

Agenda Date: May 29, 2014
Item Number: B1

Docket: TG-140471

Company Name: Waste Management of Washington, Inc.,
dba Waste Management – South Sound and Waste Management of Seattle

Staff: Ann LaRue, Regulatory Analyst
Mike Young, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Take no action, thereby allowing the proposed rates filed by Waste Management of Washington, Inc., dba Waste Management – South Sound and Waste Management of Seattle on March 24, 2014, as revised on May 19, 2014, to become effective June 1, 2014, by operation of law.

Discussion

On March 24, 2014, Waste Management of Washington, Inc., dba Waste Management – South Sound and Waste Management of Seattle (WM South Sound/Seattle), filed Tariff Number 23 with the Utilities and Transportation Commission (commission) that would generate approximately \$1,053,000 (10 percent) additional annual revenue. The proposed increase is prompted by increased expenses for disposal, maintenance, labor, fuel, and other operating and administrative costs. The company serves approximately 16,000 residential customers, 1,000 commercial customers, and 60 roll off customers in King County. The company's last general rate increase became effective August 1, 2010.

Staff's review found the proposed rates would result in excess revenue. Staff focused its review on corporate and regional overhead costs allocated to regulated operations, payroll increases, and capital improvements. Staff removed litigation costs related to environmental and shareholder lawsuits, and costs of improvements to Compressed Natural Gas (CNG) facilities related to retail sales of CNG to unaffiliated third parties. The company and staff have agreed to a revised revenue requirement of approximately \$1,018,000 (9.7 percent) additional annual revenue and on revised rates. On May 19, 2014, the company filed revised rates at staff recommended levels.

Commission staff has completed its review of the company's supporting financial documents and records. Staff's review shows that the revised expenses are reasonable and required as part of the company's operation, the company's financial information supports the revised revenue requirement, and the revised rates and charges are fair, just, reasonable, and sufficient.

RATE COMPARISON

	Current Rate	Proposed Rate	Revised Rate	Percent Change
Residential Garbage				
1 Can-Monthly Pickup	\$ 7.50	\$ 8.80	\$ 8.50	13.4%
1 Can-Weekly Pickup	\$15.60	\$18.50	\$17.90	14.8%
1 35-Gallon Cart - Weekly Pickup	\$17.20	\$20.40	\$19.70	14.6%
1 64-Gallon Cart - Weekly Pickup	\$25.40	\$30.10	\$29.10	14.6%
Residential Yard Waste				
1 96-Gallon Cart - Every Other Week Pickup	\$11.70	\$12.25	\$12.20	4.3%
Residential Recycling				
1 96-Gallon Cart - Every Other Week Pickup	\$ 9.70	\$ 9.34	\$ 9.40	-3.1%
Commercial Garbage				
1-Yard Container - Weekly Pickup	\$ 16.00	\$18.30	\$ 18.30	14.4%
4-Yard Container - Weekly Pickup	\$ 51.70	\$59.30	\$ 59.30	14.7%
30-Yard Compacted - Per Pickup	\$151.20	\$143.00	\$173.40	14.7%

Customer Comments

The company notified its customers of the proposed rate increase by mail. Staff received eight consumer comments regarding the proposed rate increase; seven opposed to the rate increase, and one undecided. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

General Comments

Customers commented that the rates are already too high, and an increase would not be necessary if the company controlled its costs.

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 reviews filings to ensure that all rates and fees are appropriate.

Conclusion

Take no action, thereby allowing the proposed rates filed by Waste Management of Washington, Inc., dba Waste Management – South Sound and Waste Management of Seattle on March 24, 2014, as revised on May 19, 2014, to become effective June 1, 2014, by operation of law.