# OFFICE OF THE PROSECUTING ATTORNEY KING COUNTY, WASHINGTON CIVIL DIVISION

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February 23, 1994

Ms. Sharon Nelson, Chairman
Washington Utilities and
Transportation Commission
1300 South Evergreen Park Drive Southwest
Olympia, WA 98504-7205

Re: In the Matter of Seattle Disposal Company, Rabanco Ltd., d/b/a Eastside Disposal and Container, G-12, Tariff
Revision, Docket No. TG-931585

Dear Chairman Nelson:

On February 18, King County filed its Petition for Reconsideration and, in the Alternative, Rehearing and Amendment or Rescission in the above referenced matter. Simultaneously, King County filed its Memorandum in Support of that petition. Subsequent review of the memorandum revealed several clerical and typographical errors. Most significantly, the exhibits to the memorandum were mislabelled and one exhibit was inadvertently not attached.

Enclosed is the corrected memorandum and exhibits. We regret any confusion that may have been caused by these errors.

Sincerely,

For NORM MALENG, King County Prosecuting Attorney

KATHRYN A. KILLINGER

Senior Deputy Prosecuting Attorney

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cc: Richard Hemstad, Commissioner Richard D. Casad, Commissioner

Nels Johnson, Vice President, Eastside Disposal

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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Seattle Disposal Company, Rabanco Ltd., d/b/a Eastside Disposal and Container Hauling, G-12 Tariff Revision

DOCKET NO. TG-931585

CERTIFICATE OF SERVICE

I certify that copies of the following pleadings were served on the Washington Utilities and Transportation Commission (WUTC) and Eastside Disposal in the above-captioned case on Friday, February 18, 1994, by hand delivering copies thereof to ABC-Legal Messengers, Inc. to be served on the WUTC and Eastside Disposal:

- 1. Petition for Reconsideration and, in the Alternative, Rehearing and Amendment or Rescission
- 2. Memorandum in Support of Petition for Reconsideration and, in the Alternative, Rehearing and Amendment or Rescission
- 3. Exhibits to Memorandum

I also certify that corrected copies of the above listed pleadings were served on the Washington Utilities and Transportation

Norm Maleng

- 1				
1	Commission and Eastside Disposal in the above-captioned case on			
2	Wednesday, February 23, 1994, by hand delivering copies thereof t			
3	ABC-Legal Messengers, Inc.			
4				
5	DATED this 23 day of February, 1994.			
6	NORM MALENG			
7	King County Prosecuting Attorney			
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9	By: Sandra a Countyay, Paralegal			
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## BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Seattle Disposal Company, Rabanco Ltd., d/b/a Eastside Disposal and Container Hauling, G-12 Tariff Revision

DOCKET NO. TG-931585

PETITION FOR RECONSIDERATION AND, IN THE ALTERNATIVE, REHEARING AND AMENDMENT OR RESCISSION

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Pursuant to WAC 480-09-810, King County, by and through the King County Prosecuting Attorney, petitions the Washington Utilities and Transportation Commission ("WUTC") for reconsideration of Docket TG-931585 based upon the WUTC's failure to follow RCW 81.77.030, which statutorily mandates that the WUTC require certificate holders to use rate structures consistent with the solid waste management priorities set forth under RCW 70.95.010 and the minimum levels of solid waste collection and recycling services pursuant to local comprehensive waste management plans.

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PETITION FOR RECONSIDERATION, AND IN THE ALTERNATIVE, FOR REHEARING AND AMENDMENT OR RESCISSION - 1

This petition is supported by the Memorandum in Support of King 1 County's Petition for Reconsideration and the attached exhibits. 2 King County reserves the right to supplement this petition with 3 4 additional information. DATES this 19th day of February 1994. 5 6 Respectfully submitted, 7 NORM MALENG King County Prosecuting Attorney 8 9 10 WSBA #15376 Senior Deputy Prosecuting Attorney 11 Attorneys for King County 12 13 By: KATHRYN A./KILLINGER, WSBA #16342 14 Senior Deputy Prosecuting Attorney Attorneys for King County 15 16 17 18 19 20 21 22 23 24 25

PETITION FOR RECONSIDERATION, AND IN THE ALTERNATIVE, FOR REHEARING AND AMENDMENT OR RESCISSION - 2 WUTC.PET

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Seattle Disposal Company, Rabanco Ltd., d/b/a Eastside Disposal and Container Hauling, G-12 Tariff Revision

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DOCKET NO. TG-931585

MEMORANDUM IN SUPPORT OF PETITION FOR RECONSIDERATION AND, IN THE ALTERNATIVE, REHEARING AND AMENDMENT OR RESCISSION

COMES NOW King County, by and through the Office of the King County Prosecuting Attorney, and submits this Petition for Reconsideration and, in the alternative, Rehearing and Amendment or Rescission of the tariff revision, Docket No. TG-931585, Supporting Memorandum with exhibits.

#### STATEMENT OF FACTS I.

On December 28, 1993, Seattle Disposal Co., Rabanco Ltd., d/b/a Eastside Disposal and Container Hauling ("Eastside") filed for increased garbage and residential rates in Docket No. TG-931585. The reasons stated for the filing were to recover wage increases, recycling cost increases, and increased B&O taxes. Also, Rabanco

MEMORANDUM IN SUPPORT OF

IN THE ALTERNATIVE, FOR REHEARING AND AMENDMENT OR RESCISSION - 1

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Recycle, an affiliated company of Eastside, had increased the processing fee for recyclable products. (See Exhibit A). Upon receiving notice of Eastside's tariff revision filing, representatives of King County had repeated communications with WUTC staff regarding Eastside's proposed tariff revision. (See Exhibit B). In the course of those communications, King County expressed concerns that the proposed tariff revision would create a disincentive for achievement of the state and local goals of waste reduction and residential recycling. Rod Hansen, Ph.D., Manager of the King County Solid Waste Division (KCSWD) appeared at the WUTC hearing on TG-931585 on February 9, 1994, at which he provided a statement in opposition to the tariff revision. (Id.)

As expressed by Dr. Hansen at the February 9 hearing, King County opposed the tariff revision because it violated RCW 81.77.-030, which statutorily mandates the WUTC to supervise and regulate solid waste collection companies by requiring certificate holders to use rate structures and billing systems consistent with the solid waste management priorities set forth under RCW 70.95.010 and with the minimum levels of solid waste collection and recycling services pursuant to local comprehensive solid waste management plans and by requiring compliance with local solid waste management plans and related implementation ordinances. (See RCW 81.77.030(5) and (6)).

MEMORANDUM IN SUPPORT OF PETITION FOR RECONSIDERATION, AND IN THE ALTERNATIVE, FOR REHEARING AND AMENDMENT OR RESCISSION - 2

On February 9, 1994, the WUTC adopted the WUTC staff recommended rate increases, with an effective date of February 15, 1994. The prior and new rates are as follows:

	Prior Rates	New Rates
Residential		
Monthly rate for		
weekly pickup		
Mini can	\$ 5.64	\$ 9.65
One can	9.01	10.90
Two can	12.28	12.75
Three can	15.80	15.80
Yard waste Comp	ponent 6.00	N/A
Recycle Compone		4.44

(See Exhibit A).

King County's 1989 and 1992 Comprehensive Solid Waste Management Plans ("Comp. Plans") established goals for the reduction of the waste stream in King County. King County's goal is to reduce and recycle 65% of its waste stream by the year 2000 with interim goals of 35% by 1992 and 50% by 1995. (See Exhibit B). King County met its 1992 goal of 35% primarily due to the expansion of residential curbside recycling programs county wide during the last few years and the willingness of citizens to participate in recycling programs and to reduce their level of garbage service. (Id.)

The willingness of customers to increase recycling and to reduce garbage production is strongly influenced by financial incentives contained in the garbage collection rate structure. Rod Hansen's Declaration illustrates the direct relation between rate incentives and waste reduction and recycling in King County and

MEMORANDUM IN SUPPORT OF PETITION FOR RECONSIDERATION, AND IN THE ALTERNATIVE, FOR REHEARING AND AMENDMENT OR RESCISSION - 3 WUTC.MMO

other jurisdictions in this area. (See Exhibit B). Prior to the implementation of rate incentives and recycling services by Waste Management SnoKing and Rainier in unincorporated King County, over sixty percent of customers were two-can or more customers. Since implementation of those factors, almost sixty percent are now miniand one-can customers. (Id.).

Seattle noted a decline from an average of 3.5 33-gallon cans per household to 1.0 cans per household after the implementation of variable rates and a curbside recycling and yard waste program.  $(\underline{Id}.).$ 

Prior to implementation of Lake Forest Park's contract with Eastside Disposal, the overwhelming majority of its customers were 90-gallon toter customers. Following implementation of rate incentives, the majority of customers had service of one can or less. (Id.).

After the introduction of rate incentives, Mercer Island saw mini-can subscriptions increase by 32% and one-can subscriptions increase by 10% while two-can and three-can subscriptions fell. (Id.).

King County cities (Bellevue, Issaquah, Mercer Island, Redmond, and Renton) with substantial differentials between garbage service levels recycle more (65 pounds per household) than unincorporated areas with less substantial differentials (50 pounds per household).

(Id.). In addition, King County cities that have universal yard

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waste fees (i.e., yard waste is included in garbage service fees) recycle over three times more yard waste (92 pounds per household per month) than cities and unincorporated areas where yard waste service is an added fee (28 pounds per household per month). (Id.).

When rate incentives are removed, participation in recycling programs drops. In November 1993, the WUTC approved the elimination of universal yard waste fees in Snohomish County, resulting in a separate charge for yard waste service. Since this action was taken, there has been a drop in the number of yard waste customers. In Everett, there has been an 11 percentage point (almost 17%) drop in the city's yard waste program. In November 1993, 66% of the city's customers (3,936) participated in the yard waste program. Today 55% of its customers (3,281) participate in the yard waste program. In Lynnwood, there has been a 21.6 percentage point (almost 30%) drop in participation in the city's yard waste program. Participation in the yard waste program in August 1993 was 72.4%; participation in December 1993 was 50.8%. (Id.).

On average, areas of King County that have stronger rate incentives (i.e., a steeper percentage differential between garbage service levels) recycle more. Areas that have stronger rate incentives recycle 60 to 70 pounds per household per month, while areas with lower rate incentives recycle 26 to 50 pounds per household per month. (Id.).

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contrary, they create a disincentive to waste reduction. Under the old rates, a mini can customer paid \$11.64 per month for garbage, recycling and yard waste service. To maintain the same service level, that customer would now have to pay \$15.65 per month. The same customer could save \$2.90 per month by dropping yard waste service and signing up at the two can level for \$12.75.

King County instituted a curbside yard waste ban last October

1994, Eastside's new rates do not encourage waste reduction. On the

Under the tariff revision that went into effect on February 15,

(i.e., customers cannot put yard waste in with residential garbage). When King County adopted the yard waste ban, it did so with the assumption that citizens could subscribe to a yard waste collection service and reduce their can subscription. This would reduce the cost of their garbage collection, thus, providing a financial incentive to subscribe to yard waste collection service. Eastside's new rates penalize King County for initiating such a ban. In combination, the yard waste ban and the new fees will encourage individuals to behave illegally. It is relatively simple for people to hide much yard waste among their garbage. The new rates give them the financial incentive to do so. The anticipated increased illegal activity will result in yard waste being deposited at Cedar Hills and increased enforcement cost incurred by King County in an effort to prevent such activity. (Id.).

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Under the new rates, a one-can customer will pay less for three-can service (\$15.80 per month) than he or she would for one can service plus yard waste service (\$16.90 per month). At the same time, a three-can customer, who can set out almost five times the amount of garbage as a mini-can customer, will see no increase in his or her garbage bill. (Id.).

Under the new rates, the price per gallon of garbage service drops the higher the service level. In other words, a customer pays more per gallon of garbage capacity at the mini-can level than if he or she were a three-can customer. Under the new rates, this difference will be dramatic:

Old Rates	New Rates
Cost/Gallon	Cost/Gallon
\$.30	\$.51
.28	.34
.19	.20
.16	.16
	.28

(<a href="Id.">Id.</a>).

Lisa Skumatz, Ph.D, brings a national perspective to the issue

of rate incentives. She has conducted detailed studies of the reaction of residential customers to incentive-based rates. Based upon those studies, she has determined that customers react to rates and that customers will change their behavior to reduce bills. (Exhibit C). She has analyzed Eastside's new rates and concludes that the incentives established by those rates are directly contrary to the goals of waste reduction and recycling. (Id.).

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#### II. ARGUMENT

### A. <u>WUTC Reconsideration or Rehearing</u>.

Rules relating to procedure for the WUTC provide for the reconsideration of a final order of the WUTC. See WAC 480-09-810. The rules also provide for the rehearing or reopening of commission matters and for the amendment or rescission of final orders of the WUTC. See WAC 480-09-820 and 480-09-815. The present matter is unusual. It is unclear precisely what procedure applies. King County is filing this petition with the WUTC in an effort to have the WUTC revisit more fully the issues raised in connection with TG-931585.

WAC 480-09-810 states that a petition for reconsideration is deemed denied if the WUTC does not within twenty days from the date the petition is filed dispose of the petition or serve the parties with written notice specifying the date by which it will act on the petition. Therefore, King County respectfully requests that the WUTC respond to this petition within twenty days by acting on it or specifying a date by which it will act upon it. If the WUTC does not respond within twenty days, King County will consider this petition denied.

King County has elected to exhaust its administrative remedies and has not sought judicial review of the WUTC's order revising Eastside's tariff at this time. Thus, King County brings this

MEMORANDUM IN SUPPORT OF PETITION FOR RECONSIDERATION, AND IN THE ALTERNATIVE, FOR REHEARING AND AMENDMENT OR RESCISSION - 8

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petition for reconsideration and, in the alternative, for rehearing and amendment or rescission of the tariff revision.

#### B. The WUTC Has Ignored Its Statutory Mandate.

The legislature has given the WUTC the authority to supervise and regulate solid waste collection companies operating within the State of Washington. See RCW 81.77.030. However, that authority is not without boundaries.

Rate-making is a legislative act. State v. Department of Public Service, 19 Wn.2d 200, 219, 142 P.2d 498 (1943). The legislature may delegate authority to an agency to set rates; however, that agency is not given unbridled discretion. It must act within its delegated statutory authority. Courts have recognized the WUTC's broad generalized powers in rate setting matters; nonetheless, the WUTC must act within its statutory authority in such matters. Jewell v. Washington Utilities & Transportation Commission, 90 Wn.2d 775, 776-77, 585 P.2d 1167 (1978).

It is axiomatic that an administrative agency cannot exceed its statutory authority. A rule, order or other action that exceeds the agency's statutory authority is invalid. See RCW 34.05.570(2)(c) 34.05.570(3)(b), and 34.05.570(4)(c)(ii). Likewise, agencies do not have the power to make rules which amend or change statutes. Bird-Johnson Corp. v. Dana Corp., 119 Wn.2d 423, 428, 833 P.2d 375 (1992); Washington Federation of State Employees v. Personnel Board, 54 Wn. App. 305, 308, 773 P.2d 421 (1989).

Norm Maleng

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waste disposal and encouraged recycling. This has been the experience in unincorporated King County, Seattle, Lynnwood, Mercer Island, Bellevue, Issaquah, Redmond, and Renton. (See Exhibit B). This has also been the experience outside this region. (See Exhibit C). It is irrefutable that customers respond to positive rate incentives by reducing waste and increasing recycling.

When rate incentives are removed, participation in recycling programs drops. Everett and Lynnwood observed substantial decreases in the numbers of citizens participating in yard waste programs when universal yard waste fees were eliminated. (See Exhibit B). Eastside's new rates will likely have an even greater negative effect upon levels of waste reduction and recycling in its service areas.

Eastside's new rates penalize those customers who have done the most to reduce waste and to recycle. A mini-can customer will experience a 70% increase in the cost per gallon of garbage collected. Although not as substantial an increase as experienced by a mini-can customer, a one-can customer will experience the still significant increase of 21%. At the same time, a two-can customer will see only a 5% increase, and the three-can customer will see no increase in the cost per gallon of garbage collected. This sends customers a strong message that waste reduction and recycling will not be rewarded; rather they will be penalized. As Dr. Skumatz states, "Customers who produce low levels of garbage through careful

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buying, recycling, and yard waste separation will pay higher bills than those who simply throw all their garbage in the trash." (See Exhibit C).

The new rates also set up incentives for customers to illegally place yard waste with their garbage. (See Exhibit B).

A rate structure that contains these strong disincentives to waste reduction and recycling is not consistent with the priorities established in RCW 70.95.010; it is contrary to those priorities.

## D. <u>Eastside's new rates do not comply with local solid waste</u> management plans or with related implementation ordinances.

Eastside's new rates do not comply with local solid waste management plans or with related implementation ordinances; therefore, they do not comply with RCW 81.77.030(5). King County's 1989 and 1992 Comp. Plans have set a goal to reduce and recycle 65% of the unincorporated King County's waste stream by the year 2000. Achievement of that goal depends upon the willingness of King County citizens to reduce their level of garbage service and to participate in recycling programs.

Eastside's new rates jeopardize the County's ability to meet its goal because they remove the financial incentive to reduce the waste stream. The experience of King County, Seattle and other regional jurisdictions shows that customers respond to these financial incentives. (See Exhibit B). The same result applies nationally. (See Exhibit C). Eastside's new rates go beyond

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King County has adopted ordinances to implement achievement of the goals contained in the Comp. Plans. King County Code (KCC) 10.18.020 states in relevant part:

Certificate holders under chapter RCW 81.77 shall use rate structures and billing systems consistent with the solid waste management priorities set forth under RCW 70.95.010 and the minimum levels of solid waste collection and recycling services pursuant to the local comprehensive solid waste management plan, as required by RCW 81.77.

- A. It is the county's policy that the certificated haulers include the following elements in the tariffs submitted to the WUTC:
- 1. A mini-can (10-20 gallon container) rate to reward people who reduce their level of solid waste collection service. . .
- 5. A rate structure designed to provide customers with adequate options and incentives to reduce their level of solid waste collection service as a result of their participation in waste reduction and recycling programs. . .
- Whenever certificated haulers file tariffs with the Washington Utilities and Transportation Commission (WUTC), it is the county's policy that the certificated haulers include all elements specified in Subsection A. of this section in the tariffs and that an incentive solid waste collection rate structure be used rather than a strict cost of service rate structure. An incentive solid waste collection rate structure is one that rewards customers who recycle and includes substantial cost differentials between solid waste collection service levels. The tariffs filed shall include the following percentage of increases between levels of service: a minimum of sixty percent between mini and one can; a minimum of forty percent between one and two cans or equivalent; and a minimum of twenty five percent between two and three cans or equivalent. percentages should apply to the combined charge to the customer for both solid waste and recyclable materials collection. WUTC is strongly encouraged to approve tariffs that are

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consistent with the policies set forth in this chapter, and that meet the minimum percentages specified in this section.

KCC 10.18.020.

King County does not question the WUTC's authority to set rates. King County's concern in this instance is that the WUTC has ignored the Comp. Plans and King County ordinances implementing the goals established in the Comp. Plans, which is directly contrary to the statutory mandate of RCW 70.95.010(5) and (6). By establishing rates that are contrary to that mandate, the WUTC has acted outside its statutory authority.

### III CONCLUSION.

When it established Eastside's new rates, the WUTC ignored the statutory requirements of RCW 81.77.030 and the priorities set forth in RCW 70.95.010. As a result, the WUTC acted beyond its statutory authority and the rates established are invalid. Accordingly, King County respectfully requests that the WUTC reconsider Eastside's tariff revision in accordance with RCW 81.77.030 and RCW 70.95.010.

DATED this 18th day of February, 1994.

Respectfully submitted,

NORM MALENG King County Prosecuting Attorney

By:

MARY F. PERRY, WSBA #15376

Senior Deputy Prosecuting Attorney

Attorneys for King County

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By: KATHRYN A KILLINGER, WSBA #16342
Senior Deputy Prosecuting Attorney
Attorneys for King County

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