

Agenda Date: July 30, 2009  
Item Number: B1

**Docket:** TG-090927  
Company Name: Torre Refuse and Recycling, LLC, d/b/a Sunshine Disposal and Recycling, G-260

Staff: Layne Demas, Regulatory Analyst  
Dennis Shutler, Consumer Protection Staff

### **Recommendation**

Take no action, allowing the proposed revised rates filed by Torre Refuse and Recycling, LLC, d/b/a Sunshine Disposal and Recycling on July 16, 2009, to become effective August 1, 2009, by operation of law.

### **Discussion**

On June 17, 2009, Torre Refuse and Recycling, LLC, d/b/a Sunshine Disposal and Recycling (Torre or company) filed with the Utilities and Transportation Commission (commission) a new Tariff No. 7 that would generate approximately \$464,000 (24.96 percent) in additional annual revenue. The tariff revisions propose to increase rates for solid waste collection. Torre serves approximately 5,200 residential and commercial regulated customers in Stevens County. The proposed rate revisions are prompted by increases in disposal fees, maintenance costs, labor and benefits, and fuel expense. This is Torre's first rate filing since acquiring the service area from Waste Management in 2004.

Staff's analysis shows Torre's proposed rates are excessive. Staff and the company have negotiated revised rates that will generate approximately \$440,000 (23.67 percent) in additional annual revenue. On July 16, 2009, Torre filed substitute pages with the commission reflecting the revised rates.

### **Customer Comments**

The commission received 39 customer comments on this filing; 38 are opposed and one is undecided. Please note that customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff advised customers that they may access company documents about this rate case at [www.utc.wa.gov](http://www.utc.wa.gov), and that they may contact Dennis Shutler at 1-888-333-9882 with questions or concerns.

### **Filing Documents and Methodology Comments**

- Seven customers commented that fuel costs have come down and they believe the company should no longer use this as a factor justifying increased rates.

#### **Staff Response:**

Even though fuel costs have come down from last year's level, the commission uses a twelve month average to determine the fuel costs allowed in rates.

- Two customers believe the requested rate increase between the 32 gallon and the 64 gallon containers is not proportional, and that customers producing less garbage will see their costs increase more than customers producing twice the amount of garbage.

**Staff Response:**

The rate spread between services is determined by the actual cost to provide the service. The data shows that the difference in cost is not determined by the size of the can but by the weight of the garbage in the can.

- Three customers believe a smaller increase, around ten percent, would be acceptable.

**Staff Response:**

The commission looks at all applicable costs to provide service and calculates the “right rate”. A specific percentage increase is not a targeted goal.

**Service Quality Comments**

- Three customers stated charges should not be billed when services are not provided, such as during inclement weather.

**Staff Response:**

Companies are not required to credit for missed pickups, if they collect what was missed when conditions permit.

**Business Practices Comments**

- Four customers commented that the company does not offer recycling.

**Staff Response:**

Decisions to recycle are made by local government officials through a solid waste management plan. For questions or comments about the design of a recycling program, customers should contact their city or county solid waste division.

**General Comments**

- Thirty customers believe the amount of the increase is unacceptable and unaffordable due to increased costs of living and current economic conditions.

**Staff Response:**

State law requires rates to be fair and reasonable for customers, and sufficient to allow the company the opportunity to recover operating expenses and earn a return on investment.

**Rate Comparison**

<b><u>Residential - monthly rates</u></b>	<b><u>Present</u></b>	<b><u>Proposed</u></b>	<b><u>Revised</u></b>
One 32 Gallon Can Per Week	\$16.30	\$20.00	\$19.50
One 64 Gallon Cart Per Week	\$22.50	\$25.00	\$25.00

<b><u>Commercial - per pickup</u></b>	<b><u>Present</u></b>	<b><u>Proposed</u></b>	<b><u>Revised</u></b>
One Yard Container	\$17.46	\$21.00	\$20.00
Two Yard Container	\$22.42	\$31.50	\$31.00

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are reasonable and required as part of the company's operations. The company's financial information supports the revised revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

**Conclusion**

Staff recommends the commission take no action, allowing the proposed revised rates to become effective August 1, 2009, by operation of law.