

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

RABANCO LTD d/b/a REPUBLIC
SERVICES OF LYNNWOOD AND
LYNNWOOD DISPOSAL

Respondent.

DOCKET TG-181018

ORDER 01

COMPLAINT AND ORDER
SUSPENDING TARIFF

BACKGROUND

- 1 On December 4, 2018, Rabanco Ltd d/b/a Republic Services of Lynnwood and Lynnwood Disposal (Lynnwood Disposal or Company) filed with the Washington Utilities and Transportation Commission (Commission) proposed tariff revisions that would increase rates and charges for solid waste service. The Company provides service to approximately 18,500 recycling customers in Snohomish County.
- 2 The Company included in its filing a petition requesting an exemption from WAC 480-70-351(2) Rates, recycling programs, credits, or charges (Petition). In its Petition, the Company asserts that the recycling commodity markets have become more volatile, and a shorter projection period for calculating commodity adjustments would avoid large swings in the credit or debit to customers based on changing commodity values. Due to the decreased value of recyclable commodities, the Company seeks approval to use a 6-month, rather than 12-month, average to calculate its proposed recycling commodity adjustment.
- 3 The Company's proposed tariff revisions reflect changes to the recycling commodity adjustment for residential and multi-family customers. The Company requests to retain 50 percent of the revenue received from the sale of recyclable commodities as allowed by RCW 81.77.185, and in accordance with a Revenue Sharing Plan approved by

Snohomish County. The tariff revisions would result in a commodity adjustment of \$0.27 per month debit to residential customers and a \$0.07 debit to multifamily customers.

4 In this case, the Company utilizes an affiliate-owned Materials Recovery Facility (MRF), the processing costs for which are paid by customers in rates. These processing costs are included in monthly recycling collection rates to provide transparency of what costs are passed on to regulated customers.

5 In its initial filing, the Company proposed to retain 50 percent of the gross revenue from the recycling commodity's value under the Revenue Share plans approved by King County prior to offsetting any processing costs.

6 Commission staff (Staff) believes that when an affiliate MRF is utilized, a company may retain up to 50 percent of the net revenue only after processing costs have been offset by the revenue received from the commodity value. If revenue received from the commodity value is sufficient to offset processing costs, any remainder would be shared by customers with the company. Applied here, Staff's calculation method would result in a \$0.02 per month debit for residential customers and a \$0.04 per month credit for multifamily customers.

7 On January 25, 2019, the Company filed revised tariff pages consistent with Staff's calculations. Accordingly, Staff recommends the Commission allow the revised tariff pages to go into effect by operation of law. Staff also reviewed the Petition and determined that the request for an exemption from the 12-month historical period requirement is reasonable.

DISCUSSION

8 We decline to adopt Staff's recommendation. Instead, we suspend the proposed tariff revisions so the Commission can engage in further discussions and a broader analysis with Staff, the companies, and other stakeholders. It is our expectation that we can address this matter as expeditiously as possible.

9 Because we suspend the proposed tariff revisions, we need not act on the Company's Petition at this time.

FINDINGS AND CONCLUSIONS

- 10 (1) The 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.
- 11 (2) Lynnwood Disposal is a solid waste company and a public service company subject to Commission jurisdiction.
- 12 (3) This matter came before the Commission at its regularly scheduled meeting on January 31, 2019.
- 13 (4) The tariff revisions Lynnwood Disposal filed on December 4, 2018, as revised on January 25, 2019, would increase charges and rates for services provided by Lynnwood Disposal, and might injuriously affect the rights and interest of the public.
- 14 (5) Lynnwood Disposal has not demonstrated that the requested rate increase is just and reasonable.
- 15 (6) The Commission finds that Lynnwood Disposal's proposed tariff revisions should be suspended.
- 16 (7) Pursuant to RCW 81.04.130, Lynnwood Disposal bears the burden of proof to demonstrate that the proposed increases are just and reasonable.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The tariff revisions Rabanco Ltd d/b/a Republic Services of Lynnwood and Lynnwood Disposal filed on December 4, 2018, as revised on January 25, 2019, are suspended.
- 18 (2) The Commission may hold hearings at such times and places as may be required.

- 19 (3) Rabanco Ltd d/b/a Republic Services of Lynnwood and Lynnwood Disposal must not change or alter the tariffs filed in this Docket during the suspension period, unless authorized by the Commission.

DATED at Olympia, Washington, and effective January 31, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner