

Agenda Date: May 20 , 2021
Item Number: B2

Docket: TG-210251
Company Name: Sanitary Service Company, Inc.

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

Recommendation

Issue an order requiring a compliance filing removing asset salvage values from rates, to become effective no later than June 1, 2025, and allowing the tariff pages filed on April 15, 2021, as revised on May 12, 2021, to take effect June 1, 2021.

Discussion

On April 15, 2021, Sanitary Service Company, Inc., (Sanitary or Company) filed tariff revisions with the Utilities and Transportation Commission (Commission) that would generate approximately \$2,767,345 (13.86 percent) additional annual revenue. The proposed increase is prompted by increased investment, maintenance, labor, fuel, and other operating and administrative costs. The Company serves approximately 28,000 regulated customers in Whatcom County. The Company's last general rate increase became effective June 1, 2011.

Commission staff (Staff) has completed their review of the company's filing and financial records and have come to an agreement on \$2,549,159 (12.77 percent) additional annual revenue. Over the last 10 years costs have increased across the board. Some of the largest area's have been increases in depreciation expense as equipment costs increase. The depreciation adjustments include write off of stranded salvage values. Costs associated with labor have also increased significantly during this time. Staff advised the Company that ten years between general rate cases is not optimal for rate setting. The Controller for Sanitary said the Company will be doing regular rate reviews going forward.

Given the time since the last general rate increase, Staff and the Company took this opportunity to revise and update Item 105 in the Company tariff. Item 105 is the Multi-Family rates and is confusing because this section has services which are typically residential or commercial services on the same page. Staff and Sanitary worked to clarify some items in Item 105.

Because this case includes depreciating salvage values, and historically the Company has had long periods of time between rate cases, Staff finds an order requiring the Company to file for rates within the next four years is appropriate.

Rate Comparison				
<i>Service</i>	<i>Current Rate</i>	<i>Proposed Rate</i>	<i>Agreed Rate</i>	<i>Percentage</i>
Solid Waste 64 Gallon tote wkly	\$17.23	\$20.07	\$18.75	8.8%
Recycling tote EOW	\$4.41	\$5.13	\$6.00	36%
Yard Waste Tote EOW	\$10.30	\$12.00	\$11.86	15.1%
1-Yard Container Per Pickup-first pickup	\$23.60	\$27.49	\$27.16	15.1%
1-Yard Container Per Pickup-additional pickup	\$14.61	\$17.02	\$16.82	15.1%
30- Drop Yard Box Per Pickup-first pickup	\$160.40	\$186.87	\$184.62	15.1%
30- Drop Yard Box Per Pickup-additional pickups	\$102.26	\$119.13	\$117.70	15.1%

Customer Comments

On April 26, the Company notified its customers by mail of the proposed rate increase. Staff received five comments regarding the proposed rate increase, all opposed.

General Comments

All five commenters believe the proposed increase is excessive. Three feel the pandemic makes it a bad time to raise rates. One of these is a landlord who is not allowed to raise rents due to the pandemic. Two oppose any increase that exceeds the rate of inflation.

Staff Response

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. Commission Staff performs a thorough review of rate filings to ensure that all rates and fees are appropriate.

Conclusion

Issue an order requiring a compliance filing removing asset salvage values from rates, to become effective no later than June 1, 2025, and allowing the tariff pages filed on April 15, 2021, as revised on May 12, 2021, to take effect June 1, 2021.