

Agenda Date: February 26, 2009
Item Number: B3

Docket: TG-090088
Company Name: Sound Disposal, Inc.

Staff: Amy White, Regulatory Analyst
Nancy Paulson, Consumer Protection Staff

Recommendation

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

Discussion

On January 14, 2009, Sound Disposal, Inc., (Sound Disposal or company) filed with the Utilities and Transportation Commission tariff revisions for garbage collection and recycling that would generate \$101,077 (8 percent) in additional revenue per year. The company serves approximately 1800 customers in Snohomish County. The proposed rates are prompted by increases in disposal fees, labor, employee benefits, postage, insurance, and other operating expenses. The company's last general rate increase became effective January 1, 2006.

Customer comments

On January 30, 2009, the company notified its customers of the rate increase by mail. A total of three customer comments have been received to date; two opposed and one undecided.

Consumer Protection staff advised customers that they have access to all company's documents pertinent to this rate case at www.utc.wa.gov, and that they may contact Nancy Paulson at 888-333-9882 with questions or concerns.

Filing Documents and Methodology Comments

- One customer mentioned that the fuel surcharge is still in place and a fuel expense is also included in the general rate request.

Staff Response

Staff audits the company's financial records for a twelve-month historical test period to ensure the company's costs are accurate and reasonable. Staff uses a cost of service analysis to recommend rates for the various customer classes and service options.

The company's cost of fuel for the most recent twelve months was higher than the fuel costs imbedded in the current rates.

Business Practice Comments

- Two customers request the company allow compostable materials in the yard waste. One customer commented that the rate increase be denied until composting is available.

Staff Response

The company is making plans to allow compostable materials in the yard waste.

Service Quality Comments

- Poor customer service was mentioned in one comment.

Staff Response

Consumer Protection staff opened a complaint to address customer's concerns.

General Comments

- One customer stated the proposed increase seems reasonable and justifiable. One customer feels the rate should stay the same due to the poor economy.

Staff Response

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

Rate Comparison

Monthly Rates, Residential	Present	Proposed
Mini-can Weekly Garbage / Every-Other-Week Recycling Service	\$9.72	\$10.68
60 Gallon Cart Weekly Garbage	\$22.18	\$24.37
90 Gallon Cart Weekly Garbage	\$27.47	\$30.19
32 Gallon Can Monthly Garbage Service	\$5.05	\$5.55
Voluntary Yard Waste Only, Every-Other-Week Service	\$6.00	\$8.45
Recycling only, Every-Other-Week Service	\$5.52	\$6.07

Monthly Rates, Multi-family	Present	Proposed
60 Gallon Garbage Container, Each Pickup, Including Recycling Service	\$6.00	\$6.59
90 Gallon Garbage Container, Each Pickup, Including Recycling Service	\$8.02	\$8.81
One Yard Container, Rental and First Pickup	\$30.36	\$33.37
One Yard Container, Each Additional Pickup	\$15.64	\$17.19
Two Yard Container, Rental and First Pickup	\$51.41	\$56.50
Two Yard Container, Each Additional Pickup	\$27.74	\$30.49

Monthly Rates, Commercial	Present	Proposed
One Yard Container, Rental and First Pickup	\$27.88	\$30.64
One Yard Container, Each Additional Pickup	\$13.16	\$14.46
Two Yard Container, Rental and First Pickup	\$46.45	\$51.05
Two Yard Container, Each Additional Pickup	\$22.78	\$25.04

Average Customer Charge Comparison – 60 Gallon Cart Weekly Service

Monthly Rates, Residential Single Family	Present	Proposed
60 Gallon Garbage Container, Monthly Cost	\$22.18	\$24.37
		9.9%
Recycling Component, Every-Other-Week Pickup	\$4.52	\$4.97
Total Garbage and Recycling, Monthly Cost	\$26.70	\$29.34
		9.9%

Monthly Rates, Residential Multi-Family	Present	Proposed
60 Gallon Garbage Container, Monthly Cost	\$25.98	\$28.55
		9.9%

Monthly Rates, Commercial	Present	Proposed
One Yard Container, Rental plus Weekly Pickups	\$71.70	\$78.80
		9.9%
Two Yard Container, Rental plus Weekly Pickups	\$122.31	\$134.42
		9.9%

Staff has completed its review of the company's supporting documents, books, and financial records. Staff's review shows that the expenses are required and reasonable for the company's operations. The company's financial information supports the proposed rates which are fair, just, reasonable, and sufficient.

Conclusion

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