

Agenda Date: April 30, 2009
Item Number: B3

Docket: TG-090272
Company Name: Carroll-Naslund Disposal Service, Inc., G-37
d/b/a Naslund Disposal Service

Staff: Nicki Johnson, Regulatory Analyst
Nancy Paulson, Consumer Protection Staff

Recommendation

Take no action, thereby allowing the revised rates filed by Carroll-Naslund Disposal Service, Inc., on April 23, 2009, to become effective on May 1, 2009, by operation of law.

Discussion

On February 17, Carroll-Naslund Disposal Service, Inc., (Naslund Disposal or company), filed with the Utilities and Transportation Commission (commission) tariff revisions for garbage collection services that would generate approximately \$170,000 (16.3 percent) in additional annual revenue. The company serves approximately 3,900 customers in Asotin and Garfield counties. In this filing, the company proposes to increase rates only in Asotin County. The proposed rates are prompted by increases in disposal fees, labor, and the additional cost to convert the 3,000 residential customers in Asotin County to an automated cart system. Naslund Disposal's last general rate increase became effective in May 2007.

The original effective date of the filing was April 1, but on March 18, the company requested to extend the effective date to May 1.

In February of this year, Naslund Disposal delivered either a 64-gallon or a 96-gallon cart to its customers. The 96-gallon carts are picked up weekly. The 64-gallon carts are picked up weekly, every-other-week, or monthly. The company instructed the customers to contact the company by April 1, if they wanted a smaller cart or less frequent service. Customers have been using the cart service for over two months now.

Since the automated program began, over 800 customers have requested a smaller cart or less frequent service. Of these, few signed up for the less frequent pick-up service. Most customers, about 88 percent, still subscribe to weekly 64-gallon or 96-gallon cart service. Prior to the conversion to the automated cart system, 47 percent of the customers were signed-up for one can service, so it seems surprising that so many customers need 64-gallon or 96-gallon cart weekly service. One possible reason, according to the company, is that although customers were signed up for one can service, they were allowed to put out extra cans or bags at no extra charge.

Because many of the residential customers now subscribe to higher service levels, the proposed rates generated more than two times the revenue increase the company needs. Staff and the company negotiated a lower revenue requirement and revised rates for residential garbage. On April 23, 2009, the company filed revised rates that generate approximately \$72,700 (7.0 percent) in additional annual revenue. All of the staff recommended revised rates are lower than

the original proposed cart rates. Additionally, at the staff's request, the company will continue to provide weekly mini-can service at the current rate. The customers will be notified on their next billing that this service is still available.

Customer Comments

On February 14, 2009, the company notified its customers of the rate increase by mail. A total of 32 customer comments have been received to date; 29 opposed, one in favor and two undecided. Please note: Customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff advised customers that they have access to all company documents pertinent to this rate case at utc.wa.gov and that they may contact Nancy Paulson toll-free at 1-888-333-9882 with questions or concerns.

Filing Documents and Methodology Comments

- Eighteen customers calculated that the proposed rate increase ranges from 16 to 58 percent, due to the changes in service levels, not the 5 to 13 percent stated by the company.

Staff Response

Customers were notified there are several options of cart service to choose from ranging from monthly to weekly service. Staff now proposes lower cart rates.

Business Practice Comments

- Sixteen customers oppose the service level changes. Several of these customers mentioned they will need to reduce their frequency of pick-up to keep the cost similar to their current rate. They hesitate to decrease the service level because hot temperatures in summer pose sanitation concerns. Two customers said the carts are too large and bulky, especially for senior citizens to handle.

Staff Response

The company made the decision to switch to carts as a cost-saving measure and for easier handling by the solid waste workers. Staff requested and the company agreed to continue to provide weekly mini-can service at the current tariff rate.

General Comments

- One customer said the current rate is fair. Three customers do not believe they should pay for company equipment through a rate increase. One customer said the company is entitled to the rate increase as Naslund Disposal is still giving service level options to suit customers' needs. Three customers wouldn't mind a smaller increase as costs should decrease with more efficient equipment. Eleven customers are opposed to a rate increase because of the poor economy. Nine customers mentioned they are opposed to an increase because they are senior citizens and/or on a fixed income.

Staff Response

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

Rate Comparison

	Present	Proposed	Revised
Residential Monthly Rates			
Mini-Can Weekly Service	\$8.97	Not Available	\$8.97
One Can Weekly Service	\$11.54	Not Available	Not Available
Two Can Weekly Service	\$16.21	Not Available	Not Available
64-Gallon Cart Monthly Service	Not Available	\$10.69	\$8.00
64-Gallon Cart Every-Other-Week Service	Not Available	\$13.42	\$11.50
64-Gallon Cart Weekly Service	Not Available	\$18.27	\$16.00
96-Gallon Cart Weekly Service	\$20.19	\$21.20	\$19.10
Commercial			
Two Yard Container Service Per Month	\$73.19	\$76.80	\$76.80
20 Yard Drop Box Service Per Pick-up	\$65.00	\$75.00	\$75.00

Average Customer Charge Comparison – One Can Garbage

Monthly Garbage	Present	Proposed	Revised
One Can Weekly Service	\$11.54		
64-Gallon Cart Every-Other-Week Service		\$13.42	\$11.50
		16.3%	-.4%

Monthly Garbage	Present	Proposed	Revised
One Can Weekly Service	\$11.54		
64-Gallon Cart Weekly Service		\$18.27	\$16.00
		58.3%	38.6%

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

Conclusion

Take no action, thereby allowing the revised rates filed by Carroll-Naslund Disposal Service, Inc., on April 23, 2009, to become effective on May 1, 2009, by operation of law.