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June 26, 2008

**HAND DELIVERED BY COURIER**

Secretary  
Washington Utilities & Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P.O. Box 47250  
Olympia, WA 98504-7250

2008 JUN 27 AM 9:49

**Re: Stericycle of Washington, Inc.; Certificate No. G-244  
Revision to Stericycle of Washington, Inc. Tariff No. 1, Item 90**

**Request for Order Authorizing Publication of Tariff Change on Less than  
Statutory Notice Pursuant to WAC 480-70-276**

Dear Secretary:

We are attorneys for Stericycle of Washington, Inc. ("Stericycle") and are writing to you in that capacity. Stericycle is a biomedical waste collection company operating state-wide under the authority of Certificate No. G-244. For the reasons stated below, Stericycle respectfully requests that the Commission authorize Stericycle to publish and implement changes to Stericycle Tariff No. 1, Item 90 (dealing with the collection and transportation for disposal by incineration of bio-pharmaceutical waste) and Item 15 (specifying weight limits for the new pharmaceutical waste containers in revised Item 90) on less than statutory notice, not to exceed thirty (30) days.

**A. Revised Tariff Pages.**

Enclosed please find the following revised pages of Stericycle's Tariff No. 1:

Second Revised Page 8, Item 90 (Rates for Pathological Waste, Chemotherapy Waste and Pharmaceutical Waste)

Fourth Revised Page 2, Item 15 (Maximum Container Weights)

Seventh Revised Page No. 1 (Check Sheet)

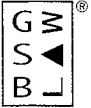
**B. Purpose and Effect of Proposed Tariff Change.**1. Stericycle Proposes to Offer a New Service to its Customers under Revised Item 90.

Stericycle proposes to amend Item 90 of its Tariff No. 1 to implement a new service involving the collection and transportation for disposal by incineration of biomedical waste consisting of pharmaceutical waste, as defined in Item 90. A clean copy of Second Revised Page 8, Item 90 incorporating the proposed changes and a redline text showing the changes are enclosed.

Although Stericycle's Item 90 has for many years nominally included rates for the collection and transportation of pharmaceutical waste, no pharmaceutical waste has ever moved under Item 90 because the conditions for Stericycle's acceptance of such waste -- tender of such waste to Stericycle in accordance with the requirements of a "Pharmaceutical Waste Acceptance Agreement" executed between Stericycle and the generator -- have never been satisfied.

Item 90 currently requires that pharmaceutical waste must be "properly characterized as not hazardous under the Resource Conservation and Recovery Act (RCRA) regulations and criteria . . . and . . . packaged and labeled by the generator and approved and accepted by Stericycle of Washington in accordance with a Pharmaceutical Waste Acceptance Agreement executed by Stericycle and the generator." Stericycle originally proposed Item 90 with the intention of implementing a pharmaceutical waste acceptance program to ensure that generators would only tender to Stericycle, and Stericycle would only handle, non-RCRA (non-hazardous) pharmaceutical wastes under Item 90. Stericycle intended to require generators wishing to tender such wastes to Stericycle to implement measures to ensure segregation of hazardous and non-hazardous pharmaceutical wastes through a Pharmaceutical Waste Acceptance Agreement. However, because of the complexity of implementing a pharmaceutical waste acceptance program for each generator that would ensure that generators did not tender hazardous wastes to Stericycle, Stericycle never implemented the program and never entered into any Pharmaceutical Waste Acceptance Agreements with its customers. For this reason, Stericycle has never collected or transported any pharmaceutical wastes under the rates currently stated in Item 90.

However, Stericycle's parent company, Stericycle, Inc., has now developed an in-facility pharmaceutical waste segregation and management program that Stericycle believes will be effective in ensuring that generators properly segregate hazardous and non-hazardous pharmaceutical wastes and tender to Stericycle only non-hazardous bio-pharmaceutical wastes. Accordingly, Stericycle proposes to accept bio-pharmaceutical waste from generators that have entered into agreements with Stericycle, Inc. to implement a pharmaceutical waste segregation and management program. The proposed changes to Item 90 will permit Stericycle to collect and transport for disposal by incineration bio-pharmaceutical waste from generators participating in the Stericycle, Inc. pharmaceutical waste management program. Revised Item 90 will implement compensatory rates and rules for this new service.



Item 15 will also be amended to specify maximum weights for the new pharmaceutical waste containers referenced in revised Item 90. Revised Item 15 and a redline text showing the changes are also enclosed.

2. The Proposed Service is Responsive to an Initiative of the Washington Department of Ecology.

The Washington Department of Ecology ("DOE") has in recent years taken steps intended to reduce quantity of pharmaceutical wastes entering the waters of the state of Washington. In April 2008, DOE issued an Interim Enforcement Policy for Pharmaceutical Waste in Healthcare (the "DOE Policy") which encourages hospitals and other generators of pharmaceutical wastes to segregate their pharmaceutical wastes from other waste streams and to dispose of such wastes by incineration at properly licensed incinerators -- RCRA-licensed hazardous waste incinerators for hazardous pharmaceutical wastes or municipal incinerators meeting the requirements of WAC 173-303-071(3)(nn) for other (so-called "state-only" dangerous) pharmaceutical wastes. A copy of the DOE Policy is enclosed.

The in-facility pharmaceutical waste management services of Stericycle, Inc. and the collection and disposal services of Stericycle are needed for the effective implementation of the DOE Policy for non-hazardous bio-pharmaceutical waste.

3. No Service Provider Presently Offers the Proposed Service in a Manner Consistent with Both the Rules of the Commission and the DOE Policy.

The service that Stericycle proposes to offer under revised Item 90 cannot lawfully be provided by any other carrier in a manner that meets the objectives and requirements of the DOE Policy. Hazardous waste common carriers are not authorized under the Commission's rules to collect and transport non-hazardous biomedical waste for disposal, including non-hazardous bio-pharmaceutical waste. While the Commission's rules might permit general solid waste collection companies to handle such wastes, the purpose of the DOE Policy is to remove such wastes from the general solid waste stream. Although Stericycle has authority under its certificate to handle bio-pharmaceutical waste, Item 90 as presently in effect is not consistent with the DOE Policy because (a) Item 90 as currently in effect does not offer a service for the disposal of pharmaceutical wastes by incineration and (b) Item 90's rates are not compensatory for such a service. Accordingly, the service that Stericycle proposes to offer under revised Item 90 is needed to permit the lawful implementation of the DOE Policy.

4. The Proposed Rates are Reasonable Under Commission Standards.

Enclosed with this letter are two spreadsheets summarizing Stericycle's projected costs and revenues for the proposed service, together with the cost data on which those spreadsheets are based.



The projected 3% gross profit margin is well within the range of margins previously deemed acceptable by the Commission.

5. Customer Requests for Service.

Stericycle has had several requests from generators to initiate service under the new pharmaceutical waste acceptance program and is currently scheduled to begin service under the program to the following customers in the last week of July or the first week of August:

Children's Hospital & Medical Center (Seattle)  
Cascade Valley Hospital (Arlington)  
United General Hospital (Sedro Wooley)

Permitting Stericycle to implement the proposed changes to Item 90 and Item 15 on 30 days' notice to the Commission will permit service to begin to these generators as scheduled.

C. Conclusion.

Because the service that Stericycle proposes to offer under revised Item 90 is a new service that is needed to meet the objectives of the DOE Policy; because no waste has ever moved under the current Item 90 rates for bio-pharmaceutical wastes; and because no generator has used or relied on the current Item 90 rates, Stericycle respectfully requests that the Commission authorize Stericycle to publish and implement the proposed changes to Item 90 and Item 15 on less than statutory notice not to exceed thirty (30) days pursuant to WAC 480-70-276.

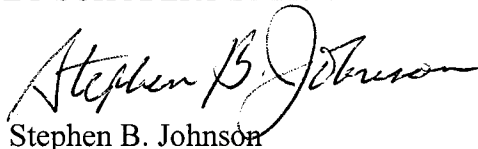
Because the proposed tariff changes involve the addition of a new service, no notice to customers prior to implementation is planned. See WAC 480-70-261.

Please let me know if you have questions about any of the foregoing. Thank you for your assistance.

Very truly yours,

GARVEY SCHUBERT BARER

By

  
Stephen B. Johnson

Enclosures



G A R V E Y S C H U B E R T B A R E R

Washington Utilities &  
Transportation Commission  
June 26, 2008  
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cc: Michael Philpott, Stericycle (w/encls.)  
Penny Ingram, WUTC Staff (w/encls.)  
Layne Demas, WUTC Staff (w/encls.)

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