

Agenda Date: March 26, 2009
Item Number: B2

Docket: TG-090247
Company Name: Zippy Disposal Services, Inc., G-121

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

Recommendation

Take no action, thereby allowing the proposed rates to become effective April 1, 2009, by operation of law.

Discussion

On February 13, 2009, Zippy Disposal Services, Inc., (Zippy or company), filed a new proposed Tariff 15. The filing proposes to increase rates for solid waste collection for approximately 1,600 Chelan customers only that would generate approximately \$34,000 (3.4 percent) in additional annual revenue. The proposed effective date is April 1, 2009. The proposed rate revisions are prompted by increases in labor costs and disposal fees in Chelan County. Chelan County is increasing its disposal fees from \$27.83 to \$28.53 per yard. Zippy serves approximately 1,900 residential and commercial customers in Chelan, Douglas and Okanogan counties. Zippy's last general rate increase became effective February 1, 2008.

Customer Comments

A total of three customer comments have been received to date; all opposed. Please note: 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 all company documents pertinent to this rate case at utc.wa.gov and that they may contact Dennis Shutler toll-free at 1-888-333-9882 with questions.

Filing Documents and Methodology Comments

- One customer believes the amount of the increase is unacceptable, stating the company should not increase the rates of the two smallest trash can sizes while reducing the rates of all larger can sizes. This customer believes the increase should be equal among all customers or the entire increase should be placed on the larger sized can users.

Staff Response

The company has proposed to lower two rates. It proposes to make the rate for the 65-gallon automated cart equal to the two-can service and the 95-gallon cart equal to the three-can service. This is to encourage can customers to switch to the more efficient wheeled-cart service. There is no additional charge for a company-provided cart.

- One customer commented on fuel expenses as a component of the rate increase request, even though fuel costs have gone down.

Staff Response

Fuel costs are included in rates as a normal operating expense. The commission uses the latest twelve month average to compute fuel expense. At the moment, this average cost is higher than the current spot rate but fuel is a volatile commodity and forecasting where it will be at any point in time is impossible. The company had a fuel surcharge for part of 2008. The most recent fuel surcharge expired on November 30, 2008.

General Comments

- Two customers questioned the amount of the increase and the frequency of increases, suggesting a smaller increase would be more reasonable and favorable, or the company could reduce its operational costs.

Staff Response

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

Rate Comparison

	<u>Present</u>	<u>Proposed</u>
<u>Residential - monthly rates</u>		
Chelan		
One Mini Can per week	\$ 11.35	\$ 12.05
One 32 gal. Can per week	\$ 13.50	\$ 14.40
Two 32 gal. Cans per week	\$ 17.30	\$ 18.00
Three 32 gal. Cans per week	\$ 20.55	\$ 21.95
One 65 gal. Cart per week	\$ 20.55	\$ 18.00
One 95 gal. Cart per week	\$ 23.85	\$ 21.95
Douglas and Okanogan		
One Mini Can per week	\$ 12.65	N/C
One 32 gal. Can per week	\$ 14.85	N/C
Two 32 gal. Cans per week	\$ 19.00	N/C

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 requested revenue requirement and the proposed rates and charges are fair, just, reasonable, and sufficient.

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Conclusion

Staff recommends the commission take no action and allow the proposed rates to become effective April 1, 2009, by operation of law.