

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

WASTE MANAGEMENT OF
WASHINGTON d/b/a WASTE
MANAGEMENT - NORTH SOUND
AND WASTE MANAGEMENT -
MARYSVILLE,

Respondent.

DOCKET TG-180923

ORDER 02

ORDER DISMISSING COMPLAINT
AND ORDER SUSPENDING
TARIFF REVISIONS; ALLOWING
TARIFF REVISIONS TO BECOME
EFFECTIVE BY OPERATION OF
LAW

BACKGROUND

- 1 On November 13, 2018, Waste Management of Washington d/b/a Waste Management - North Sound and Waste Management - Marysville (Waste Management or Company) filed with the Washington Utilities and Transportation Commission (Commission) proposed tariff revisions that would generate approximately \$317,000 in additional annual revenue. The Company provides service to approximately 21,000 solid waste and recycling customers in King County and approximately 99,700 customers in Snohomish County. The proposed tariff revisions address two main issues: 1) pass-through disposal and hazardous waste fees, and 2) revenue sharing related to the sale of recyclable commodities.
- 2 On December 28, 2018, the Commission entered Order 01 in this Docket, which suspended the tariff revisions pending an investigation to determine whether the proposed rate increase is fair, just, reasonable, and sufficient, but allowing the rates incorporating the increased disposal fee implemented by King County to go into effect January 1, 2019. Order 01 resolved the issue of pass-through disposal and hazardous waste fees, and left for later resolution the commodity adjustment provisions.
- 3 Also on November 13, 2018, the Company filed a petition for exemption from Washington Administrative Code (WAC) 480-70-351(2), which requires companies to use the most recent 12 months to project revenue from the sale of recyclable materials

(Petition). Because the Commission suspended the proposed tariff revisions filed in this docket to allow parties and stakeholders additional time to determine the correct commodity adjustment, the Commission did not act on the Company's Petition.

- 4 Initially, Commission staff (Staff) did not agree with the Company's methodology for computing the annual commodity adjustment. The Company previously used a cumulative method to calculate the true-up adjustment for prior periods, but proposed in this filing to use only the previous 12 months of data. Staff was concerned that customers were being treated differently because the Company utilizes an affiliate Materials Recovery Facility (MRF) rather than a third-party processor.
- 5 Upon further review, Staff accepts the Company's proposed true-up calculation because it avoids the issue of retroactive rate making raised by including more than the most recent 12-month period of data. Following further discussions with the Company, Staff recognizes that the customer impact of the arrangement between the Company and the MRF is a policy decision that should remain unchanged during the course of a revenue sharing agreement, and can be addressed in a separate proceeding. Instead, any changes to how revenue sharing is applied or how commodity adjustments are calculated should be implemented at the start of the next revenue sharing plan period on January 1, 2020.
- 6 The Company agrees with Staff and therefore withdraws its petition for a waiver of WAC 480-70-351(2). The Company and Staff also agree to incorporate January and February 2019 actual data in the true-up calculation when the Company files its next revenue sharing plan in November 2019. The Company filed revised pages reflecting the commodity adjustment as originally filed.

DISCUSSION

- 7 We agree with Staff that the tariff revisions that modify the commodity adjustment are fair, just, reasonable, and sufficient. In Order 01, the Commission suspended the tariff revisions because the Company had not yet demonstrated that the commodity adjustment provisions were fair, just, reasonable, and sufficient, and the parties and stakeholders had not had the opportunity to reach an agreement that resolves how the commodity adjustment should be calculated.
- 8 Following further discussions, which resulted in an agreement between Staff and the Company, we are satisfied that the proposed true-up calculation is reasonable, and avoids the issue of retroactive rate making raised by the inclusion of more than the most recent 12-months of data. We also accept Staff's recommendation that the issue regarding Waste Management's arrangement with the MRF should be addressed in a separate proceeding. Accordingly, the Commission finds it is consistent with the public interest to

dismiss the Complaint and Order Suspending Tariff Revisions in Docket TG-180923, dated November 13, 2018, and allow the tariff revisions, as revised on February 11, 2019, to become effective on March 1, 2019.

FINDINGS AND CONCLUSIONS

- 9 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies.
- 10 (2) Waste Management is a solid waste company and a public service company subject to Commission jurisdiction.
- 11 (3) This matter came before the Commission at its regularly scheduled meeting on February 28, 2019.
- 12 (4) The proposed tariff revisions, as revised on February 11, 2019, are fair, just, reasonable and sufficient.
- 13 (5) After reviewing the tariff revisions Waste Management filed in Docket TG-180923 and giving due consideration, the Commission finds it is consistent with the public interest to dismiss the Complaint and Order Suspending Tariff Revisions in Docket TG-180923, dated November 13, 2018, and allow the tariff revisions, as revised on February 11, 2019, to become effective on March 1, 2019.

ORDER

THE COMMISSION ORDERS:

- 14 (1) The Complaint and Order Suspending Tariff Revisions in Docket TG-180923, entered on December 28, 2019, is dismissed.
- 15 (2) The tariff revisions Waste Management of Washington d/b/a Waste Management - North Sound and Waste Management - Marysville filed in this docket on November 13, 2018, as revised on February 11, 2019, shall become effective on March 1, 2019, by operation of law.

DATED at Olympia, Washington, and effective February 28, 2019.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner