

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of)	DOCKET TG-101224
)	
RABANCO LTD., DBA)	ORDER 02
LYNNWOOD DISPOSAL, G-12,)	
)	
Petitioner,)	
)	
Requesting Authority to Retain Fifty)	ORDER AUTHORIZING
Percent of the Revenue Received From)	TEMPORARY REVENUE
the Sale of Recyclable Materials)	SHARING FOR RECYCLABLE
Collected in Residential Recycling)	COMMODITIES SUBJECT TO
Service)	REFUND
.....)	

BACKGROUND

- 1 On November 1, 2010, Rabanco Ltd., d/b/a Lynnwood Disposal (Lynnwood or Company) filed with the Utilities and Transportation Commission (Commission):
 - Petition to make fifty percent revenue sharing, allowed on an interim basis in Order 01, permanent for the plan period;
 - Lynnwood's budget for retained revenues for the 2010-2011 plan period;
 - Results of September 29, 2010, annual coordination meeting with Cedar Grove Composting in Everett, WA;
 - Snohomish County (County) and Lynnwood 2010-2011 Detailed Public Outreach Plan;
 - Lynnwood's Revenue Sharing Agreement with Snohomish County for the 2010-2011 plan period showing how retained revenues will be used to increase recycling; and
 - A letter from Matt Zybas, Director Snohomish County Solid Waste Division certifying the plan for Snohomish County is consistent with the local government solid waste plan.

- 2 The Company filed the items listed above in order to comply with Commission Order 01, TG-101224, issued on August 31, 2010. In the order, the Commission required Lynnwood to:

- Retain fifty percent of the revenue received from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs on an interim basis, from September 1, 2010, through December 1, 2010, subject to refund.
- Work with Snohomish County to devise a budget and subsequently petition the Commission in sixty-days (no later than November 1, 2010) to allow the revenue sharing through August 31, 2011, and lift the interim status of the revenue sharing by December 1, 2010.
- Include in its petition, a recycling plan and detailed budget consistent with Snohomish County's Comprehensive Solid Waste Management Plan that shows details on the amount of revenue it expects to retain, the amount of money it plans to spend on the activities identified in the recycling plan together with the anticipated effect the activities will have on increasing recycling.

Upon compliance by the Company with the order, the Commission, in turn, would consider:

- Issuing an order by December 1, 2010, either lifting the interim status of the revenue sharing or set some other amount percentage for revenue sharing or revisit the commodity credit amounts that have been allowed to go into effect by operation of law in this docket.
- Require the Company to carry over into the next year retained revenues not spent during the previous plan period, and carry over into the following year's unspent revenues from this plan period, unless some other treatment is ordered by the Commission.

3 The Company also filed a detailed budget for the 2010-2011 plan period. They included \$176,781 in expenditures for:

- Communication costs - \$43,000 (25 percent)
- Labor/staffing - \$83,782 (47 percent)
- Other - \$50,000 (28 percent)

- 4 RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials from single-family customers to retain “up to fifty 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 must be passed through to single-family customers.
- 5 Lynnwood and Snohomish County's Revenue Sharing Agreement for the 2010-2011 plan period calls for fifty percent of the retained recyclable commodity revenue to be awarded to the Company based on completing the following tasks:
- (1) Data reporting – monthly recycling and data reports to include monthly audit reports on the recycling activities at the Cascade Recycling Center;
 - (2) Notification of rate changes – Providing materials and notice to the County to allow analysis by the County and interaction with the Commission and stakeholder regarding any proposed rate actions;
 - (3) Quarterly updates and coordination meetings – Quarterly meetings with County staff to report on implementation steps, lessons learned and next steps to ensure successful completion of the plan;
 - (4) Promotion of recycling programs;
 - (5) Increase proportion of households subscribing to curbside collection;
 - (6) Multi-family recycling education program;
 - (7) Area recycling coordinator – Hiring of a management level position titled Area Recycling Coordinator;
 - (8) Decrease residuals and contaminants – Public education and increased investment in equipment and processing technologies to improve the quality of recyclables;
 - (9) Harmonization with other area curbside recycling programs;
 - (10) Targeted commodities – Includes winter weekly yardwaste collection pilot;

- (11) E-Waste, problematic and household hazardous waste – Development of strategies to divert these waste from landfills;
 - (12) Organics collection – Includes exploring feasibility for a pilot weekly collection of organics for next recycling plan period; and
 - (13) Planning for possible future transition every-other-week garbage, weekly recycling and organics collection.
- 6 The letter and the plan itself are both signed by Matt Zybas, Director Snohomish County Solid Waste Division, certifying that the plan is consistent with the local government solid waste plan.
- 7 On November 4, 2010, Staff sent the Company a data request regarding expenditures contained in the Snohomish County 2010-2011 plan. Staff is most interested in understanding labor costs associated with the plan, which account for almost half of the planned expenditures for the 2010-2011 plan period. On November 10, 2010, Lynnwood responded as follows:
- "Due to the fact that the people responsible for the elements in the AW [Allied Waste] of Lynnwood plan are currently engaged in the development of the new plans for AW of Bellevue and Sea-Tac we are not able to complete all of the responses requested below by November 12th. We can provide completed responses that should satisfactorily answer the questions posed by Friday, November 19th."
- 8 As a result, Staff has not completed its analysis and recommends the Commission defer action on the petition making the revenue sharing permanent for the plan period until the December 30, 2010, open meeting, and extend the interim status of the fifty percent revenue sharing through December 31, 2010, subject to refund.

FINDINGS AND CONCLUSIONS

- 9 (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, rules, regulations, practices, accounts and affiliated interests of public service

companies, including solid waste companies. *RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.*

- 10 (2) This matter came before the Commission at its regularly scheduled meeting on November 24, 2010.
- 11 (3) Lynnwood Disposal 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.
- 12 (4) RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials from single family and multi-family customers to retain up to fifty 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 management plan and that demonstrates how the revenues will be used to increase recycling. The remaining revenue shall be passed through to single family and multi-family customers.
- 13 (5) Snohomish County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of Snohomish County Solid Waste certified that Lynnwood Disposal's recycling plan is consistent with the County's Comprehensive Solid Waste Management Plan and recommended that the Commission allow Lynnwood Disposal to retain fifty percent of the revenue the Company receives from the sale of recyclable material collected from single family and multi-family customers.
- 14 (6) Lynnwood Disposal is required to meet the reporting requirements specified by the County in its recycling and commodity revenue sharing plan, the plan calls for a reduction in the revenue share retained by Lynnwood Disposal to 25 percent. Failure by Lynnwood Disposal to meet other conditions in the plan may result in the County requesting from the Commission that some of the revenues retained be returned to customers.
- 15 (7) After reviewing Lynnwood Disposal's request to lift the interim status of revenue sharing and request to retain through August 31, 2011, fifty percent of the revenue

received from the sale of recyclable materials collected in its recycling service, and giving due consideration, the Commission finds that Lynnwood Disposal's requests should be denied and the interim status of revenue sharing be extended, subject to refund, until December 31, 2010.

- 16 (8) The Commission will, prior to January 1, 2011, review the detailed budget filed by the Company on November 1, 2010, and determine the appropriate percentage for revenue sharing under RCW 81.77.185. Also, at that time, the Commission may revisit the commodity credit amounts that have been allowed to go into effect by operation of law in this docket.

ORDER

THE COMMISSION ORDERS:

- 17 (1) Rabanco Ltd., d/b/a Lynnwood Disposal is authorized to retain fifty percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs on an interim basis, from December 1, 2010, through December 31, 2010, subject to refund.
- 18 (2) The Commission will, prior to January 1, 2011, issue an order either lifting the interim status of the revenue sharing or set some other amount percentage for revenue sharing. It may also revisit the commodity credit amounts that have been allowed to go into effect by operation of law in this docket.
- 19 (3) Rabanco Ltd., d/b/a Lynnwood Disposal, will meet the reporting and all other requirements specified by Snohomish County in its recycling and commodity revenue sharing plan. The plan calls for a reduction in the revenue share retained by Rabanco Ltd., d/b/a Lynnwood Disposal, to 25 percent if it does not meet reporting requirements. The Commission requests that Snohomish County inform the Commission if the Company fails to meet its reporting requirements. Upon receipt of such information, either from Snohomish County or from another source, the Commission shall provide notice to the Company that the revenue sharing is being reconsidered and the Company should demonstrate why its percentage should not be reduced.

- 20 (7) Revenues retained by Rabanco Ltd., d/b/a Lynnwood Disposal, not spent during the previous plan period are to be carried over into the next year, and revenues from this plan period that are not spent are to be carried over to the following year, unless some other treatment as may be ordered by the Commission.
- 21 (8) The Commission retains jurisdiction over the subject matter and Rabanco Ltd., d/b/a Lynnwood Disposal, to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective November 24, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner