

Agenda Date: March 23, 2023
Item Number: B1

Docket: TG-230058
Company Name: Rabanco LTD d/b/a Lynnwood Disposal d/b/a Republic Services

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

Recommendation

Take no action, allowing tariff revisions filed by Rabanco LTD d/b/a Lynnwood Disposal d/b/a Republic Services on January 24, 2023, as revised March 17, 2023, to become effective on April 1, 2023.

Background

On January 24, 2023, by Rabanco LTD d/b/a Lynnwood Disposal d/b/a Republic Services (Lynnwood Disposal or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$1.2 Million (9.3 percent) in additional annual revenue. The Company provides regulated solid waste collection service to approximately 28,500 residential, 28,500 recycling, 19,000 yard-waste, 550 multi-family, and 1,600 commercial customers in King and Snohomish Counties. The Company's last general rate increase became effective on September 1, 2021.

The primary drivers of the request are increases in capital investments and general operating expenses.

The Company's capital investments since the last general rate case includes purchasing two new collection vehicles and many service containers. Commission staff (Staff) adjusted items to reflect invoice supported costs and remove assets that reached end of their service lives by the effective date of the new tariff pages. Staff also adjusted investment to reflect net book value at the end of the test year instead of average investment as required by Washington Administrative Code (WAC) 480-07-520.

To ensure adequate staffing, the Company has implemented increased pay and incentive programs, such as offering additional pay for employees on vacation to return to service if needed. The Company is bound by union contracts to increase wages for drivers and support personnel on a specified schedule.

Staff updated the Company's fuel expense to the most recent 12-month fuel cost as required by WAC 480-70-346. Staff also allowed a pro forma adjustment for increased fuel expense due to the recent implementation of carbon reduction laws increasing costs. Staff revised the Company estimate to the lowest estimated value as the cost is known, but not measurable. Due to rising fuel costs, Staff's adjustment increased fuel expense.

Staff has completed its review of the Company's financial documents and found the Company's initial request for \$1.2 Million was overstated. Staff and the Company have agreed to a new additional annual revenue amount of approximately \$1.1 Million (8.7 percent).

Rate Comparison

The tables below show the current, Company-proposed, and Staff-revised rates, for the most common services. The full list of rates is included in the Company's tariff.

Most Common Residential Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
1-can – Weekly	\$11.92	\$12.89	\$12.85	\$0.93	7.8%
1-64 gal. Toter – Weekly	\$21.20	\$22.92	\$22.85	\$1.65	7.8%
96 gal. Recycling	\$11.07	\$11.73	\$11.65	\$0.58	5.2%
96 gal. Yard-waste	\$10.20	\$12.19	\$12.10	\$1.90	18.6%

Most Common Commercial Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
2 yd Container – per Pick Up	\$25.36	\$27.41	\$27.33	\$1.97	7.8%
30 yd Drop-box – per Pick Up	\$123.47	\$133.47	\$133.08	\$9.61	7.8%

Comment Summary

On February 15, 2023, the Company notified its customers by mail of the proposed rate increase. Customers were notified that they may contact John Cupp with questions or concerns. Staff received 23 consumer comments, all opposed to the rate increase.

Customer Comments

Over half the comments are about missed pickups. Many customers believe this is an example of poor customer service. Five commenters are unhappy about the frequency of rate increases. Four believe the amount of the increase is excessive. The commenters include people with disabilities and seniors on fixed incomes.

Staff Response

Staff informed customers 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. Customers were also told that Commission Staff performs a thorough review of rate filings to ensure all rates and fees are appropriate.

Staff explained safety issues related to missed pickups caused by inclement weather. Staff addressed the frequency of rate increases by explaining the various types of pass-through increases.

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