



## King County

### Solid Waste Division

Department of Natural Resources and Parks

King Street Center

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Seattle, WA 98104-3855

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TTY Relay: 711

November 1, 2010

David W. Danner  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
1300 Evergreen Parkway Southwest  
Olympia, WA. 98504-7250

Re: Dockets TG-101220 and TG-101222

Dear Mr. Danner:

The purpose of this letter is to meet the certification requirements in RCW 81.77.185 for the revised recycling plan and revenue sharing agreement submitted to Docket TG-101221, Waste Management of Washington Inc., d/b/a/ Waste Management -- Sno-King; and to Docket TG-101222, Waste Management of Washington Inc. d/b/a Waste Management - South Sound, Waste Management - Seattle. The above companies are hereafter referred to as Waste Management, and all comments apply to both dockets.

Waste Management has revised and resubmitted its recycling plan to the Washington Utilities and Transportation Commission (WUTC) in order to meet the requirements of WUTC Order 01 for both dockets. We have had extensive discussions with Waste Management about the project activities to be funded by revenue sharing and have reviewed their line item budget. We believe the revised plan fulfills statutory requirements and that the program costs are justified by the resultant benefits to King County recycling programs.

We commend the WUTC for taking a closer look at the financial accountability of revenue sharing programs. This review is especially timely now that companies are authorized to request retainment of an additional twenty percent of commodity revenues.

It is our understanding that the program costs identified in the budget for the recycling and revenue sharing plan are not included in expenditures financed through customer rates. In addition, the portion of capital expenditures at the Cascade Recycling Center that is paid through the revenue sharing agreement will not be part of operating expenses charged to customers and incorporated into future rate cases.

We believe that the recycling plan expenditures should not be incorporated into future rate revisions unless explicitly authorized in the plan. Some of the new programs included in recycling plans provide an incentive for companies to pilot new educational approaches and collection services. We consider this to be a valuable benefit of the revenue sharing programs. However, not all of these experimental programs will be deemed worthy of continuing on an ongoing basis, and we believe it would be preferable if their cost were excluded from ongoing rates. Automatically incorporating these expenditures into future rates would diminish some of the positive attributes of the revenue sharing approach and could result in unnecessary ongoing customer rate increases as new activities are incorporated into the rate while the company seeks additional activities for the revenue sharing plans. However, if any of the programs or activities are incorporated into the Waste Management's operations on a permanent basis, then it would be appropriate to include the costs in regulated rates.

The budget associated with the revenue sharing plan includes a rate of return to be retained by Waste Management. We think it is acceptable for the budget to specify a rate of return that the company will retain for implementing the plan activities that are in addition to any activities that are covered through regulated rates. As the activities in the plan require additional effort, staffing and costs by the company, we are concerned that if a rate of return is not allowed, companies may forgo the use of revenue sharing agreements and the intent to incentivize expanded recycling efforts will be lost. Allowing a rate of return for these additional activities that is consistent with the rate of return Waste Management receives in general rate filings seems a reasonable approach.

The recycling plans provide a vehicle for local governments and companies to look holistically at how the companies are promoting and enhancing recycling programs. We also believe that requiring the plans to include a corresponding detailed budget is very beneficial and will be useful when the County evaluates Waste Management's activities to determine if the plan has been successfully implemented. We look forward to continued collaboration with the WUTC to effectively implement RCW 81.77.185.

### **Certification**

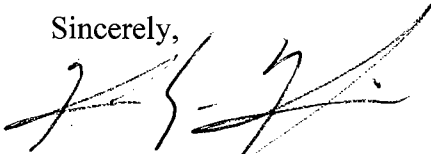
In my position as Solid Waste Division Director, I have been delegated the authority to make the certification of this plan required in RCW 81.77.185. I hereby certify that the plan submitted to you by Waste Management is consistent with the King County Comprehensive Solid Waste Management Plan. Statements in the solid waste plan that support this certification include the following:

- "The cities and County will maintain and enhance the current residential collection service levels for recyclables." (pages 4 - 31)
- "(T)he County and the cities will continue to research the benefits of using a commingled collection system, changing the frequency of collection and adding materials for collection." (pages 5 - 18)

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Thank you for providing us the opportunity to support continuation of Waste Management's Recycling and Revenue Sharing Plan. If you have any questions, please contact Bill Reed, Program Analyst, at 206-296-4402 or [bill.reed@kingcounty.gov](mailto:bill.reed@kingcounty.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Kiernan', written over a horizontal line.

Kevin Kiernan  
Division Director

cc: Dean Kattler  
Market Area Vice President  
Waste Management  
801 Second Avenue, Suite 614  
Seattle, WA 98104

Jeff Gaisford, Manager, Recycling & Environmental Services, Solid Waste Division (SWD)  
Bill Reed, Program Analyst, Recycling & Environmental Services, SWD