

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PROOF OF SERVICE

DOCKET NO. TG-931585

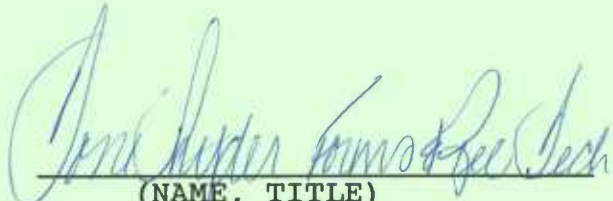
KNOW ALL PERSONS BY THESE PRESENTS That the undersigned, an employee of the Washington Utilities and Transportation Commission at Olympia, Washington, hereby certifies that a copy of the document referred to below was served on the parties of record in said proceeding in the following manner:

On the 9TH day of MARCH, 1994, a true copy of LETTER TO GARY LOCKE FROM COMMISSIONERS RE: WUTC'S RESPONSIBILITY TO PROMOTE WASTE REDUCTION AND RECYCLING PROGRAMS

in the above-entitled cause now pending before the Commission was enclosed in an envelope addressed to each of the parties of record as set forth below. Each envelope was addressed to the address shown in the official files attached hereto, sealed with the required first-class postage thereon, and deposited on said date in the United States mail in the City of Olympia, County of Thurston, State of Washington.

PARTIES OF RECORD AND OTHERS RECEIVING NOTICE

GARY LOCKE VIA FAX/MAIL ALL CC'S VIA FAX AND MAIL  
\*SEE ATTACHED CC'S AND BCC'S  
DISTRIBUTION PER REGULATORY AFFAIRS

  
\_\_\_\_\_  
(NAME, TITLE)



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250 • (206) 753-6423 • (SCAN) 234-6423

March 9, 1994

Ref. No.: 3-8689  
Docket: TG-931585

The Honorable Gary Locke, King County Executive  
King County Court House  
516 Third Avenue, Room 400  
Seattle, Washington 98104-3271

Dear Mr. Locke:

SUBJECT: March 4, 1994, Letter to Governor Mike Lowry Regarding the Washington Utilities and Transportation Commission's (Commission) Responsibility to Promote Waste Reduction and Recycling Programs

We are in receipt of your March 4 letter to Governor Lowry and would like to respond directly to a number of issues raised in it. The Eastside Disposal filing was one which concerned the Commissioners, our staff and the county alike. It is distressing to be faced with increasing costs anytime, but especially when consumers are just beginning to develop real habits in regard to the curbside collection programs. Please consider the information provided below as you think about the issues presented by the Eastside Disposal filing and their relationship to curbside recycling throughout King County and the state.

The Commission is both aware and supportive of King County's aggressive waste reduction and recycling policy. Our staff has worked very closely with King County Solid Waste Division staff to ensure that every effort is made to help the County achieve its share of the state's 50 percent waste reduction and recycling goal. Examples of our success can be seen by the creation and implementation of the minican service, not just in King County but throughout the state; curbside recycling of both household products and residential yardwaste; and, the Commission's practice of supporting mandatory curbside recycling fees for all solid waste service customers in areas where curbside recycling is offered. These successes are the direct result of our commitment to assist counties and the state in achieving the goals outlined in chapter 431, Laws of 1989; The Waste Not Washington Act.

Obviously the Commission has supported, and continues to support, the state's waste reduction and recycling policies. The issue raised by your letter, and the county's petition is how effectively the Commission has implemented two specific statutes:



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RCW 81.77.030 and RCW 70.95.010(10). We are confident the Commission's policies and ratemaking methodology are consistent with these obligations.

#### Rate Incentives

**RCW 70.95.010(10)** asks that steps be taken to make recycling at least as affordable and convenient to the ratepayer as mixed waste disposal. In every case under Eastside's tariff a customer is better off by choosing a lower level of garbage service and using recycling, than by choosing not to recycle and subscribing to a higher level of service as a result. Consider this specific example of Eastside's current rates:

Assume a one-can-per-week customer using curbside recycling is paying \$10.90 per month. That customer is paying \$4.40 of that \$10.90 for unlimited recycling usage. Along with the unlimited amount of recyclables they may place on the curb, they may only put 34 pounds of garbage out for the remaining \$6.50.

Now, assume this customer decides recycling is not worth it (time, money, bother). The customer discontinues putting out recyclables and throws everything in the garbage. If that customer is average, and not illegally handling the waste, they would now be putting out two cans per week instead of the one can previously used.<sup>1</sup> The rate charged to use this level of service would still include the mandatory \$4.40 per month for recycling. However, now this customer will also pay the higher cost of the second can of solid waste and their bill will be \$12.75 per month.

This customer has every reason to continue recycling. By discontinuing recycling, the consumer will see a 17 percent increase in cost. Moreover, if this consumer could decrease its purchases of nonrecyclables, or increase recycling enough to use a minican, that same customer could see a 12 percent rate reduction and only pay \$9.65 per month.

#### Rate Structures

**RCW 81.77.030(6)** requires the certificate holders under chapter 81.77 RCW to use rate structures and billing systems consistent with the states' solid waste management priorities. To determine

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<sup>1</sup> Data in our files indicate that consumers in Snohomish, King, and Pierce Counties who participate in household curbside recycling programs, place for collection, on average, more than 81 pounds per month.

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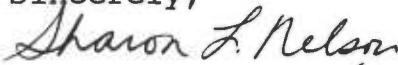
whether or not the Commission needed to make changes in its process to ensure compliance with RCW 81.77.030(6), we had our staff conduct a Notice of Inquiry (NOI). The NOI began in November 1990 and was concluded in July 1992. Ultimately, the staff recommended the Commission maintain the current cost of service methodology, at least for now, but implement waste reduction and recycling incentives in the form of additional service options (i.e. minican, every-other-week service, recycle only service, etc.).

A number of commenters, including King County, supported rate structures which provided a greater financial incentive for recycling by sharply increasing prices for two and three can customers. Based on the information gathered in the NOI, the Commission decided that retaining cost of service ratemaking would provide adequate incentives, while being more fair to garbage customers. We were concerned that many family units could not reasonably reduce their garbage service to a minican and sharply increased rates would be particularly harmful to low income families. We also saw no empirical evidence that sharply increased rates would lead to significant reductions in disposal. While we allowed a subsidized minican rate for a number of years, only a small fraction of Eastside's customers use the service. This indicates that while a low, subsidized minican rate may be of symbolic value, most customers do not find it a practical alternative.

Because cost of service rates are heavily influenced by disposal charges, King County could choose to raise its tipping fees and thereby force a higher rate for customers who subscribe to higher levels of garbage service. The County also could seek optional authority to regulate solid waste companies within its jurisdiction. Both approaches would allow the County to increase prices for customers who use two and three can service if the County continues to believe current recycling pricing incentives are insufficient.

We share your concerns regarding the continual improvement of appropriate waste generation and disposal practices. We believe that cost of service rates, combined with other incentives, do meet the spirit and letter of state solid waste laws. If you wish to discuss this issue further, please do not hesitate to call.

Sincerely,



Sharon L. Nelson  
Chairman



Richard D. Casad  
Commissioner



Richard Hemstad  
Commissioner

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cc: Governor Mike Lowry  
Representative Nancy Rust, Chair, House Environmental  
Affairs Committee  
Senator Karen Fraser, Chair, Senate Ecology and Parks  
Committee  
Senator Emilio Cantu, Washington State Legislature  
Representative Ida Ballasiotes, Washington State Legislature  
Representative Jim Horn, Washington State Legislature  
Senator Dan McDonald, Washington State Legislature  
Representative Bill Reams, Washington State Legislature  
Representative Steve Van Loven, Washington State Legislature  
Metropolitan King County Council  
Paul Tanaka, Director, Department of Public Works  
Rodney G. Hansen, Manager, King County Solid Waste Division

