Ex _____ (DAD-T)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

KING COUNTY DEPARTMENT OF PUBLIC WORKS, SOLID WASTE DIVISION, Complainant, vs. SEATTLE DISPOSAL COMPANY, RABANCO, LTD., d/b/a/EASTSIDE DISPOSAL AND CONTAINER HAULING Respondent.	DOCKET NO. TG-940411 TESTIMONY OF DAVID A. DOUGHERTY

I. QUALIFICATIONS

Q. WHAT IS YOUR NAME AND BUSINESS ADDRESS?

A. My name is David A. Dougherty. My business address is Clean Washington Center, Department of Community, Trade and Economic Development, 2001 6th Avenue, Suite 2700, Seattle, WA. 98121.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

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A. I am currently Director of Clean Washington Center. Clean Washington Center is the state's lead agency for developing markets for recyclable materials collected throughout the state through the curbside recycling program. As Director of Clean Washington Center, I am responsible for developing commercially valuable uses for the recycled materials being collected. A copy of my biographical information is attached. See Exhibit ___ (DAD 1).

Q. ARE YOU FAMILIAR WITH THE SUBJECT MATTER OF WUTC DOCKET NO. TG-940411?

A. Yes. I have reviewed information provided to me by the King County Solid Waste Division, including King County's Complaint in Docket No. TG-940411, its Petition for Reconsideration of Docket No. TG-931585, and the Market Price Report 1992-1994 prepared by the City of Seattle Solid Waste Utility staff.

Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?

A. I will address the findings and conclusions of the Clean Washington Center study on The Economics of Recycling and Recycled Materials, which was completed in 1993. That study concluded that for the period 1992, total recycling costs in Seattle, without any revenues from

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material sales, was approximately the same cost per ton as disposal costs, and for the same period, the study concluded that Seattle's net recycling costs, after revenue from material sales, was significantly less than the cost per ton of disposal. I find no reason to believe that the conclusions of that study would change in light of 1993 market price data for recyclable materials compiled by the City of Seattle for recycled materials. I will also testify that the results of the study should be generally applicable to conditions in King County.

Q. **PLEASE DESCRIBE CLEAN WASHINGTON CENTER'S STUDY ON <u>THE ECONOMICS OF RECYCLING AND RECYCLED MATERIALS</u>.**

A. Part I of the study (Chapters 2 and 3) examined recycling and disposal systems in cities with established curbside residential collection service. Cities were selected to give a range of sizes, geographic locations in the state and system types. Cities studied were Seattle, Spokane, Bellingham and Vancouver, Washington.

Costs of recycling and disposal were compared side by side for 1992 for each city. Costs were presented from the City's perspective; i.e., what it costs the

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municipality rather than its contractors' costs or what citizens paid in utility bills. Net costs were determined by adding to the cities' costs any "credits" given by contractors for market revenues for materials or energy sales.

Recycling costs included collection, processing, tipping fees, administrative costs, and revenues or credits generated from material sales. Disposal costs included collection costs, transfer station costs, administrative costs, and whatever long-haul costs, landfill tipping fees or incinerator tipping fees applied. In addition, Part II of the study (Chapters 4 and 5) looked at the costs of using five recycled materials in manufacturing or composting compared with their common substitutes. A copy of The Economics of Recycling and Recycled Materials is attached as Exhibit ___ (DAD 2).

Q. DID THE STUDY EXAMINE DATA REGARDING THE KING COUNTY SOLID WASTE?

A. No.

Q. ARE THE RESULTS OF THE STUDY APPLICABLE TO KING COUNTY AND THE KING COUNTY SOLID WASTE DIVISION?

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A. Yes. Because Seattle and King County are situated in the same geographic area, the results of the study regarding the City of Seattle should be generally applicable to King County.

Q. WHAT CONCLUSIONS REGARDING THE CITY OF SEATTLE ARE DRAWN IN THE STUDY?

A. The data produced demonstrates that for the period of the study, 1992, in Seattle total recycling costs, without any revenues from material sales were approximately the same cost per ton as disposal costs.

Q. ON WHAT DID THE STUDY BASE THESE CONCLUSIONS?

A. The most detailed information was available for Seattle, as opposed to the other cities in the study. Seattle's Solid Waste Utility and its north-end recycling contractor, Recycle America (a Waste Management subsidiary), provided cost and price data on recycling. The south-end recycling contractor, Recycle Seattle (a Rabanco subsidiary), declined to provide data. Data on disposal costs was provided by the city for its operations and from its contracts with garbage haulers, U.S. Disposal (a Rabanco subsidiary) and General Disposal, and the long-haul service contractor,

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Washington Waste Systems (a Waste Management subsidiary).

Costs and revenues are tracked for recycling as a program and disposal as a program, but not by material. Since the disposal program currently collects many other materials in addition to the same type of materials collected in the recycling program, comparable disposal costs (i.e., for types of materials in the recycling program) had to be determined by allocation. Disposal costs were determined in the study using two different bases, weight and volume. The cost per ton differed by $11.00 per ton between the two methods or less than ten percent.

Specific costs were found to be:

Using Weight-based Allocation of Disposal Cost

Recycling Cost	$131 per ton
Disposal Cost	$137 per ton
Difference	-$ 6 per ton

Using Volume-based Allocation of Disposal Cost

Recycling Cost	$131 per ton
Disposal Cost	$126 per ton
Difference	$ 5 per ton

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Q. WERE ANY OTHER CONCLUSIONS REGARDING THE CITY OF SEATTLE DRAWN IN THE STUDY?

A. Yes.

Q. PLEASE ELABORATE ON THOSE CONCLUSIONS.

A. The data produced for the City of Seattle, demonstrates that for the period studied, 1992, Seattle's net recycling costs, after revenue from materials sales, was significantly less (two thirds) than the cost per ton of disposal, and material sales revenues significantly reduced recycling costs.

Market revenues generated by Recycle America contributed $41 per ton toward offsetting costs of recycling. This resulted in a net cost for recycling for Seattle's north-end program of $90.

Specific costs were found to be:

Using Weight-based Allocation of Disposal Costs

Recycling Cost	$ 90 per ton
Disposal Cost	$137 per ton
Difference	-$47 per ton

Using Volume-based Allocation of Disposal Costs

Recycling Cost	$ 90

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Disposal Cost $126 per ton

Difference -$36 per ton

Q. THE PERIOD STUDIED WAS 1992, HAS THE CENTER UPDATED THE RESULTS OR CONCLUSIONS SINCE THEN?

A. The Center has no reason to believe that the results or conclusions from 1992 would have changed substantially in 1993; however, the Center has not invested in contracting to do research and analysis to replicate the work for 1993.

Q. BASED ON INFORMATION AVAILABLE TO YOU AND YOUR KNOWLEDGE OF HOW THE STUDY WAS DONE, CAN YOU MAKE ANY STATEMENTS ABOUT WHAT AN UP-DATE WOULD SHOW?

A. Yes. The total cost data for Seattle should not have changed significantly from 1992 to 1993. For example, the study's 1992 data was prepared using the 1993 contract terms. Therefore, the fact that the City and Recycle America renegotiated the recycling service contract for 1993 does not change the information or conclusions contained in this report. This was done in recognition of the fact that both the City and its contractor, Recycle America, believed the new contract to fairly represent the costs associated with recycling in Seattle.

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I do not know of any significant other changes that Seattle has made in its residential curbside recycling or disposal practices between 1992 and 1993.

Although the Center has not made the investment to replicate the study using 1993 data, I have had the opportunity to review a Market Price Report 1992-1994 prepared by the City of Seattle, which reflects prices for various recyclable materials as reported to the city by Waste Management, as well as various price indicators tracked by the city. See Exhibit ___ (DAD 3).

The market price data shows a normal range of price fluctuations except in plastic where an industry subsidy was terminated. Plastic comprises a minor portion of the recycling stream in Seattle, at present, so the impact of this on overall net cost would not be significant.

Based on the foregoing, I have no reason to believe that an up-date for 1993 would change the conclusions that total recycling costs were approximately the same per ton as total disposal costs in Seattle, and that after market revenues were taken into account, the net cost to the City for recycling was less than for disposal.

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Without up-dating the study, I cannot say how much less.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

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