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BEFORE THE WASHINGTON UTILITIES
AND TRANSPORTATION COMMISSION

In the Matter of the Petitions of:

DOCKET NOS.

WASTE MANAGEMENT OF
WASHINGTON, INC., d/b/a WASTE
MANAGEMENT – NORTHWEST

TG-101220/11813
(Consolidated)

WASTE MANAGEMENT OF
WASHINGTON, INC., d/b/a WASTE
MANAGEMENT – SNO-KING

TG-101221/111814
(Consolidated)

WASTE MANAGEMENT OF
WASHINGTON, INC., d/b/a WASTE
MANAGEMENT – SOUTH SOUND AND
WASTE MANAGEMENT OF SEATTLE

TG-101222/111815
(Consolidated)

Requesting Authority to Retain Thirty Percent
of the Revenue Received From the Sale of
Recyclable Materials Collected in Residential
Recycling Service

NARRATIVE SUPPORTING
SETTLEMENT AGREEMENT

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I. INTRODUCTION

1. This Narrative Supporting Settlement Agreement (“Narrative”) is filed pursuant to WAC 480-07-740(2)(a) on behalf of Waste Management of Washington, Inc. for three of its separately-tariffed divisions, Waste Management of Washington, Inc d/b/a Waste Management – Northwest (“WM – Northwest”), Waste Management of Washington, Inc., d/b/a Waste Management – Sno-King (“WM – Sno-King”), and Waste Management of Washington, Inc., d/b/a Waste Management South Sound, Waste Management of Seattle (“WM – South Sound/Seattle”) (collectively, “Waste Management”); and the Staff of the Washington Utilities

1 and Transportation Commission (“Staff”). The parties have signed the Settlement Agreement,
2 which is included with this Narrative. This Narrative summarizes the Settlement Agreement.
3 It is not intended to modify any terms of the Settlement Agreement.

4 II. PROPOSED REVIEW PROCEDURE

- 5 2. The parties suggest that this matter is less complex than a general rate case, and request that
6 review proceed under the rule governing less complex matters, WAC 480-07-740(1)(b). To
7 the knowledge of the parties, there are no opponents of this settlement.

8 III. SCOPE OF THE UNDERLYING DISPUTE

- 9 3. RCW 81.77.185 directs the Commission to allow solid waste collection companies to retain up
10 to fifty percent of the revenue they receive from the sale of recyclable materials, under a
11 revenue sharing plan that is certified by the appropriate local government authority as being
12 consistent with the local government solid waste plan and that “demonstrates how the revenues
13 will be used to increase recycling.” The remaining revenue is to be passed to residential
14 customers.
- 15 4. On July 16, 2010, Waste Management filed with the Washington Utilities and Transportation
16 Commission (“Commission”) revisions to three of the Company’s then-effective tariffs under
17 WAC 480-70-351(2), requesting approval to adjust its recycling commodity credits and
18 implement a request to retain fifty percent of the revenue estimated from the sale of recyclable
19 materials collected under its regulated recycling services in King County and Snohomish
20 County, with an effective date of September 1, 2010.¹
- 21 5. Waste Management contemporaneously filed a Revenue Sharing Agreement (“RSA”), with
22 both Snohomish County (for WM – Northwest) and with King County (for WM – Sno-King
23 and for WM – South Sound/Seattle) for the period of September 1, 2010, to August 31, 2011
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26 ¹ *In re Waste Management of Washington, Inc., d/b/a/ Waste Management – Northwest*, G-237, Docket No. TG-101220, Tariff No. 17; *In re Waste Management of Washington, Inc., d/b/a/ Waste Management – Sno-King*, G-237, Docket No. TG-101221, Tariff No. 15, and *In re Waste Management of Washington, Inc., d/b/a/ Waste Management – South Sound and Waste Management of Seattle*, G-237, Docket No. TG-101222, Tariff No. 22.

1 (the “2010-2011 RSAs”), intended to implement RCW 81.77.185.² The Counties each
2 submitted letters certifying the 2010-2011 RSAs as consistent with the respective
3 Comprehensive Solid Waste Management Plans, and recommended that Waste Management
4 be allowed to retain fifty percent of the actual value of recyclable commodity revenues
5 received during the period of September 1, 2010, through August 31, 2011.³ Waste
6 Management also included with its filing a report of how the revenues from the sale of
7 recyclable commodities were spent during the immediately-preceding plan period of July 1,
8 2009, to June 30, 2010 under the previously-effective RSAs with the two Counties (the “2009-
9 2010 RSAs”).

10 6. The matters came before the Commission at its Open Meeting on August 26, 2010. The
11 Commission inquired about the manner in which the revenue from the sale of recyclable
12 materials had been budgeted and spent. The Commission authorized retention of fifty percent
13 of the revenues derived from recyclable materials collected in Waste Management’s three
14 residential recycling programs on an interim basis, from September 1, 2010, through
15 December 1, 2010, subject to refund.⁴ All three orders directed that unspent retained revenues
16 “be carried over to the following year, unless some other treatment as may be ordered by the
17 Commission.”⁵

18 7. The orders also instructed Waste Management to work with King and Snohomish Counties to
19 develop a detailed budget showing the amount of revenue the Company estimated to generate

20 ² *Waste Management Recycling and Commodity Revenue Sharing Plan for Snohomish County* (September 1, 2010 –
21 August 31, 2011); *Waste Management Recycling and Commodity Revenue Sharing Plan for King County* (September
1, 2010 – August 31, 2011).

22 ³ *Letter from Kevin Kiernan, Division Director, King County Solid Waste Division to David W. Danner, Secretary*
23 *and Executive Director, Washington Utilities and Transportation Commission* (June (sic) 15, 2010); *Letter from*
24 *Matthew Zybas, Solid Waste Director, Snohomish County Solid Waste Division to David W. Danner, Secretary and*
25 *Executive Director, Washington Utilities and Transportation Commission* (July 14, 2010).

26 ⁴ *In re Waste Management of Washington d/b/a Waste Management – Northwest*, Docket No. TG-101220, Order
01 (August 31, 2010); *In re Waste Management of Washington d/b/a Waste Management – SnoKing*, Docket No. TG-
101221, Order 01 (August 31, 2010); *In re Waste Management of Washington d/b/a Waste Management – South*
Sound/Seattle, Docket No. TG-101222, Order 01 (August 31, 2010).

⁵ Docket No. TG-101220, Order 01 ¶ 25; Docket No. TG-101221, Order 01 ¶ 25; Docket No. TG-101222, Order 01
¶ 25.

1 from the sale of recyclable commodities, the amount of money it expected to retain, the
2 amount of money it planned to spend under the proposed RSAs.⁶ On November 1, 2010, with
3 support from King and Snohomish Counties, Waste Management filed a budget requesting that
4 the Company be allowed to keep eight percent of the retained revenues as earnings, and
5 included a line-item for that amount in the budget for expenditures it presented for the
6 Commission's consideration at its Open Meeting on November 24, 2011.⁷

7 8. The Commission extended the fifty percent revenue sharing plan on a temporary basis, subject
8 to refund, through August 31, 2012.⁸ It suspended the recycling commodity credits and set the
9 matter for hearing.⁹

10 9. The three Waste Management dockets were consolidated,¹⁰ and at a prehearing conference the
11 Commission determined that Waste Management's matters were related to a set of similar,
12 consolidated dockets involving the revenue sharing plans in Pierce and Mason Counties.¹¹
13 Although the issues presented did not warrant consolidation of the two separately-consolidated
14 dockets, the Commission acknowledged that the filings were sufficiently related to justify
15 holding Waste Management's procedural schedule in abeyance pending the outcome in the
16 Pierce/Mason County dockets.¹²

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18 ⁶ Docket No. TG-101220, Order 01 ¶ 22; Docket No. TG-101221, Order 01 ¶ 22; Docket No. TG-101222, Order 01
19 ¶ 22.

20 ⁷ *In re Waste Management of Washington d/b/a Waste Management – Northwest*, Docket No. TG-101220; *In re*
21 *Waste Management of Washington d/b/a Waste Management – SnoKing*, Docket No. TG-101221; *In re Waste*
22 *Management of Washington d/b/a Waste Management – South Sound/Seattle*, Docket No. TG-101222, Petition to
23 Allow Revenue Sharing, Lift Interim Status, and Approve Revised Commodity Credits (November 1, 2010).

24 ⁸ Docket No. TG-101220, Order 02 (November 24, 2010); Docket No. TG-101221, Order 02 (November 24, 2010);
25 Docket No. TG-101222, Order 02 (November 24, 2010).

26 ⁹ Docket No. TG-101220, Order 02 ¶¶ 17 & 18; Docket No. TG-101221, Order 02 ¶¶ 17 & 18; Docket No. TG-
101222, Order 02 ¶¶ 17 & 18.

¹⁰ *In re Waste Management of Washington d/b/a Waste Management – Northwest, et al.*, Docket Nos. TG-101220;
TG-101221; TG-101222 (consolidated), Order 03 (December 1, 2010).

¹¹ Docket Nos. TG-101220; TG-101221; TG-101222 (consolidated), Order 04 (December 21, 2010) (referring to *In*
re Mason County Garbage Co., et al., Docket Nos. TG-101542; TG-101545; TG-101548 (consolidated)) (the
“Pierce/Mason County dockets”).

¹² Docket Nos. TG-101220, TG 101221, TG-101220 (consolidated), Order 04 ¶ 5.

1 10. In May 2011, the Commission ruled in the Pierce/Mason County dockets that RCW 81.77.185
2 does not authorize the Commission to require a solid waste collection company to carry over
3 to a subsequent plan period the retained revenue from the sale of recyclable materials that the
4 company does not spend on recycling activities within a given plan period.¹³ The Commission
5 further ruled that RCW 81.77.185 does not require a company to spend all retained revenues
6 on recycling activities and that financial incentives for meeting performance goals may be
7 included in a recycling plan.¹⁴ It clarified that some portion of the revenue could be used as a
8 reward to provide an incentive to the participating company to develop and implement
9 recycling efforts and thereby increase recycling.¹⁵

10 11. The Commission's decision in the Pierce/Mason County matters did not address whether the
11 proposal made by Waste Management and its partner Counties for a line-item allocating a
12 percentage of earnings was an acceptable use of revenues to increase recycling.¹⁶

13 12. The Commission then turned to Waste Management's dockets.¹⁷ A briefing schedule was
14 established to litigate whether using a portion of the recycling revenues to provide Waste
15 Management with an eight percent return on its expenditures constituted a "use[] to increase
16 recycling" within the meaning of RCW 81.77.185.¹⁸ Also, in light of the 2010-2011 RSAs
17 impending expiration, the Commission granted the request by Waste Management and its
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20 ¹³ *In re Mason County Garbage Co., et al.*, Docket Nos. TG-101542/TG-101545/TG-101548 (consolidated), Order
05 ¶¶ 32-39 (May 6, 2011).

21 ¹⁴ *Id.* ¶¶ 24-31.

22 ¹⁵ *Id.* ¶ 27.

23 ¹⁶ *Id.* FN 25 ("We are not deciding the broader question of whether RCW 81.77.185 would permit a company to
simply retain a percentage of the recycling revenues as 'profit' where there are no associated performance goals.")

24 ¹⁷ The Commission first approved a Partial Settlement Agreement that fully resolved the manner in which
unexpended revenues from the 2009-2010 RSA plan periods were treated. *In re Waste Management of Washington
d/b/a Waste Management – Northwest, et al.*, Docket Nos. TG-101220; TG-101221; TG-101222 (consolidated),
Order 06 (February 28, 2011). The budget prepared by Waste Management for the 2010-2011 RSA plan periods
retained a line item for the "Revenue retained by the Company" in an amount of eight percent, and the settlement
acknowledged that prospective application of RCW 81.77.185 to that budget item remained a disputed issue subject to
25 additional proceedings in the consolidated dockets.
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¹⁸ Docket Nos. TG-101220; TG-101221; TG-101222 (consolidated) Order 07 (June 7, 2011).

1 partner Counties to extend the plan periods and the attendant recycling commodity price
2 adjustments an additional three months, through November 30, 2011.¹⁹

3 13. The Commission ultimately denied the Company's request to keep the eight percent of
4 retained revenues that the 2010-2011 RSAs with King and Snohomish Counties authorized as
5 a financial incentive and reward because "the plans do not demonstrate that those revenues
6 will be used to increase recycling."²⁰ The Commission held that "increasing revenues from the
7 marketing of recyclable materials, without more, is not equivalent to an increase in recycling
8 under RCW 81.77.185."²¹

9 14. On October 17, 2011, Waste Management initiated these consolidated dockets, starting a new
10 revenue-sharing plan cycle by filing revised recycling commodity price adjustments under
11 WAC 480-70-351(2).²² The Company sought adjustment to its recycling commodity credits
12 for residential and multi-family customers receiving recycling collection services, under new
13 RSAs with King and Snohomish Counties for the period of December 1, 2011, to August 31,
14 2012 (the "2011-2012 RSAs"), intended as implementation of RCW 81.77.185 in light of the
15 limited guidance provided by the Commission's decisions in the Pierce/Mason County dockets
16 and its rejection of the eight-percent budget item in Waste Management's preceding dockets.²³

17 15. This time, the revenue assumptions were based on an approach that permitted the Company to
18 earn financial rewards for increasing recycling by reference to certain performance standards,
19 plus a five percent return on recycling plan expenditures.²⁴ Waste Management's recycling

20 ¹⁹ Docket Nos. TG-101220; TG-101221; TG-101222 (consolidated) Order 08 (July 14, 2011).

21 ²⁰ Docket Nos. TG-101220, TG 101221, TG-101220 (consolidated) Order 09 ¶ 40(b) (August 26, 2011). *See also*
22 Order 10 ¶ 12 (October 25, 2011) ("The provision granting Waste Management eight percent ... does not make the
requisite demonstration.").

23 ²¹ Order 10 ¶ 10.

24 ²² *In re Waste Management of Washington, Inc., d/b/a/ Waste Management – Northwest*, G-237, Docket No. TG-
25 111813, Tariff No. 17; *In re Waste Management of Washington, Inc., d/b/a/ Waste Management – Sno-King*, G-237,
Docket No. TG-111814, Tariff No. 15, and *In re Waste Management of Washington, Inc., d/b/a/ Waste Management –*
South Sound and Waste Management of Seattle, G-237, Docket No. TG-111815, Tariff No. 22.

26 ²³ *Waste Management Recycling and Commodity Revenue Sharing Plan for Snohomish County* (December 1, 2011
– August 31, 2012); *Waste Management Recycling and Commodity Revenue Sharing Plan for King County*
(December 1, 2011 – August 31, 2012).

²⁴ *Id.*

1 commodity price adjustments were calculated to allow the Company to retain thirty-percent of
2 the projected revenue for funding the King and Snohomish County 2011-2012 RSAs' program
3 activities. The budget projecting expenditures for the activities under the revenue-sharing
4 programs included line items for rewards to the Company under formulas allocating certain
5 percentages for achieving specified performance standards.²⁵

6 16. Staff reviewed the initial filing of October 17, along with a draft of the Company's 2011-2012
7 RSAs with King and Snohomish Counties. The parties convened at a meeting with Staff,
8 Waste Management representatives and County solid waste officials on November 9, 2011.
9 Also discussed at the meeting was the Commission's decision rejecting the approach taken in
10 Docket Nos. TG-101220 *et al.*, and its implications to the recycling commodity credit filed in
11 Docket Nos. TG-111813 *et al.* under the 2011-2012 RSAs.

12 17. As a result of input from Staff, the Company made a number of changes to the 2010-2011
13 RSAs and filed replacement pages on November 16, 2011. Both Snohomish County and King
14 County filed certifications with the Commission.²⁶

15 18. Waste Management's revised tariffs and the King County and Snohomish County 2011-2012
16 RSAs came before the Commission at its Open Meeting on November 23, 2011. The
17 Commission once again suspended the tariffs, while allowing the rates and revenue sharing to
18 be in effect on a temporary basis, subject to refund or credit, pending the outcome of an
19 adjudicative proceeding.²⁷ The Commission referred the matters for hearing.

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22 ²⁵ *Id.*

23 ²⁶ *Letter from Kevin Kiernan, Division Director, King County Solid Waste Division to David W. Danner, Secretary*
24 *and Executive Director, Washington Utilities and Transportation Commission* (November 18, 2011); *Letter from*
25 *Matthew Zybas, Solid Waste Director, Snohomish County Solid Waste Division to David W. Danner, Secretary and*
26 *Executive Director, Washington Utilities and Transportation Commission* (November 18, 2011).

²⁷ *In re Waste Management of Washington, Inc., d/b/a/ Waste Management – Northwest, G-237, Docket No. TG-*
111813, Order 01 (November 30, 2011); *In re Waste Management of Washington, Inc., d/b/a/ Waste Management –*
Sno-King, G-237, Docket No. TG-111814, Order 01 (November 30, 2011), and *In re Waste Management of*
Washington, Inc., d/b/a/ Waste Management – South Sound/ Seattle, G-237, Docket No. TG-111815, Order 01
(November 30, 2011).

1 19. In the meantime, on January 9, 2012, the Commission conducted a workshop on RCW
2 81.77.185, and solicited written comments on various issues and complexities about its role in
3 implementing the statute.²⁸ The Commission announced that it expected to issue an
4 interpretive and policy statement under RCW 34.05.230. It conducted a second workshop on
5 March 28, 2012.

6 20. In light of the imminent policy inquiry, Waste Management's consolidated dockets²⁹ were
7 again held in abeyance to allow for the Commission's deliberations and guidance.³⁰ The
8 parties agreed on a procedural schedule that effectively stayed further proceedings until after
9 the Commission had issued its expected interpretive and policy statement on RCW
10 81.77.185.³¹

11 21. The Commission issued an Interpretive and Policy Statement on May 30, 2012.³² Among
12 other things, the Commission stated:³³

13 [I]ncreasing revenues from the marketing of recyclable materials,
14 without more, is not equivalent to an increase in recycling under
15 RCW 81.77.185.

16 * * *

17 Bonus or incentive payments . . . are permissible to the extent they
18 are reasonably designed to encourage the company to achieve or
19 exceed plan goals or objectives.

20 * * *

21 [P]ayments should be structured as a percentage of revenues or
22 expenses, rather than a fixed dollar amount. We find particularly
23 appealing King and Snohomish County's proposal that incentive
24 payments should be determined based on a pre-determined

25 ²⁸ *Revenue Sharing Docket*, Docket No. TG-112162, Notice of Opportunity to Comment (January 13, 2012).

26 ²⁹ *In re Waste Management of Washington, Inc., d/b/a/ Waste Management – Northwest, G-237*, Docket No. TG-111813, Order 02; *In re Waste Management of Washington, Inc., d/b/a/ Waste Management – Sno-King, G-237*, Docket No. TG-111814, Order 03; and *In re Waste Management of Washington, Inc., d/b/a/ Waste Management – South Sound/ Seattle, G-237*, Docket No. TG-111815, Order 03 (January 23, 2012).

³⁰ Docket Nos. TG-111813, Order 04; TG-111814, Order 05, TG-111815, Order 05 (February 8, 2012).

³¹ *Id.*

³² *In re Commission's Investigation of Recycling Revenue Sharing Plans*, Docket No. TG-112162, Interpretive and Policy Statement on RCW 81.77.185 (May 30, 2012).

³³ *Id.* ¶¶ 13, 29, 31, 32.

1 percentage of company expenditures to achieve the goal or
2 objective, rather than a percentage of revenues. . . . Both King and
3 Snohomish Counties recently have negotiated Plans in which they
4 have agreed to "an incentive equal to 5% of expenditures." We
5 believe that is an appropriate amount and will expect any bonus or
6 incentive percentage to be no higher than that percentage without
7 compelling justification.

8 22. In Paragraph 7 of the Interpretive and Policy Statement, the Commission said:

9 The statement the Commission is issuing in this docket reflects our
10 current interpretation of RCW 81.77.185, but it is not binding on the
11 Commission or interested persons and thus does not preclude parties
12 from raising these issues in the context of specific Plans.

13 23. According to RCW 34.05.230(1), "Current interpretive and policy statements are advisory
14 only."

15 **IV. SUMMARY OF PROPOSED SETTLEMENT**

16 24. In light of the Interpretive and Policy Statement, the parties have reached agreement on the
17 disputed issues in these consolidated dockets. In sum, the Settlement Agreement allows Waste
18 Management to retain up to five percent of its program expenditures for all plan periods
19 subject to this consolidated docket based on evidence that demonstrates achieving performance
20 objectives which indicate an increase in recycling under the King County and Snohomish
21 County Plans. Waste Management and Staff reserve the right to raise the issues in the
22 Interpretive and Policy Statement in the context of future specific revenue-sharing plans.

23 25. Under the relevant RSA plan periods, an increase in recycling can be demonstrated by
24 reference to increased recycling tonnages, decreased landfill disposal volumes, and increased
25 voluntary subscriptions to yard/food waste collection services in both Counties.³⁴ Therefore,
26 under the Interpretive and Policy Statement and prior Commission orders, Waste Management
is eligible to retain a reward for increasing recycling if it meets these program objectives. The
parties agree that these are legitimate performance objectives, but also reserve the right to
identify other meaningful standards by which an increase in recycling may be indicated in
addition to the ones used in this case, and by entering into this Settlement Agreement do not

³⁴ The evidence of increasing commodity values is not included in the calculations supporting this Settlement Agreement.

1 intend to preclude the use of other performance standards that could be used as plan goals or
2 objectives, consistent with the Interpretive and Policy Statement.³⁵

3 26. Although the performance objectives in the RSAs are legitimate, the parties acknowledge that
4 the formulas proposed in the RSAs for measuring Waste Management's financial incentives
5 are not consistent with the Interpretive and Policy Statement. The rewards proposed in the
6 RSAs are measured by reference to revenues, not program expenditures. Therefore, under this
7 Settlement Agreement, the parties agree to assign rewards to Waste Management by reference
8 to program expenditures instead of the approach articulated in the RSAs. The parties agree to
9 rewarding the Company in the amount of 2.5% of budgeted program expenditures for
10 increasing voluntary subscriptions to yard/food waste collection services; and 2.5% for
11 increasing volumes, as measured by either recycling tonnages or diversion tonnages.

12 27. Under this agreed-upon approach, for the 2010-2011 RSAs the amounts of the actual revenues
13 and expenditures are known and measurable. For achieving benchmarks demonstrating an
14 increase in recycling, Waste Management will retain a five percent profit on 2010-2011 RSA
15 program expenditures less capital, in an amount totaling \$75,305. The Company's original
16 filing proposed that incentives worth \$422,862 would be included in the amount retained by
17 the Company for the 2010-2011 RSA plan period. The parties hereby agree to revise this
18 number downward to the cap of five percent, i.e., \$75,305. When taking into account
19 \$179,427 in excess retained recyclable commodity revenues already credited to customers, an
20 additional \$347,557 will be refunded to customers for the 2010-2011 RSA plan period.

21 28. For the King and Snohomish County RSA plan periods that are currently set to expire on
22 December 31, 2012, the recycling commodity credit proposed for the next period will include
23 a true-up of the Company's incentive reward capped at five percent of budgeted expenditures
24 for the entire 2011-2012 RSA plan periods, including the extension, with any remaining
25

26 ³⁵ Interpretive and Policy Statement at 12 (The Commission "should not be prescriptive in the types of recycling-
related activities that a Plan may properly encompass and that 'recycling' includes all phases of the solid waste
company's process of collecting, sorting, and selling recyclable materials.")

1 disparity between that amount and the originally-budgeted amount refunded to the customers.
2 That specific dollar amount is not yet capable of being determined. For the 2011-2012 RSAs,
3 five percent of budgeted expenditures representing the sum that may be retained by Waste
4 Management is \$94,829.³⁶ The amount of revenue to be returned to ratepayers will be
5 calculated to reflect actual revenues, as well as actual expenditures. Under this Settlement
6 Agreement the parties hereby agree to use the methodology set forth in Paragraph 26 above for
7 determining the Company's financial incentive. The amount is to be capped at five percent of
8 budgeted expenditures, and based on demonstrating an increase to recycling as evidenced by
9 reference to the performance standards in the original filings of the 2011-2012 RSAs. The
10 Company agrees to file, and Staff agrees to recommend approval of, tariff pages reflecting the
11 attendant recycling commodity price adjustments calculated in accordance with this agreed-
12 upon methodology.

13 V. STATEMENT OF THE PUBLIC INTEREST

14 29. The Commission may approve settlements when doing so is lawful, the settlement terms are
15 supported by an appropriate record, and when the result is consistent with the public interest in
16 light of all the information available to the Commission.³⁷ In considering settlement
17 agreements, the Commission may accept the settlement, with or without conditions, or reject
18 it.³⁸

19 30. The core issue of the dispute in these two consolidated cases is the interpretation of RCW
20 81.77.185. Since the time when the Commission suspended these two consolidated dockets,
21 the Commission issued its Interpretive and Policy Statement. The Commission's policies
22 about how to acceptably design revenue sharing agreements are now more clear than they were
23 when Waste Management made the filings that are subject of this settlement. Although the

24 ³⁶ The 2011-2012 RSAs have two periods. For the initial plan period of December 1, 2011 to August 31, 2012, the
25 budget for program expenditures was \$1,133,566; and for the extension plan period of September 1, 2012 to
December 31, 2012, the budget was \$763,000.

26 ³⁷ WAC 480-07-750(1).

³⁸ WAC 480-07-750(2).

1 Company made good faith efforts to present revenue-sharing plans that would comport with
2 the Commission's policies, it lacked clear direction.

3 31. The parties believe it is in their best interests to avoid the expense, inconvenience, uncertainty,
4 and delay inherent in a litigated outcome. The issuance of the Interpretive and Policy
5 Statement has resolved a number of uncertainties that allow the parties to resolve the pending
6 litigation for both consolidated dockets in a manner that comports with the Commission's
7 policies. Revenue sharing has been the subject of litigation in three consecutive plan periods,
8 and multiple litigated docket matters. It is in the public interest that this dispute be concluded
9 without the further expenditure of resources.


10 32. The settlement is lawful, is it supported by an extensive record, and it is consistent with the
11 public interest. It meets all pertinent legal and policy standards, and the parties respectfully
12 request that the Commission approve it in full.

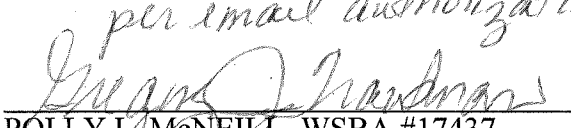
13 WASHINGTON UTILITIES AND
14 TRANSPORTATION COMMISSION
15 STAFF

WASTE MANAGEMENT OF
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20 Counsel for Utilities and Transportation
21 Commission Staff

per email authorization
22 
23 POLLY L. MCNEILL, WSBA #17437
24 *for* Attorneys for Waste Management of
25 Washington, Inc.

26 Dated: September 5, 2012

Dated: September 5, 2012

4833-7085-8256, v. 1