



STATE OF WASHINGTON
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
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Ref. No.: UTC 4-1249

July 31, 2009

Mason County Commissioner Ross Gallagher
3rd District
411 North Fifth Street
Shelton, WA 98584-3400

Subject: Minimum Service Level Ordinance 147-08 – Residential Curbside Recycling

This letter responds to the questions posed by the Mason County Board of Commissioners in their July 21, 2009, letter to the Utilities and Transportation Commission (commission) regarding the recently approved curbside recycling program in Mason County and proposed amendments.

1. Could there be a rate for garbage collection only?

The commission requires solid waste collection companies to publish separate rates for garbage collection and curbside recycling (a recycling collection rate component and a commodity credit/debit component) to inform customers of the costs of the different services. Although the company publishes a rate for garbage collection, the county passed an ordinance that requires all customers who receive garbage service to pay for recycling service. Therefore, every garbage customer will pay the following:

Garbage Collection + Recycling Collection + Commodity Credit/Debit

2. What happens if an unexpectedly high percentage of current subscribers cancel service - will the remaining participants pay more?

Yes. The commission sets rates using average costs. Generally, the average cost increases as the number of customers decreases. If the company's revenue does not cover its expenses, the company can file a request with the commission to increase rates. The commission would need to approve any change in rates.

3. Can the rate proposal costs be phased in over a multi-year period?

No. The commission cannot require the company to provide service at less than cost. The company is entitled, by law, to recover reasonable, prudent expenses and the opportunity to earn a reasonable return.



The county could require the company to phase in the recycling program on a specific timeline. However, as mentioned above, fewer customers generally results in higher average costs. That means the first customers will pay higher rates and as additional customers are added, the average cost and rates would generally decrease.

4. *Can the UTC wait on a determination of the rate proposal until our residents have adequate opportunity to express their concerns?*

That depends. The company's proposed tariff will become effective August 14, 2009, by operation of law, unless (a) the company withdraws the tariff or further extends the effective date, or (b) the commission suspends the filing. This matter is currently scheduled for the commission to consider at the August 13, 2009, open meeting.

The commission's jurisdiction in this matter is limited to determining fair, just, reasonable and sufficient rates that the company would charge customers to provide the service required by the county's solid waste management plan and implementing ordinance. The commission has no jurisdiction over the county's solid waste management plan or the county's ordinance. Concerns regarding the mandatory requirement to pay for recycling service are properly addressed to the Mason County Board of Commissioners, not the commission.

5. *The ordinance recommends a financial incentive to customers who recycle. Is this reflected solely in the commodity credit, or are additional incentives possible?*

Staff does not consider the commodity credit/debit as an incentive. Collection companies sell the materials collected from residential recycling customers. The commission requires the collection companies to pass the revenue received from the sale of the recyclable materials back to customers through the commodity credit so customers can see the value of the recycling program and know that the company is not keeping that money as additional profit.

Pierce, Grays Harbor and Thurston Counties established, by ordinance, an additional charge to garbage customers who do not participate in the curbside recycling program. In those counties, customers who recycle pay less than customers who do not recycle.

6. *Can the UTC's Public Hearing be held in Mason County, where the customers who are affected live?*

The commission, to my knowledge, has never scheduled an open meeting at a location other than the commission's office. The commission is scheduled to consider this matter at its open meeting at 9:30 a.m. on August 13, 2009, at the commission's office in Olympia, WA. Interested persons can participate in the open meeting process in person or by telephone by calling 360-664-3846. Because our phone system is limited to 12 lines, we encourage people to gather together and call the commission on a single line if possible. Staff requests that members of the public who intend to participate by phone contact the commission's records center at 360-664-1234 prior to the open meeting so staff can inform commissioners who is participating by phone. Remember that

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the commission will consider only the rates for providing the service required by the county ordinance, not the service (mandatory payment, frequency, collection method (e.g. single-stream, separated bins, etc.), commodities collected, etc.) required by the county's solid waste management plan and implementing ordinance.

This letter states the informal opinions of commission staff, offered as technical assistance, and are not intended as legal advice. We reserve the right to amend these opinions should circumstances change or additional information be brought to our attention. Staff's opinions are not binding on the commission.

I hope that you find this information responsive to your questions and helpful. If you have additional questions, please contact me or Penny Ingram (360-664-1242).

Sincerely,

A handwritten signature in blue ink that reads "Eugene K. Eckhardt". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Eugene K. Eckhardt
Assistant Director of Solid Waste, Water and Transportation
Regulatory Service Division