

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	DOCKET TG-111992
TRANSPORTATION)	
COMMISSION,	)	ORDER 01
)	
Complainant,)	
)	
v.)	
	)	COMPLAINT AND ORDER
	)	SUSPENDING TARIFF; AND
RABANCO LTD, DBA ALLIED	)	ALLOWING REVENUE
WASTE SERVICES OF KENT,	)	SHARING AND RECYCLABLE
RABANCO COMPANIES AND	)	COMMODITY REVENUE
SEA-TAC DISPOSAL, G-12,	)	ADJUSTMENTS ON A
	)	TEMPORARY BASIS, SUBJECT
Respondent.	)	TO REFUND OR CREDIT
.....)	

BACKGROUND

- 1 On November 16, 2011, Rabanco LTD, dba Allied Waste Services of Kent, Rabanco Companies and Sea-Tac Disposal (Sea-Tac or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff No. 26, designated as pages 1, 21, 25, 31, 34, 35, 36 and 37. The stated effective date is January 1, 2012. The Company serves approximately 7,400 customers in King County (County).

- 2 Sea-Tac proposes to increase the amount it pays to single family and multi-family customers for the value of the recyclable materials that the Company collects in its residential recycling collection service. The monthly credit for single family customers would increase from \$0.83 to \$1.68 and the credit for multi-family customers would increase from \$0.35 per yard to \$0.37 per yard for each pickup.

- 3 Not included in Sea-Tac’s filing of November 16, 2011, was a request to retain fifty percent of the revenue the Company receives from the sale of recyclable materials for the period of January 1, 2012, through July 31, 2012.¹ The Company also failed to meet the requirements imposed by Order 01, TG-101857, which required it to:

¹ However, the workpapers containing the deferred accounting mechanism filed by the Company on November 16, 2011, reflect fifty percent revenue retention in its calculation of the proposed credits.

- Report no later than November 15, 2011, the amount of revenue it retained and the amount of money it spent on the activities identified in its recycling and revenue sharing plan; and
- File no later than November 15, 2011, its 2011-2012 recycling and revenue sharing plan, 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.

4 On December 9, 2011, the Company filed a revenue sharing report for the 2010-2011 plan period showing the amount of revenue retained and the amount of money spent on the activities identified in Sea-Tac's recycling and revenue sharing plan with the County. The Company reported it had retained \$113,292, spent \$101,010 on plan activities, and, compared to the previous year, waste tonnages diverted from landfills decreased by 0.6 percent.² The Company also proposes to keep \$12,281 of the unspent retained revenues from 2010-2011.

5 RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials from residential single family and multi-family customers to retain "up to fifty 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. The remaining revenue must be passed through to residential single and multi-family customers.

6 The Company's filing of November 16, 2011, did not include a recyclable commodity revenue sharing plan certified by the County as required by RCW 81.77.185. Also lacking in Sea-Tac's filing, was a statement from the County that the Company has met the obligations and requirements specified in the 2010-2011 plan, as requested in Docket TG-101857 Order 01, paragraph 17.

7 On December 21, 2011, the Company filed an approved plan for the 2011-2012 period certified by Kevin Kiernan, Solid Waste Division Director, King County, as being consistent with the local government solid waste plan and which demonstrates how the retained revenues will be used to increase recycling. The County also advised the

² Customer counts decreased by 18.1 percent between 2010 and 2011 which contributed to the decrease in total diversion. Annual diversion pounds per customer increased by 2.3 percent while annual recycling pounds per household remained flat.

Commission that the Company had satisfied all of the performance requirements in the recycling plan expiring December 31, 2011.

8 On December 22, 2011, the Company filed substitute pages 1, 21, 25, 31, 34, 35, 36 and 37, to increase the proposed credits for single family and multi-family customers to refund an additional \$11,538 in unspent retained revenues. Monthly single family credits would increase from the original proposed \$1.68 to \$1.93 and multi-family credits would increase from the original proposed \$0.37 per yard to \$0.47 per yard for each pickup.

9 The 2011-2012 plan is divided into four tasks:

- **Task 1 – Data Collection and Evaluation** – This task involves the collection, analysis and reporting of recycling and solid waste collection data.
- **Task 2 – Internal Communication and Coordination with King County** – Meetings between the County and the Company to review the progress of the program.
- **Task 3 – Conversion to 96-Gallon Recycle Carts** – Transition of 700 customers from 34-gallon to 96-gallon recycling carts by July 30, 2012. In addition, the Company will provide the County with a plan and timetable for converting all remaining Commission regulated customers to 96-gallon recycling carts.
- **Task 4 – External Communication, Outreach and Education** – Media advertising to promote and encourage recycling.

10 The 2011-2012 plan includes a budget with projected revenue retention at fifty-percent equaling \$55,094 for the period. Planned expenditures are forecasted at \$48,685. The Company and the County have also included two performance bonuses; one for increasing yard waste and food waste subscriptions and another for an increase in the percent of waste diverted from landfills (recycled or composted). The total budget for the performance bonus is \$2,204. In addition to the performance bonus, the County and the Company have included a \$2,434 (5.0 percent) return on planned expenditures .³

11 In its filing of December 21, 2011, the Company also proposes to retain \$744 (0.8 percent) in unspent retained revenues as a retroactive performance bonus for the 2010-

³ Staff compared the five percent proposed by the County and Company against Lurito-Gallagher (LG) returns from the Company's last general rate case (TG-070749). An LG return commensurate with an incremental expenditure of \$48,685 would be \$1,832 (3.8 percent).

2011 plan period.⁴ The amount is equal to fifty-percent of the revenues accrued from increased total diversion (recycling and compost) pounds per household. The County supports the award of the \$744 as a retroactive performance bonus for the 2010-2011 plan year.

12 Staff has two concerns with the Company's filings in this docket:

- The award of a retroactive performance bonus when no such provision existed in the plan approved by the Commission in TG-101857 on December 30, 2010; and
- The inclusion of a return on expenditures for the 2011-2012 plan period.

The Commission is considering these same two issues in three other suspended dockets involving another solid waste collection company. Staff recommends that the Commission allow recyclable commodity revenue adjustments and revenue sharing to go into effect on a temporary basis, subject to refund or credit.

13 Staff, therefore, recommends that the Commission issue a complaint and order suspending the revisions to Sea-Tac's Tariff No. 26, and allowing monthly recyclable commodity revenue adjustments filed on November 16, 2011, as revised on December 22, 2011, and fifty-percent revenue sharing on a temporary basis, subject to refund or credit.

FINDINGS AND CONCLUSIONS

- 14 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies. *RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.*
- 15 (2) This matter came before the Commission at its regularly scheduled meeting on December 29, 2011.

⁴ Staff compared the 0.8 percent proposed by the Company and the County against Lurito-Gallagher (LG) returns from the Company's last general rate case (TG-070749). An LG return commensurate with an incremental expenditure of \$88,410 would be \$3,302 (3.7 percent).

- 16 (3) Sea-Tac is engaged in the business of providing solid waste services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 17 (4) RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials from single family and multi-family customers to retain “up to fifty 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 management plan and that demonstrates how the revenues will be used to increase recycling. The remaining revenue shall be passed through to single family and multi-family customers.
- 18 (5) Staff, the Company and the County have not yet resolved differences relating to issues in this docket. Since it benefits customers to pass on increased monthly credits, and the Company’s 2011-2012 plan budget expenditures justify fifty-percent retention, suspending the filings, while allowing rates and revenue sharing on a temporary basis, subject to refund or credit, is reasonable and in the public interest.
- 19 (6) During the pendency of this proceeding, Sea-Tac should be authorized to retain up to fifty percent of the revenue the Company receives from the sale of recyclable materials collected in its residential recycling program on a temporary basis, subject to refund or credit.
- 20 (7) As required by RCW 81.77.185, in the event this matter is set for hearing, Sea-Tac will bear the burden of proof to show that any proposed 2011-2012 recyclable commodity revenue sharing plan or amounts demonstrate how the retained recycling revenues will be used to increase recycling and that the proposed recyclable commodity revenue adjustments are just, reasonable and sufficient. Nothing in this Order is intended to limit the issues as to the fairness, justness, reasonableness and sufficiency of the proposed increases.

ORDER

THE COMMISSION ORDERS:

- 21 (1) Rabanco LTD, dba Allied Waste Services of Kent, Rabanco Companies and Sea-Tac Disposal, is authorized to retain up to fifty percent of the revenue it receives from the sale of recyclable materials collected in its residential recycling program on a temporary basis, subject to refund or credit.
- 22 (2) The recyclable commodity revenue adjustments filed by Rabanco LTD, dba Allied Waste Services of Kent, Rabanco Companies and Sea-Tac Disposal, on November 16, 2011, as revised on December 22, 2011, are suspended but shall become effective on January 1, 2012, on a temporary basis, subject to refund or credit if the Commission determines that different rates will be fair, just, reasonable and sufficient.
- 23 (3) The Commission may hold hearings at such times and places as may be required.
- 24 (4) Rabanco LTD, dba Allied Waste Services of Kent, Rabanco Companies and Sea-Tac Disposal, must not change or alter the tariffs filed in this Docket during the suspension period, unless authorized by the Commission.
- 25 (5) The Commission retains jurisdiction over the subject matter and Rabanco LTD, dba Allied Waste Services of Kent, Rabanco Companies and Sea-Tac Disposal, to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective December 29, 2011.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner