

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

BAINBRIDGE DISPOSAL, INC.

Petitioner,

Seeking Exemption from the Provisions of
WAC 480-70-351(2) Relating to
Recycling Credits or Charges

DOCKET TG-180049

ORDER 01

ORDER GRANTING
EXEMPTION FROM RULE

BACKGROUND

- 1 On January 17, 2018, Bainbridge Disposal, Inc. (Bainbridge or Company) filed with the Washington Utilities and Transportation Commission (Commission) its annual commodity credit adjustment, to be effective April 1, 2018. On March 15, 2018, the Company filed a petition requesting an exemption from WAC 480-70-351(2) Rates, recycling programs, credits or charges, allowing it to use a 6-month period to calculate its commodity credit, rather than the 12-month period proposed in the Company's initial filing.
- 2 WAC 480-70-351(2) states that solid waste companies that estimate the revenue from the sales of recyclable materials collected in residential curbside programs as part of a deferred accounting program to return recycling revenues or charges to customers must use the most recent 12-month historical period to estimate the revenue for the next 12 months.
- 3 In its Petition, Bainbridge explains that processing facilities are struggling to find a market to sell commingled material due to China's newly-lowered contamination level requirements. This, in turn, has caused processing fees to increase, and the value of commingled material to fall dramatically. Currently, the Company is paying its processor, Pioneer Recycling Services, LLC (Pioneer), to accept commingled material as opposed to receiving revenue for it. In January of 2017, Bainbridge paid \$4.22 per ton; in January of 2018, however the Company paid Pioneer \$70.27 per ton of accepted commingled material. Due to this dramatic change, the Company is requesting an exemption from

WAC 480-70-351-(2). The Company provided calculations that use the most recent 6-month historical period to calculate its projected recycling commodity credit.

4 Commission staff (Staff) reviewed the Company's Petition and determined that the request for an exemption from the 12-month historical period requirement is reasonable. Using the most recent 12-month period to estimate future revenues would include the time period for recycling markets when revenue from the sale of recyclable commodities provided a net positive amount (a credit) back to the customers, and would not accurately reflect market down-turn. Changing the calculation should also decrease customer rate shock. Instead of paying a small charge for 12 months followed by a much larger charge, customers will see a smaller increase to the charge for the first 6 months, which will then increase gradually for the next 6 months thereafter. It will also prevent the Company from applying a lower charge to customers than what it actually cost the company for processing charges.

5 Based on these factors, Staff recommends granting Bainbridge's request for exemption, subject to the following condition(s):

- (a) The Company will calculate the true-up for the commodity credit paid in 2017 using the full 12 months of actual revenue received from the sale of recyclable commodities;
- (b) The Company will use the most recent 6 months of historical revenue to calculate the commodity credit or debit that will go into effect April 1, 2018;
- (c) The Company will file another commodity credit adjustment to be effective October 1, 2018, at which time it will include the previous 6 month's actual revenue in the calculation and estimation of the credit. This filing can be for a 6 month period or 12 month period at the Company's discretion.

DISCUSSION

6 We agree with Staff's recommendation and grant Bainbridge's Petition subject to the conditions set out in paragraph 5, above. Using the most recent 6-month historical period to estimate revenues is reasonable because it reflects a more realistic estimate of future recyclable commodity revenue.

FINDINGS AND CONCLUSIONS

- 7 (1) The 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.
- 8 (2) Bainbridge 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.
- 9 (3) Bainbridge is subject to WAC 480-70-351(2), which requires solid waste companies that estimate the revenue from the sales of recyclable materials collected in residential curbside programs as part of a deferred accounting program to return recycling revenues or charges to customers to use the most recent 12-month historical period to estimate the revenue for the next 12 months.
- 10 (4) Under WAC 480-70-051, the Commission may grant an exemption from the provisions of any rule in WAC 480-70 if doing so is consistent with the public interest, the purposes underlying regulation, and applicable statutes. See also WAC 480-07-110.
- 11 (5) This matter came before the Commission at its regularly scheduled meeting on March 29, 2018.
- 12 (6) After reviewing the Petition filed in Docket TG-180050 by Bainbridge on March 15, 2018, and giving due consideration, the Commission finds that the requested exemption is in the public interest, is consistent with the purposes underlying the regulation and applicable statutes, and should be granted.

ORDER

THE COMMISSION ORDERS:

- 13 (1) The Commission grants Bainbridge Disposal, Inc. Petition for an exemption from WAC 480-70-351(2), Bainbridge Disposal, Inc. may use the most recent 6 months of historical revenues to calculate its recycling commodity credit.

- 14 (2) The tariff pages implementing this commodity adjustment, filed on January 15, 2018, and revised on March 15, 2018, will become effective by operation of law on April 1, 2018, subject to the following conditions:
- (a) Bainbridge Disposal, Inc., will calculate the true-up for the commodity credit paid in 2017 using the full 12 months of actual revenue received from the sale of recyclable commodities;
 - (b) Bainbridge Disposal, Inc., will use the most recent 6 months of historical revenue to calculate the commodity credit or debit that will go into effect April 1, 2018;
 - (c) Bainbridge Disposal, Inc., will file another commodity credit adjustment to be effective October 1, 2018, at which time it will include the previous 6-months' actual revenue in the calculation and estimation of the credit. This filing can be for a 6-month period or 12-month period at Bainbridge Disposal, Inc.'s, discretion.
- 15 (3) The Commission retains jurisdiction over the subject matter and Bainbridge Disposal, Inc. 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 March 29, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary