

Agenda Date: February 25, 2010
Item Numbers: B2 and B3

Dockets: TG-100108, TG-100109
Company Names: American Disposal Company, Inc. G-87
Murrey's Disposal Company, Inc. G-9

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

Recommendation

Take no action, allowing the revised rates filed by American Disposal Company, Inc. G-87 and Murrey's Disposal Company, Inc. G-9 in Dockets TG-100108 and TG-100109 to become effective March 1, 2010, by operation of law.

Discussion

On January 15, 2010, American Disposal Company, Inc., ("American") and Murrey's Disposal Company, Inc., ("Murrey's"), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate \$1,220,060 (4.5 percent) in additional annual revenue for solid waste, curbside and multi-family recycling, and yard waste collection services. American and Murrey's (collectively "the companies") are under common ownership and have identical rates. The companies serve approximately 53,000 residential and commercial customers in Pierce County. The last general rate increase became effective May 1, 2009.

The proposed residential and commercial solid waste rate increases are prompted by a \$4.20 per ton tip fee increase and wage and benefit increases. Disposal fees are increasing from \$108.74 per ton to \$112.94 per ton at Land Recovery, Inc., the disposal site in Pierce County. Staff's analysis showed the companies' proposed rates were excessive. Staff and the companies agreed to revised rates that generate \$1,075,290 (4.0 percent) in additional annual revenue. On February 17, 2010, the companies filed substitute pages with the commission at revised rates.

Rate Comparison

Residential Monthly Rates	Current Rate	Proposed Rate	Revised Rate
Solid Waste - One Can Weekly Service	\$14.31	\$15.02	\$14.91
Recycling - Every Other Week Service	\$ 6.00	N/C	\$ 6.00
Yard Waste - Every Other Week Service	\$ 5.76	\$ 5.97	\$ 5.91
Commercial Per Pick Up			
Multi-Family Recycling (Per Yard)	\$ 3.63	\$ 3.78	\$ 3.71
Multi-Family (96 Gallon Cart)	\$ 5.30	\$ 5.60	\$ 5.30
One Yard Container	\$17.22	\$18.09	\$18.02
Drop Box (20 Yard, Rent)	N/A	\$89.25	\$83.00
Drop Box (20 Yard, First Haul)	\$148.00	\$86.85	\$86.85
Drop Box (20 Yard, Addl. Haul)	\$73.00	\$86.85	\$86.85

Average Customer Charge Comparison – One Can Solid Waste

Service Level	Present	Proposed	Revised
Solid Waste Component (subscribes to mandatory recycling)	\$14.31	\$15.02	\$14.91
Mandatory Recycling – Every Other Week	\$6.00	\$6.00	\$6.00
Recycle Commodity Credit	(\$.14)	(\$.14)	(\$.14)
Total Solid Waste and Mandatory Recycling	<u>\$20.17</u>	<u>\$20.88</u>	<u>\$20.77</u>
Percent Increase		3.5%	3.0%
Total Solid Waste and Mandatory Recycling	\$20.17	\$20.88	\$20.77
Voluntary Yard Waste – Every Other Week	<u>\$5.00</u>	<u>\$5.97</u>	<u>\$5.91</u>
Total Solid Waste, Mandatory Recycling and Voluntary Yard Waste	<u>\$25.17</u>	<u>\$26.85</u>	<u>\$26.68</u>
Percent Increase		6.7%	6.0%

Customer Comments

American

On January 29, 2010, the company notified its customers of the proposed rate increase by mail. The commission received 14 customer comments on this filing; 13 customers oppose the proposed increase and one customer 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, and that they may contact Dennis Shutler at 1-888-333-9882 with questions or concerns.

Business Practice Comments

- One customer wants the company to add every other week garbage service. One customer wants the company to increase the can weight allowance to between 55 or 60 pounds.

Staff Response

Staff advised the customers that the company is not considering service level adjustments in this rate case; however, it offers once per month service.

General Comment

- Eleven customers believe the amount of the increase is excessive due to increased costs of living and current economic conditions. Four customers believe the company should work within a budget, like its customers.

Staff Response

Customers were advised that state law requires rates to be fair, reasonable and sufficient to allow the company the opportunity to recover reasonable operating expenses and earn a reasonable return on investment.

- Two customers want increased recycling efforts. One customer objected to Pierce County raising the tipping fee 3.862 percent.

Staff Response

Staff advised the customers to contact Pierce County's Solid Waste Division at (253) 798-2179 to comment on these issues. Recycling decisions are made through Pierce County's solid waste management plan.

Murrey's

On January 29, 2010, the company notified its customers of the proposed rate increase by mail. The commission received 15 customer comments on this filing; all customers oppose the proposed increase.

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

General Comment

- Six customers believe the amount of the increase is excessive due to increased costs of living and current economic conditions. Three customers believe the company should work within a budget, like its customers.

Staff Response

Customers were advised that state law requires rates to be fair and reasonable, and sufficient to allow the company the opportunity to recover reasonable operating expenses and earn a reasonable return on investment.

- Two customers said the recycling credit reduction causes their costs to increase.

Staff Response

Staff advised the customer commodity credits were reduced due to a decline in the demand for raw recyclable materials.

- Three customers commented on poor customer service. One customer commented on the unsafe operations and questionable maintenance of the company's vehicles.

Staff Response

Staff contacted the customers and offered to open an informal complaint. Two customers declined to open a complaint. Staff resolved one customer's complaint where his yard waste service was missed on two occasions and the company has committed to monitor his service.

Conclusion

Commission staff has completed its review of the companies' supporting financial documents, books and records. Staff's review shows that the expenses are reasonable and required as part of the companies' operations. The customer's comments do not change staff's opinion that the companies' financial information support the revised revenue requirement and the revised rates and charges are fair, just, reasonable and sufficient.

Staff recommends the commission take no action, allowing the revised rates filed by American Disposal Company, Inc., G-87 and Murrey's Disposal Company, Inc., G-9 in Dockets TG-100108 and TG-100109 to become effective March 1, 2010, by operation of law.