

Agenda Date: September 28, 2011
Item Number: B1

Docket: TG-111503

Company Name: Torre Refuse and Recycling, LLC, d/b/a Sunshine Disposal and Recycling
G-260

Staff: Layne Demas, Transportation Program Staff
Pam Smith, Consumer Protection Staff

Recommendations

1. Take no action, allowing the proposed rates and commodity credit filed by Torre Refuse and Recycling, LLC, d/b/a Sunshine Disposal and Recycling to become effective October 1, 2011, by operation of law.
2. Require the company to institute a deferred accounting mechanism for the sale of recyclable materials collected in the company's residential and multi-family recycling program.

Discussion

On August 17, 2011, Torre Refuse and Recycling, LLC, d/b/a Sunshine Disposal and Recycling, (Sunshine or company) filed with the Utilities and Transportation Commission (commission) a new Tariff Number 3 to implement a Spokane County mandated residential comingled recycling program. Spokane County, by issuance of county ordinance 11-0642, designated an urban/suburban portion of Western Spokane County to receive mandatory pay residential and multi-family comingled recycling service. Sunshine has also filed proposed rates for a voluntary "organic recycling" service in the same area. Organic recycling service is yardwaste and food waste service combined.

The tariff revisions propose to add a new rate of \$5.00 per month for both residential and multi-family recycling service. Both customer types will be provided a 95 gallon toter with service being provided every other week. Sunshine will provide recycling service to approximately 1,400 customers. The proposed rate for the new voluntary organic recycling service will be \$12.00 per month for a 95 gallon toter. Service will be provided weekly from March through November and monthly for December, January and February.

The comingled recycling service will generate approximately \$84,000 in new annual revenue from the approximately 1,400 affected customers. Sunshine is basing its organic recycling rate on an anticipated 325 customers generating approximately \$48,000 in new annual revenue.

The company also proposes to add a commodity credit of \$0.60 per month for all recycling customers. This commodity credit will be adjusted annually in accordance with the commission's deferred accounting methodology. The commodity adjustment has two components: a true-up component that, for the previous twelve-month test period, compares the estimated commodity value to the actual commodity value, and an estimate of the revenue (cost) of the next twelve months using the average twelve-month test period revenue (cost). Staff recommends that the commission require Sunshine to implement deferred accounting treatment

for the revenue (cost) received (paid) from the sale (disposal) of recyclable commodities collected in the company’s residential recycling service using the most recent twelve-month test period to true-up the estimated revenue to actual revenue, and to estimate revenue for the next twelve-month period.

Average Customer Charge Comparison – 35 Gallon Toter Customer

<u>Weekly Service</u>	<u>Present</u>	<u>Proposed</u>
<u>Residential - Monthly Rates</u>		
Garbage Component	\$18.75	\$18.75
Curbside Recycling –every other week	N/A	\$ 5.00
Commodity Credit	N/A	(\$.60)
Total Garbage and Recycling	\$18.75	\$23.15
Percentage Increase		23.5%
Voluntary Organic Recycling-weekly	N/A	\$12.00
Total: Garbage, Recycling and Organic Recycling	\$18.75	\$35.15
Percentage Increase		87.5%

Commission staff has completed its review of the company’s supporting financial documents, books and records. Staff’s review shows that the expenses are reasonable and required as part of the company’s operations. The company’s financial information supports the proposed revenue requirement and the proposed rates and charges are fair, just, reasonable, and sufficient.

Customer Comments

On August 25, the company notified its customers of the new rates to reflect Spokane county mandatory co-mingled curbside recycling in certain areas of the county. Two customer comments have been received to date. 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 Pam Smith at 1-888-333-9882 with questions or concerns.

General Comments

- Both customers believe that recycling should not be mandated.

Staff Response

The customers are aware that Spokane County requires the recycling fee, and were advised to contact the county to dispute the fee.

Conclusions

1. Take no action, allowing the proposed rates and commodity credit filed by Torre Refuse and Recycling, LLC, d/b/a Sunshine Disposal and Recycling to become effective October 1, 2011, by operation of law.

2. Require the company to institute a deferred accounting mechanism for the sale of recyclable materials collected in the company's residential and multi-family recycling program.