



**Snohomish County
Public Works**

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November 19, 2012

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: Snohomish County Certification and Report: Waste Management Revenue Sharing Agreement

Dear Mr. Danner:

The purpose of this letter is to provide Snohomish County's (County) determinations regarding the revenue sharing compliance with RCW 81.77.185 by Waste Management of Washington, Inc. d/b/a Waste Management Northwest (Waste Management). This letter conveys support for and certification of the new revenue sharing plan (Plan) that will extend revenue sharing programs in Snohomish County through December 2013. It also reports the County's findings regarding Waste Management's performance under the previous revenue sharing plan from December 1, 2011 to December 31, 2012. The plans referenced herein apply to the areas in Waste Management's G-237 certificated territory within Snohomish County.

2013 Plan

Waste Management and the County have come to an agreement on a new recycling plan for the Waste Management Northwest service areas within Snohomish County for the period beginning January 1, 2013, and ending December 31, 2013. The Plan is consistent with the Interpretive and Policy Statement on RCW 81.77.185 issued by the Commission on May 30, 2013. It includes a detailed work plan and budget for program activities designed to increase recycling in Snohomish 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 you by Waste Management.

We request that the Commission allow Waste Management to retain 38 percent of the revenues from the sale of commodities generated during the 2013 Plan period to implement the program activities described in the Plan. The 2013 Plan specifies that Waste Management will be eligible for a financial incentive payment of five percent of program expenditures if diversion from disposal by single family and multifamily customers in WM's UTC regulated area in Snohomish County increases during the Plan period. 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 2014 Plan approved by the County and the Commission.

The 2013 Plan includes performance standards under which Waste Management is eligible to earn financial rewards for its role in increasing recycling in Snohomish County in an amount of five percent of program expenditures. We believe this approach is consistent with Chapter 70.95 RCW, and with the Commission's "Interpretive and Policy Statement on RCW 81.77.185" in docket number TG-112162 that was issued on May 30, 2012. Snohomish County therefore endorses this 2013 Plan with the belief that it implements the Commission's policies that allow a financial reward, so long as it is conditioned on meeting specific performance standards that indicate how the revenue-sharing funds have been "used to increase recycling."

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 Snohomish County Comprehensive Solid Waste Management Plan.

2011-2012 Plan

The original 2011-2012 Plan was for the period from December 1, 2011 to August 31, 2012. The Plan was extended to December 31, 2012 pending resolution of a number of issues about what should be included in plans. These issues have largely been resolved by the Commission through its Interpretive and Policy Statement and subsequent Settlement Agreement with Waste Management. 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, 2012. We are satisfied that Waste Management fully met its work plan obligations and that the program expenditures were reasonable and appropriate. For additional detail about deliverables and expenditures, please refer to the 2011-2012 Program Detail Report submitted separately by Snohomish County to this docket.

Under the Settlement Agreement, the Company may be rewarded in the amount of 2.5% of budgeted program expenditures for increasing voluntary subscriptions to yard/food waste collection services, and 2.5% for increasing recycling, as measured by either recycling tonnages or diversion tonnages. Based on the data reporting we have received from Waste Management, both these criteria have been met. The diversion rate (including recyclables and organics) increased from 46.9% in 2011 to 47.5% in the first nine months of 2012 in Snohomish County areas serviced by Waste Management. The number customers subscribing to organics collection on average increased from 53,580 in 2011 to 60,419 in the

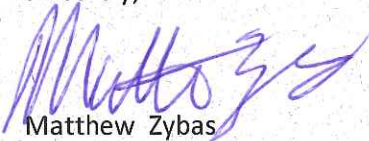
Snohomish County Waste Management UTC area. Consequently, we recommend that the Commission allow Waste Management to retain the full five percent incentive payment.

Coordination

We have worked closely with Waste Management and King County in the development of the 2013 Plan and implementation of the 2011-2012 Plan. We have worked to harmonize the two County Plans where beneficial in order to increase efficiency and effectiveness of many Plan activities. Waste Management and King County have been good partners and all have benefited from this collaboration. The Plan activities have been beneficial to increasing recycling in Snohomish County in the short term and we anticipate even greater gains in the long term. Both Counties and Waste Management would be happy to meet with the Commission during the upcoming year to present a fuller picture of the results of Plan activities.

Thank you for the opportunity to offer our comments on the current Waste Management Plan for Snohomish County and support for 2013 Plan. If you have any questions, please contact Sego Jackson at (425)388-6490 or sego.jackson@snoco.org

Sincerely,



Matthew Zybas
Solid Waste Director
Solid Waste Division