

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

WASTE MANAGEMENT OF  
WASHINGTON, INC., d/b/a WASTE  
MANAGEMENT-NORTH SOUND,  
WASTE MANAGEMENT-  
MARYSVILLE,

Petitioner,

Requesting Authority to Retain 50  
Percent of the Revenue Received from the  
Sale of Recyclable Materials Collected in  
Residential Recycling Service in King  
County and Requesting to begin a new 2024-  
2025 Revenue Sharing Plan with King  
County.

DOCKET TG-230970

ORDER 01

AUTHORIZING REVENUE  
SHARING FOR RECYCLABLE  
COMMODITIES REVENUE AND  
ALLOWING RECYCLABLE  
COMMODITY CREDIT  
ADJUSTMENT ALLOWING  
COMPANY TO BEGIN NEW  
REVENUE SHARING PLAN  
WITH KING COUNTY

**BACKGROUND**

1 On November 16, 2023, Waste Management of Washington, Inc., filed tariff revisions on behalf of its business unit Waste Management of Washington, Inc., d/b/a Waste Management North Sound, Waste Management of Marysville, (Waste Management North Sound or Company) to update the recycling commodity revenue adjustments and requesting to retain 50 percent of the commodity revenue as outlined in its 2022- 2023 Recycling and Commodity Revenue Sharing Plan for King County (King County Plan). The Company also filed tariff revisions reflecting a King County fixed annual charge as reflected in title 10 of the King County Solid Waste Code, and a proposed increase to garbage rates to recover increased disposal fees at all King County Solid Waste facilities, which will have a combined increase from \$168.68 per ton to \$185.28 per ton on January 1, 2024. The Company also requested less than statutory notice (LSN) for notice to customers as stated in RCW 81.28.050, which requires solid waste collection carries to provide 45-day notice of any tariff change to both the Commission and the public. The LSN request is being made in alignment with WAC 480-70-271 (2)(a) which allows companies to notify customers with their first bill after the final Commission decision when a company increases rates for the revision requested in this filing.

2 *Recycling Commodity Revenue Adjustment.* Waste Management North Sound filed to increase the recycling rate decreasing the recycling commodity adjustment from a credit of \$2.15 per month to a debit (charge) of \$(0.18) per month for residential recycling customers in King County. The recycling commodity revenue adjustments reflect the retention by the Company of 50% of the total revenue the Company receives from the sale of recyclable materials collected from residential customers and is adjusted annually pursuant to a deferred accounting mechanism. Commission Staff (Staff) has reviewed the proposed changes and supports the calculation.

3 *2024-2025 Recycling and Commodity Revenue Sharing Plan.* On November 16, 2023, the Company filed its report of the activities and results for the 2021-2023 revenue sharing plan and reported that it met the performance standards to retain 5 percent of expenditures as an incentive. King County certified that the Company achieved its performance goals for the respective plans and should be awarded the 5 percent incentive, and Staff concurs.

4 *2024-2025 Recycling and Commodity Revenue Sharing Plans.* On November 16, 2023, the Company also filed its 2024-2025 Recycling and Commodity Revenue Sharing Plan for King County. Waste Management North Sound's portion of the budgeted expenditures for the Plan total \$479,023 including the performance incentive. For Waste Management's King County operations as a whole, which includes Waste Management North Sound and Waste Management North Sound, the total budgeted expenditures for the Plan total \$883,000 including the performance incentive. The specific tasks and the portions of budgeted expenses attributable to Waste Management North Sound are:

- Task 1: Single Family Residential Audience Outreach and Education – Outreach and education to increase capture of recyclable materials; reduce contamination in recycling and organic streams; programming focused on sustainable materials management; increased multicultural engagement; educational content on MRF processing to aid in contamination reduction; food waste reduction and capture; and behavior study. Budgeted expense for this task is \$192,576.
- Task 2: Multi-Family Residential Audience Outreach and Education – Build upon the Best Management Basics for tenants, and Best Management Basics for property managers; evaluate multi-family property to reduce contamination; ensure decals are updated to

improve visibility and function; and create and provide educational materials for property owners and multi-family residents. Budgeted expense for this task is \$60,811.

- Task 3: Cost analysis and strategy development for incorporating costs into tariffs – Discuss the range of costs that have been part of revenue sharing and make recommendations for incorporating those costs into tariff rates. Budgeted expense for this task is \$1,356.

5 In addition, the Plan includes a provision for an incentive award of 5 percent of expenditures, currently estimated at \$12,748. To be eligible to receive the incentive, the Company will have to demonstrate to the County that it has achieved the performance goals outlined in the Plan.

6 On December 11, 2023, the Company also filed its 2024-2025 Recycling and Commodity Revenue Sharing Plan for Snohomish County. The budgeted expenditures for the plan total \$930,500, including the performance incentive. The specific tasks are:

- Task 1: Contamination Reduction and What Goes Where – Develop materials and programming focused on sustainable materials management, proper recycling of core materials, waste reduction, reuse, and reduction of materials such as textiles. Budgeted expense for this task is \$275,000.
- Task 2: Multifamily Recycling and Reduction of Contamination – Build upon best management basics for tenants, and best management basics for property managers; evaluation of multi-family property to reduce contamination; ensure decals are updated to improve visibility and function. Budgeted expense for this task is \$150,000.
- Task 3: Equitable Outreach – Expand the audience research to best reach a variety of communities, including multicultural, low income, Multigenerational households, multifamily residences, and rural and urban communities. Budgeted expense for this task is \$148,827.
- Task 4: Knowledge Sharing – Company will participate in a minimum of one opportunity for guest speaking at industry topic conferences; submit a minimum of one article to targeted industry and community publications; and update websites and applications to ensure accuracy. Budgeted expense for this task is \$78,000.

- Task 5: Community Events – Community education efforts at events focusing on non-English speakers to engage diverse resident populations. Budgeted expense for this task is \$28,000.
- Task 6: Schools Education – Continue to engage, educate, and nourish young minds through educational assemblies, classroom workshops, storytelling and technical assistance to eligible K-12 schools in Snohomish County. Budgeted expense for this task is \$200,000.

7 The Snohomish County Plan includes a provision for an incentive award of 5 percent of expenditures, currently estimated at \$44,000. To be eligible to receive the incentive, the Company will have to demonstrate to the County that it has achieved the performance goals outlined in the Snohomish County plan.

8 *Request to Retain Up To 50 Percent of Revenues in King County from the Sale of Recyclable Materials.* In its November 16, 2023, filing, Waste Management North Sound asked the Commission to authorize it to retain 50 percent of the revenue generated from the sale of recyclable commodities collected by North Sound’s residential recycling programs in King County during the 2024-2025 plan year.

9 RCW 81.77.185 provides that the Commission shall allow solid waste collection companies collecting recyclable materials to retain up to 50 percent of the revenue paid to the companies for the material if the companies submit a plan to the Commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan, and that demonstrates how the revenues will be used to increase recycling. The remaining revenue shall be passed to residential customers.

10 On December 14, 2023, Pat D. McLaughlin, Solid Waste Division Director for King County Department of Natural Resources and Parks, and on December 13, 2023, Dave Schonhard, Director of the Snohomish County Solid Waste Division, the appropriate local government authorities for King County as specified in RCW 81.77.185(1), certified that the King County Plan is consistent with the respective County Solid Waste Management Plan and that the Plan demonstrates how retained revenues will be used to increase recycling.

11 Staff recommends that the Commission authorize the Company to retain 50 percent of the revenue generated from the sale of recyclable commodities collected by North Sound’s residential recycling programs in King County during the 2024- 2025 plan year;

require the Company to meet the performance requirements set forth in its recycling and revenue sharing plan; and, in consultation with the County, consider whether to reduce the revenue share the Company retained if the Company fails to meet those performance requirements.

- 12 *King County Solid Waste Fee and King County Disposal Fee Increase.* On January 1, 2024, King County's solid waste fees will increase by 5.4 percent and the per-ton disposal fee for municipal solid waste at all King County Solid Waste System facilities will increase by \$16.60 per ton, from \$168.68 to \$185.28. The Company included these increases in the proposed tariff revisions filed in this Docket. The disposal fee increase will generate approximately \$402,000 (4.4 percent) in additional annual revenue for residential, commercial, and drop-box garbage services. Staff recommends these passthrough costs be allowed to go into effect by operation of law.

### DISCUSSION

- 13 RCW 81.77.185 requires the Commission to allow a solid waste collection company collecting recyclable materials to retain up to 50 percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan, and that demonstrates how the revenues will be used to increase recycling.
- 14 Waste Management North Sound's 2024-2025 King County Plan projects \$883,000 of revenue from the sale of recyclable commodities and proposes to retain \$469,601 (50 percent) of that revenue for King County Plan expenditures. Waste Management North Sound has thus satisfied both statutory standards. The Director of King County's Solid Waste Division certified that Waste Management's recycling plan is consistent with King County's Comprehensive Solid Waste Management Plan. We agree with Staff that the Company's King County Plan sufficiently demonstrates how the revenues Waste Management North Sound is entitled to retain, including the 5 percent incentive payment, will be used to increase recycling consistent with our prior determinations. Accordingly, Waste Management North Sound may retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs in King County from January 1, 2024, to December 31, 2025, if it complies with the terms and conditions of the King County Plan.

15 Waste Management North Sound's 2024-2025 Snohomish County Plan projects \$1,861,000 of revenue from the sale of recyclable commodities and proposes to retain \$930,500 (50 percent) of that revenue for Snohomish County Plan expenditures. Waste Management North Sound has thus satisfied both statutory standards. The Director of Snohomish County's Solid Waste Division certified that Waste Management's recycling plan is consistent with Snohomish County's Comprehensive Solid Waste Management Plan. We agree with Staff that the Company's Snohomish County Plan sufficiently demonstrates how the revenues Waste Management North Sound is entitled to retain, including the 5 percent incentive payment, will be used to increase recycling consistent with our prior determinations. Accordingly, Waste Management North Sound may retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs in Snohomish County from January 1, 2024, to December 31, 2025, if it complies with the terms and conditions of the Snohomish County Plan.

#### FINDINGS AND CONCLUSIONS

- 16 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts, and affiliated interests of public service companies, including solid waste companies.
- 17 (2) Waste Management North Sound is a solid waste company and a public service company subject to Commission jurisdiction.
- 18 (3) This matter came before the Commission at its regularly scheduled meeting on December 21, 2023.
- 19 (4) RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to 50 percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan and that demonstrates how the revenues will be used to increase recycling. RCW81.77.185 states that the remaining revenue shall be passed to residential customers.
- 20 (5) King County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of King County's Solid Waste Division certified that Waste Management's recycling plan is consistent with

King County's Comprehensive Solid Waste Management Plan.

- 21 (6) Snohomish County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of Snohomish County's Solid Waste Division certified that Waste Management's recycling plan is consistent with Snohomish County's Comprehensive Solid Waste Management Plan.
- 22 (7) The Plan includes a provision for an incentive payment of 5 percent of the Company's planned expenditures. The Plan conditions the award of the incentive on achieving specific performance goals.
- 23 (8) As required by RCW 81.04.130, Waste Management North Sound bears the burden of proof to show that the proposed increases are just, reasonable, and sufficient.
- 24 (9) Waste Management North Sound's request to retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs in King County, and to retain up to 50 percent of the revenue from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs in Snohomish County, from January 1, 2024, to December 31, 2025, is consistent with RCW 81.77.185, and the Commission finds Waste Management North Sound's request should be granted.

## **ORDER**

### **THE COMMISSION ORDERS:**

- 25 (1) Waste Management of Washington, Inc., d/b/a Waste Management of Washington-North Sound, Waste Management of Washington-Marysville, may retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs in King County, and up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs in Snohomish County, from January 1, 2024, to December 31, 2025, provided that Waste Management of Washington, Inc., d/b/a Waste Management of Washington-North Sound, Waste Management of Washington-Marysville, complies with the Plan as set forth in this order.

- 26 (2) Waste Management of Washington, Inc., d/b/a Waste Management of Washington-North Sound, Waste Management of Washington-Marysville, shall present its revenue sharing plan and commodity adjustments to the Commission requesting an effective date each January 1 hereafter, and shall make all future revenue sharing plans and commodity adjustment filings 45 days prior to the proposed effective date.
- 27 (3) The commodity credits filed by Waste Management of Washington, Inc., d/b/a Waste Management of Washington-North Sound, Waste Management of Washington-Marysville, on November 16, 2023, as revised on December 14, 2023, are allowed to go into effect by operation of law.
- 28 (4) Waste Management of Washington, Inc., d/b/a Waste Management of Washington-North Sound, Waste Management of Washington-Marysville, shall be granted less than statutory notice to notice customers on their first bill after the final Commission decision in accordance with WAC 480-70-271 (2)(a).
- 29 (5) The Commission delegates to the Secretary the authority to approve by letter all compliance filings required in this Order.
- 30 (6) The Commission retains jurisdiction over the subject matter and Waste Management of Washington, Inc., d/b/a Waste Management of Washington-North Sound, Waste Management of Washington-Marysville, to effectuate the provisions of this Order.
- 31 The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective December 21, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KATHY HUNTER  
Acting Executive Director and Secretary