November 23, 2015

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Sent via email to records@utc.wa.gov

Re: Need to Develop Rules on Revenue Sharing for the Solid Waste Industry, Docket TG-151838. Comments from Republic Services

Dear Mr. King

The following comments are on behalf of Republic Services in response to the Notice of Opportunity to File Written Comments issued on October 23, 2015. Our comments have been separated into the three issues of interest specified by the Commission.

Republic Services agrees that filing the documents outlined in the Interpretive Policy Statement are necessary to ensuring a transparent process and to solidifying our working relationship with the Counties and Commission. As a hauler, we have developed a streamlined process for the recording, development, and approval of the documentation so that it is a simplified internal process. If the Commission feels the process needs to be standardized more across hauling companies, Republic is amenable and ready to participate in those discussions. However, we work in a continually changing industry and changing the Interpretive Policy Statement to rules may inhibit the ability to for the Revenue Sharing Programs to be flexible with the changing industry.

a) **Filing requirements for the deferred accounting mechanism calculation used to determine the annual commodity credit.**
   Republic has been using the same mechanism for filing the annual commodity credit for many years. The mechanism works well and is easily understood by the Counties, and the Commission. We do not see the need to change the current method for the accounting mechanism calculation.

b) The limit for incentives or rewards of 5% of expenditures, part of the overall 50% retained revenue.

There are many fluctuations in recycling tonnage levels that are out of the control of the hauler or County. Examples of these fluctuations are extreme weather events that may cause large amounts of storm yard debris which will artificially inflate tonnages and potentially prevent the haulers ability to receive an incentive the following year due to the year over year tonnage review which the current calculation for eligibility of the incentive is based. Other outside events impact the overall tonnage such as changes in common packaging which was once easily recyclable is now transitioning to different types of flexible plastic packaging or multi-laminate material packaging which is not currently recyclable in the curbside stream. As technology changes, items like aluminum cans and plastic water bottles are being made with less plastic which is environmentally a good thing, but negatively impacts the haulers when their "success" is measured by tonnage.

Events like this are out of our control, yet impact the overall tonnage that the incentive is based on. We ask that the Commission consider an alternate qualification for the incentive in the event of outside circumstances, if the County deems the hauler took all possible measures to increase recycling during the agreement period and then the hauler should still be qualified to receive the incentive for their efforts.

Secondly, we are determined to assist the Counties in their diversion goals by providing wide scale, sustainable outreach efforts through the Revenue Sharing Agreements. Our goal is to make the WUTC service territories into prime examples of best management practices for education. Providing quality programs that are wide scale requires ample funding. Republic would like the Commission to evaluate whether it would be feasible, with County approval, to receive more than 50% of the commodity revenues to put toward programs.

c) Requirements for the revenue sharing plans spanning more than 12 consecutive months.

The quality of programs developed through the Revenue Sharing Agreements has increased in the last few years, leading to carefully developed wide-scale and long term strategies. This growth in the program has called for plans to span 24 months instead of the original 12 month period. However, with the 24 month agreement, we are still limited to annual reporting of expenditures to the Commission and thus, must attempt to split program expenditures 50/50 between the first and second years of the agreement. This current situation is a cause for distress because, in the event of a program being delayed or changed we may only spend 30% of the total funds in the first year of the agreement and will then be limited in the second year and will only be able to spend 50% of the total funds, unable to use 20% of the overall funds toward worthwhile education tactics.

Republic Services asks that a method be developed for allowing carry-over of unspent funds from the first to the second year of a revenue sharing agreement and from one agreement to the next. Appropriate funds can then be used toward worthy projects that will assist the counties in reaching their diversion goals.

With a 24 month agreement, the hauler will not be developing a new agreement with the Counties on an annual basis and thus some of the documentation submitted to the Commission the year before will still be valid. We ask that the Commission review the list of documentations listed in the Interpretive Policy Statement that the hauler is required to file annually and revise the list to include submission instructions for annual submission that will occur half-way through an agreement with the Counties.

Republic Services is ready and willing to participate in any further discussions about these key topics in the hopes that a solution can be agreed upon by all involved parties. We recognize the immense importance of the Revenue Sharing Agreements and have met with the Counties to discuss these topics so that we may show a united front when presenting to the Commission. We fully believe in continually working to update the policies regarding the Revenue Sharing Agreements to better fit with the changing markets and customer basis and to fully support the Counties in reaching their waste diversion goals.

Sincerely,

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