

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

WASTE MANAGEMENT OF
WASHINGTON d/b/a WASTE
MANAGEMENT OF GREATER
WENATCHEE

Petitioner,

Seeking Exemption from the Provisions of
WAC 480-70-520 Relating to work
papers, and seeking implementation of a
deferred accounting adjustment to pass
back revenues and charges to customers
for recyclable commodities, in connection
with a tariff revision

DOCKET TG-181016

ORDER 01

ORDER GRANTING EXEMPTION
FROM RULE; AUTHORIZING
USE OF DEFERRED
ACCOUNTING MECHANISM TO
ESTABLISH AN ANNUAL
COMMODITY ADJUSTMENT;
ALLOWING TARIFF REVISIONS
TO BECOME EFFECTIVE BY
OPERATION OF LAW

BACKGROUND

- 1 On December 4, 2018, Waste Management of Washington d/b/a Waste Management of Greater Wenatchee (Waste Management or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$568,000 (7.5 percent) additional annual revenue. This filing is prompted by increases in disposal fees, recycling processing, and other general operating expenses. On January 11, 2019, the Company extended the effective date to March 1, 2019, and filed replacement tariff pages. The Company again filed replacement pages on January 29, 2019, to include a new requested service for bear-resistant containers.
- 2 In this filing, Waste Management establishes an annual commodity adjustment whereby the revenues received from the sale of recyclable commodities will be returned to customers as a monthly bill credit. Chelan County and Waste Management have not entered into a revenue sharing agreement, so customers will see the benefit of 100 percent of the commodity value on their bills.
- 3 Commission staff (Staff) reviewed the filing and recommends granting Waste Management’s request to establish a commodity credit, subject to the following conditions: (a) Waste Management must file for a commodity adjustment to become effective 12 months from the date of this order, and each year thereafter, utilizing an approved deferred accounting mechanism; and (b) Waste Management must track actual

number of customers, material collected, and any value or cost of processing the material for use in future commodity adjustment filings.

4 WAC 480-07-520(4) requires solid waste companies to provide financial data to include an income statement, balance sheet, depreciation schedule, computed average investment price out, and supporting documents for restating and pro forma adjustments. The Company requested an exemption from the rule so that work papers provided would be limited to the Greater Wenatchee operation and not include data from any other Waste Management operating divisions.

5 Staff recommends granting Waste Management an exemption from WAC 480-07-520(4) because the Company has provided all the necessary work papers and financial records as they pertain to Waste Management of Greater Wenatchee's operations, and any required work papers for any affiliate or parent company as requested by Staff.

DISCUSSION

6 We grant Waste Management's request for an annual commodity adjustment subject to the conditions Staff recommends and allow the proposed tariff revisions to become effective by operation of law. In the past, recycling rates were a combination of collection costs and processing costs, less any value of the materials collected. Recyclable material collected is sold to a processor, who then processes material according to market demand. The market demand, and therefore the value of commodities, fluctuates month to month.

7 RCW 81.77.185(1) requires the Commission to allow solid waste collection companies collecting recyclable materials to retain up to 50 percent of the revenue paid to the companies for the materials, and to pass back remaining revenue to residential customers. Here, the Company is not proposing to retain any revenue, and therefore would pass back to customers any and all revenues received from the sale of recyclable commodities utilizing a deferred accounting mechanism. We note that the Commission has allowed other regulated solid waste companies to implement similar annual commodity adjustments that allow them to pass on to customers the revenues or cost for processing recyclable material. An annual adjustment will allow the Company to pass on any revenues or charges for processing recyclable materials without incurring the time and cost of filing a complete rate case.

8 We also concur with Staff's recommendation and grant an exemption from the work paper filing requirement. The purpose of the work paper filing requirement in WAC 480-07-520 is to provide the Commission with information to determine whether a proposed rate increase is fair, just reasonable, and sufficient. Here, the Company has provided adequate information to enable the Commission to make that determination as it relates to

Waste Management of Greater Wenatchee. The financial records for the parent company's other business units are not relevant to this tariff revision. Accordingly, an exemption from this requirement is consistent with the public interest and the purposes underlying the rule, and should be granted.

FINDINGS AND CONCLUSIONS

- 9 (1) The 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.
- 10 (2) Waste Management 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.
- 11 (3) Waste Management is subject to WAC 480-70-351(2), which provides that solid waste companies that estimate the revenue from the sale of recyclable materials collected in residential curbside programs as part of a deferred accounting mechanism to return recycling revenues or charges to customers must use the most recent 12 month historical period to estimate the revenue for the next 12 months.
- 12 (4) Waste Management is subject to WAC 480-70-520, which requires solid waste companies to provide financial data to include an income statement, balance sheet, depreciation schedule, computed average investment price out, and supporting documents for restating and pro forma adjustments..
- 13 (5) Under WAC 480-70-051, the Commission may grant an exemption from the provisions of any rule in WAC 480-70, if consistent with the public interest, the purposes underlying regulation and applicable statutes. See also WAC 480-07-110.
- 14 (6) This matter came before the Commission at its regularly scheduled meeting on February 28, 2019.
- 15 (7) After reviewing the request to establish a commodity adjustment to pass back revenues and charges for recyclable commodities to customers filed in Docket TG-180016 by Waste Management on December 4, 2018, as revised on January 11, 2019, and January 29, 2019, and giving due consideration, the Commission finds that the request is in the public interest and should be granted.

- 16 (8) After review of the tariff revisions filed in Docket TG-181016 by Waste Management on December 4, 2018, as revised on January 11, 2019, and January 29, 2019, and giving due consideration, the Commission finds that the exemption from WAC 480-70-520 is in the public interest and is consistent with the purposes underlying the regulation and applicable statutes and should be granted.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The Commission grants Waste Management d/b/a Waste Management of Greater Wenatchee's request to establish a commodity adjustment to pass back revenues and charges for recyclable commodities to customers, subject to the following conditions: a) Waste Management d/b/a Waste Management of Greater Wenatchee must file for a commodity adjustment to be effective 12 months from the date of this order, and each year thereafter, utilizing an approved deferred accounting mechanism; b) Waste Management d/b/a Waste Management of Greater Wenatchee must track actual number of customers, material collected, and any value or cost of processing the material for use in future commodity filings; c) The commodity adjustment expires 12 months from the effective date of the credit.
- 18 (2) Waste Management d/b/a Waste Management of Greater Wenatchee may implement an annual commodity adjustment utilizing a deferred accounting mechanism. If Waste Management d/b/a Waste Management of Greater Wenatchee estimates the revenue from the sale of recyclable materials collected in residential curbside programs as part of a deferred accounting program to return recycling revenues or charges to customers, it must use the most recent 12-month historical period to estimate the revenue for the next 12 months for the purpose of calculating a commodity adjustment.
- 19 (3) Waste Management d/b/a Waste Management of Greater Wenatchee is granted an exemption from WAC 480-07-520(4), work papers, for the purpose of this filing.
- 20 (4) The Commission retains jurisdiction over the subject matter and Waste Management d/b/a Waste Management of Greater Wenatchee to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective February 28, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner