

Agenda Date: June 30, 2022
Item Number: B1

Docket: TG-220326
Company Name: Sound Disposal Holdings d/b/a Sound Disposal Inc.

Staff: Ben Sharbono, Regulatory Analyst
John Cupp, Regulatory Analyst, Consumer Protection

Recommendation

Take no action, thereby allowing the tariff pages filed by Sound Disposal Holdings d/b/a Sound Disposal Inc. on May 4, 2022, and revised on June 23, 2022, to take effect by operation of law July 1, 2022.

Background

On May 4, 2022, Sound Disposal Holdings d/b/a Sound Disposal Inc. (Sound Disposal or Company) filed with the Washington Utilities and Transportation Commission (Commission) a tariff revision generating approximately \$378,000 (26.9 percent) additional annual revenue for the collection of garbage, recycling, and yard waste services. The Company is filing due to increases in general operating expenses and capital investments made since its last rate case in 2009. The Company provides regulated solid waste collection service to approximately 1,730 residential, 222 multifamily, and 242 commercial customers in Snohomish County. The Company's last general rate increase became effective on March 1, 2009.

Since 2009, the Company been replacing, upgrading, and adding equipment necessary to maintain or improve its services. Commission Staff (Staff) reviewed invoices and supporting documents for all the assets purchased causing Staff to adjust several items that were listed below the invoice values. Staff also revised the expenses to remove assets whose depreciable lives expired during the rate year. The net effect of Staff's adjustments reduced the depreciation expense approximately \$33,250.

Staff removed a Company pro forma adjustment that increased fuel expenses by \$21,262.45. The Company proposed increasing fuel expenses to reflect current fuel prices. WAC 480-70-346 states a company filing a rate change based on changes in general operating expenses must update the test period fuel costs using actual fuel costs for the most recent twelve-month period. Staff made a restating adjustment to reflect the most recent 12-month period of fuel expenses, increasing the expense by approximately \$3,560.

Staff's other adjustments revised expenses to remove unallowable costs. Among these were bonuses and gifts given at the owners' discretion, food purchases, and items that could not be verified.

Staff completed its review of the Company's financial documents and found the initial request for \$378,000 was overstated. Staff and the Company agreed to approximately \$322,500 (23.0 percent) annual revenue increase.

Rate Comparison

The table below shows a comparison of rates for the most common lines of service. The full list of rates is included in the Company's tariff.

Residential Most Common Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
1 x 32-Gal Weekly w/ Recy	\$14.17	\$18.70	\$18.12	\$2.69	25.2%
1 x 60-Gal Weekly w/ Recy	\$24.37	\$31.49	\$30.51	\$6.14	25.2%
Recycling Only Weekly	\$4.97	\$7.84	\$6.22	\$1.25	25.2%
Yard Waste EOW w/ SW	\$8.93	\$11.54	\$10.98	\$2.05	25.2%
Commercial Lines of Service (Per Pickup)	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
1-Yard First Pickup	\$30.64	\$39.59	\$41.78	\$8.41	25.2%
1-Yard Additional Pickup	\$14.46	\$18.68	\$21.52	\$4.33	25.2%
1.5-Yard First Pickup	\$43.99	\$56.84	\$60.20	\$12.12	25.2%
1.5-Yard Additional Pickup	\$18.66	\$24.11	\$28.49	\$5.74	25.2%

Comment Summary

On May 27, 2022, the Company notified its customers by mail of the proposed rate increase. Customers were notified that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received two comments regarding the proposed rate increase, both opposed.

Comments

One customer believes customers in the part of Edmonds served by Sound Disposal are "shouldering a disproportionate cost to other area residents." The customer points out that companies providing service to neighboring communities charge less for the same services, and the neighboring communities are offered more standard services. The other customer does not feel the customer notice accurately represents the rates they are charged.

Staff Response

Staff explained that rates are based on the company's expenses, and not on rates of other companies' services. Staff is working to make sure the other customer is billed accurately.

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