

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

SOUND DISPOSAL, INC.,

Petitioner,

Seeking implementation of a deferred accounting program to establish an annual commodity adjustment to pass back revenues and charges to customers for recyclable commodities

DOCKET TG-180703

ORDER 01

ORDER AUTHORIZING USE OF DEFERRED ACCOUNTING MECHANISM TO ESTABLISH AN ANNUAL COMMODITY ADJUSTMENT; ALLOWING TARIFF REVISIONS TO BECOME EFFECTIVE BY OPERATION OF LAW

BACKGROUND

- 1 On August 15, 2018, Sound Disposal, Inc. (Sound Disposal or Company) filed with the Washington Utilities and Transportation Commission (Commission) a petition requesting to establish a commodity adjustment to pass through revenues and charges for recyclable commodities to customers (Petition). The Company also filed tariff revisions proposing an initial commodity adjustment of an additional charge of \$3.15 per month for residential and multi-family recycling customers.
- 2 In its Petition, Sound Disposal states that, due to recent changes in recycling markets, the cost of processing recyclable commodities often exceeds the value of the commodities themselves, and the Company incurs those costs without the ability to pass them through to customers generating the recyclable commodities. The Company proposes to notify customers on the first bill including the new rate adjustment.
- 3 Commission staff (Staff) reviewed the filing and recommends granting Sound Disposal's request to establish an annual commodity adjustment, subject to the following conditions:
 - (a) Sound Disposal must file for a commodity adjustment in 12 months, and each year thereafter, utilizing an approved deferred accounting mechanism.
 - (b) Sound Disposal must track actual customers, material collected, and any value or cost of processing the material for use in future commodity filings.

DISCUSSION

- 4 We grant Sound Disposal's Petition subject to the conditions Staff recommends and allow the proposed tariff revisions to become effective by operation of law. In the past, recycling rates were a combination of collection cost and processing, less any value of the materials collected. Recyclable material collected is sold to a processor, who then processes the material according to market demand. The market demand, and therefore the value of the commodities, fluctuates month to month.
- 5 RCW 81.77.185(1) requires the Commission to allow solid waste collection companies collecting recyclable materials to retain up to 50 percent of the revenue paid to the companies for the material, and to pass back remaining revenue to residential customers. Here, the Company is not proposing to retain any revenue, and therefore would pass back to customers any revenues received for recyclable commodities utilizing a deferred accounting program. We note that the Commission has allowed other regulated solid waste companies to implement similar annual commodity adjustments that allow them to pass on the revenues or costs for processing recyclable material. An annual adjustment will allow the Company to pass on any revenues or charges for processing recyclable materials without incurring the time and cost of filing a complete rate case.

FINDINGS AND CONCLUSIONS

- 6 (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.
- 7 (2) Sound Disposal 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.
- 8 (3) Sound Disposal is subject to WAC 480-70-351(2), which provides that solid waste companies that estimate the revenue from the sale of recyclable materials collected in residential curbside programs as part of a deferred accounting program to return recycling revenues or charges to customers must use the most recent 12-month historical period to estimate the revenue for the next 12 months.
- 9 (4) This matter came before the Commission at its regularly scheduled meeting on September 27, 2018.

- 10 (5) After reviewing the Petition filed in Docket TG-180696 by Sound Disposal on August 15, 2018, and giving due consideration, the Commission finds that the Petition is consistent with the public interest and should be granted.

ORDER

THE COMMISSION ORDERS:

- 11 (1) The Commission grants Sound Disposal, Inc.'s Petition requesting to establish a commodity adjustment to pass back revenues and charges for recyclable commodities to customers, subject to the following conditions:
- a) Sound Disposal, Inc. must file for a commodity adjustment in 12 months, and each year thereafter, utilizing an approved deferred accounting mechanism.
 - b) Sound Disposal, Inc. must track actual customers, material collected, and any value or cost of processing the material for use in future commodity filings.
 - c) The commodity adjustment expires 12 months from the effective date of the credit.
- 12 (2) Sound Disposal, Inc. may implement an annual commodity adjustment utilizing a deferred accounting mechanism. If Sound Disposal, Inc. estimates the revenue from the sale of recyclable materials collected in residential curbside programs as part of a deferred accounting program to return recycling revenues or charges to customers, it must use the most recent 12-month historical period to estimate the revenue for the next 12 months for the purpose of calculating a commodity adjustment.
- 13 (3) The Commission retains jurisdiction over the subject matter and Sound Disposal, Inc. 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 September 27, 2018.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK L. JOHNSON, Executive Director and Secretary