

Agenda Date: December 28, 2017  
Item Number: E3

**Docket:** TG-171130  
Company Name: Basin Disposal, Inc. G-118

Staff: Scott Sevall, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

1. Issue an order acknowledging this filing as complying with Order 02 issued in Docket TG-170189;
2. Order Basin Disposal, Inc. to file a tariff supplement each successive year, to be effective January 1 of each following year, to update the Superfund surcharge using the same allocation method that was adopted in this filing, until the legal process is completed;
3. Allow the tariff revisions filed on November 16, 2017, and revised on December 20, 2017, to become effective by law on January 1, 2018.

### **Discussion**

On November 16, 2017, Basin Disposal, Inc. (BDI or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$86,886 (2 percent) additional annual revenue. BDI serves approximately 5,500 residential and commercial customers in Benton, Franklin, and Walla Walla counties. The filing is to comply with Order 01 issued in docket TG-170189.<sup>1</sup> The last general rate increase for BDI became effective January 1, 2018.

This filing represents BDI complying with the commission order, and implementing a yearly surcharge to recover legal costs for company representation in the superfund cleanup process. The surcharge is calculated by allocating total legal cost, using regulated customer tonnage and creating a monthly surcharge to be added to residential, commercial, and industrial customers as a separate line item. The revenue collected from this surcharge will be tracked in a separate account on the company's general ledger. Next year, any over or under collection will be added or subtracted to the allocated legal fees when calculating the surcharge for the coming year.

The surcharge will continue until liability has been determined by the courts and the final cleanup plan has been finalized. The funds collected through the surcharge are not for costs associated with environmental cleanup, but for legal representation during the process. Costs associated with environmental cleanup is to be tracked in an individual account. This account is to be offset by any third party payments to the company for environmental cleanup. Once all third party funds have been received the company can then apply to recover these costs as a deferred asset.

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<sup>1</sup> See TG-170189 Memo 01 and TG-170189 Order 02.

Staff has completed its review of the company's supporting financial documents, books, and records for the superfund legal costs for the time period of October 2016, through September 2017. Staff's review found that the company's proposed rates would result in insufficient revenue, as the companies original filing included only eleven months of legal costs. Staff and the company agreed to a revised revenue requirement of approximately \$99,440 (2.2 percent) additional annual revenue. On December 20, 2017, BDI filed revised tariff pages with the revised rates at staff recommended levels. The following table illustrates the effects of the surcharge:

**Surcharge Rates**

<b>Line of Service</b>	<b>Company Proposed</b>	<b>Staff Proposed</b>
Residential (Per Customer Account Per Month)	\$0.31	\$0.37
Commercial (Per Customer Account Per Month)	\$1.42	\$1.66
Industrial (Per Ton Disposal)	\$2.58	\$3.01

**Customer Comments**

On November 30, 2017, BDI notified customers of the surcharge. Customers were notified that they may access relevant documents about the filings on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or [jcupp@utc.wa.gov](mailto:jcupp@utc.wa.gov) with questions or concerns. Staff received one consumer comment in favor of the surcharge.

**Conclusion**

1. Issue an order acknowledging this filing as complying with Order 02 issued in Docket TG-170189;
2. Order Basin Disposal, Inc. to file a tariff supplement each successive year, to be effective January 1 of each following year, to update the Superfund surcharge using the same allocation method that was adopted in this filing, until the legal process is completed;
3. Allow the tariff revisions filed on November 16, 2017, and revised on December 20, 2017, to become effective by law on January 1, 2018.