

Agenda Date: February 28, 2019  
Item Number: B8

**Docket: TG-190007**

Company Name: Waste Management of Washington d/b/a Waste Management of Spokane, Spokane Valley Garbage Service Co.

Staff: Mike Young, Section Manager, Water and Transportation  
John Cupp, Consumer Protection Staff

**Recommendation:**

Issue an order dismissing the Complaint and Order suspending the tariff pages filed on January 7, 2019, and revised on January 8, 2019, by Waste Management of Washington, d/b/a Waste Management of Spokane, and Spokane Valley Garbage Service Co, which was entered by the commission on January 31, 2019, allowing the rates as revised on February 8, 2019 to go into effect March 1, 2019 and granting an exemption from WAC 480-70-351(2), allowing a 6-month historical period to be used in calculating the proposed recycling commodity adjustment.

**Discussion**

On January 7, 2019, Waste Management of Washington, d/b/a Waste Management of Spokane and Spokane Valley Service Co., (Waste Management or company) filed a petition for waiver of WAC 480-70-351(2), which requires companies to use the most recent 12 months to project revenue from the sale of recyclable materials, and requested *Less Than Statutory Notice* handling for the recycling commodity adjustment to become effective February 1, 2019. The company provides service to 22,000 recycling customers in Spokane County. The company's last general rate filing was for \$992,000 additional annual revenue and became effective March 1, 2015.

The company also requests to retain 50 percent of the revenue received from the sale of recyclable commodities as allowed by RCW 81.77.185, and in accordance with a Revenue Sharing Plan (Plan) approved by Spokane County. The plan went into effect August 1, 2018, and runs until July 31, 2020.

On January 31, 2019, the commission entered Order 01 suspending the tariff pages filed on January 7, 2019, and revised on January 8, 2019, agreeing with staff's recommendation.

In its initial review Commission Staff (staff) felt that because the company utilizes an affiliate Materials Recovery Facility (MRF) that customers were being treated differently than customers served by a hauler utilizing a third party processor. Staff proposed a test for calculating the commodity adjustment when a company utilizes an affiliate MRF, and wishes to retain revenue under a revenue sharing agreement. The test would have compared total commodity values for the period against total processing costs for the period, allowing the company to retain up to 50 percent of any positive difference. If the difference was negative, indicating processing costs

exceeded the value of the commodities, then staff would recommend that the company not retain any revenue from the sale of the commodities and instead be required to pass that entire amount back to customers to offset processing costs incurred by them.

In further discussions with the company, staff realizes the issue of how customers are treated based on the arrangement between the company and the MRF is a policy decision that should not be changed during the course of a revenue sharing agreement, and should be addressed outside of this current filing. Instead, any changes to how revenue sharing is applied, or commodity adjustments are calculated, should be implemented at the start of the next revenue sharing plan period, which in this case would be August 1, 2019.

The company agrees with staff and filed revised pages on February 8, 2019, reflecting the commodity adjustment as originally filed, which utilized a 6-month period for the calculation, and therefore requesting that the waiver of WAC 480-70-351(2) be granted. The company and staff also agreed to incorporate January and February 2019 actual data in the true up calculation when the company files again in June, 2019.

### **Customer Comments**

There were no customer comments received on this filing.

### **Conclusion**

Commission staff has completed its review of the company's financial books and records and agrees with the company's calculation of the commodity adjustment as originally filed.

### **Recommendations:**

Issue an order:

1. Dismissing the Complaint and Order suspending the tariff pages filed on January 7, 2019, and revised on January 8, 2019, by Waste Management of Washington, d/b/a Waste Management of Spokane, and Spokane Valley Garbage Service Co, which was entered by the commission on January 31, 2019, allowing the rates as revised on February 8, 2019 to go into effect March 1, 2019;
2. Grant an exemption from WAC 480-70-351(2), allowing a 6-month historical period to be used in calculating the proposed recycling commodity adjustment.