

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

IN THE MATTER OF THE)	DOCKET TG-131159
PETITION OF)	
)	ORDER 01
RABANCO LTD DBA REPUBLIC)	
SERVICES OF LYNNWOOD,)	
LYNNWOOD DISPOSAL, AND)	
MALTBY DIVISION,)	
)	
Petitioner,)	
)	ORDER AUTHORIZING REVENUE
Requesting Authority to Retain Fifty)	SHARING FOR RECYCLABLE
Percent of the Revenue Received From)	COMMODITIES REVENUE AND
the Sale of Recyclable Materials)	ALLOWING RECYCLABLE
Collected in Residential Recycling)	COMMODITY CREDIT
Service)	ADJUSTMENT
.....)	

BACKGROUND

1 On June 17, 2013, Rabanco Ltd dba Republic Services of Lynnwood, Lynnwood Disposal, And Maltby Division (Republic Services or Company) filed the following documents with the Washington Utilities and Transportation Commission (Commission): (1) a report of its 2012-2013 recycling plan and revenue sharing; (2) revised 2013-2014 commodity credits that result in increased rates to all recycling customers; (3) the Company's 2013-2014 recycling plan; and (4) a request that the Commission allow Republic Services to retain up to fifty percent of the revenue received from the sale of recyclable materials during the 2013-2014 recycling plan period. The Company serves approximately 17,000 regulated residential recycling customers in Snohomish County.

REPORT ON 2012-2013 RECYCLING PLAN AND REVENUE SHARING

2 In Docket TG-121060, Order 02, the Commission required the Company to make a compliance filing consisting of the amount of recycling revenue it retained, the amount of money it spent on the activities identified in its 2012-2013 recycling plan, and the effect the activities had on increasing recycling. The Company made the compliance filing on June 17, 2013, and the results are summarized in the following table:

Task	Budget	Retained	Expensed
Labor Costs for implementing tasks in this agreement (not allocated to tasks below)	\$ 72,965		\$ 35,858
School Recycling Education and Outreach	\$ 50,000		\$ 19,672
External Communication, Outreach, & Education	\$ 3,000		\$ 41,100
Promotion of Food and Yard Waste	\$ 15,000		
Cart Contamination	\$ 40,000		
Total	\$ 180,965		\$ 96,630
Incentive-1% for Waste Diversion	\$ 5,407		\$ -
Incentive-1% for increased food subscription	\$ 5,407		\$ -
Incentive-5%	\$ 9,048		\$ 4,831
Total	\$ 200,827	\$135,875	\$ 101,462
Revenues Returned to customers			\$ 34,414

In its compliance filing, the Company reported that it met the performance standards to retain five percent of expenditures as an incentive, but failed to meet the performance standards to retain the one percent of expenditures for waste diversion and the one percent of expenditures for increased food recycling subscriptions.

PROPOSED 2013-2014 COMMODITY CREDITS

- 3 On July 12, 2013, the Company filed replacement tariff pages in which it proposes to increase recycling rates by \$1.04 (commodity credit decrease from \$1.77 to \$0.73) per month for single-family residential customers and to increase recycling rates by \$0.42 (commodity credit decrease from \$0.75 to \$0.33) per yard for multi-family customers for the period August 1, 2013, to July 31, 2014. The proposed commodity credits reflect the Commission-approved deferred accounting treatment and include the additional funds returned to customers in the table set forth above in paragraph two.

PROPOSED 2013-2014 RECYCLING PLAN AND REVENUE SHARING

- 4 RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials 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 to the residential customers.

5 Pursuant to RCW 81.77.185, on June 17, 2013, the Company filed with the Commission a Commodity Revenue Sharing Enhancement Plan for Snohomish County (Plan) for the period August 1, 2013, to July 31, 2014. The Plan forecasts \$350,450 revenue from the sale of recyclable commodities collected and proposes to retain \$172,443 (49.2 percent to spend on Plan activities.

6 The Plan identifies the following activities and budget amounts: School Education and Outreach (\$54,000), Cart Contamination Mitigation (\$66,000), Promotion of Food and Yard Waste Recycling (\$7,500), and Project Management and Administration (\$37,000). The Plan's total budget is \$164,500.

7 The Plan's 2013-2014 budget includes an incentive payment of \$8,225 (5.0 percent of planned expenditures).¹ The Plan states in part:

“RS [Republic Services] is eligible for a financial incentive for achieving tangible results in the factors listed below:

For increasing diversion of materials from disposal by regulated residential customers, an amount equal to 5% of the company expenditures.”

Additionally, as set forth in the Plan, eligibility for the award of an incentive will be determined by Snohomish County's satisfaction that expenditures of revenue sharing funds by the Company are consistent with the Plan's activities and budgets and subject to review by the Commission.

8 Mathew Zybas, Snohomish County Solid Waste Division Director, signed the Plan and certified that it is consistent with Snohomish County's Comprehensive Solid Waste Management Plan. Snohomish County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received from August 1, 2013, through July 31, 2014, the period of the Plan.

9 Staff recommends that the Commission grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during the period of the Plan, and allow the revised recycling commodity credits filed by the Company on July 12, 2013, to go into effect August 1, 2013, by operation of law.

¹ 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, including Incentives, Bonuses or Returns in paragraphs 26 through 32. The IPS articulates a policy that incentives should be conditioned upon or tied to achieving performance goals or objectives.

FINDINGS AND CONCLUSIONS

- 10 (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.
- 11 (2) Republic Services 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.
- 12 (3) This matter came before the Commission at its regularly scheduled meeting on July 26, 2013.
- 13 (4) RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials 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. RCW 81.77.185 states that the remaining revenue shall be passed to residential customers.
- 14 (5) Snohomish County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of Snohomish County's Solid Waste Division certified that Republic Services' recycling plan is consistent with Snohomish County's Comprehensive Solid Waste Management Plan.
- 15 (6) The Plan includes a provision for an incentive payment of five percent, of the Company's planned expenditure. The Plan conditions the award of the incentive on achieving specific performance goals.
- 16 (7) Republic Services' request to retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from August 1, 2013, to July 31, 2014, is consistent with RCW 81.77.185, and the Commission finds that Republic Services' request should be granted.

ORDER

THE COMMISSION ORDERS:

- 17 (1) If Rabanco Ltd dba Republic Services of Lynnwood, Lynnwood Disposal, And Maltby Division complies with the Plan as set forth in this order, the Company may retain up to fifty percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from August 1, 2013, to July 31, 2014.
- 18 (2) Rabanco Ltd dba Republic Services of Lynnwood, Lynnwood Disposal, And Maltby Division shall present its revenue sharing plan and commodity adjustments to the Commission requesting an effective date each August 1 hereafter, and shall make all future revenue sharing plans and commodity adjustment filings 45 days prior to the proposed effective date.
- 19 (3) Rabanco Ltd dba Republic Services of Lynnwood, Lynnwood Disposal, And Maltby Division shall make a compliance filing with the Commission no later than June 17, 2014, in which the Company shall identify the amount of revenue it retained, the amount of money it spent on the activities identified in the Plan, and the effect the activities had on increasing recycling.
- 20 (4) The commodity credits filed by Rabanco Ltd dba Republic Services of Lynnwood, Lynnwood Disposal, And Maltby Division on June 17, 2013, as revised on July 12, 2013, are allowed to go into effect by operation of law.
- 21 (5) The Commission delegates to the Secretary the authority to approve by letter all compliance filings required in this Order.
- 22 (6) The Commission retains jurisdiction over the subject matter and Rabanco Ltd dba Republic Services of Lynnwood, Lynnwood Disposal, and And Maltby Division, to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective July 26, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary