

Agenda Date: July 27, 2012

Item Number: B5

Docket: TG-121060

Company Name: Rabanco Ltd., d/b/a Lynnwood Disposal and Allied Waste Services of Lynnwood G-12

Staff: Dave Gomez, Assistant Power Supply Manager, Energy Regulation

Recommendation

Grant Rabanco Ltd., d/b/a Lynnwood Disposal and Allied Waste Services of Lynnwood's request to retain up to 36 percent of the recyclable commodity revenue collected during the period of August 1, 2012, to July 31, 2013, and allow the tariff revisions filed on June 19, 2012, as revised on July 6, 2012 and July 23, 2012, to become effective August 3, 2012, by operation of law.

Discussion

On June 19, 2012, Rabanco Ltd., d/b/a Lynnwood Disposal and Allied Waste Services of Lynnwood (Lynnwood or company), filed with the Washington Utilities and Transportation Commission (commission) revised pages 1, 21, 21a, 25, 25a, 25b and 30 of its Tariff No. 4 to make the annual recycling commodity adjustment effective August 3, 2012. The company's filing would decrease the credit for single family customers from of \$2.97 per month to \$1.72 and per month, and decrease the credit for multi-family customers from \$1.28 (\$4.49 compacted) per yard to \$0.74 (\$2.57 compacted) per yard. The company also requests that the commission allow it to retain 36 percent of the revenue received from the sale of recyclable materials during the 2012-13 plan period. The company serves approximately 17,000 customers in Snohomish County (county).

The company's filing included the following:

- A summary report detailing the amount of revenue Lynnwood retained, the amount of money it spent on the activities identified in its 2011-12 recycling plan and the effect the activities had on increasing recycling;
- A Recycling and Revenue Sharing Plan between the company and the county for the 2012-13 plan period outlining specific deliverables associated with the use of retained revenues; and
- A budget for the 2012-13 plan period containing forecasted revenues and planned expenditures.

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 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.

Staff examined Lynnwood's summary report for the 2011-12 plan period. The company reported retaining \$156,853 from October 1, 2011, to July 31, 2012. During the same period, Lynnwood spent \$81,081 on activities designed to increase recycling. In his letter to the commission dated June 18, 2012, Matthew Zybas, Solid Waste Director, Snohomish County Public Works, stated that some tasks set forth in the 2011-12 Plan were not completed. Therefore, the county recommends that the company return to ratepayers \$70,907 of the revenues retained in excess of planned expenditures. Data in the summary report shows that the total diversion rate between July 2008 and July 2012 has remained essentially flat.

On June 19, 2012, Lynnwood filed a proposed Recycling and Revenue Sharing Plan for Snohomish County (Plan) for the period spanning August 1, 2012, to July 31, 2013. The company submitted the Plan to meet the requirements for revenue sharing set forth in RCW 81.77.185. Rabanco Ltd. also submitted a budget for the 2012-13 plan period. For Lynnwood, the Plan proposes to retain \$200,839 of the forecasted revenue from the sale of recyclable commodities collected from residential customers.

The company's 2012-13 budget included an incentive payment of \$19,863 (11.0 percent) of planned expenditures. On May 30, 2012, the commission issued its interpretive and policy statement (IPS) in Docket TG-112162 to address issues concerning implementation of recycling revenue sharing plans under RCW 81.77.185. The IPS specifies that any incentive offered a solid waste collection company for participating in a revenue sharing plan be no higher (without compelling justification) than five percent of expenditures for the plan period.

On July 6, 2012, the company filed substitute pages to reflect a lower budgeted incentive at staff recommended levels of \$9,048, or five percent of planned expenditures as specified in the IPS. The resulting increase to the credits is small; from \$1.72 per month to \$1.77 per month for single family customers, and from \$0.74 (\$2.57 compacted) per yard to \$0.75 (\$2.64 compacted) per yard for multi-family customers.

The Plan calls for the company to use retained funds for the following:

- **External Communication and Outreach** – Promotion of recycling programs through community events, schools and sponsorships. The amount budgeted for this activity is \$53,000.
- **Cart Contamination** - The company will work with a consultant (Green Solutions) to sample customer garbage and recycling and identify the amount of contaminants in recycling containers and recyclables in garbage containers and develop action plans to reduce both. The amount budgeted for this activity is \$40,000.
- **Yard and Food Waste Promotion** – Promote yard waste and food waste service to all regulated customers using incentives with the goal to increase subscription and further divert solid waste from landfills. The amount budgeted for this activity is \$15,000.
- **Project Management and Administration** – Overall management and administration of the agreement with the county. The amount budgeted for this activity is \$72,965.

On June 18, 2012, Snohomish County filed with the commission a letter signed by Matthew Zybas, Solid Waste Director, Snohomish County Public Works, which certifies that the company's Plan is consistent with the county's Comprehensive Solid Waste Management Plan. The county recommends that the commission allow Lynnwood to retain up to 36 percent of the

actual value of recyclable commodity revenues received from August 1, 2012, through July 31, 2013, the period of the agreement.

Conclusion

Grant Rabanco Ltd., d/b/a Lynnwood Disposal and Allied Waste Services of Lynnwood's request to retain up to 36 percent of the recyclable commodity revenue collected during the period of August 1, 2012, to July 31, 2013, and allow the tariff revisions filed on June 19, 2012, as revised on July 6, 2012 and July 23, 2012, to become effective August 3, 2012, by operation of law.