

Agenda Date: June 27, 2001  
Item Numbers: 2E and 2F

**Dockets: UR-010623 and UR-010706**

Company Name: U. S. Ecology, Inc.

Staff: Layne Demas, Regulatory Services Division  
Ken Hua, Regulatory Service Division  
Chris Vernon, Public Involvement Coordinator

**Recommendation:**

Dismiss the complaint and order suspending the filings in Dockets UR-010623 and UR-010706.

Allow the proposed rates to become effective January 1, 2002.

Approve the conditions set forth in the settlement agreement proposed by U.S. Ecology.

**Discussion:**

On April 30, 2001, U. S. Ecology, Inc., (Ecology) filed for a general rate decrease in Docket UR-010623 with a requested effective date of June 1, 2001. Ecology failed to file a complete tariff so on May 10, 2001, Ecology filed the rest of the tariff with a request for LSN treatment requesting a June 1, 2001, effective date in Docket UR-010706. Both dockets were suspended and no action taken on the LSN request on the May 30, 2001, open meeting. Ecology is also requesting that the implementation dates of the tariff rates be effective January 1, 2001.

Ecology's last general rate filing was approved in 1995 in Docket UR-950619. The final rates and rate design were a culmination of a long collaborative process that began in 1994. A stipulation as to rate design and other ratemaking issues was reached by the collaborative group and approved by the Commission in the Fifth Supplemental Order in Docket UR-950619. Finally, a settlement agreement was reached to iron out the last remaining issues. This was approved by the Commission in the sixth supplemental order of the same docket. The end result of the whole process was a complete overhaul of the rate design, increased rates to be effective January 1, 1996, and annual projections of expected LLRW (low-level-radioactive waste) for the four subsequent years. Based on these annual projections, the rates are adjusted effective each January 1st to achieve the approved revenue requirement.

The rate increase approved in Docket UR-010484 effective January 1, 2001, was the last of the rate adjustments under the 1995 agreement. The rates proposed for January 1, 2002, and the five years following are subject to a new review by Commission Staff. Staff has completed its review of Ecology's books and records for the test period ended December 31, 2000. Attachment A shows the effect of the proposed rates. The proposed revenue requirement in this filing is approximately \$5.2 million. It is a reduction of approximately \$.7 million from the 2001 revenue

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requirement. Ecology has proposed to follow the conditions set forth in the original settlement agreement. The original settlement agreement has been updated as shown in Attachment B.

The main issues addressed in the settlement agreement are rate design, rate adjustment mechanism, rate setting methodology, NORM/NARM Revenue, and a moratorium on general rate filings. Ecology presented this updated settlement agreement to the generators in the hopes there would be unanimous acceptance of the proposal. There has not been any written opposition to applying the conditions of the settlement agreement received to date.

Staff recommends the Commission dismiss the Complaint and Order Suspending the filings and allow the proposed rates to become effective January 1, 2002, for Dockets UR-010623 and UR-010706. Staff also recommends the Commission approve the conditions of the settlement agreement.