

Agenda Date: January 30, 2014  
Item Number: B1

**Docket:** TG-132286  
Company Name: Peninsula Sanitation Service, Inc., G-011

Staff: Brett P. Shearer, Regulatory Analyst  
Mike Young, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Issue a Complaint and Order Suspending Revised Tariff No. 16 filed by Peninsula Sanitation Service, Inc., on December 16, 2013.

### **Discussion**

On December 16, 2013, Peninsula Sanitation Service, Inc., (Peninsula or company), filed Revised Tariff No. 16 with the Utilities and Transportation Commission (commission) in compliance with order 02 in docket TG-120283 issued by the Commission on June 28, 2012. This filing would generate approximately \$230,000 (8 percent) additional annual revenue. The proposed rates are prompted by increases in employee wages and benefits, fuel, and other general operating expenses. The company's last general rate increase became effective July 1, 2012. The company serves approximately 5,000 customers in Pacific and Wahkiakum Counties.

Order 02 in docket TG-120283 required Peninsula to work with staff to implement improved accounting and recordkeeping practices to comply with work paper filing requirements set forth in WAC 480-07-520. The order also required the company to file a general rate case and cost of service study with a proposed effective date no later than February 1, 2014.

Staff has completed its review of the supporting documents filed by the company and the company has not yet responded to several staff data requests. Staff has determined the proposed rates would result in excess revenue. Staff and the company have not agreed on either a revenue requirement or a rate design structure. The primary areas of disagreement include; travel expenses incurred by the owner, as President of the Washington Recycling & Refuse Association, to attend out-of-state events, equipment and repair expenses, legal and accounting fees, affiliate rent, advertising, driver payroll, officer payroll, and meals and entertainment.

The company did not file a completed cost of service study and the company has not yet responded to staff data requests for additional information that staff needs to prepare an independent cost of service study. The company did not provide sufficient information to accurately allocate revenues and expenses between regulated and non-regulated activities and has not yet responded to staff data requests for additional information that staff needs to make those allocations.

### **Customer Comments**

On January 1, 2014, the company notified its customers of the proposed rate increase by mail. Staff received three consumer comments, all opposed to the rate increase. Consumers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

### **Business Practices**

- One customer stated that the company charges \$5.00 to each customer that lives in a gated community for opening the gate to enter.

### **Staff Response**

Staff will investigate to determine whether customers are being charged correctly.

### **General Comments**

- Customers believe the company raises its rates too frequently, and that this increase is excessive.

### **Staff Response**

The customers were advised that state law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and the opportunity for the company to earn a reasonable return on investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

### **Conclusion**

Issue a Complaint and Order Suspending Revised Tariff No. 16 filed by Peninsula Sanitation Service, Inc., on December 16, 2013.