

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

WASTE MANAGEMENT OF
WASHINGTON, INC., d/b/a WASTE
MANAGEMENT OF SPOKANE

Respondent.

DOCKET TG-190007

ORDER 01

COMPLAINT AND ORDER
SUSPENDING TARIFF

BACKGROUND

- 1 Waste Management of Washington, Inc., d/b/a Waste Management of Spokane (Waste Management or Company) filed with the Washington Utilities and Transportation Commission (Commission) proposed tariff revisions on January 7, 2019, that would increase rates and charges for solid waste service. The Company provides service to approximately 22,000 recycling customers in Spokane County. On January 8, 2019, the Company filed revised tariff pages.
- 2 In this filing, the Company’s proposed tariff revisions reflect changes to the recycling commodity adjustment for residential and multi-family customers. The Company requests to retain 50 percent of the revenue received from the sale of recyclable commodities as allowed by RCW 81.77.185, and in accordance with a Revenue Sharing Plan approved by Spokane County that went into effect on August 1, 2018. The tariff revisions would result in a commodity adjustment of \$1.03 per month credit to customers. This filing also includes a proposed exemption from WAC 480-70-351(2), rates, recycling programs, credits, or charges, and a request for less than statutory notice for an effective date of February 1, 2019.

3 RCW 81.77.185(1) states:

The commission shall allow solid waste collection companies collecting recyclable materials to retain up to fifty 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.

4 In this case, the Company utilizes an affiliate-owned Materials Recovery Facility (MRF), the processing costs for which are estimated at \$390,642 (\$124.58 per ton, including current surcharges) and paid by customers in rates. These processing costs are included in monthly recycling collection rates to provide transparency of what costs are passed on to regulated customers.

5 The Company proposes to retain 50 percent of the gross revenue from the recycling commodity's value under the Revenue Share plans approved by Spokane County prior to offsetting any processing costs. The gross revenue is \$261,404, of which the Company proposes to retain \$130,702. Under the Company's proposal, this \$130,702 would be credited to customers, accounting for the \$1.03 per month credit. This credit would partly offset the processing costs of \$390,642, for a total cost to customers of \$286,940.

6 Commission staff (Staff) reviewed the filing and recommends the Commission issue a complaint and order suspending the proposed tariff revisions. Staff disagrees with the Company's calculation method under circumstances where processing costs exceed the value of the recycling commodity because doing so inconsistently treats customers depending on whether a solid waste collection company utilizes an affiliated MRF.

7 Staff believes that when an affiliate MRF is utilized, a company may retain up to 50 percent of the net revenue only after processing costs have been offset by the revenue received from the commodity value. If revenue received from the commodity value is sufficient to offset processing costs, any remainder would be shared by customers with the company. Applied here, Staff's calculation method would credit the entire \$261,404 in revenue from the recycling commodity to customers in the form of a \$2.00 per month credit. This credit would partly, but not entirely, offset the processing costs of \$390,642, for a total cost to customers of \$129,238. The Company would not receive any share of the revenue from the commodity value because there is insufficient revenue to cover the processing costs.

8 The difference in cost to customers between the Company and Staff's calculation methodology is \$157,702.

DISCUSSION

9 Because the proposed tariff revisions and associated increases to rates filed by the Company on January 7, 2019, as revised on January 8, 2019, might injuriously affect the rights and interests of the public and the Company has failed to demonstrate that the tariff revisions would result in rates that just and reasonable, the Commission suspends the tariff filing and will hold public hearings, if necessary, to determine whether the proposed tariff revisions and associated increases are just and reasonable.

FINDINGS AND CONCLUSIONS

- 10 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, regulations, practices, accounts securities, transfers of property, and affiliated interests of public service companies, including solid waste collection companies.
- 11 (2) Waste Management is a solid waste collection company and a public service company subject to Commission jurisdiction.
- 12 (3) This matter came before the Commission at its regularly scheduled meeting on January 31, 2019.
- 13 (4) The tariff revisions Waste Management filed on January 7, 2019, as revised on January 8, 2019, would increase charges and rates for services provided by Waste Management, and might injuriously affect the rights and interest of the public.
- 14 (5) Waste Management has not demonstrated that the requested rate increase is just and reasonable.
- 15 (6) Accordingly, the Commission finds that Waste Management's tariff filing of January 7, 2019, as revised on January 8, 2019, should be suspended.
- 16 (7) Pursuant to RCW 81.04.130, Waste Management bears the burden of proof to demonstrate that the proposed increases are just and reasonable.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The tariff revisions Waste Management of Washington, Inc., d/b/a Waste
Management of Spokane filed on January 7, 2019, as revised on January 8, 2019,
are suspended.
- 18 (2) The Commission may hold hearings at such times and places as may be required.
- 19 (3) Waste Management of Washington, Inc., d/b/a Waste Management of Spokane
must not change or alter the tariffs filed in this Docket during the suspension
period, unless authorized by the Commission.

DATED at Olympia, Washington, and effective January 31, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner