

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of,

RABANCO LTD., d/b/a EASTSIDE
DISPOSAL;

RABANCO LTD., d/b/a SEA
TAC DISPOSAL;

Certificate G-12

FIORITO ENTERPRISES, INC. &
RABANCO COMPANIES, d/b/a
KENT- MERIDIAN DISPOSAL
COMPANY,

Certificate G-60

Petitioner,

Requesting Authority to Retain 50
Percent of the Revenue Received from the
Sale of Recyclable Materials Collected in
Residential Recycling Service

DOCKETS TG-200555, TG-200557,
and TG-200558

ORDER 01

AUTHORIZING REVENUE
SHARING FOR RECYCLABLE
COMMODITIES REVENUE AND
ALLOWING RECYCLABLE
COMMODITY CREDIT
ADJUSTMENT

BACKGROUND

1 On June 16 and 17, 2020, Rabanco LTD, d/b/a Eastside Disposal (Eastside) and SeaTac Disposal (SeaTac), and Fiorito Enterprises, Inc., d/b/a Kent-Meridian Disposal Company (Kent- Meridian), (collectively, Rabanco Company) filed with the Washington Utilities and Transportation Commission (Commission) the following documents: (1) tariff revisions reflecting 2019-2020 commodity credit decreases, resulting in increased rates to residential and multifamily recycling customers; (2) the Company’s 2019-2021 King County revenue sharing plan (Plan); and (3) a request that the Commission allow Rabanco to retain up to 50 percent of the revenue received from the sale of recyclable materials during the 2019-2021 recycling plan period. Additionally, the Company included increased yard waste rates due to an increase in yard waste disposal implemented by Cedar Grove composting, and an adjustment to all garbage collection rates to recover the increase in the state B&O tax rate, which increased from 0.015 to

0.0175 on April 1, 2020.¹ The Company provides solid waste collection and recycling services to single family and multi-family residential recycling customers in King County.

Tariff Revisions

- 2 Commission staff (Staff) reviewed the Company’s filing and recommends the Commission allow the tariff revisions reflecting (1) increased yard waste rates due to an increase in yard waste disposal implemented by Cedar Grove composting, and (2) an adjustment to all garbage collection rates to recover the increase in the state B&O tax rate, which increased from 0.105 to 0.0175 on April 1, 2020, to become effective by operation of law.

Mid-Point of 2019-2021 Recycling Plan and Revenue Sharing

- 3 For the 2019-2020 reporting period, the Company reported the following:

Task 1 - “Project Management” spending of \$29,391;
Task 2 - “Data Reporting” spending of \$3,871;
Task 3 - “Single Family Education” spending of \$0;
Task 4 - “Multi-Family Outreach” spending of \$519;
Task 5 - “Incorporating Costs into WUTC Tariff Rate” spending of \$0; and
Task 6 - “Understanding Contamination” spending of \$0.

Total spending for the first year of the agreement is \$33,781. The proposed budget for the plan called for expenditures of \$90,500. However, the total commodity value was only \$135,323. The Company retained 50 percent of the commodity value,² which is \$67,661. The Company underspent by \$33,380, which it requests to carry over to the second year of the plan, to be used to increase recycling in accordance with RCW 81.77.185.

¹ Pursuant to WAC 480-07-505(3)(c), the Commission generally will not initiate a general rate case in response to a filing made by a solid waste company to “recover only the costs a company incurs to comply with government actions that directly impact the company’s costs to provide regulated service (e.g., changes to state or local fees, charges, or taxes directly related to the collection or disposal of solid waste).”

² See *In the Matter of the Petition of Rabanco LTD and Rabanco Recycling, Inc., d/b/a Eastside Disposal Requesting Authority to Retain 50 Percent of the Revenue Received From the Sale of Recyclable Materials Collected in Residential Recycling Service*, Docket TG-170707 et. al, Order 01 ¶18 (July 27, 2017).

Proposed 2019-2020 Commodity Credits

4 Rabanco filed replacement tariff pages on July 17, 2020, proposing commodity adjustments per yard, as outlined in the table below. The proposed adjustments will increase the recycling rate of the customers (by reducing credits on customer bills) for the period August 1, 2020, to July 31, 2021. The Company elected to impose a credit of \$0 in some cases where money was due back from customers because of declining values of commodities, and corrections of the previous year’s credit. When the Company files the 2021 commodity adjustment, it will most likely be a debit to customers (*i.e.*, an additional charge) and Rabanco will provide notice to customers at that time.

Single			
d/b/a	Current Credit	Proposed Credit	Difference
Eastside	\$0.36	\$0.00	\$0.36
SeaTac	\$0.34	\$0.00	\$0.34
Kent-Meridian	\$0.36	\$0.02	\$0.34

Multifamily			
Eastside	\$0.29	\$0.00	\$0.29
SeaTac	\$0.14	\$0.00	\$0.14
Kent-Meridian	\$0.17	\$0.01	\$0.08

These commodity adjustments are based on the normal annual cycle utilizing the most recent 12-month period to calculate the adjustment.

Proposed 2019-2021 Recycling Plan and Revenue Sharing

5 Pursuant to RCW 81.77.185, on June 16, 2019, the Company filed with the Commission a Commodity Revenue Sharing Enhancement Plan for King County (Plan) for the period from August 1, 2019 to July 31, 2021. The revised Plan now forecasts \$134,394 in revenue from the sale of recyclable commodities and proposes to retain \$67,197 (50 percent) to spend on Plan activities.

6 Under the Plan, Rabanco will be limited to retaining up to 50 percent of the actual revenue received from the sale of recyclable commodities for the period from August 1, 2019, to July 31, 2021. Any excess revenue will be returned to customers in the 2021 recycle commodity adjustment. The maximum amount the Company can retain in

the second year is 50 percent of commodity values or the remaining unspent portion of the budget if commodity revenues allow, whichever is less. The Company will work with the county to make any relevant budget and plan adjustments and will include those changes in its 2021 commodity adjustment filing.

	Two-year budget	Actual 2019-2020	Proposed 2020-2021
Task 1	\$44,500	\$29,391	\$27,010
Task 2	\$11,000	\$3,871	\$6,566
Task 3	\$34,000	\$0	\$58,635
Task 4	\$1,000	\$519	\$2,000
Task 5	\$0	\$0	\$0
Task 6	\$0	\$0	\$0
Total	\$90,500	\$33,781	\$94,211

7 The Plan’s 2019-2021 budget includes an incentive payment, which is 5 percent of planned expenditures.³ The Plan states, in part:

“[Rabanco] is eligible for a financial incentive for achieving tangible results ...[f]or increasing diversion of materials from disposal by regulated residential customers, an amount equal to 5% of the company expenditures.”

Additionally, as set forth in the Plan, eligibility for the incentive will be determined by King County based on its satisfaction that the Company’s expenditures of revenue sharing funds are consistent with the Plan’s activities and budgets, and are subject to review by the Commission. Eligibility for the incentive will be determined on an annual basis. For the August 1, 2019, through July 31, 2021, reporting period the incentive amounts to \$4,710.

8 Pat D. McLaughlin, King County Solid Waste Division Director, signed the Plan and certified that it is consistent with King County’s Comprehensive Solid Waste Management Plan. King County recommends that the Commission allow Rabanco to retain up to 50 percent of the actual value of recyclable commodity revenues received in each year of the plan from August 1, 2019, to July 31, 2021.

³ On May 30, 2012, the Commission issued its interpretive and policy statement in Docket TG-112162 to address issues concerning implementation of recycling revenue sharing plans, including Incentives, Bonuses, or Returns in paragraphs 26 through 32. The policy statement articulates that incentives should be conditioned upon or tied to achieving performance goals.

9 Staff recommends that the Commission grant Rabanco's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan.

DISCUSSION

10 We agree with Staff's recommendation and: (1) grant Rabanco's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan and (2) allow the tariff revisions reflecting increases to recycling credits, yard waste disposal fees, and state B&O taxes to go into effect by operation of law on August 1, 2020. We address each of the Company's requests in turn.

11 First, Rabanco has met the requirements of RCW 81.77.185. Under the statute, the Commission must allow a solid waste collection company collecting recyclable materials to retain up to 50 percent of the revenue paid to the company for the material if the company submits a plan to the Commission that is certified with the local government solid waste plan, and that demonstrates how the revenues will be used to increase recycling.

12 Rabanco submitted a plan to the Commission that was certified by the appropriate local government authority as consistent with the local government's solid waste plan, which demonstrates how the revenues will be used to increase recycling. King County recommends that the Commission allow the Company to retain up to 50 percent of the actual value of recyclable commodity revenues received each of the two years of the plan from August 1, 2019, to July 31, 2021. As such, we grant the Company's request to retain up to 50 percent of the recyclable commodity revenue collected during each year of the Plan.

13 Finally, we find that Rabanco's proposed commodity adjustments, which reflect both the effect of the Commission-approved deferred accounting mechanism and the commodity revenues for the 2019-2020 plan period, are consistent with the public interest. Rabanco is also authorized to recover the increased disposal fees and state taxes as a pass-through charge to customers. Accordingly, we allow the revised recycling credits, disposal fees, and state taxes to become effective by operation of law on August 1, 2020.

FINDINGS AND CONCLUSIONS

- 14 (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.
- 15 (2) Rabanco 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.
- 16 (3) On June 16 and 17, 2020, Rabanco filed with the Commission (1) tariff revisions reflecting increases to recycling credits, yard waste disposal fees, and state B&O taxes; (2) the Company's 2019-2021 King County revenue sharing plan; and (3) a request that the Commission allow Rabanco to retain up to 50 percent of the revenue received from the sale of recyclable materials during the 2019-2021 recycling plan period.
- 17 (4) This matter came before the Commission at its regularly scheduled meeting on July 30, 2020.
- 18 (5) Under RCW 81.77.185, the Commission shall allow a solid waste collection company collecting recyclable materials to retain up to 50 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. RCW 81.77.185 states that the remaining revenue shall be passed to residential customers.
- 19 (6) King County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of King County's Solid Waste Division certified that Rabanco's recycling plan is consistent with King County's Comprehensive Solid Waste Management Plan.
- 20 (7) Rabanco's request to retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from August 1, 2019, to July 31, 2021, is

consistent with RCW 81.77.185 and should be granted.

- 21 (8) Rabanco is subject to the filing requirements of WAC 480-70-351(2), for rates, recycling programs, credits, or charges. The Company filed the 12-month calculation, as required in WAC 480-70-351(2).
- 22 (9) After reviewing the tariff revisions filed by Rabanco in Dockets TG-200555, TG-200557, and TG-200558, and giving due consideration, the Commission finds that the proposed tariff revisions are consistent with the public interest and should become effective on August 1, 2020, by operation of law.

ORDER

THE COMMISSION ORDERS:

- 23 (1) Provided Rabanco LTD., d/b/a Eastside Disposal; Rabanco LTD., d/b/a Sea Tac Disposal; Fiorito Enterprises, Inc. & Rabanco Companies, d/b/a Kent-Meridian Disposal Company, complies with the Plan as set forth in this Order, the Company may retain up to 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs from August 1, 2019, to July 31, 2021.
- 24 (2) Rabanco LTD., d/b/a Eastside Disposal; Rabanco LTD., d/b/a Sea Tac Disposal; Fiorito Enterprises, Inc. & Rabanco Companies, d/b/a Kent-Meridian Disposal Company, shall present its revenue sharing plan and commodity adjustments to the Commission requesting an effective date each August 1 hereafter, and shall make all future revenue sharing plans and commodity adjustment filings 45 days prior to the proposed effective date.
- 25 (3) Rabanco LTD., d/b/a Eastside Disposal; Rabanco LTD., d/b/a Sea Tac Disposal; Fiorito Enterprises, Inc. & Rabanco Companies, d/b/a Kent-Meridian Disposal Company, shall make a compliance filing with the Commission no later than June 16, 2021, in which the Company shall identify the amount of revenue it retained, the amount of money it spent on the activities identified in the Plan, and the effect the activities had on increasing recycling.
- 26 (4) The tariff revisions filed by Rabanco LTD., d/b/a Eastside Disposal; Rabanco LTD., d/b/a Sea Tac Disposal; Fiorito Enterprises, Inc. & Rabanco Companies,

d/b/a Kent-Meridian Disposal Company, on June 16 and June 17, 2020, and revised on July 17, 2020, will become effective on August 1, 2020, by operation of law.

- 27 (5) The Commission delegates the Secretary the authority to approve by letter all compliance filings required in this Order.
- 28 (6) The Commission retains jurisdiction over the subject matter and Rabanco LTD., d/b/a Eastside Disposal; Rabanco LTD., d/b/a Sea Tac Disposal; Fiorito Enterprises, Inc. & Rabanco Companies, d/b/a Kent-Meridian Disposal Company, to effectuate the provisions of this Order.
- 29 The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Lacey, Washington, and effective July 30, 2020.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON,
Executive Director and Secretary