

Agenda Date: July 28, 2011

Item Number: B1

Docket: TG-101075

Company Name: Fiorito Enterprises, Inc. & Rabanco Companies, d.b.a Kent-Meridian Disposal Company, G-60

Staff: David Gomez, Deputy Assistant Director – Water and Transportation

Recommendation

Staff recommends that the Commission allow replacement pages filed on July 15, 2011, revising Kent-Meridian's Tariff No. 27 to become effective August 1, 2010, and grant Kent-Meridian's request to file its report on the 2010-2011 plan year at the same time it files its next commodity adjustment on August 17, 2011, which is 45 days prior to an October 1, 2011, effective date.

Background

On July 29, 2010, the Washington Utilities and Transportation Commission (commission) issued Order 01 in Docket TG-101075 that, in part, requires Fiorito Enterprises, Inc. & Rabanco Companies, d/b/a Kent-Meridian Disposal Company (Kent-Meridian or company), to make its next commodity adjustment effective August 1, 2011, and authorized the company to retain fifty percent of the revenue it receives from the sale of recyclable materials collected in its residential and multi-family recycling programs from August 1, 2010, through July 31, 2011. Order 01 also required the company to report to the commission no later than June 17, 2011, the amount of revenue it retained, the amount of money it spent on the activities identified in its recycling plan and the effect the activities had on increasing recycling.

On June 17, 2011, Kent-Meridian filed with the commission revisions to its currently effective Tariff No. 27, designated as Tariff pages 21, 25 and 28 through 31. These revisions increase the monthly recyclable commodity revenue adjustment from a credit of \$0.15 per month to a credit of \$0.98 per month for single family customers and for multi-family customers, from a credit of \$0.12 per yard to a credit of \$0.30 per yard. The revisions also include a request to retain fifty percent of the revenue Kent-Meridian receives from the sale of recyclable materials that it collects in its residential recycling collection service.

In addition, the company included in its filing of June 17, 2011, a proposed revenue sharing agreement for the upcoming 2011-2012 plan year, a status report on the 2010-2011 Revenue Sharing Plan and a petition seeking an extension to July 31, 2011, on the reporting requirements found in Order 01 which specified that the company report to the commission, no later than June 17, 2011, the amount of revenue it retained, the amount of money it spent on the activities identified in its recycling plan and the effect the activities had on increasing recycling. The company indicates that it is requesting an extension to July 31, 2011, because the 2010-2011 plan extends through the end of July and a number of elements of the plan were yet to be fully implemented, but were on target to be completed before July 31, 2011.

RCW 81.77.185 states that the commission shall allow a solid waste collection company collecting recyclable materials from single family and multi-family customers to retain up to fifty percent of the revenue paid to the company for the material if the company submits a plan to the commission that is certified by the appropriate local government authority as being consistent with the local government solid waste plan and that demonstrates how the revenues will be used to increase recycling. The remaining revenue shall be passed through to single family and multi-family customers.

Staff examined Kent-Meridian's proposed revenue sharing agreement for the upcoming 2011-2012 plan year and it did not include the certification by the appropriate local government authority as required by RCW 81.77.185. Staff contacted Bill Reed, King County Solid Waste Division, who advised staff of the 2010-2011 Revenue Sharing Plan's requirement by King County (county) that; "Allied Waste [Kent-Meridian] must submit a draft plan to King County no later than May 15, 2011 in order for certification to be considered." According to Mr. Reed, the county received the first draft plan from the company on June 10, 2011, and the second draft on the evening of June 16, the day before the filing deadline with the commission.

On July 12, 2011, Kent-Meridian withdrew its original tariff revision filed on June 17, 2011, because the county and the company had not come to an agreement on the plan or revenue sharing percentage for the 2011-2012 plan year and therefore, could not meet the requirements of local government certification specified in RCW 81.77.185. The company instead filed on July 15, 2011, replacement pages revising its currently effective Tariff No. 27, designated as Tariff pages 21, 25 and 28 through 31 to maintain the currently approved monthly recycling commodity revenue adjustments from August 1, 2011, to September 30, 2011. The company also seeks to file the report on the amount of revenue it retained, the amount of money it spent on the activities identified in its recycling plan and the effect the activities had on increasing recycling, as required by Order 01, at the same time it files its next commodity adjustment on August 17, 2011, which is 45 days prior to an effective date of October 1, 2011.

On July 21, 2011, the company filed with the commission a Commodity Revenue Sharing Plan (plan) for the two-month extension period, from August 1, 2011, to September 30, 2011. The plan was submitted by the company to meet the requirements for revenue sharing specified in RCW 81.77.185.

The plan calls for the following tasks to be performed by the company in order to retain an estimated \$23,500:

- Recycling Measurement Protocol – Kent-Meridian will participate in a protocol under development by the county for periodic sampling of recyclables. The amount budgeted for this activity is \$13,500.
- Comingled Recycling Assessment – The company will provide the county with a written report no later than September 30, 2011, that assesses the applicability of two separate documents published by the Washington Department of Ecology and any opportunities identified in these documents to enhance recycling efforts in the county. The amount budgeted for this activity is \$2,000.
- Data Collection and Evaluation of Recycling Operation - The company will continue data collection and evaluation of its recycling operations in the county. The amount budgeted for this activity is \$2,000.

- Community Outreach - The company will conduct community outreach and recycling plan evaluation. The amount budgeted for this activity is \$4,000.
- Evaluation of Plan Results - Kent-Meridian is also allowed to allocate \$2,000 toward efforts to manage and evaluate plan results.

The plan also calls for Kent-Meridian to document all costs associated with performing the above tasks. If revenues retained during the two-month period are greater than costs incurred, the balance will be returned to customers in rates. However, since costs associated with the Recycling Measurement Protocol will be incurred over the period of a year, final true-up of these costs will not occur until the sampling cycle has been completed.

On July 21, 2011, the county filed with the commission a letter which includes a certification of the plan submitted by the company for the two-month extension period. The certification is signed by Kevin Kiernan, Solid Waste Division Director, King County, which states, in part, that King County certifies that the company's plan is consistent with the King County Comprehensive Solid Waste Management Plan. Therefore, King County is recommending to the commission that Kent-Meridian be allowed to retain fifty percent of the actual value of recyclable commodity revenues received during the period of this agreement (August 1, 2011, through September 30, 2011). The letter also advises the commission that the county expects to complete a plan with the company for the ten-month period, October 1, 2011, to July 31, 2011, in time for the company to file with the commission, 45-days prior to an October 1, 2011, effective date.

Staff recommends that the commission grant Kent-Meridian's request to extend the existing monthly recyclable commodity revenue adjustments and revenue sharing agreement from August 1, 2011, to September 30, 2011, and approve the tariff revisions filed by the company on July 15, 2011, to its currently effective Tariff No. 27, designated as Tariff pages 21, 25 and 28 through 31. Staff also recommends allowing the company to file its report on the amount of revenue it retained, the amount of money it spent on the activities identified in its recycling plan and the effect the activities had on increasing recycling for the 2010-2011 plan year at the same time it files its next commodity adjustment; 45 days prior to an October 1, 2011, effective date.

In summary, staff recommends that the commission allow replacement pages filed on July 15, 2011, revising Kent-Meridian's Tariff No. 27 to become effective August 1, 2010, and grant Kent-Meridian's request to file its report on the 2010-2011 plan year at the same time it files its next commodity adjustment on August 17, 2011, which is 45 days prior to an October 1, 2011, effective date.

Conclusion

Allow replacement pages filed on July 15, 2011, revising Kent-Meridian's Tariff No. 27 to become effective August 1, 2010, and grant Kent-Meridian's request to file its report on the 2010-2011 plan year at the same time it files its next commodity adjustment; 45 days prior to an October 1, 2011, effective date.