



January 13, 2012

David W. Danner, Executive Director
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504-7250

SUBJECT: Recycling Commodity Filings by Harold LeMay Enterprises d/b/a Pierce County Refuse

Dear Executive Director Danner:

Harold LeMay Enterprises d/b/a Pierce County Refuse (“the Company”) provides garbage collection and residential recycling services in Pierce County under a certificate of convenience and necessity issued by the Washington Utilities and Transportation Commission (Commission).

Annually, the Company is required to file with the Commission a revised tariff to account for changes in the value of commodities collected through recycling programs. It is my understanding that the Company will submit this filing on January 13, 2012.

Pursuant to RCW 81.77.185 (1), this filing provides an opportunity for Pierce County to collaborate with the Company and the Commission to review and certify the Company’s recycling successes over the past year, and to review and certify a revised Company Recycling Plan for the next year.

Company Recycling Plan 2011 to 2012 (Reference: TG-110103)

In January 2011, Pierce County and the Company jointly prepared a Company Recycling Plan which included program elements through which the Company’s recycling services could be evaluated. The Commission received the 2011 – 2012 Company Recycling Plan in Docket Number TG-110103. At the time of filing, Pierce County certified the Company Recycling Plan pursuant to RCW 81.77.185 (1).

Pierce County has now evaluated the Company’s performance against those elements. The Company has complied with a clear majority of Company Recycling Plan elements. Taken together, performance at this level indicates the Company is eligible to retain 44 percent of revenue generated from the sale of recyclable commodities between December 1, 2010 and November 30, 2011.

That, however, is not the County’s recommendation. Pierce County recommends the Company be allowed to retain 36.24 percent, with the remainder returned to customers.



When Pierce County and the Company evaluated performance under the current Company Recycling Plan, the Company reported the following information:

December 2010 to November 2011		
Recycling Commodity Revenue	\$1,254,583	
56 % to be returned to ratepayers	\$702,566	based on performance at "44% level"

The Company shared its costs as follows:

Cost of Disposing Contaminants	\$14,853	(see documentation provided by Company
Documented Performance Costs	<u>\$226,547</u>	in its filing)
TOTAL Documented Costs	\$241,400	

Which left the following as Retained and Unspent:

\$310,617

Pierce County set out to determine an appropriate benchmark to evaluate whether or not it could recommend that the Company be allowed to retain the unspent \$310,617. After considering a number of options and listening carefully to the conversation at the Commission Workshop held on January 9, 2012, the County concluded that the appropriate benchmark was already within the Company Recycling Plan approved by the Commission in TG-110103, specifically the benchmarks contained within Criteria C.

When developing the 2011-12 Company Recycling Plan, Pierce County established the **value** of meeting Criteria C benchmarks as the opportunity to retain up to 21% of commodity revenue. In the plan-year now concluding, the Company actually met benchmarks totaling 17%. Pierce County therefore recommends the Company be allowed to retain 17 % of commodity revenue for meeting the performance benchmarks in demonstrating that the revenues were used to increase recycling under the 2011-2012 Company plan.

Criteria C Performance	17% Achievement	
Apply 17% to Commodity Revenue	\$213,279	(\$1,254,583 * 0.17)
Return Difference to the Customer	\$97,338	(\$310,617 - \$213,279)
Total Return to Customer	\$799,904	63.76 percent

Is This a Path Forward?

Pierce County realizes it is presenting this approach at a time when many are still digesting the ideas presented at the workshop. We make this recommendation, and share the detailed description above, in the hopes the Commission and Commission staff perceive this as continuing the conversation and progress initiated January 9.

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Company Recycling Plan 2012 to 2013 Certified Pursuant to RCW 81.77.185 (1)

Revisions to the Company Recycling Plan for March 2012 to February 2013 are underway. Pierce County anticipates entering its formal certification with the Commission no later than January 27, 2012.

Please contact me at (253) 798-4656 if you have any questions.

Respectfully,



Stephen C. Wamback
Solid Waste Administrator

cc: Brian J. Ziegler, P.E., Director, Department of Public Works and Utilities
Toby Rickman, Deputy Director, Department of Public Works and Utilities
Robert Dieckmann, Solid Waste Project Coordinator, Public Works and Utilities
Sheryl Rhinehart, Public Outreach Specialist, Public Works and Utilities
Eddie Westmoreland, Waste Connections
Jason Pratt, Waste Connections
Irmgard Wilcox, Waste Connections
Dave Wiley, Williams Kastner

Enclosures: Review of 2011 – 2012 Company Recycling Plan

CORS/SO3589-SCW
Project File: OP8.7.1

**Pierce County Refuse – Commodity Revenue Sharing Analysis
2011 – 2012 Company Recycling Plan**

Summary				
Element	Topic		Maximum Eligible	Percent Approved
A	Ongoing Implementation		5%	5%
B	Data Reporting Requirements		4%	4%
C	Increased Recycling and Decreased Disposal		21%	17%
D	Increasing Participation, Increasing Tonnage, Reduced Contamination		30%	18%
			50%	44%
Element A Detail				
Quarterly Meetings	Requirement	Date	Percent Eligible	Percent Approved
	1st Quarter 2011	01/11/11	1%	1%
	2nd Quarter 2011	02/22/11	1%	1%
		(early)		
	3rd Quarter 2011	07/07/11	1%	1%
		8/19/11		
	3rd Quarter 2011	12/8/11	1%	1%
Container Size Option Program	Requirement	Yes/No?	Percent Eligible	Percent Approved
	Maintain Program	Yes	1%	1%
Element B Detail				
Quarterly Data Delivery	Requirement	Date	Percent Eligible	Percent Approved
	5/15/11	5/12/11	1%	1%
	8/15/11	8/5/11	1%	1%
	11/15/11	11/16/11	1%	1%
	2/15/12	1/9/12	1%	1%
Element C Detail				
Per Household Increases and Decreases	Baseline	Current	Percent Eligible	Percent Approved
Increase in Paper Fiber Collected, 2004	20.58 # per HH per month	31.60	3%	3%
Increase in Paper Fiber Collected, 2009	28.87# per HH per month	31.60	2%	2%
Increase in All Commodities Collected, 2004	21.81 # per HH per month	35.60	4%	4%
Increase in All Commodities Collected, 2009	32.56 # per HH per month	35.60	3%	3%
Decrease in Waste Disposed, 2004	175.05 # per HH per month	162.18	5%	5%
Decrease in Waste Disposed, 2009	147.21 # per HH per month	162.18	4%	0%
Element D Detail				
Service Enhancements	Measurement	Actual	Maximum Eligible	Percent Approved
Customer Education	2% credit for each 0.25 FTE	1.5 FTE	12%	12%
Glass Drop Off	2% credit for each new glass drop site	+ 1	8%	2%
Customer Service Training	1% for each hour	6 +	4%	4%
Baseline				
Drop in 64-gallon or more	27.361 / 62.29% of customers	27,751	2%	0%
		64.03%		
Increase in mini-can	28 / 0.06 % of customers	28	2%	0%
		0.06 %		
Increase in EOW and Monthly (<32 gallon / wk equivalent)	1,817 / 4.14 % of customers	1,750	2%	0%
		4.04 %		

Pierce County recommends that the Company retain an amount equal to the sum of documented expenditures (\$241,400) plus a Criteria C Performance Achievement Payment (17% of commodity revenue or \$213,279), with the remainder returned to customers. Total retention therefore equals \$454,679 or 36.24 percent.

Element A: Ongoing Implementation

The Company complied with all requirements.

- Quarterly meetings provided County and Company staff and management opportunities to review services provided to our customers. Meetings in early 2011 were crucial in developing the survey distributed to 189,000 single-family households.
- Maintaining the service of switching customers' containers between 96-gallon and 65-gallon options, and to provide equivalent services in areas not easily serviced by automated vehicles, ensures all customers receive services they can actually use.

Element B: Data Reporting Requirements

The Company complied with all requirements.

- Timely reporting of collection data allowed the County and Company an opportunity to evaluate performance and make adjustments to public outreach messaging.

Element C: Increased Recycling and Decreased Disposal

The Company met five out of six performance measures.

- On a per customer basis, recoverable paper fibre **increased** 54 percent since the start of the program and 9.5 percent in the last year.
- On a per customer basis, the total curbside mix **increased** 63.2 percent since the start of the program and 9.3 percent in the last year.
- On a per customer basis, garbage disposed **decreased** 7.4 percent since the start of the program, but increased over the past year.

Element D: Increasing Participation, Increasing Tonnage, Reduced Contamination

This element provided the companies with alternative pathways towards achieving the target. The Company is making significant progress in this area.

- The Company assigned the equivalent of 1.5 FTE to work with customers in the Pierce County Refuse service area, and provide monthly customer service training so as to increase participation and reduce contamination. The Company opened one new glass recycling site.
- The County and the Company are planning to put more emphasis on helping customers become more aware of, and switch to, levels of service which may be more appropriate to a "waste reducing" community.