

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND)	DOCKET TG-130938
TRANSPORTATION COMMISSION,)	
)	ORDER 03
Complainant,)	
)	
v.)	
)	
WASTE MANAGEMENT OF)	ORDER DISMISSING
WASHINGTON, INC., DBA WASTE)	COMPLAINT, LIFTING
MANAGEMENT - NORTHWEST,)	SUSPENSION, AND ALLOWING
)	REVISED TARIFF REVISIONS TO
Respondent.)	BECOME EFFECTIVE
.....)	

BACKGROUND

- 1 On May 24, 2013, Waste Management of Washington, Inc. (WMW or Company), dba Waste Management - Northwest (WM Northwest) and Waste Management Sno-King (WM Sno-King), filed with the Washington Utilities and Transportation Commission (Commission) revisions to currently effective WM Northwest Tariff No. 17 and WM Sno-King Tariff No. 15. WMW currently operates WM Northwest and WM Sno-King as a combined entity and seeks a single tariff to reflect the combined operations.
- 2 The original proposed filing would have increased rates for solid waste collection service in Snohomish and King Counties and generate approximately \$5,155,000 (8.9 percent) additional annual revenue, which includes an additional \$4,605,000 (12.6 percent) in garbage service, \$22,000 (0.2 percent) in recycling service and \$528,000 (9.9 percent) in yard waste service. The stated effective date was originally July 12, 2013, which the Company extended several times, eventually to October 1, 2013.
- 3 WM Northwest provides regulated service to approximately 111,000 residential and commercial customers in King and Snohomish counties. This filing takes into account increases in labor, fuel, and related operating expenses; facilities upgrades; new investments in compressed natural gas (CNG) vehicles; and changes implemented by WMW to combine WM Northwest and WM Sno-King into a single business unit. The company's last general rate increases for WM Northwest and WM Sno-King became effective in March 2009 and June 2010, respectively.
- 4 On June 27, 2013, the Commission entered Order 01, Granting Partial Exemption from Rule (Order 01), granting WMW's petition for a partial exemption from certain sections of WAC 480-07-520(4) to limit the work paper filing requirements in this docket.

5 On September 26, 2013, the Commission entered Order 02, Complaint and Order
Suspending Tariff Revisions (Order 02), suspending the Company's original tariff filing
and allowing Commission Staff to continue its review of the Company's supporting
financial documents, books and records of the combined operating units.

6 Commission Staff (Staff) has worked with the Company to make substantial adjustments
to the originally proposed revenue requirement. Due to the unusual and extraordinary
nature and amounts of the new investment Staff agreed to recommend allowing an
exception from historic rate base treatment for test period investment related to the
combined operations that reflects the investment on an end-of-period basis. Additional
major adjustments include calculation of costs allocated from the company's Cascade
Recycling Center; consideration of the proceeds from the sale of the Bothell facility;
reductions in corporate and other allocated costs from other units of the company;
removal of investment not used in regulated business; direct assignment of revenue and
expenses where possible; and adjustments to the allocations of expenses between
regulated operations and contracted cities.

7 WMW is in the process of transitioning from its fleet of diesel vehicles to CNG trucks,
pursuant to a nationwide corporate policy. Although WMW did not directly demonstrate
the cost-effectiveness of replacing its existing fleet of trucks, the Company did provide
sufficient information to satisfy Staff of the cost-effectiveness of the program. For
instance, the higher cost of CNG trucks would be offset by a 50 percent reduction in fuel
costs, a projected ten percent reduction in maintenance costs, and longer lives.
Moreover, Staff acknowledges the environmental benefits from reduced carbon emissions
and reduced noise pollution, Staff determined that it could support WMW's shift to a
CNG fleet.

8 On December 23, 2013, the Company filed with the Commission additional revisions to
currently effective WM Northwest Tariff No. 17 and WM Sno-King Tariff No. 15. This
revised filing would still increase rates for solid waste collection service in Snohomish
and King Counties but generate approximately \$1,821,000 (3.2 percent) additional annual
revenue. This reduced revenue requirement includes an additional \$478,000 (1.2 percent)
in garbage service, \$692,000 (6.2 percent) in recycling service and \$651,000 (12.2
percent) in yard waste service.

DISCUSSION

9 The Commission agrees with Staff that WM Northwest has demonstrated that its revised
expenses are reasonable and required as part of its operations, the Company's financial
information supports the revised revenue requirement, and the revised rates and charges
would generate the revised revenue requirement. WM Northwest thus has demonstrated
the revised fares are fair, just, reasonable, and sufficient and should be allowed to become
effective.

FINDINGS AND CONCLUSIONS

- 10 (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.
- 11 (2) Waste Management of Washington, Inc., is a solid waste company and a public service company subject to Commission jurisdiction.
- 12 (3) On December 23, 2013, Waste Management of Washington, Inc., filed revised rates and a revised tariff replacing the filing the Company made on May 24, 2013.
- 13 (4) This matter came before the Commission at its regularly scheduled meeting on December 27, 2013.
- 14 (5) Waste Management of Washington, Inc., has demonstrated that its expenses are reasonable and required as part of the Company's operations, the Company's financial information supports the revised revenue requirement, and the revised rates and charges would generate the Company's revenue requirement.

ORDER

THE COMMISSION ORDERS:

- 15 (1) The complaint is dismissed, and the suspension in Order 02 is lifted.
- 16 (2) The revised tariff revisions Waste Management of Washington, Inc., filed in this docket on December 23, 2013, shall become effective on January 1, 2014.

DATED at Olympia, Washington, and effective December 27, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner