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State Of WASH.
UTIL. AND TRANSP.
COMMISSION



WASTE MANAGEMENT

720 4th Ave, Suite 400
Kirkland, WA 98033

Mr. Mark Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

October 25, 2019

Re: Docket TG-131255 Inquiry into methods for setting rates for solid waste collection companies

Dear Mr. Johnson:

On behalf of Waste Management of Washington, Inc. (WMW), we submit these comments regarding the methodology for setting rates for solid waste collection companies in Washington state. We appreciate the opportunity to offer comments on the docket. We also appreciate the work done to date by the staff of the Commission.

WRRRA and BRG Proposal

The industry has spent considerable time and resources analyzing the model developed by WUTC staff and published in January 2019. We have appreciated the opportunity to understand the staff proposal and to offer our refinements to the WUTC's modified Dupont method. As a member of WRRRA, WMW has been an active participant in these discussions. WMW supports the WRRRA comments and recommends adoption of either of the two models proposed by the WRRRA.

At the outset, the model adopted for rate-setting must be reliable, replicable, and meet the WUTC standard of "fair, just, reasonable, and sufficient." WRRRA and BRG present two models that best meet the criteria for rates adopted by the Commission. BRG's models share many similarities with the January 2019 staff proposal but differ in several areas. Please see the BRG and WRRRA submissions for a full explanation.

WMW encourages the Commission and staff to continue analysis of these approaches, to continue its engagement with the industry and to adopt a method for setting rates in alignment with the WRRRA and BRG proposal.

Rates must be sufficient

Solid waste collection is a vital service that protects the health, safety, and beauty of Washington state. The Commission has a four-pronged rule for setting those rates. They must be fair, just, reasonable and sufficient. Policy on setting rates cannot be done in a vacuum. The commission must consider the sufficiency of the rates so waste companies will

remain viable and can continue to improve their operations, safety, and environmental protection.

Waste companies come in different sizes with different corporate structures. The rate setting methodology must work for all companies and support the provision of these services in WUTC collection territories by these businesses.

Waste Management – WMW's parent company – is a large, publicly-held company. In Washington State, WMW and the resources of Waste Management enable us to provide efficient, effective, and environmentally-sound solid waste collection services. Our operations vary in size and scope – from our North Sound operation in Woodinville with 182 collection trucks running on renewable natural gas to Ellensburg with 15 diesel-powered collection trucks. With operations and opportunities throughout the United States, Waste Management must constantly evaluate how and where to spend its resources to ensure reliable and safe collection services, while still ensuring that we receive appropriate returns on our investments into facilities, vehicles, and our people. It is therefore critical that WMW receive a fair return on our investment in Washington State. If the WUTC's rate-setting methodology did not provide fair returns on our investments, it would be challenging to justify investing even more resources that could be deployed elsewhere. The current Lurito-Gallagher (LG) method has allowed us to continue making investments in the communities we serve under WUTC jurisdiction. The new rate methodology must also ensure that WMW's returns are sufficient.

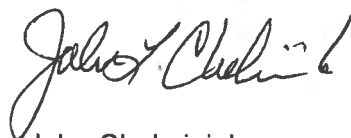
We also support ensuring that privately-held companies receive sufficient returns to continue serving their communities.

Adjusting for corporate income tax

When Congress lowered the corporate income tax, the Commission moved to implement that change in our rates. While the Dupont method supposedly is agnostic to taxes, our businesses are not. Tax rates increase or decrease our rates of return. We urge the Commission and staff to continue to work with the industry to find a method that will adjust rates for changes in federal tax policy.

Thank you for the opportunity to provide these comments. We look forward to continuing to work with the staff and the Commission to find a reliable and replicable method for setting rates into the future.

Sincerely,

A handwritten signature in black ink, appearing to read "John Chelminiak". The signature is written in a cursive, flowing style.

John Chelminiak
Senior Manager – Public Sector Partnerships
Pacific Northwest Region