

Agenda Date: September 24, 2014
Item Number: B2

Docket: TG-143113
Company Name: Gary's Garbage Service, LLC G-122

Staff: Mike Young, Regulatory Analyst
Scott Sevall, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Take no action, allowing Tariff No. 3 filed by Gary's Garbage Service, LLC, on August 8, 2014, as revised on September 16, 2014, to become effective October 1, 2014, by operation of law.

Discussion

On August 8, 2014, Gary's Garbage Service, LLC. (Gary's or company), filed Tariff No. 3 with the Utilities and Transportation Commission (commission) that would generate approximately \$35,700 (29.7 percent) additional annual revenue. The proposed rates are to recover increases in employee wages and benefits, disposal fees, fuel, maintenance, and other general operating expenses since the company's last general rate increase became effective on January 1, 2003. The company serves approximately 350 customers in Pend Oreille County.

Staff has completed its review of the company's supporting documents and records. Staff found the company used an incorrect capital structure and expensed items that should have been capitalized. These and other minor adjustments lowered the revenue requirement to approximately \$30,300 (25.2 percent) additional annual revenue. Reduced rental rates for all drop boxes reduced the revenue requirement by \$1,330 for a total revenue requirement of approximately \$29,000 (24.2 percent). On September 16, 2014, the company filed revised rates that would generate the agreed upon lower revenue requirement and that staff believes are fair, just, reasonable, and sufficient.

RATE COMPARISON

	Current Rate	Company Proposed Rate	Staff Revised Rate	Percent Change to Current
Residential Garbage				
1 Can - Weekly Pickup	\$14.37	\$18.61	\$17.98	25.1%
2 Cans - Weekly Pickup	\$18.12	\$23.47	\$22.67	25.1%
1 Can – Every-Other-Week Pickup	\$11.50	\$14.90	\$14.39	25.1%
Commercial Garbage (Per Pickup)				
1-Yard Container	\$14.95	\$ 19.36	\$18.70	25.1%
2-Yard Container	\$24.00	\$31.09	\$30.03	25.1%
Roll-Off Garbage				
10-yard Container	\$58.25	\$75.45	\$72.88	25.1%
10-Yard Drop Box Rent	\$ 212.75	\$ 45.00	\$ 45.00	-78.8%
40-Yard Drop Box Rent	\$ 212.75	\$ 100.00	\$ 100.00	-53%

Customer Comments

On August 13, 2014, the company notified its customers by mail of the proposed rate increase. Customers were notified they may access relevant documents about this rate increase on the commission’s website, and they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns. Staff received two comments opposed to the rate increase.

General Comments

- Both customers expressed concern that the current operators have owned the company for only a short while, but propose such an excessive rate increase.

Staff Response

The customers were advised that state law requires rates to be fair, just, reasonable and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Regulatory staff review filings to ensure that all rates and fees are appropriate.

Conclusion

Take no action, allowing Tariff No. 3 filed by Gary’s Garbage Service, LLC, on August 8, 2014, as revised on September 16, 2014, to become effective October 1, 2014, by operation of law.