

**BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of	)	DOCKET TG-101224
)	
RABANCO LTD., DBA	)	ORDER 03
LYNNWOOD DISPOSAL, G-12,)	
)	
Petitioner,)	
	)	ORDER LIFTING THE INTERIM
	)	STATUS AND AUTHORIZING
	)	PERMANENT REVENUE
	)	SHARING FOR RECYCLABLE
	)	COMMODITIES REVENUE; AND
Requesting Authority to Retain 50	)	REQUIRING REVENUES NOT
Percent of the Revenue Received From	)	SPENT DURING THE CURRENT
the Sale of Recyclable Materials	)	PLAN PERIOD BE CARRIED
Collected in Residential Recycling	)	FORWARD TO THE
Service	)	FOLLOWING PLAN PERIOD
.....)	

BACKGROUND

- 1 On November 1, 2010, Rabanco Ltd., d/b/a Lynnwood Disposal (Lynnwood or Company) filed with the Utilities and Transportation Commission (Commission):
- Petition to make 50 percent revenue sharing, allowed on an interim basis in Order 01, permanent for the plan period;
 - Lynnwood's budget for retained revenues for the 2010-2011 plan period;
 - Results of September 29, 2010, annual coordination meeting with Cedar Grove Composting in Everett, WA;
 - Snohomish County (County) and Lynnwood 2010-2011 Detailed Public Outreach Plan;
 - Lynnwood's Revenue Sharing Agreement with Snohomish County for the 2010-2011 plan period showing how retained revenues will be used to increase recycling; and
 - A letter from Matt Zybas, Director Snohomish County Solid Waste Division, certifying the plan for Snohomish County is consistent with the local government solid waste plan.

2 The Company filed the items listed above in order to comply with Commission Order 01, TG-101224, issued on August 31, 2010. In the order, the Commission required Lynnwood to:

- Retain 50 percent of the revenue received from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs on an interim basis, from September 1, 2010, through December 1, 2010, subject to refund.
- Work with Snohomish County to devise a budget and subsequently petition the Commission in sixty-days (no later than November 1, 2010) to allow the revenue sharing through August 31, 2011, and lift the interim status of the revenue sharing by December 1, 2010.
- Include in its petition, a recycling plan and detailed budget consistent with Snohomish County's Comprehensive Solid Waste Management Plan that shows details on the amount of revenue it expects to retain, the amount of money it plans to spend on the activities identified in the recycling plan together with the anticipated effect the activities will have on increasing recycling.

Upon compliance by the Company with the order, the Commission, in turn, would consider:

- Issuing an order by December 1, 2010, either lifting the interim status of the revenue sharing or set some other amount percentage for revenue sharing or revisit the commodity credit amounts that have been allowed to go into effect by operation of law in this docket.
- Require the Company to carry over into the next year retained revenues not spent during the previous plan period, and carry over into the following year's unspent revenues from this plan period, unless some other treatment is ordered by the Commission.

3 The Company also filed on November 1, 2011, a detailed budget for the 2010-2011 plan period. They included \$176,782 in expenditures for:

- Communication costs - \$43,000 (25 percent)
- Labor/staffing - \$83,782 (47 percent)
- Other - \$50,000 (28 percent)

- 4 RCW 81.77.185 states that the Commission shall allow a solid waste collection company collecting recyclable materials from residential 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.¹ The remaining revenue must be passed through to residential single-family and multi-family customers.
- 5 Lynnwood and Snohomish County's Revenue Sharing Agreement for the 2010-2011 plan period calls for 50 percent of the retained recyclable commodity revenue to be awarded to the Company based on completing the following tasks:
- (1) Data reporting – monthly recycling and data reports to include monthly audit reports on the recycling activities at the Cascade Recycling Center;
 - (2) Notification of rate changes – Providing materials and notice to the County to allow analysis by the County and interaction with the Commission and stakeholders regarding any proposed rate actions;
 - (3) Quarterly updates and coordination meetings – Quarterly meetings with County staff to report on implementation steps, lessons learned and next steps to ensure successful completion of the plan;
 - (4) Promotion of recycling programs;
 - (5) Increasing the proportion of households subscribing to curbside collection;
 - (6) Multi-family recycling education program;
 - (7) Area recycling coordinator – Hiring of a management level position titled Area Recycling Coordinator;
 - (8) Decreasing residuals and contaminants – Public education and increased investment in equipment and processing technologies to improve the quality of recyclables;
 - (9) Harmonization with other area curbside recycling programs;

¹ Engrossed Second Substitute House Bill 2539, Chapter 154, Laws of 2010 became effective June 10, 2010, increasing the amount that could be retained by solid waste collection companies from 30 percent to 50 percent.

- (10) Targeted commodities – Includes winter weekly yardwaste collection pilot;
- (11) E-Waste, problematic and household hazardous waste – Development of strategies to divert these waste from landfills;
- (12) Organics collection – Includes exploring feasibility for a pilot weekly collection of organics for next recycling plan period; and
- (13) Planning for possible future transition to every-other-week garbage, weekly recycling and organics collection.

6 Matt Zybas, Director Snohomish County Solid Waste Division, signed the letter and the plan, certifying that the plan is consistent with the local government solid waste plan.

7 On November 19, 2010, the Company corrected its 2009-2010 Revenue Sharing Summary from \$125,968 to \$111,289 retained revenues.

8 Staff data requests yielded additional details regarding the Company's 2010-2011 plan. Specifically, Staff was most interested in labor costs associated with the 2010-2011 plan, as these costs comprise \$83,782 (47 percent) of the plan's total expenditures. The table below summarizes these positions and salaries. Position numbers 1, 2 and 3 are new positions and have not been included in any of the Company's financial statements. Position number 4, is included in Selling, General and Administrative Expenses (SG&A) salaries and Staff has confirmed that this salary has been properly allocated out of the regulated financial statements used for calculating rates.

Position and Description ²	Total Salary and Benefits	Salary and Benefits Allocated to Lynnwood's Plan
1. <u>Recycling Manager</u> - Lead educational outreach efforts with residents, coordinate with the county, supervise intern and, ultimately, increase the diversion rate.	\$101,250	\$33,750
2. <u>Municipal Relationship Manager</u> - Supervise recycling position, augment outreach program	\$116,831	\$15,188
3. <u>Municipal Services Manager</u> - Provide leadership and history regarding education materials development, county liaison	\$116,831	\$15,188
4. <u>Municipal Intern</u> - Educational material coordination, event support.	\$39,312	\$19,656

9 The Company's Revenue Sharing Summary for the 2009-2010 plan period showed \$8,234 of unspent retained revenues. The Company will refund to single-family customers the full amount and filed on December 21, 2010, revisions to its Tariff No. 4, Pages 1, 21, and 21A revising the monthly customer credit for single-family customers from \$0.62 to \$0.68 for the remaining eight months of the 2010-2011 plan year.

10 In its Order 02, Docket TG-101224, the Commission allowed Lynnwood to retain 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs on an interim basis, from December 1, 2010, through January 1, 2011, subject to refund. This interim approval was intended to allow the Company more time to comply with Staff's data requests. The Commission would then, prior to January 1, 2011, issue an order either lifting the interim status of the revenue sharing or set some other amount for revenue sharing. The Commission also reserved the option of revisiting commodity credit amounts that had been allowed to go into effect by operation of law in this docket.

² According to the Company, these positions' individual payroll is processed through Allied Waste of Bellevue [Rabanco LTD, dba Eastside Disposal, Container Hauling, Rabanco Connections and Rabanco Companies].

FINDINGS AND CONCLUSIONS

- 11 (1) The Washington Utilities and Transportation 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. *RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.*
- 12 (2) This matter came before the Commission at its regularly scheduled meeting on December 30, 2010.
- 13 (3) Lynnwood is engaged in the business of providing solid waste services within the state of Washington and is a public service company subject to Commission jurisdiction.
- 14 (4) 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 50 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 management 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.
- 15 (5) Snohomish County is responsible for managing waste through its Comprehensive Solid Waste Management Plan. The Director of Snohomish County Solid Waste certified that Lynnwood's recycling plan is consistent with the County's Comprehensive Solid Waste Management Plan and recommended that the Commission allow Lynnwood to retain 50 percent of the revenue the Company receives from the sale of recyclable material collected from single family and multi-family customers. The Commission accepts his recommendation to allow Lynnwood to retain up to 50 percent of the revenue the Company receives from the sale of recyclable materials, subject to further review by Commission Staff.
- 16 (6) Lynnwood is required to meet the reporting requirements specified by the County in its recycling and commodity revenue sharing plan, the plan calls for a reduction

in the revenue share retained by Lynnwood to 25 percent. Failure by Lynnwood to meet other conditions in the plan may result in the County requesting from the Commission that some of the revenues retained be returned to customers.

- 17 (7) After reviewing Lynnwood's request to lift the interim status of revenue sharing and request to retain through August 31, 2011, 50 percent of the revenue received from the sale of recyclable materials collected in its recycling service, and giving due consideration, the Commission finds that Lynnwood's requests are reasonable and should be granted, subject to conditions set forth above.
- 18 (8) The Commission takes no action, allowing the revised tariff pages filed by Lynnwood on December 21, 2010, to go into effect by operation of law.

O R D E R

THE COMMISSION ORDERS:

- 19 (1) The Commission takes no action allowing the revised recyclable commodity revenue adjustment for single-family customers filed by Rabanco Ltd., d/b/a Lynnwood Disposal on December 21, 2010, to go into effect January 1, 2011, by operation of law.
- 20 (2) Rabanco Ltd., d/b/a Lynnwood Disposal is authorized to retain 50 percent of the revenue it receives from the sale of recyclable materials collected in its single-family and multi-family residential recycling programs, from December 1, 2010, through December 31, 2010.
- 21 (3) The Commission lifts the interim status of revenue sharing and recyclable commodity adjustments allowed to go into effect by operation of law, subject to refund, in Order 01, TG-101224.
- 22 (4) Rabanco Ltd., d/b/a Lynnwood Disposal, shall make its next commodity adjustment and next revenue sharing plan effective January 1, 2012, and each January 1 thereafter, and shall file all future commodity adjustments and revenue sharing plans forty-five days prior to the proposed effective date.

- 23 (5) Rabanco Ltd., d/b/a Lynnwood Disposal, will meet the reporting and all other requirements specified by Snohomish County in its recycling and commodity revenue sharing plan. The plan calls for a reduction in the revenue share retained by Rabanco Ltd., d/b/a Lynnwood Disposal, to 25 percent if it does not meet reporting requirements. The Commission requests that Snohomish County inform the Commission if the Company fails to meet its reporting requirements. Upon receipt of such information, either from Snohomish County or from another source, the Commission, in consultation with the County, shall provide notice to the Company that the revenue sharing is being reconsidered and the Company should demonstrate why its percentage should not be reduced.
- 24 (6) Revenues retained by Rabanco Ltd., d/b/a Lynnwood Disposal in this plan period that are not spent are to be carried over to the following year, unless some other treatment as may be ordered by the Commission.
- 25 (7) The Commission retains jurisdiction over the subject matter and Rabanco Ltd., d/b/a Lynnwood Disposal, to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective December 30, 2010.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Executive Director and Secretary