



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250

(360) 664-1160 • www.utc.wa.gov

July 19, 2013

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS

(By Monday, August 19, 2013)

And

NOTICE OF WORKSHOP

(Set for Monday, September 23, 2013, at 9:30 a.m.)

RE: Inquiry to Consider Methods for Setting Rates for Solid Waste Collection Companies Pursuant to WAC 480-70, Docket TG-131255

TO ALL INTERESTED PERSONS:

On July 17, 2013, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to review current methods for setting rates for jurisdictional solid waste collection companies and for developing substantive standards for determining such rates. The Commission filed the CR-101 under Docket TG-131255.

The CR-101, as filed with the Code Reviser, is available for inspection on the Commission's website at www.utc.wa.gov/131255. If you are unable to access the Commission's web page and would like a copy of the CR-101 mailed to you, please contact the Records Center at (360) 664-1234.

BACKGROUND

The Commission supervises and regulates solid waste collection companies by "...fixing and altering its rates, charges, classifications, rules and regulations" as required by RCW 81.77.030(1). It is in the public interest for it to undertake a review of the current method it uses for setting rates and charges for solid waste companies under its jurisdiction, the Lurito-Gallagher Methodology.

The review would include a reevaluation of the Lurito-Gallagher model, a reexamination of the model's suitability for setting rates going forward and a broader evaluation of other possible rate-setting methods. Such methods may include those generally used to derive a fair overall rate-of-return on investment with a specific focus into the determination of the return-on-equity component.

Specifically, the Commission will review and discuss, with the participation and assistance of members of the Solid Waste Industry and other stakeholders, the following issues:

- 1) Whether the Commission's use of the Lurito Gallagher operating-ratio model should continue, and if so, what changes, corrections or additions to the model should be contemplated?
- 2) Whether the Commission should consider other approaches to replace the Lurito-Gallagher model which may be more useful in deriving a fair rate of return on investment such as the Capital Asset Pricing Model (CAPM).
- 3) Under what circumstances, if any, would the use of a rate base ratemaking approach to set rates be appropriate for a solid waste company?
- 4) To what extent should rate-making policies and practices be articulated in formal Commission rules or policy statements (whether or not current rate-making policies and practices are modified).

This Inquiry will be open-ended in nature; stakeholders are not limited to the above issues and should feel free to raise any additional issues in comment as long as they pertain to Commission use of, or consideration of, rate-setting approaches or methodologies.

WRITTEN COMMENTS

The Commission initiates this inquiry by inviting written comment. Written comments on the CR-101 inquiry and the issues listed above must be filed with the Commission no later than **5:00 p.m., Monday, August 19, 2013**, for consideration at the September 23, 2013, stakeholder workshop. The Commission requests that comments be provided in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted via the Commission's Web portal (www.utc.wa.gov/e-filing) or by electronic mail to the Commission's Records Center at records@utc.wa.gov. Please include:

- The docket number of this proceeding: TG-131255.
- The commenting party's name.
- The title and date of the comment or comments.

An alternative method for submitting comments is mailing or delivering an electronic copy to the Commission's Records Center on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 97 or later format, a flash drive, or CD. Include all of the information requested above. The Commission will post on its web site all comments that are provided in electronic format. The web site is located at <<http://www.utc.wa.gov/131255>>.

If you are unable to file your comments electronically, the Commission will always accept a paper document. Questions may be addressed to Danny Kermode at (360) 664-1253 or e-mail at <dkermode@utc.wa.gov>.

STAKEHOLDER WORKSHOP

In addition to filing written comments, interested persons are invited to attend a stakeholder workshop on **Monday, September 23, 2013, beginning at 9:30 a.m.**, in Room 206, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington. At the workshop, Commission staff will review and discuss comments with the stakeholders. The Commission has scheduled one other workshop in January 2014, the details of which will be included in a future notice.

Your participation is welcomed via written comments and participation in any stakeholder work sessions. Opportunity for further comment is anticipated. Information about the schedule and other aspects of the rulemaking, including comments, will be posted on the Commission's web site as it becomes available. If you wish to receive further information on this rulemaking you may:

- Call the Commission's Records Center at (360) 664-1234.
- E-mail the Commission at records@utc.wa.gov.
- Mail written comments to the address below.

When contacting the Commission, please refer to Docket TG-131255 to ensure that you are placed on the appropriate service list. The Commission's mailing address is:

Steven V. King
Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

NOTICE

If you do not want to comment now, but do want to receive future information about this rulemaking, please notify the Executive Director and Secretary in one of the ways described above and ask to be included on the mailing list for Docket TG-131255. If you do not do this, you might not receive further information about this rulemaking.

STEVEN V. KING

Acting Executive Director and Secretary