



King County

Solid Waste Division

Department of Natural Resources and Parks

King Street Center

201 South Jackson Street, Suite 701

Seattle, WA 98104-3855

206-296-4466 Fax 206-296-0197

TTY Relay: 711

November 15, 2013

David W. Danner, Secretary and Executive Director

Attention: Gene Eckhardt, Assistant Director

Washington State Utilities and Transportation Commission

PO Box 47250

Olympia, WA 98504-7250

RE: King County Certification and Report: Waste Management of Washington, Inc. Revenue Sharing Agreement

Dear Mr. Danner:

The purpose of this letter is to provide the Washington Utility and Transportation Commission (WUTC) with King County's (County) determinations regarding the revenue sharing Compliance with RCW 81.77.185 by Waste Management of Washington, Inc. (Waste Management). This letter conveys support for and certification of a new revenue sharing plan (Plan) that will extend revenue sharing programs in the County until December 31, 2015. It also reports the County's findings regarding Waste Management's performance under the current revenue sharing plan from January 1, 2013 to December 31, 2013. The plan referenced herein applies to all of Waste Management's G-237 certificated territory within the County except for areas served by Waste Management of Ellensburg near Snoqualmie Pass.

2014 - 2015 Plan

Waste Management and the County have come to an agreement on a new two-year Plan for the period beginning January 1, 2014, and ending December 31, 2015. A copy of the Plan signed by both parties and certified by King County has been transmitted to you by Waste Management. This plan covers a two-year time period in order to reduce plan administrative costs by the County, Waste Management, and the WUTC, and also to provide more fluid and effective implementation of tasks between project years. Moving to a two-year Plan period is possible because of the increased accountability, transparency and high quality work undertaken by Waste Management during the last two years, as well as its significant level of coordination with the County.

The Plan is consistent with the Interpretive and Policy Statement on RCW 81.77.185 issued by WUTC on May 30, 2013. It includes a detailed work plan and budget for program activities

designed to increase recycling in the County and procedures for ongoing tracking of expenditures and performance. A copy of the Plan signed by both parties and certified by the County as being in compliance with its current Solid Waste Management Plan has been transmitted to WUTC by Waste Management.

We request that the WUTC allow Waste Management to retain 35 percent of the revenues from the sale of commodities generated during the 2014-2015 Plan period to implement the program activities described in the Plan. The 2014-2015 Plan specifies that Waste Management will be eligible for financial incentive payments of up to five percent of budgeted program expenditures as follows: three percent for increasing diversion from disposal by residential customers in their regulated areas in the County, and two percent for increasing the percentage of residential garbage customers that subscribe to organics collection services. Unexpended retained revenues will be returned to customers at the end of the period unless Waste Management is authorized to carry them forward in the 2016 Plan approved by the County and the WUTC.

In my position as Solid Waste Division Director, I have been delegated the authority to make the certification of this plan required in RCW 81.77.185. I hereby certify that the Plan submitted to you by Waste Management is consistent with the King County Comprehensive Solid Waste Management Plan.

2013 Plan

The 2013 Plan applies to the period from January 1, 2013 to December 31, 2013. We have worked closely with Waste Management on its Plan implementation and have evaluated Waste Management's implementation of the current Plan through September 30, 2013. We are satisfied that Waste Management fully met its work plan obligations and that the program expenditures were reasonable and appropriate.

The 2013 Plan states that Waste Management is eligible for financial incentive payments totaling five percent of budgeted program expenditures if they meet performance measures specified in the Plan: three percent for increasing the percentage of material diverted from residential disposal in regulated areas; and two percent for increasing the percentage of regulated residential garbage customers that subscribe to organics collection. Based on the data reporting we have received from Waste Management, both performance goals have been met. The diversion rate in regulated areas increased from 47.2% in the 2011-2012 base period to 47.5% in the first nine months of 2013, and the organics subscription rate increased from 45.6% to 47%. We acknowledge that these are small increases, but we believe that the work Waste Management has accomplished in this Plan will continue to have positive effects in upcoming years in increasing recycling for the populations targeted by the Plan. Therefore, the County recommends that Waste Management should receive the five percent incentive payment.

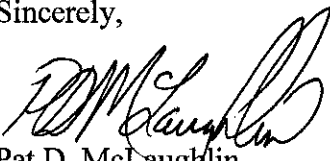
Coordination

We have worked closely with Waste Management and Snohomish County in the development of the 2014-2015 Plan and implementation of the 2013 Plan. We have also worked to harmonize the two County Plans where beneficial in order to increase efficiency and effectiveness of many Plan activities. Waste Management and Snohomish County have been good partners and all have benefited from this collaboration. The Plan activities have been beneficial to increasing recycling in King County in the short term and we anticipate even greater gains in the long term.

We appreciate the opportunity provided by the WUTC on October 28, 2013 for WM and the Counties to present to the WUTC the work being done through the Revenue Sharing Agreements. We believe this work is of high value and we hope that the WUTC will allow for a similar presentation for providing an update on the work and findings annually.

Thank you for the opportunity to offer our comments on the current Waste Management Plan for King County and our support for the 2014-2015 Plan. If you have any questions, please contact Bill Reed at 206-477-5285 or bill.reed@kingcounty.gov.

Sincerely,



Pat D. McLaughlin
Division Director

