

percent), spent \$55,940 of the \$73,917 retained revenue on Plan activities, and kept \$17,977 (24.4 percent of retained revenue). Plan expenditures included \$41,304 on the County's "blue box" program, \$6,277 on other recycling hauling, \$3,299 for a radio station recycling program sponsorship, and \$5,060 on education and community events. Mason County certified that the Company met the 2011-2012 Plan's goals.

- 4 The Company uses an affiliate, Tacoma Recycling, Inc., to process and sell the recyclable materials that the Company collects in its residential recycling service. Mason reported it received only 80 percent of the revenue that its affiliate received for the sale of the recyclable materials. The Commission is considering this issue in three dockets¹ involving other operating divisions of Mason's parent, Waste Connections of Washington, Inc.
- 5 RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials from residential 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 plan and that demonstrates how the revenues will be used to increase recycling. The remaining revenue must be passed through to residential single and multi-family customers.
- 6 On September 14, 2012, the County and the Company filed their 2012-2013 Plan. John A Cunningham, PE, Acting Solid Waste Program Manager, Mason County Utilities and Waste Management, certified the Plan is consistent with the local government solid waste plan and demonstrates how the retained revenues will be used to increase recycling. The County recommends the Commission approve retention of 30 percent of the revenue from the sale of recyclable materials for the 2012-2013 Plan period.
- 7 Although the 2012-2013 Plan includes a five percent incentive award, the incentive is not tied to achieving or exceeding Plan goals or objectives as discussed in the Commission's Interpretive and Policy Statement issued in Docket TG-112162. Staff recommends that the Commission authorize the Company to retain up 30 percent of the revenue it receives from the sale of recyclable materials collected in its residential recycling programs for the 2012-2013 Plan period, on a temporary basis, subject to review, disallow the financial incentive as filed, and allow the Company to file a revised proposed incentive structure.

¹ TG-111681, Mason County Garbage Co., Inc.; TG-111672 Murrey's Disposal Company, Inc.; TG-11674 American Disposal Company, Inc.

- 8 Decreasing revenue from the sale of recyclable materials affects the deferred accounting calculation of the commodity adjustment to true-up the 2011-2012 Plan period and to project revenue for the 2012-2013 Plan period. The proposed decrease of the credit from \$2.39 per month to \$1.36 per month is a \$1.03 per month net increase in cost to customers. Using 100 percent of the revenue that the affiliate received from the sale of recyclable materials and retention at 30 percent results in a \$2.20 per month credit, or \$0.19 per month net increase in cost to customers. Staff recommends that the Commission suspend the proposed \$2.39 per month commodity credit, but allow \$2.20 per month to become effective on a temporary basis, subject to refund.
- 9 Staff is concerned with the Company retaining \$17,977 (24.4 percent of retained revenue) in unspent revenues for the 2011-2012 Plan period and with Mason reporting revenues from recyclable commodity sales at only 80 percent of revenue received by its affiliate, Tacoma Recycling, Inc.
- 10 Staff recommends the Commission suspend the tariff revisions filed by Mason County Garbage Co., Inc., dba Mason County Garbage on September 14, 2012; allow a \$2.20 per month credit to become effective on a temporary basis, subject to refund; disallow the proposed five percent incentive in the 2012-2013 Plan; allow the Company to file a revised proposed incentive structure; and, authorize the Company to retain up to 30 percent of the revenue it receives from the sale of recyclable materials collected in its residential recycling programs for the 2012-2013 Plan period, on a temporary basis, subject to review.

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, 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.
- 12 (2) This matter came before the Commission at its regularly scheduled meeting on October 25, 2012.

- 13 (3) Mason 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.
- 14 (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.
- 15 (5) Staff, the Company and the County have not yet resolved differences relating to issues in this docket. Suspending the filings, while allowing revised commodity credits on a temporary basis, subject to refund or credit, is reasonable and in the public interest.
- 16 (6) Included as part of Mason’s 2012-2013 Plan with the County is a provision for an incentive payment of five percent. The incentive is not conditioned upon or tied to achieving any performance goals or objectives and therefore shall be rejected. To be approved, such an incentive should be tied to performance goals or objectives.
- 17 (7) During the pendency of this proceeding, Mason should be authorized to retain up to 30 percent of the revenue the Company receives from the sale of recyclable materials collected in its residential recycling program on a temporary basis, subject to refund or credit.
- 18 (8) As required by RCW 81.77.185, in the event this matter is set for hearing, Mason will bear the burden of proof to show that any proposed 2012-2013 recyclable commodity revenue sharing plan or amounts demonstrate how the retained recycling revenues will be used to increase recycling and that the proposed recyclable commodity revenue adjustments are just, reasonable and sufficient. Nothing in this Order is intended to limit the issues as to the fairness, justness, reasonableness and sufficiency of the proposed increases.

ORDER

THE COMMISSION ORDERS:

- 19 (1) Mason County Garbage Co., Inc., dba Mason County Garbage, is authorized to retain up to 30 percent of the revenue it receives from the sale of recyclable materials collected in its residential recycling program from November 1, 2012, to October 31, 2013, on a temporary basis, subject to revision.
- 20 (2) The recyclable commodity revenue adjustment filed by Mason County Garbage Co., Inc., dba Mason County Garbage, on September 14, 2012, is suspended, but a \$2.20 per month credit will become effective November 1, 2012, on a temporary basis, subject to refund or credit. Mason County Garbage Co., Inc., dba Mason County Garbage will make the appropriate compliance filing to make the temporary credit effective on November 1, 2012.
- 21 (3) The five percent incentive payment set forth in Mason County Garbage Co., Inc., dba Mason County Garbage's 2012-2013 Plan is rejected.
- 22 (4) Mason County Garbage Co., Inc., dba Mason County Garbage, will make a compliance filing by December 10, 2012, in time for Staff to make its recommendation to the Commission at its regularly scheduled meeting on December 27, 2012. The compliance filing will specify performance criteria and conditions to be met by Mason County Garbage Co., Inc., dba Mason County Garbage at the end of the 2012-2013 Plan period, in order to be eligible for the incentive award.
- 23 (5) Mason County Garbage Co., Inc., dba Mason County Garbage, will report to the Commission no later than September 16, 2013, the amount of revenue it retained, the amount of money it spent on the activities identified in Mason County Garbage Co., Inc., dba Mason County Garbage's 2012-2013 Plan and the effect the activities had on increasing recycling.
- 24 (6) Mason County Garbage Co., Inc., dba Mason County Garbage, shall make its next revenue sharing plan and commodity adjustment effective November 1, 2013, and each November 1 thereafter, and shall make all future revenue sharing plans and commodity adjustment filings forty-five days prior to the proposed effective date.

- 25 (7) The Commission delegates to the Secretary the authority to approve by letter all compliance filings required in this Order.
- 26 (8) The Commission may hold hearings at such times and places as may be required.
- 27 (9) Mason County Garbage Co., Inc., dba Mason County Garbage, must not change or alter the tariffs filed in this Docket during the suspension period, unless authorized by the Commission.
- 28 (10) The Commission retains jurisdiction over the subject matter and Mason County Garbage Co., Inc., dba Mason County Garbage, to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective October 25, 2012.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner

PHILIP B. JONES, Commissioner