behavior on the part of customers, is that true?

9 A. I think this particular ban can have that
10 effect.

11 Q. That concludes this line of questioning.

12 JUDGE HAENLE: Okay. Great. Well, let's
13 break for the evening now. We will reconvene at 9:00
14 in the morning. See you then.

15 (Hearing adjourned at 3:50 p.m.)

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C E R T I F I C A T E

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As Court Reporter, I hereby certify that
the foregoing transcript is true and
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Marilyn Sharr

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