

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET TG-151223
TRANSPORTATION)	
COMMISSION,)	ORDER 01
)	
)	
RABANCO LTD. DBA REPUBLIC)	ORDER AUTHORIZING REVENUE
SERVICES AND LYNNWOOD)	SHARING FOR RECYCLABLE
DISPOSAL,)	COMMODITIES REVENUE AND
)	ALLOWING RECYCLABLE
Petitioner,)	COMMODITY CREDIT
)	ADJUSTMENT
Requesting Authority to Retain 50)	
Percent of the Revenue Received)	
From the Sale of Recyclable)	
Materials Collected in Residential)	
Recycling Service)	
.....)	

BACKGROUND

1 On June 11, 2015, Rabanco Ltd. dba Republic Services and Lynnwood Disposal, (Republic Services or Company) filed the following documents with the Washington Utilities and Transportation Commission (Commission): (1) a report of its 2014-2015 recycling plan and revenue sharing; (2) revised 2015-2016 commodity credits resulting in increased rates to all recycling customers; (3) the Company’s 2015-2017 recycling plan; and (4) a request that the Commission allow Republic Services to retain up to 50 percent of the revenue received from the sale of recyclable materials during the 2015-2017 recycling plan period. The Company serves approximately 17,000 regulated residential recycling customers in Snohomish County.

REPORT ON 2014-2015 RECYCLING PLAN AND REVENUE SHARING

2 In Docket TG-141293, Order 01, the Commission required the Company to make a compliance filing consisting of the amount of recycling revenue it retained, the amount of money it spent on the activities identified in its 2014-2015 recycling plan, and the effect the activities had on increasing recycling. In its June 11, 2015, compliance filing, the Company reported it increased the diversion rate by 0.05 percent for the plan period, and

Snohomish County concurs. Therefore, Republic Services met the performance standards to retain 5 percent of expenditures as an incentive.

PROPOSED 2015-2016 COMMODITY CREDITS

3 The Company filed replacement tariff pages on July 10, 2015, proposing a commodity credit decrease from \$0.88 to \$0.80 per month, resulting in an overall increase in recycling rates for single-family residential customers of \$0.08 per month. For multi-family customers, the filed tariff reflects a commodity credit decrease from \$0.34 to \$0.32 per yard, resulting in increased recycling rates of \$0.02 for the period August 1, 2015, to July 1, 2016. The proposed commodity credits reflect both the effect of the Commission-approved deferred accounting, and \$208,100 of commodity revenues apportioned to customers of the \$416,199 in total commodity revenues.

PROPOSED 2015-2017 RECYCLING PLAN AND REVENUE SHARING

4 Under RCW 81.77.185, the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to 50 percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan and that demonstrates how the revenues will be used to increase recycling. The remaining revenue shall be passed to the residential customers.

5 Pursuant to that statute, on June 11, 2015, the Company filed with the Commission a Commodity Revenue Sharing Enhancement Plan for Snohomish County (Plan) for the period from August 1, 2015, to July 1, 2017. The Plan forecasts \$835,177 in revenue from the sale of recyclable commodities, and proposes to retain \$417,375 (50 percent) to spend on Plan activities.

6 The Plan also identifies up to \$397,500 to be expended on Plan activities, which include online consumer communication, multifamily recycling outreach, and school recycling education and outreach. The budget amounts are to be expended over two years.

7 Under the Plan, the Company will be limited to retaining up to 50 percent of the actual revenue received from the sale of recyclable commodities for the period from August 1, 2015, to July 31, 2016. Any excess revenue will not be carried over to the second year, but will be returned to customers in the 2016-2017 recycle commodity credit. The

Company will work with the county to make any relevant budget and plan adjustments, and will include those changes in its 2016 commodity credit filing.

8 The Plan's 2015-2017 budget includes an incentive payment of \$19,875, which is 5 percent of planned expenditures.¹ The Plan states, in part:

“[Republic Services] is eligible for a financial incentive for achieving tangible results ...[f]or increasing diversion of materials from disposal by regulated residential customers, an amount equal to 5% of the company expenditures.”

Additionally, as set forth in the Plan, eligibility for the incentive will be determined by Snohomish County based on its satisfaction that the Company's expenditures of revenue sharing funds are consistent with the Plan's activities and budgets, and are subject to review by the Commission. Eligibility for the incentive will be determined on an annual basis.

9 Mathew Zybas, Snohomish County Solid Waste Division Director, signed the Plan and certified that it is consistent with Snohomish County's Comprehensive Solid Waste Management Plan. Snohomish County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received each of the two years of the plan from August 1, 2015, to July 1, 2017.

10 Staff recommends that the Commission grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan, and allow the recycling commodity credits filed by Republic Services on June 11, 2015, and revised on July 10, 2015, to go into effect August 1, 2015, by operation of law.

FINDINGS AND CONCLUSIONS

11 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies.

¹ On May 30, 2012, the Commission issued its interpretive and policy statement in Docket TG-112162 to address issues concerning implementation of recycling revenue sharing plans, including Incentives, Bonuses or Returns in paragraphs 26 through 32. The policy statement articulates that incentives should be conditioned upon or tied to achieving performance goals or objectives.

- 12 (2) Republic Services 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.
- 13 (3) This matter came before the Commission at its regularly scheduled meeting on July 30, 2015.
- 14 (4) Under RCW 81.77.185, the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to 50 percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan, and that demonstrates how the revenues will be used to increase recycling. RCW 81.77.185 states that the remaining revenue shall be passed to residential customers.
- 15 (5) Snohomish County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of Snohomish County's Solid Waste Division certified that Republic Services' recycling plan is consistent with Snohomish County's Comprehensive Solid Waste Management Plan.
- 16 (6) The Plan includes a provision for an incentive payment of 5 percent of Republic Services' planned expenditure. The Plan conditions the award of the incentive on achieving specific performance goals.
- 17 (7) Republic Services' request to retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from August 1, 2015, to July 1, 2016, is consistent with RCW 81.77.185, and the Commission finds that Republic Services' request should be granted.

ORDER

THE COMMISSION ORDERS:

- 18 (1) Provided Rabanco Ltd. dba Republic Services and Lynnwood Disposal complies with the Plan as set forth in this Order, the Company may retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from August 1, 2015, to July 1, 2016.
- 19 (2) Rabanco Ltd. dba Republic Services and Lynnwood Disposal shall present its revenue sharing plan and commodity adjustments to the Commission requesting an effective date each August 1 hereafter, and shall make all future revenue sharing plans and commodity adjustment filings 45 days prior to the proposed effective date.
- 20 (3) Rabanco Ltd. dba Republic Services and Lynnwood Disposal, shall make a compliance filing with the Commission no later than June 17, 2016, in which the Company shall identify the amount of revenue it retained, the amount of money it spent on the activities identified in the Plan, and the effect the activities had on increasing recycling.
- 21 (4) The commodity credits filed by Rabanco Ltd. dba Republic Services and Lynnwood Disposal, on June 11, 2015, and revised on July 10, 2015, are allowed to go into effect by operation of law.
- 22 (5) The Commission delegates the Secretary the authority to approve by letter all compliance filings required in this Order.
- 23 (6) The Commission retains jurisdiction over the subject matter and Rabanco Ltd. dba Republic Services and Lynnwood Disposal, 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 July 30, 2015.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

STEVEN V. KING, Executive Director and Secretary