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King County Solid Waste Division vs. Seattle Disposal
Findings and Recommendation Summary
15 March 1995

King County Solid Waste Division staff and WUTC staff have been meeting since December 1994 to discuss regulatory and legislative changes that could be made to address the issues that resulted in King County's complaint against Seattle Disposal (dba Eastside Disposal). Recognizing that the WUTC, King County and the Rabanco Companies would like to resolve this matter, the trial hearing date was continued for one month to June 1, 1995.

The discussions have been very productive and useful for both staffs. The findings from these discussions are summarized below.

Garbage rates

- The cost of service model used to establish rates for garbage collection allocates costs to customers classes (mini, one, two can, etc.) is based on an average can weight for each customer class. In short, the total costs of disposal are allocated to each customer based on this average weight (not an actual weight). Also, at any given service level, customers disposing less than the average weight are in essence subsidizing those customers who dispose of more than the average, because each pay the same fee, but do not dispose of the same amount of waste.
- WUTC staff prepared an alternative application of the cost of service model which allocates garbage collection costs on a *per gallon* basis. That is, one can customers pay for 32 gallons of capacity, whether they fill the can or not.
- Allocating the costs on a per gallon basis meets the WUTC's need to set rates that are fair, just and reasonable, because the customers are paying for the option of disposing of a given volume of waste, whether or not they fill their cans. This alternative also meets the County's objective of having rates that provide strong financial incentives to reduce waste.

Recycling rates

- The cost per customer for recycling service in Eastside Disposal's service area are the highest in King County (\$4.44/month/customer). These costs have increased steadily since the recycling programs started in 1990.
- Rate increases for recycling costs have been approved for SeaTac Disposal in the past six months, even though the markets for materials have greatly improved in the last 18 months.

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- The revenue based model used to establish the rate for recycling services has allowed the haulers to increase rates when market prices have been low.
- The WUTC staff calculated the recycling rate for Eastside Disposal using current market price information. The rate decreased from \$4.44/customer/month to \$1.92/customer/month. This indicates that a mechanism is needed to ensure that when market prices are high that the cost savings are passed on to the customers in a timely manner.

Based on these findings, it is recommended that the following action be taken:

WUTC

The WUTC will require all haulers serving unincorporated King County to set garbage rates using the cost of service model that allocates costs on a per gallon basis to customers.

The WUTC will work with King County and the haulers to develop a process for periodically adjusting recycling rates when market prices increase, so that these savings are passed on to customers.

Seattle Disposal (dba Eastside Disposal)

Seattle Disposal will file garbage rates using the per gallon allocation cost of service model for all three companies serving unincorporated King County, as per the tolling agreement, namely, Eastside Disposal, SeaTac Disposal, Kent/Meridian Valley Disposal.

Seattle Disposal will file recycling rates that are based on current market prices for the same three companies.

King County

King County will propose changes to its service level ordinance to the County Council that would require all haulers serving unincorporated King County to:

- file garbage rates using the cost of service model that allocates costs on a per gallon basis to customers.
- file a new (lower) recycling rate when market prices are up by ____% for _____ (period of time).