

Agenda Date: December 28, 2017
Item Numbers: B1 & B2

**Dockets: TG-171114
TG-171140**

Company Name: Waste Connections of Washington, Inc.

Staff: Tiffany Van Meter, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Take no action, allowing Tariff No. 3 filed by Waste Connections of Washington, LLC, on November 15, 2017, as revised on December 20, 2017, to become effective January 1, 2018, by operation of law.

Discussion

On November 8, 2017 Waste Connections of Washington, LLC. (Waste Connections or company) filed revisions to Tariff No. 2 that would generate approximately \$316,000 (2 percent) additional annual revenue to recover increasing disposal fees. Then on November 15, 2017, Waste Connections filed Tariff No. 3 with the Utilities and Transportation Commission (commission) that would generate approximately \$643,000 (3.6 percent) additional annual revenue. The second filing is a general rate case to recover increases in employee wages and benefits, fuel, maintenance, and other general operating expenses. The company serves approximately 68,000 customers in Clark County. The company's last general rate increase became effective on November 1, 2008.

The November 8, 2017, filing to recover a disposal fee increase of \$4.34 (from \$88.88 per ton to \$93.22 per ton) (5.1 percent) set by Clark County, was applied to rates after staff completed the general rate case. This was because both tariff revisions go into effect on the same day.

Staff reviewed the November 15, 2017, general rate case tariff revision and found the proposed rates would result in excessive revenue. Staff made several adjustments throughout this case most notably to depreciation expense. Staff changed the useful lives of new trucks from a proposed useful life of 7 years with a 20 percent salvage value to 10 years with a 0 percent salvage value. This matches company policy that trucks have a 10 year life with zero salvage value. This also ensures the company fully recovers its investment in these assets and prevents assets from remaining on the depreciation schedule for years after their useful life is exhausted. The company has depreciated stranded salvage values of older depreciated assets with this filing. This adjustment decreases the revenue requirement by approximately \$191,000 of additional annual revenue.

The company and staff have agreed on an revenue requirement of \$408,000 (1.98 percent) additional annual revenue. Staff and the company have also agreed on revised rates, which are

fair, just, reasonable, and sufficient. On December 20, 2017, the company filed revised rates at staff recommended levels.

Rate Comparison

Service	Current Rates	Company Proposed Rates	Revised Rates	Percent Increase/Decrease
<u>Residential</u>				
1 32gal. Can Garbage (Weekly)	\$13.01	\$13.73	\$13.53	4.0%
2 32gal. Can Garbage (Weekly)	\$18.94	\$20.00	\$19.71	4.0%
<u>Commercial</u>				
1 Yd. Container (Weekly)	\$16.90	\$17.81	\$17.55	3.8%
2 Yd. Container (EOW)	\$27.06	\$28.59	\$28.17	4.1%
<u>Drop Box Service</u>				
Empty & Return 40 Yds	\$108.60	\$112.46	\$114.80	5.7%

Customer Comments

On November 30, 2017, the company notified its customers by mail of the proposed tariff revision. Customers were notified that they may access relevant documents about this tariff revision on the commission's website and may comment either at the December 28, 2017, Open Meeting or using the Commission's website.

General Comments

Comments against the proposed increase included one comment about poor service. Several mentioned the increase requested exceeded increases in their income.

Two customers expressed support, stating they are happy with the company's service.

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 to earn a reasonable return on its investment. Regulatory staff reviews filings to ensure that all rates and fees meet this standard.

Staff reached out to the customer who commented about poor service, asking for more detail. The customer has not responded.

Conclusion

Take no action, thereby allowing the tariff pages filed on November 15, 2017, and revised on December 20, 2017, to go into effect January 1, 2018, by operation of law.