

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

STERICYCLE OF WASHINGTON, INC.
d/b/a STERICYCLE,

Petitioner,

To Approve Tariff Revisions Regarding
General Rates

DOCKET TG-230969

ORDER 01

ALLOWING TARIFF TO GO INTO
EFFECT, SUBJECT TO CONDITIONS

BACKGROUND

- 1 On November 17, 2023, Stericycle of Washington, Inc. d/b/a Stericycle (Stericycle or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$2.9 million (25 percent) of additional annual revenue. Stericycle provides regulated medical waste collection service to approximately 15,000 commercial customers in Washington. This is the Company's first general rate increase since its initial tariff took effect December 1, 2001.
- 2 Stericycle filed the request due to rising operational costs, including labor, supply chain, transportation, and disposal expenses. The Company is also seeking to streamline its service offerings to three container sizes.
- 3 On November 20, 2023, the Company notified its customers by U.S. mail of the proposed rate increase. Staff received five consumer comments, all opposing the proposed increase. Customers expressed concern with the increase, indicating the increase would negatively impact small businesses; especially when the quantity of the waste being removed is small. Customers also questioned the proposed "on call" fee.
- 4 Customers also commented on poor customer service, missed pick-ups, and difficulty communicating with the Company. Staff referred commenters to the Consumer Protection Complaint Team to receive assistance with their concerns.

5 The Company extended the effective date for its filing on more than one occasion. Most
recently on February 21, 2024, the Company extended the effective date of its tariff
revisions to March 15, 2024.

6 On March 11, 2024, the Company filed revised tariff sheets.

7 Commission staff (Staff) completed their review of the Company's request and
recommends the Commission allow the tariff revisions filed by the Company as filed on
November 17, 2023, and revised on March 11, 2024, to become effective subject to
conditions.

8 Although Staff recommends allowing the revisions to become effective, Staff expressed
concern regarding the Company's practice of using revenue to allocate expenses and
learned that the Company's accounting system has not in the past separated regulated and
non-regulated operations. Staff expressed concerns that the resulting revenue allocation
has potential for subsidization of either regulated or non-regulated operations through
misalignment of expenses.

9 Despite these concerns and in part because this is Stericycle's first general rate increase in
over 20 years, Staff recommends granting Stericycle's Petition and allowing the filed
revisions to become effective, subject to the following conditions:

- (1) the Company submit a general rate case with an effective date not later than October 1, 2025, allowing the Company to collect updated information, and Staff to ensure the revenues, expenses, and allocations are fair, just, reasonable, and sufficient,
- (2) at the time the Company submits its next general rate case, the Company provide an income statement that clearly separates regulated and non-regulated revenues and expenses by direct cost tracking or appropriate, non-revenue-based allocation factors pursuant to Washington Administrative Code (WAC) 480-07-520(4)(d) and (e),
- (3) at the time the Company submits its next general rate case, the Company provide information about every transaction with an affiliated interest or subsidiary that directly or indirectly affects, modifies, or deviates from the proposed rates, including a full description of the relationship, the terms and amount of the transaction, the length of time the relationship has been

ongoing, and an income statement and balance sheet for every affiliated entity pursuant to WAC 480-07-520(4)(j),

- (4) at the time the Company submits its next general rate case, the Company provide a regulated income statement that clearly separates regulated costs of collection/transportation, processing/disposal, and ancillary charges by direct cost tracking or appropriate, non-revenue-based allocation factors,
- (5) at the time the Company submits its next general rate case, the Company provide a list of regulated service rates and ancillary service rates, and the number of times each rate was charged so that when multiplied, the regulated revenues for each service is calculated pursuant to WAC 480-07-520(4)(b) and (f), and
- (6) at the time the Company submits its next general rate case, the Company provide a general ledger with clearly identified transactions, aligned with the Uniform System of Accounts for Class A and B Solid Waste Collection Companies pursuant to WAC 480-07-520(4)(c).

10 Staff believes that allowing a one-time use of revenue allocation will allow the Company to establish reasonably accurate rates. Staff also notes that customers are further protected from unreasonable, unjust, and unfair rates due to competition. Staff also notes that because Staff has removed all insurance costs that it could identify from expenses, Staff believes that allowing this case to proceed will not cause harm to customers.

DISCUSSION

11 The Commission agrees with Staff that the Company's tariff revisions, as revised on March 11, 2024, should be approved subject to the conditions contained in paragraph 7 of this Order. While the Commission agrees that the tariff rates proposed by the Company should be allowed to go into effect, we agree with Staff's concerns about the potential subsidization of either regulated or non-regulated operations through a misalignment of expenses in the Company's accounting system.

12 However, because this is the first general rate filing of the Company in 20 years, we will allow the tariff to go into effect, subject to the conditions recommended by Staff as noted in paragraph 9 of this Order.

13 With the conditions described above, we find that the tariff revisions filed on November 17, 2023, as revised on March 11, 2024, are fair, just, reasonable, and sufficient, and may go into effect as filed on March 15, 2024, subject to the conditions contained in paragraph 9 of this Order.

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) Stericycle is engaged in the business of providing waste services within the State of Washington and is a public service company subject to Commission jurisdiction.
- 16 (3) This matter came before the Commission at its regularly scheduled meeting on March 14, 2024.
- 17 (4) After review of the tariff revisions filed in Docket TG-230969 by Stericycle on November 17, 2023, as revised on March 11, 2024, and giving due consideration, the Commission finds that the tariff revisions should be granted subject to the following conditions:
- (1) the Company submit a general rate case with an effective date not later than October 1, 2025, allowing the Company to collect updated information, and Staff to ensure the revenues, expenses, and allocations are fair, just, reasonable, and sufficient,
 - (2) at the time the Company submits its next general rate case, the Company provide an income statement that clearly separates regulated and non-regulated revenues and expenses by direct cost tracking or appropriate, non-revenue-based allocation factors pursuant to WAC 480-07-520(4)(d) and (e),
 - (3) at the time the Company submits its next general rate case, the Company provide information about every transaction with an affiliated interest or subsidiary that directly or indirectly affects, modifies, or deviates from the proposed rates, including a full description of the relationship, the terms and amount of the transaction, the length of time the relationship has been

ongoing, and an income statement and balance sheet for every affiliated entity pursuant to WAC 480-07-520(4)(j),

- (4) at the time the Company submits its next general rate case, the Company provide a regulated income statement that clearly separates regulated costs of collection/transportation, processing/disposal, and ancillary charges by direct cost tracking or appropriate, non-revenue-based allocation factors,
- (5) at the time the Company submits its next general rate case, the Company provide a list of regulated service rates and ancillary service rates, and the number of times each rate was charged so that when multiplied, the regulated revenues for each service is calculated pursuant to WAC 480-07-520(4)(b) and (f), and
- (6) at the time the Company submits its next general rate case, the Company provide a general ledger with clearly identified transactions, aligned with the Uniform System of Accounts for Class A and B Solid Waste Collection Companies pursuant to WAC 480-07-520(4)(c).

ORDER

THE COMMISSION ORDERS:

- 18 (1) The tariff revisions filed by Stericycle of Washington, Inc. d/b/a Stericycle filed November 17, 2023, as revised on March 11, 2024, are fair, just, reasonable, and sufficient, and may go into effect on March 15, 2024, subject to the conditions set forth in paragraph 17 of this Order.
- 19 (2) The Commission authorizes the Commission Secretary to accept by letter a filing that complies with the requirements of this Order.
- 20 (3) The Commission retains jurisdiction over the subject matter and Stericycle of Washington, Inc. d/b/a Stericycle to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective March 14, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner