

SERVICE DATE

APR 01 1996

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of a Petition of)	
Sanitary Service Co., Inc., G-14)	DOCKET NO. TG-960419
for a Deferred Accounting Mechanism)	
)	ORDER AUTHORIZING CARRIER TO
)	INSTITUTE A DEFERRED ACCOUNTING
)	MECHANISM FOR RESIDENTIAL AND
)	MULTI-FAMILY RECYCLING
.....)	

By letter dated December 28, 1995, Sanitary Service Co., Inc., G-14, (Sanitary) proposed to institute a deferred accounting mechanism (Commodity Price Tracker) for the present rates of their existing residential curbside and multi-family recycling programs to become effective for one year beginning January 1, 1996. Both Commission staff and the company have had concerns regarding the impact of changing commodity values on the net recycle rate customers must pay, particularly in times of increasing prices. The company proposes that its net existing rates be held constant until January 1, 1997, at which time a deferred adjustment for 1996 will be made for changes in commodity values, and every January 1 thereafter.

In the past, recycle rates were total costs of collection, processing, etc. less the estimated value of the commodities collected. Under this new approach, the gross collection rate will be separately stated and subject to normal docketing procedures whenever rate changes need to be made. For the commodity value portion, however, at the beginning of each relevant time period an estimate will be made of the future revenue received from sales of commodities collected. This amount will then be converted to a per customer per month basis and shown as a credit offset (if the commodities have value) or debit (if the company must pay to have them taken away) add-in to the gross collection rate for recycling service. This credit/debit amount will be subject to annual (or other acceptable time period) review and adjustment based on the comparison of the amounts expected at the beginning of the period versus the amounts later actually realized. Any difference (plus or minus) will be reflected in the commodity adjustment for the next time period.

A simple example, using Sanitary's existing rates and illustrative statistics of their curbside recycle program, explains the process:

Existing Curbside Recycle Rate:
(effective 6/1/95)

Gross Recycle Rate	\$2.16
less: Assumed Recycle Value (Cr/(Dr))	<u>.26</u> (\$42,300 / 12 mo. / 13,558 customers)
Net Amount Currently Billed Customers	<u>\$1.90</u>

Actual Recycle Value (12 mo. ended 10/31/96)	<u>\$24,000</u>
Deferred (Shortfall) / Excess to Company	<u>(.11) ((\$18,300) / 12 mo. / 13,558 customers)</u>
New Year (1/1-12/31/97) Anticipated Recycle Value* (Cr/(Dr))	<u>.31 (\$50,400 / 12 mo. / 13,558 customers)</u>
1997 Credit/(Charge) (Current + Deferral)	<u>.20 (\$32,100 / 12 mo. / 13,558 customers)</u>

Future Curbside Recycle Rate:
(effective 1/1/97)

Gross Recycle Charge	\$2.16
less: Total 1997 Credit	<u>.20</u>
New Amount to be Billed Customers	<u>\$1.96</u>

* Most recent 3 month average or other period found acceptable by staff.

Similar procedures would be used to set multi-family recycle rates.

Pursuant to a review of the petition and staff recommendations at the Open Meeting of March 27, 1996, the Commission finds that implementation of the proposed deferred accounting mechanism is a fair, just, and reasonable approach of setting rates that equitably balances the interests of solid waste providers and their customers against the risks of changing commodity values. The Commission hereby approves Sanitary's proposal to initiate a deferred accounting methodology to update the commodity credit portion of its overall residential and multi-family recycling rate on a recurring basis.

ORDER

IT IS ORDERED THAT:

1. Sanitary Service Company, Inc. refile its existing tariff as soon as possible, splitting out the gross service and commodity value components of its residential and multi-family solid waste and recycle services. This new tariff format must not result in any changes in amounts currently charged customers for service. This new tariff must bear an expiration date of December 31, 1996.

2. As soon as possible residential and multi-family bills will (at a minimum) break down total charges between the solid waste portion, the gross recycling charge, and the net commodity credit.

3. As soon as possible in coordination with the Commission Public Affairs Office, a notice will be prepared and mailed to customers which explains this new tariff and billing format change and the deferred commodity adjustment concept.

DATED and signed at Olympia, Washington this 1st day of April, 1996.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



SHARON L. NELSON, Chairman



RICHARD HEMSTAD, Commissioner



WILLIAM R GILLIS, Commissioner