



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

October 18, 2018

Sent via email to Washington county commissioners and solid waste managers

Re: Solid Waste Management Plan – Recycling Cost Impacts

Dear Commissioners:

Under [RCW 70.95.090](#) and [RCW 70.95.096](#), the Utilities and Transportation Commission (Commission) must review county Solid Waste Management Plans (Plan) to assess impacts on solid waste collection rates charged to customers by UTC-regulated solid waste haulers. The law further requires the Commission to advise the county and the Washington Department of Ecology on the probable effects of the Plan's recommendations on solid waste collection rates.

This letter is to inform you that as the Commission reviews your county's Plan, we will focus on the rate impacts of specific county policies that require collection of certain materials for recycling. The Commission will also consider whether the Plan includes a finding that those recyclable materials have a positive economic value.

In 2017, the Chinese government announced its "National Sword" policy, the effect of which has been to significantly limit the kinds and amounts of recyclable materials it will accept from foreign nations for processing. Because China has historically been a major buyer of Washington state's recyclables, this new policy is substantially impacting Washington recycling programs. Processing costs have risen dramatically, and a large number of post-consumer recyclable materials no longer generate positive economic value.

If a county requires collection of glass, plastic bags, aseptic packaging, shredded paper, or plastics #3 through #7, its Plan should show recycling haulers have documentation of contracts or other indication of third party intent to purchase those commodities.

No market has yet been developed to replace Chinese demand for many recycled materials. Collection companies and recycling facilities are facing new financial challenges in the processing, resale, and disposal of recyclable materials. Recycling facilities are now charging companies to receive many recyclable materials, rather than paying solid waste haulers for the commodities. The costs of delivering materials to a recycling facility and processing those materials now exceed disposal costs for those same materials at a transfer station or landfill.

October 18, 2018

Page 2

County-mandated materials for recycling are collected, sorted, and stored at significant expense at Materials Recovery Facilities before they are determined to lack value as recyclable commodities and are then deposited in transfer stations and landfills, increasing disposal costs.

Ultimately, these costs are passed on to customers. Prior to the implementation of National Sword, the Commission approved customer rate credits resulting from regulated companies' earnings on collected recyclable materials. These rate credits are now becoming rate increases.

Since the implementation of National Sword, the Commission has received and granted requests by solid waste collection companies to adjust customer rates, resulting in rate increases ranging from \$0.25 to \$4.09 per month.

The Commission encourages the counties to work with the Washington Department of Ecology and local solid waste collection companies to develop realistic Plans for cost-effective recycling until such time as economically and environmentally sustainable markets for recyclable commodities are developed.

If you have any questions, please contact Mark Vasconi, Director, Regulatory Services Division at mark.vasconi@utc.wa.gov or (360) 664-1308.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark L. Johnson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark L. Johnson
Executive Director and Secretary
Utilities and Transportation Commission