

Agenda Date: January 15, 2009
Item Number: B2

Docket: TG-082230
Company Name: Sanitary Service Co., Inc., G-14

Staff: Nicki Johnson, Regulatory Analyst
Nancy Paulson, Consumer Protection Staff

Recommendation

Take no action on this filing at this time to allow for customer comments.

Discussion

On December 16, 2008, Sanitary Service Co., Inc., (Sanitary Service or company), filed with the Utilities and Transportation Commission (commission) tariff revisions for residential recycling and yard waste collection service that would generate \$90,871 (10.4 percent) in additional annual revenue. The proposed rates would increase the residential recycling revenues by \$83,633 (10.8 percent) and yard waste revenues by \$7,238 (7.0 percent) on an annual basis. The company serves approximately 17,500 residential customers in Whatcom County. The proposed rates are prompted by increases in labor, fuel, and other operating costs. The company's last general rate increase became effective in July 2008.

Today's presentation allows customers or other parties to make comments to the commission concerning the company's proposed rates. No action is required by the commission. Staff will make its recommendation to the commission at the open meeting on January 29, 2009.

Customer Comments

On December 23, 2008, the company notified its customers of the rate increase by mail. The commission has received two customer comments on this filing. The following is a summary of the comments received and staff's response:

- **Customer Comment** – Opposed to the rate increase because, for the quality of service the company provides, Sanitary Service is a lot more expensive than other waste providers. Sanitary Service should look to cut expenses and tighten up their operations in these tough economic times. The customer, who lives on Lummi Island, states that Sanitary Service has not picked-up his recycling bins in six weeks and doubts whether the company will issue a credit for the missed pick-ups.

Staff's Response – Although staff understands the customers' concerns regarding the amount of the increase, we do not explicitly consider the amount of the increase in preparing recommendations. Staff audits the company's financial records to ensure the company's costs are accurate and reasonable. Staff's goal is to recommend the "right" rates that will allow the company to recover reasonable operating expenses and provide

an opportunity to earn a reasonable return on investment. Consumer Protection staff e-mailed the customer to determine if he would like to file an informal complaint.

Customer Comment – According to the notice, the recycling rates are going up. I would rather see the garbage rates go up and the recycling down. That would provide an incentive to recycle instead of a disincentive.

Staff's Response –The Whatcom County minimum service level ordinance requires all garbage customers to pay for recycle service regardless of whether they use the curbside service. This serves as an incentive to participate in curbside recycling. Staff audits the company's financial records to ensure that the recycle rate includes only reasonable costs and a reasonable return on investment.

Rate Comparison

	Present	Proposed
Residential Monthly Rates		
Mandatory Recycling – Every-Other-Week	\$3.73	\$4.13
Voluntary Yard Waste - Every-Other-Week	\$10.00	\$10.70

Average Customer Charge Comparison – One Can Garbage

Monthly Garbage	Present	Proposed
Garbage Component	\$11.83	\$11.83
Mandatory Recycling – Every-Other-Week	\$3.73	\$4.13
Recycle Commodity Charge	\$.38	\$.38
Total Garbage and Mandatory Recycling	\$15.94	\$16.34
		2.5%
Total Garbage and Mandatory Recycling	\$15.94	\$16.34
Voluntary Yard Waste - Every-Other-Week	\$10.00	\$10.70
Total Garbage, Mandatory Recycling and Voluntary Yard Waste	\$25.94	\$27.04
		4.2%

Commission staff has not yet completed its review of the company's supporting financial documents, books and records.

Conclusion

Take no action on this filing at this time to allow for customer comments.