

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	DOCKET TG-130501
)	<i>(consolidated)</i>
Complainant,)	
)	
v.)	
)	ORDER 03
MURREY’S DISPOSAL COMPANY, INC., G-9,)	
)	
Respondent.)	
.....)	
)	
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,)	DOCKET TG-130502
)	<i>(consolidated)</i>
Complainant,)	
)	ORDER 03
v.)	
)	
AMERICAN DISPOSAL COMPANY, INC., G-87,)	FINAL ORDER APPROVING AND ADOPTING SETTLEMENT AGREEMENT
)	
Respondent.)	
.....)	

1 **PROCEEDING:** On April 8, 2013, Murrey’s Disposal Company, Inc. (Murrey’s Disposal), and its sister company, American Disposal Company, Inc. (American Disposal), filed with the Washington Utilities and Transportation Commission (Commission) revisions to their tariffs. The revisions would increase rates generate approximately \$2,287,000, or 8.2 percent, in additional revenue.

2 **PARTY REPRESENTATIVES:** David W. Wiley, Williams, Kastner & Gibbs
PLLC, Seattle, Washington, represents Murrey's and American. Steven W. Smith,
Assistant Attorney General, Olympia, Washington, represents the Commission's
regulatory staff (Staff).¹

3 **BACKGROUND AND PROCEDURAL HISTORY:** Murrey's Disposal provides
regulated solid waste collection services to approximately 35,000 residential and
commercial customers in Pierce County. American Disposal also provides solid
waste collection services in Pierce County to approximately 17,500 residential and
commercial customers.

4 The companies filed for a rate increase that would generate approximately
\$2,287,000, or 8.2 percent.² The request included the following rate increases:

<u><i>Service Affected</i></u>	<u><i>Murrey's Disposal</i></u>	<u><i>American Disposal</i></u>
Residential Garbage	2.59%	2.6%
Commercial Garbage	2.46%	2.46%
Multi-Family Garbage	4.42%	4.76%
Roll Off Service	5.06%	5.06%
Curbside Recycling	25.68%	25.68%
Multi-Family Recycling	19.99%	20.12%
Recycling Stations	25.68%	25.68%
Yard Waste	15.85%	15.85%

¹ In formal proceedings, such as this, the Commission's regulatory staff participates like any other party, while the Commissioners make the decision. To assure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners' policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. See RCW 34.05.455.

² The companies' last general rate increase went into effect on March 1, 2010. Staff's Narrative in Support of Settlement Agreement ¶ 4.

- 5 The Commission suspended operation of the tariffs by Order 01, entered in these dockets following the May 9, 2013, open meeting. On May 20, 2013, the Commission convened a prehearing conference before Administrative Law Judge Marguerite E. Friedlander. In Order 02 – Prehearing Conference Order, Order of Consolidation, Notice of Status Conference, and Notice of Hearing, the Commission consolidated the dockets and established a procedural schedule for processing the matter.
- 6 The parties filed a Settlement Agreement and supporting documentation on August 1, 2013, resolving all issues and waiving their right to an initial order. On August 13, 2013, Staff responded to Bench Request No. 1 by providing Attachment A to the Settlement Agreement in Microsoft Excel format. Shortly thereafter, Staff and the companies filed testimony in support of the Settlement Agreement.³
- 7 **SETTLEMENT:** The parties propose a total revenue increase of \$1,043,966 for the companies.⁴ This results in approximately: \$198,530 in additional revenue from residential yard waste customers, \$845,436 in additional revenue from residential recycling customers, and no additional revenue from residential, commercial, and drop box services garbage customers.⁵ The agreed-upon rate increases are as follows:

³ Staff prepared the testimony of Melissa Cheesman, which was filed on September 3, 2013. Murrey's Disposal and American Disposal filed the testimony of Irmgard Wilcox on August 30, 2013.

⁴ Settlement Agreement ¶ 8.

⁵ Id. ¶ 5.

TABLE 1⁶				
Residential and Multi-Family Recycling	Current Rate	Proposed Rate	Rate Increase	Percentage Increase
One 96-Gallon Toter Every Other Week Pickup (with garbage service)	\$ 6.00	\$ 7.26	1.26	21.00 %
One 96-Gallon Toter Every Other Week Pickup (without garbage service)	\$ 9.00	\$ 10.89	1.89	21.00 %
Re-Delivery	\$ 17.50	\$ 21.17	3.67	20.97 %
Drive-in over 250 feet	\$ 3.75	\$ 4.54	0.79	21.07 %
Return Trip	\$ 10.50	\$ 12.70	2.20	20.95 %
Multi-Family Recycling				
Per Yard Per Pickup	\$ 3.71	\$ 4.49	0.78	21.02 %
Multi-Family Recycling Stations				
One 90-Gallon Toter Per Pickup	\$ 5.30	\$ 6.41	1.11	20.94 %
2-Yard Container Per Pickup	\$ 11.00	\$ 13.31	2.31	21.00 %
4-Yard Container Per Pickup	\$ 23.50	\$ 28.43	4.93	20.98 %
6-Yard Container Per Pickup	\$ 34.28	\$ 41.47	7.19	20.97 %
One 90-Gallon Toter Monthly Rental	\$ 4.00	\$ 4.84	0.84	21.00 %
2-Yard Container Monthly Rental	\$ 10.50	\$ 12.70	2.20	20.95 %
4-Yard Container Monthly Rental	\$ 13.00	\$ 15.73	2.73	21.00 %
6-Yard Container Monthly Rental	\$ 15.50	\$ 18.75	3.25	20.97 %
Residential and Multi-Family Yard Waste				
One 95-Gallon Toter Every Other Week Pickup	\$ 5.91	\$ 6.53	0.62	10.49 %
Extra Bag	\$ 1.90	\$ 2.10	0.20	10.53 %
Re-Delivery	\$ 17.50	\$19.34	1.84	10.51 %

⁶ Exhibit B to Settlement Agreement.

8 The Settlement Agreement also authorizes the companies to amortize the expenses of both the loss on the sale of assets⁷ and prior year insurance claims⁸ over a three year period as long as they file a general rate case no later than April 1, 2016, using calendar year 2015 as the 12-month test period.⁹

9 Many of the other adjustments the parties agreed to include accounting issues that were raised by Staff. Some of these accounting issues are as follows: (1) removal of an inter-company brokerage expense and adjustment of the recycled materials processing costs from Tacoma Recycling Co., Inc., an affiliate of the companies;¹⁰ (2) exclusion of overhead costs not recoverable in rates, such as depreciation related to non-regulated operations, lobbying, and community activity;¹¹ (3) adjustment of the allocation of the Fife transfer station investment and expense between regulated and non-regulated entities;¹² and (4) re-allocation of the Division Vice President's salary and benefits between regulated and non-regulated operating units based on revenue.¹³ In all, the agreed adjustments result in a reduction of the original \$2,287,001 revenue requirement request to \$1,043,966.

10 **DISCUSSION AND DECISION:** WAC 480-07-750(1) states in part: "The commission will approve settlements when doing so is lawful, the settlement terms are supported by an appropriate record, and when the result is consistent with the public interest in light of all the information available to the commission." Thus, the Commission considers the individual components of the Settlement Agreement under a three-part inquiry, asking:

⁷ Melissa Cheesman states that the test period included a loss on the sale of assets and that the adjustment amortizing the loss reduces the revenue requirement by \$20,400. Testimony of Melissa Cheesman at 8:14-17.

⁸ Ms. Cheesman also explains that the test period includes an unusually large, non-recurring liability expense related to prior year liability claims paid during the test year. *Id.* at 6:6-12 and n. 1.

⁹ Settlement Agreement ¶ 9.

¹⁰ Testimony of Melissa Cheesman at 6:20-7:1.

¹¹ *Id.* at 7:6-9.

¹² *Id.* at 7:16-19.

¹³ *Id.* at 8:5-6.

- Whether any aspect of the proposal is contrary to law.
- Whether any aspect of the proposal offends public policy.
- Whether the evidence supports the proposed elements of the Settlement Agreement as a reasonable resolution of the issue(s) at hand.

11 The Commission must determine one of three possible results:

- Approve the proposed settlement without condition.
- Approve the proposed settlement subject to conditions.
- Reject the proposed settlement.

12 We approve the Settlement Agreement without condition as a reasonable resolution of the rate proceedings. Both Ms. Cheesman's testimony and Staff's Response to Bench Request No. 1 substantiate the agreement. In fact, the Commission commends Staff, and in particular Ms. Cheesman, for providing a clear and detailed explanation of the accounting issues, such as allocation of various expenses between regulated and non-regulated entities, resolved under the Settlement Agreement.

13 The parties have adjusted the companies' revenue requirement for expenses that are unusual or extraordinary, fees paid to an affiliate, and assets that were not used and useful. The adjustments agreed to by the parties are appropriate and result in rates that are fair, just, reasonable, and sufficient.

14 The terms in the Settlement Agreement are not contrary to law, are supported by an appropriate record, and offer a result that is consistent with the public interest. We approve the agreement as filed and without condition.

FINDINGS AND CONCLUSIONS

15 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including solid waste collection companies.

16 (2) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of, and parties to, this proceeding.

- 17 (3) Murrey's Disposal Company, Inc., and American Disposal Company, Inc., are
solid waste collection services corporations operating within Pierce county.
- 18 (4) The companies did not show the rates proposed by tariff revisions filed on
April 8, 2013, and suspended by prior Commission order, to be fair, just, or
reasonable.
- 19 (5) The companies have demonstrated that their current rates are insufficient to
yield reasonable compensation for the solid waste collection services they
provide in Washington.
- 20 (6) The parties in this proceeding, Staff and the companies, reached a Settlement
Agreement that is supported by sufficient evidence in the record, is consistent
with the public interest, and should be approved.
- 21 (7) As part of the agreement, the companies will implement rates as described in
more detail in Table 1 above.
- 22 (8) The companies are authorized to amortize the losses incurred on both the sale
of assets and prior year insurance claims over three years, provided the
companies file a general rate case no later than April 1, 2016, using calendar
year 2015 as the 12-month test period.

ORDER

THE COMMISSION ORDERS:

- 23 (1) The Settlement Agreement executed by Commission Staff, Murrey's Disposal
Company, Inc., and American Disposal Company, Inc., attached as Appendix
A, is approved without condition and adopted as part of the final order of the
Commission.
- 24 (2) The Commission Secretary is authorized to accept by letter, with copies to all
parties to this proceeding, such filings as the companies make to comply with
the terms of this Order.

- 25 (3) The Commission retains jurisdiction to effectuate the terms of this Order.

Dated at Olympia, Washington, and effective October 3, 2013.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

PHILIP B. JONES, Commissioner

JEFFREY D. GOLTZ, Commissioner

NOTICE TO PARTIES: This is a Commission Final Order. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 and WAC 480-07-870.

**Appendix A
(Settlement Agreement)**

Attachments to the Settlement Agreement are not included due to the voluminous size. They are available upon request.