

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,	)	DOCKET TG-111993
)	
	)	ORDER 01
)	
Complainant,)	
)	
v.	)	COMPLAINT AND ORDER
	)	SUSPENDING TARIFF;
	)	ALLOWING REVENUE
	)	SHARING AND RECYCLABLE
RABANCO LTD., DBA LYNNWOOD DISPOSAL, G-12,	)	COMMODITY REVENUE
	)	ADJUSTMENTS ON A
Respondent.	)	TEMPORARY BASIS, SUBJECT
.....	)	TO REFUND OR CREDIT

BACKGROUND

- 1 On November 16, 2011, Rabanco Ltd., d/b/a Lynnwood Disposal (Lynnwood or Company) filed with the Washington Utilities and Transportation Commission (Commission) revisions to its currently effective Tariff No. 4, designated as pages 1, 21, 21a, 25, 25a, 25b and 30. The stated effective date is January 1, 2012. The Company serves approximately 17,000 customers in Snohomish County (County).

- 2 Lynnwood 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 \$0.68 to \$1.71 and the credit for multi-family customers would increase from \$0.14 per yard to \$0.76 per yard for each pickup.

- 3 Not included in Lynnwood’s initial 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’s initial filing also did not include the following:

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.

- A report on 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
- 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 Lynnwood's recycling and revenue sharing plan with the County. The Company reported it had retained \$307,577, spent \$134,474 on plan activities, and, compared to the previous year, waste tonnages diverted from landfills increased by 2.2 percent.² The Company also proposes to keep \$200,477 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 Lynnwood's filing, was a statement from the County that the Company has met the obligations and requirements specified in the 2010-2011 plan.

7 On December 21, 2011, the Company filed an approved plan for the 2011-2012 period certified by Matt Zybas, Director, Snohomish County Solid Waste Division, 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 Commission that the Company had satisfied all of the performance requirements in the recycling plan expiring December 31, 2011.

² Customer counts were flat between 2010 and 2011. Annual diversion pounds per customer increased by 7.0 percent while annual recycling pounds per household also increased by 2.7 percent.

8 On December 21, 2011, the Company also filed substitute pages 1, 21, 21a, 25, 25a, 25b and 30, to increase the proposed credits for single family and multi-family customers to refund an additional \$173,104 in unspent retained revenues. Monthly single family credits would increase from the original proposed \$1.71 to \$2.97 and multi-family credits would increase from the original proposed \$0.76 per yard to \$1.28 per yard for each pickup.

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

- **Task 1 – Data Reporting Requirements** – This task involves the collection, analysis and reporting of recycling and solid waste collection data and plan activities including revenue and expenditure data.
- **Task 2 – Quarterly Updates and Coordination Meetings** – Meetings between the County and the Company to review the progress of the program to include revenues and expenditures.
- **Task 3 – Increase Proportion of Households Subscribing to Curbside Collection Services** – Promotion and marketing of curbside collection services to non-subscribers.
- **Task 4 – Promotion of Recycling**
- **Task 5 – Promotion of Food and Yard Waste Services**
- **Task 6 – Promotion of Multi-Family Recycling**
- **Task 7 – Continued Cooperation and Contingencies** – Good faith cooperation between the Company and County towards increasing recycling and diversion from landfill disposal.

10 The 2011-2012 plan includes a budget with projected revenue retention at fifty-percent equaling \$178,848 for the period. Planned expenditures are forecasted at \$159,730. 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 \$7,154. In addition to the performance bonus, the County and the Company have included a \$7,987 (5.0 percent) return on planned expenditures .³

³ Staff compared the 5.0 percent proposed by the County and Company against Lurito-Gallagher (LG) returns from the Company's last general rate case (TG-101157). An LG return commensurate with an incremental expenditure of \$159,730 would be \$7,159 (4.5 percent).

11 Staff is concerned with the Company's inclusion of a return on expenditures for the 2011-2012 plan period. The Commission is considering this issue 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.

12 Staff, therefore, recommends that the Commission issue a complaint and order suspending the revisions to Lynnwood's Tariff No. 4, and allowing monthly recyclable commodity revenue adjustments filed on November 16, 2011, as revised on December 21, 2011, and fifty-percent revenue sharing on a temporary basis, subject to refund or credit.

FINDINGS AND CONCLUSIONS

13 (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.*

14 (2) This matter came before the Commission at its regularly scheduled meeting on December 29, 2011.

15 (3) Lynnwood 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.

16 (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.

- 17 (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.
- 18 (6) During the pendency of this proceeding, Lynnwood 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.
- 19 (7) As required by RCW 81.77.185, in the event this matter is set for hearing, Lynnwood 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:

- 20 (1) Rabanco Ltd., d/b/a Lynnwood 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.
- 21 (2) The recyclable commodity revenue adjustments filed by Rabanco Ltd., d/b/a Lynnwood Disposal, on November 16, 2011, as revised on December 21, 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.
- 22 (3) The Commission may hold hearings at such times and places as may be required.

- 23 (4) Rabanco Ltd., d/b/a Lynnwood Disposal, must not change or alter the tariffs filed in this Docket during the suspension period, unless authorized by the Commission.
- 24 (5) The Commission retains jurisdiction over the subject matter and Rabanco Ltd., d/b/a Lynnwood 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