

Agenda Date: February 12, 2009
Item Number: B1

Docket: **TG-090086**
Waste Management of Washington, d/b/a Waste Management - Northwest, G-237

Staff: Layne Demas, Transportation Program Staff
Dennis Shutler, Consumer Protection Staff

Recommendation

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

Discussion

On January 14, 2009, Waste Management of Washington, d/b/a Waste Management - Northwest, (Northwest or company), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate approximately \$6,900,000 (17.5 percent) in additional annual revenue. The proposed effective date is March 1, 2009. The tariff revisions propose to increase rates for garbage, curbside recycling, and yardwaste collection services. The proposed rate revisions are prompted by increases in disposal fees, recycle and yardwaste processing costs, labor, fuel, medical insurance, pension costs, and other operating expenses. Snohomish County is increasing its disposal fee from \$89 to \$105 (18 percent) per ton. Northwest serves approximately 88,000 residential and commercial customers in Snohomish County. Northwest's last rate increase was effective June 1, 2005.

Today's presentation allows customers or other interested parties to comment to the commission. No action is required by the commission. Staff will make its recommendation to the commission at the open meeting scheduled for February 26, 2009. Northwest notified its customers of the proposed rate increase by mail on January 29, 2009.

Customer Comments

A total of 93 customer comments have been received to date; 3 in favor, 86 opposed and 2 undecided. Some comments that may impact the base rate or consumption rate will not be responded to until the audit is complete. Staff posted all requested materials to the commission's Web site. The results of the audit will be available when the staff recommendation is presented to the commissioners.

Consumer Protection staff advised customers that they have access to all company's documents pertinent to this rate case at www.utc.wa.gov, and that they may contact Dennis Shutler at 360-664-1108 with questions or concerns.

- **Filing Documents and Methodology Comments**
Eleven customers commented on fuel expenses being one component justifying this increase in rates, though fuel costs have gone down.

Staff Response

Staff conducts an independent audit of the company's financial records.

- **Service Quality Comments**

Fifteen 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 they missed when conditions permit, as long as the amount of the extra garbage is reasonably what would have accumulated during the missed period.

- **Business Practices Comments**

Five customers suggested differing levels of service from what is provided today, specifically: service once a month rather than weekly; service every other week rather than weekly; garbage cans smaller than 20 gallons; yard waste totes smaller than 96 gallons.

Staff Response

Consumer Protection staff forwarded these suggested service options to the company. The company responded stating if there was a sizeable interest and demand for additional levels of service, the company would consider this.

One customer asked why the company is not developing a system to incinerate the garbage.

Staff Response

Consumer Protection staff forwarded these suggested service options to the company. The company responded stating the option of incineration is a decision of the county, and such consideration is not a part of the county's solid waste plan.

- **General Comments**

Thirty-five customers believe the amount of the increase is unacceptable and unaffordable.

Two customers questioned the amount of the increase, suggesting a smaller increase would be more reasonable and favorable.

Staff Response

Consumer Protection staff advised customers that state law requires rates to be fair and reasonable for customers, but sufficient to allow the company the opportunity to recover operating expenses and earn a return on investment.

Rate Comparison

| <u>Residential - monthly rates</u> | <u>Present</u> | | <u>Proposed</u> |
|---|-----------------------|--|------------------------|
| One Mini Can Per Week | \$7.45 | | \$8.90 |
| One 32 Gallon Can Per Week | \$12.30 | | \$14.90 |
| One 35 Gallon Cart Per Week | \$13.25 | | \$16.10 |
| Mandatory Curbside Recycling | \$6.70 | | \$7.50 |
| Recycling Commodity Credit (<i>expires July 31, 2009</i>) | (\$2.82) | | (\$2.82) |
| Voluntary Yardwaste | \$9.20 | | \$10.80 |
| | <u>Present</u> | | <u>Proposed</u> |
| <u>Commercial - per pickup</u> | | | |
| One Yard Container | \$13.30 | | \$16.60 |
| Two Yard Container | \$22.90 | | \$28.60 |
| Drop Box 10-50 Yard sizes | \$104.90 | | \$117.50 |

Average Customer Charge Comparison – One 35 Gallon Cart Customer

| <u>Monthly Service</u> | <u>Present</u> | | <u>Proposed</u> |
|---|-----------------------|--|------------------------|
| Garbage | \$13.25 | | \$16.10 |
| Mandatory Recycling- <i>net of commodity credit</i> | <u>\$3.88</u> | | <u>\$4.68</u> |
| Total Garbage and Mandatory Recycling | \$17.13 | | \$20.78 |
| | | | 21.3% |
| Voluntary Yardwaste | \$9.20 | | \$10.80 |
| Total: Garbage, Mandatory Recycling and Voluntary Yardwaste | \$26.33 | | \$31.50 |
| | | | 19.6% |

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

Conclusion

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