

Agenda Date: November 23, 2022  
Item Numbers: B1 & B2

**Dockets:** **TG-220751 and TG-220754**  
**Companies:** Waste Management of Washington, Inc. d/b/a Waste Management – North Sound, Waste Management – Marysville and Waste Management of Washington, Inc. d/b/a Waste Management of Skagit County

**Staff:** Jaclynn Simmons, Regulatory Analyst  
Ben Sharbono, Regulatory Analyst  
John Cupp, Consumer Protection, Regulatory Analyst

### **Recommendation**

To take no action allowing Waste Management of Washington, Inc. a supplemental surcharge to recover transportation and processing expenses incurred during the renovation of the Cascade Recycling Center, filed on October 10, 2022, as revised on November 10, 2022, to take effect December 1, 2022, by operation of law.

### **Discussion**

On October 10, 2022, Waste Management of Washington, Inc. d/b/a Waste Management – North Sound, Waste Management – Marysville, and Waste Management of Skagit County (collectively Waste Management or Companies) submitted tariff revisions to the Washington Utilities and Transportation Commission (Commission) requesting a special surcharge supplement in the amount of \$2.32 per month for recycling customers. Waste Management is requesting the surcharge to recover incremental transportation and processing costs that it will incur during the remodel of the Cascade Recycling Center (CRC), located in Woodinville, Washington, which is the Material Recovery Facility (MRF) for both companies. The Companies serve approximately 128,300 regulated recycling customers in the North Sound, Marysville, and Skagit County service areas.

The Cascade Recycling Center opened in 2003 and processes 12,000 tons of recyclables monthly. During the renovations to modernize CRC, which stopped operations November 14, 2022, the Company plans to transport and process the recyclable materials collected from operations to the Company's JMK Fibers MRF in Fife, Washington. The surcharge request is to recover the additional costs for transporting the materials to a farther destination and to account for the higher per ton processing costs at the JMK facility.

The Company's expects the renovations to be a nine-month project. The Company plans to request surcharges in three-month increments. Going forward there will be a true-up of actual costs for the previous three months and a projection of expenses for the following three months to calculate the monthly cost to recycling customers. The surcharges in the dockets for the first three months of the project and is calculated using a projection only. The projected costs include -obtaining a warehouse for overflow materials for processing, hiring trucking companies to haul

from the close CRC facility to the JMK facility, customer notification expense, and a higher per ton processing fee at JMK.

Commission staff (Staff) reviewed the Company's supporting documents for expenses it has projected to undertake for the first three months of the renovation. Staff removed expenses not directly attributed to the moving or processing of the materials or outside the period of the project. Staff and the company agreed to a revised surcharge amount for the first three months of the project and agreed the surcharge should be split between the operating areas to allocate costs to cost causers. Staff used the tonnage reported in the two regions affected to allocate the expenses to customers, resulting in the following rates:

Monthly Surcharge Rate Per Customer	Proposed	Revised	Diff.	% Diff.
Waste Management of North Sound/Marysville	\$2.32	\$1.60	(\$0.72)	-31.0%
Waste Management of Skagit County	\$2.32	\$0.72	(\$1.60)	-69.0%

Staff believes the revised rates are fair, just, reasonable, and sufficient.

### **Customer Comments**

On November 1, 2022, the Company notified its customers by mail of the proposed surcharge. Customers were notified that they may access relevant documents about this rate increase on the Commission's website, and that they may contact Staff with questions or concerns. The Commission website included on the Company notice contained a typo, and some customers expressed concerns about this. The website link took commenters to a page that was no longer active but clicking on a banner at the top of the page redirected commenters to the correct page. Nearly half of comments received came through the Commission website where customers were redirected. The remaining comments were submitted via email. Staff received 91 consumer comments. Eighty-four comments oppose the filing while five comments support the filing, and two commenters generally support the increase with conditions.

### **General Comments**

Common themes for the customers in opposition are that these costs are regular operating expenses, and the Company should use profits rather than a surcharge from customers to cover these costs. Others state their opposition is due to record levels of inflation and the Company already has billions of dollars in revenue that should be used to cover these upgrades. A few customers note they fail to see how this benefits them as customers and oppose because these upgrades only benefit the Company in the long-term. Some commenters voiced concerns regarding a typo in the notice and feel it may have been done intentionally to prevent participation.

Five commenters support the filing and feel the temporary increase is reasonable or that the upgrades should result in lower rates down the road, due to increased efficiency once the CRC reopens.

The remaining commenters generally support the filing as long as the surcharge ends after nine months as intended.

**Staff Response**

Consumer Protection staff reached out to customers with concerns regarding the notice and explained the Company mailed the notices in accordance with the rule and discussed the filing further. Customers were advised they will have the opportunity to voice their concerns at the November 23, open meeting.

State law requires rates to be fair, just, reasonable, and sufficient to allow the Company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Commission Staff performs a thorough review of rate filings to ensure that all rates and fees are appropriate.

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