

Agenda Date: March 12, 2009
Item Number: B1

Docket: **TG-090247**
Zippy Disposal Services, Inc., G-121

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

Recommendation

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

Discussion

On February 13, 2009, Zippy Disposal Services, Inc. (Zippy), filed a new proposed Tariff 15. The filing proposes to increase rates for solid waste collection that would generate approximately \$34,000 (3.4 percent) in additional annual revenue to Chelan customers only. The proposed effective date is April 1, 2009. The proposed rate revisions are prompted by increases in labor costs and disposal fees in Chelan County. Chelan County is increasing its disposal fees from \$27.83 to \$28.53 per yard. Zippy serves approximately 1,700 residential and commercial customers in Chelan, Douglas and Okanogan counties. Zippy's last general rate increase became effective February 1, 2008.

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 March 26, 2009. Zippy notified its customers by mail on February 28, 2009.

Customer Comments

A total of three customer comments have been received to date: all are opposed. Some comments regarding the rates cannot be responded to until the audit is complete. The results of the audit will be available when the staff recommendation is presented to the commissioners. Please note: 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 all company documents pertinent to this rate case at utc.wa.gov, and that they may contact Dennis Shutler toll-free at 1-888-333-9882 with questions.

Filing Documents and Methodology Comments

- One customer believes the amount of the increase is unacceptable, stating as the reason for their opposition that the company should not increase the rates of the two smallest trash can sizes while reducing the rates of all larger can sizes. This customer believes the increase should be equal among all customers or the entire increase should be placed on the larger sized can users.

Staff Response

The company has proposed to lower two rates. It proposes to make the rate for the 65 gallon automated cart equal to the two can service, and the 95 gallon cart equal to the three can service. This is to encourage can customers to switch to the more efficient automated service, as switching is voluntary. There is no additional charge for a company provided cart.

- One customer commented on fuel expenses being one component of the rate increase request, though fuel costs have gone down.

Staff Response

The last fuel surcharge in effect expired on November 30, 2008.

General Comments

- Two customers questioned the amount of the increase and the frequency of increases, suggesting a smaller increase would be more reasonable and favorable, or the company could reduce its operational costs.

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>Present</u>	<u>Proposed</u>
<u>Residential - monthly rates</u>		
Chelan		
One Mini Can per week	\$ 11.35	\$ 12.05
One 32 gal. Can per week	\$ 13.50	\$ 14.40
Two 32 gal. Cans per week	\$ 17.30	\$ 18.00
One 65 gal. Cart per week	\$ 20.55	\$ 18.00
Douglas and Okanogan		
One Mini Can per week	\$ 12.65	N/C
One 32 gal. Can per week	\$ 14.85	N/C
Two 32 gal. Cans per week	\$ 19.00	N/C

	<u>Present</u>	<u>Proposed</u>
<u>Commercial - per Pickup</u>		
Chelan		
One yard container	\$ 13.65	\$ 14.25
Two yard container	\$ 21.05	\$ 22.10
Douglas and Okanogan		
One yard container	\$ 15.25	N/C
Two yard container	\$ 23.30	N/C

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

Conclusion

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