



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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August 15, 2019

NOTICE OF TECHNICAL WORKSHOP
(Set for October 2, 2019, at 9:30 a.m.)

and

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By October 25, 2019)

Re: Inquiry into methods for setting rates for solid waste collection companies.
Docket TG-131255.

TO ALL INTERESTED PERSONS:

On July 17, 2013, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to review the Lurito-Gallagher Method that the Commission has used since 1988 to set rates and charges for solid waste companies under its jurisdiction.

On July 19, 2013, the Commission issued a Notice of Opportunity to File Written Comments and Notice of Workshop. The Commission received written and oral comments from Waste Management of Washington and Washington Refuse and Recycling Association. These commenters expressed concern that it was difficult and premature to provide substantive comments or suggestions when, at that time, the Commission had not proposed an alternative to the Lurito-Gallagher Method.

Commission staff (Staff) subsequently conducted a broad examination of the Commission's use of the Lurito-Gallagher operating ratio approach to ratemaking for solid waste collection companies and an evaluation of other possible rate-setting methods. Staff issued a report summarizing its findings on January 16, 2019. In that report, Staff recommends that the Commission:

- Utilize the DuPont model, which focuses on the overall cost of capital and is a modified version of the Lurito-Gallagher model which focuses solely on return on equity;

- Use updated comparable financial proxy data from other transportation companies to derive a recommended return on investment; and
- Update proxy data at least every three years but no more than five years.

STAKEHOLDER TECHNICAL WORKSHOP

In addition to filing written comments, interested persons are invited to attend a stakeholder workshop that will focus on issues that are more technical in nature. The Commission will conduct this workshop on **October 2, 2019, beginning at 9:30 a.m., in Room 115, at 621 Woodland Square Loop S.E., Lacey, Washington.**

WRITTEN COMMENTS

The Commission seeks written comments on Staff's report and recommendation from interested persons. Comments that address the factors in the report that require the Commission to exercise judgment – such as the selection of transportation company proxies, number of years in analysis, averaging of data and update requirements – would be useful.

Also, comments that provide wording or guidance for proposed rules that implement the update or adoption of a method for setting rates for solid waste collection companies.

Written comments must be filed electronically with the Commission no later than **5:00 p.m., on October 25, 2019.** You may submit comments via the Commission's Web portal at www.utc.wa.gov/e-filing or by electronic mail to the Commission's Records Center at records@utc.wa.gov. Please include:

- The docket number of this proceeding (Docket TG-131255)
- The commenting party's name.
- The title and date of the comment or comments.

Alternatively, comments may be submitted by mailing or delivering an electronic copy to the Commission's Records Center on a thumb drive, CD, or DVD in .pdf format (created using Adobe Acrobat or comparable software) or in Microsoft Word. Include all of the information requested above. The Commission will post on its web site all comments that are provided in electronic format. The web site is located at <http://www.utc.wa.gov/131255>.

If you have questions regarding this rulemaking, you may email staff lead Danny Kermod at danny.kermod@utc.wa.gov or contact by phone at (360) 664-1253.

MARK L. JOHNSON
Executive Director and Secretary