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October 28, 2010

David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

Re: TG-101220: Waste Management of Washington, Inc. d/b/a Waste Management – Northwest

Dear Executive Director 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-101220, Waste Management of Washington Inc., d/b/a/ Waste Management Northwest, hereafter referred to as Waste Management (WM).

Waste Management has revised and resubmitted its recycling and revenue sharing plan with a corresponding budget to the Washington Utilities and Transportation Commission (WUTC) in order to meet the requirements of WUTC Order 01. We have had extensive discussions with WM about the project activities to be funded by revenue sharing and have reviewed their budget. It is our understanding that the program costs identified in the budget for the recycling plan are not included in expenditures financed through customer rates and that the portion of capital expenditures at CRC paid for through the revenue sharing agreement will not be part of operating expenses charged to customers and incorporated into future rate cases. We believe the plan fulfills statutory requirements and that the program costs are reasonable and justified by the resultant benefits to Snohomish County recycling programs.

The WM budget associated with the revised recycling and revenue sharing agreement includes a rate of return to be retained by the company. We think that it is acceptable for a plan 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 will forgo use of the revenue sharing agreements and the intent to incentivize expanded efforts will be lost. Allowing a rate of return for these additional activities

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that is consistent with the rate of return WM receives in general rate filings seems a reasonable approach.

We also think that recycling plan expenditures should not be “automatically” incorporated into future rate revisions. Some of the activities included in plans are experimental, or one-time or occasional activities. Others are meant to supplement, expand, or improve the base service and promotion of programs (included in the rate) and to provide more opportunity for coordination and local government influence on the company provided services. 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 recycling and revenue sharing plan. If, however, any of these programs are incorporated into the company’s operations on a permanent basis, then it would be appropriate to include the costs in regulated rates.

We commend the WUTC for taking a closer look at the financial accountability of revenue sharing programs and believe that requiring plans to include a corresponding budget has been beneficial. This will assist us when the County evaluates WM’s program and whether the performance requirements have been met at the end of the term of the agreement. 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 am the authorized representative to make the certification of this plan required in RCW 81.77.185. I hereby certify that the plan submitted to you by WM is consistent with the Snohomish County Comprehensive Solid Waste Management Plan, including elements related to waste prevention, recycling and moderate risk waste management. Examples of elements in the solid waste plan that support this certification include the following:


I.A Solid and Moderate Risk Waste Prevention and Recycling. Reduce, or prevent where possible, the generation of solid and moderate risk wastes and their associated problems through service-oriented, cost-effective actions.

- I.A.1 Assess needs and educate children, the general public, and businesses and institutions, including government entities, concerning solid waste moderate risk waste prevention and recycling.
 - I.A.1.b. Information Phone Line
 - I.A.1.c. Educational/Referral Materials
 - I.A.1.d Customer Outreach and Advertising
- I.A.2. Develop and implement programs that will make waste and pollution prevention and recycling easier and more convenient for the general public and businesses and institutions, including government entities.
 - I.A.2.a Optimize Private Sector Efforts
 - I.A.2.b Increase Collection Customers
 - I.A.2.d Multi-family Expansion
- I.A.4 Ensure that residents, businesses, and institutions have the opportunity to recycle solid and moderate risk wastes, through public or private measures.
 - I.A.4.a Single Family Residential Curbside Recyclable Collection
 - I.A.4.b Residential Multi-Family Recyclable Collection
 - I.A.4.c Residential Yard Debris Collection

- I.A.5 Develop, and where feasible, implement, or recommend to the WUTC or other appropriate party, garbage and recycling rate incentives, or other financial incentives, which will encourage waste and pollution prevention and recycling.

Thank you for providing us the opportunity to support continuation of WM's Recycling and Revenue Sharing Plan. If you have any questions, please contact Sego Jackson, Principal Planner, at 425-388-6490 or sego.jackson@snoco.org.

Sincerely,



Matt Zybas
Director
Snohomish County Solid Waste Division