

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Request of

KENT MERIDIAN DISPOSAL
COMPANY D/B/A REPUBLIC
SERVICES OF KENT; ALLIED
WASTE SERVICES OF KENT,

Seeking Approval of Tariff
Revisions

DOCKET TG-230103

ORDER 01

ALLOWING TARIFF TO GO
INTO EFFECT, SUBJECT TO
CONDITIONS

BACKGROUND

- 1 On February 15, 2023, Kent Meridian Disposal Company d/b/a Republic Services of Kent; Allied Waste Services of Kent (Kent Meridian or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff No. 4. that, as originally filed, would have generated approximately \$1,093,100 (9.2 percent) additional annual revenue for the collection of garbage services. The Company filed replacement pages on March 20, 2023.
- 2 Included in the filing is an adjustment for increased fuel expense based on a third-party fuel provider’s forecast of the costs of compliance with the Climate Commitment Act (CCA), which, among other things, requires petroleum companies to cap and gradually reduce carbon emissions.
- 3 Commission staff (Staff) reviewed the filing and made adjustments to the proposed tariff, including a revenue adjustment to account for the increased rates during the test year and amortizing some non-recurring costs over three years.
- 4 This matter came before the Commission at its regularly scheduled open meeting on March 23, 2023. Staff recommends the Commission take no action and allow the tariff to take effect on April 1, 2023.

DISCUSSION

- 5 The Commission agrees with Staff that the tariff should be allowed to go into effect, but we are concerned about including in base rates the estimated increased costs of fuel based on a third-party fuel provider’s forecast of CCA compliance costs. The precise costs of compliance are unknown and likely to be volatile, and the fuel provider’s estimates, which were made even before the first CCA auction of carbon allowances occurred, must at best be viewed as a rough estimate. The usual Commission process

for fuel cost adjustments beyond the cost knowable and allowed in rates by WAC 480-170-346 is through a fuel surcharge supplement in reaction to observed cost increases. Here, for its anticipated fuel costs, the Company relies on an estimate provided by its existing fuel vendor without seeking other competitive bids and without the benefit of carbon allowance auction purchase price history data. This could result in the rates approved being higher or lower than necessary to cover the actual fuel costs during the rate year without an avenue to adjust those rates before the Company's next general rate case.

6 This is the first time a solid waste company has sought recovery in rates of fuel costs that include an estimate of CCA compliance costs, and we therefore have no data to advise on whether such anticipated costs are accurate. However, because the proposed rates include only the lowest estimated cost, and because there is some evidence that the initial cost will be greater than that requested in these tariff revisions, we will allow the tariff to go into effect, subject to the condition that 12 months from the effective date of this Order the Company must file with the Commission: (1) invoices of actual fuel costs incurred over the last 12 months, and (2) documentation that the Company has shopped for competitive bids from multiple fuel vendors.

7 With the condition described above, we find that the tariff revisions as revised on March 20, 2023, are fair, just, reasonable, and sufficient, and may go into effect as filed on April 1, 2023.

FINDINGS AND CONCLUSIONS

8 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts and securities, transfers of property, and affiliated interests of public service companies, including solid waste companies.

9 (2) Kent Meridian is a solid waste company and a public service company subject to Commission jurisdiction.

10 (3) On February 15, 2023, Kent Meridian filed revised tariff pages, with a requested effective date of April 1, 2023. Kent Meridian filed replacement pages on March 20, 2023.

11 (4) This matter came before the Commission at its regularly scheduled meeting on March 23, 2023.

12 (5) The Commission finds that the proposed rates are fair, just, reasonable, and

sufficient, and allows the tariff to go into effect on April 1, 2023, subject to the condition that 12 months from the date of this Order Kent Meridian must file with the Commission: (1) invoices of actual fuel costs incurred over the last 12 months, and (2) documentation that the Company has shopped for competitive bids from multiple fuel vendors.

ORDER

THE COMMISSION ORDERS:

- 13 (1) The tariff filed on February 15, 2023, and revised on March 20, 2023, by Kent Meridian Disposal Company d/b/a Republic Services of Kent; Allied Waste Services of Kent is approved and will become effective by operation of law, subject to the condition described in paragraph 12 of this Order.
- 14 (2) The Commission authorizes the Commission Secretary to accept by letter a filing that complies with the requirements of this Order.
- 15 (3) The Commission retains jurisdiction over the subject matter and Kent Meridian Disposal Company d/b/a Republic Services of Kent; Allied Waste Services of Kent to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective March 27, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner