

Agenda Date: April 25, 2013
Item Number: B1

Docket: TG-130082
Company Name: Waste Management of Washington, Inc., G-237
dba Waste Management of Spokane

Staff: Kathryn Breda, Regulatory Analyst
Sheri Hoyt, Consumer Protection Staff

Recommendation

Take no action, thereby allowing the tariff revisions filed on January 18, 2013, as revised on April 17, 2013, by Waste Management of Washington, Inc., dba Waste Management of Spokane, to become effective on May 1, 2012, by operation of law.

Discussion

On January 18, 2013, Waste Management of Washington, Inc., dba Waste Management of Spokane (WM Spokane or company) filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$3,050,000 (12.1 percent) additional annual revenue, including an additional \$550,000 (2.7 percent) in garbage service, \$1,800,000 (73.2 percent) in recycling service and \$700,000 (40.3 percent) in yard waste service. The request is primarily driven by the company's change in recycling service, a newly constructed SmART Recycling Center, and the use of new Compressed Natural Gas (CNG) trucks for recycling and yard waste collection. In addition, the request includes increases in labor, fuel and other operating expenses.

WM Spokane provides regulated service to approximately 51,400 residential and commercial customers in Spokane County. The company's last general rate increase became effective on January 1, 2009.

On February 14, 2013, WM Spokane filed to extend the effective date to May 1, 2013, to incorporate subsequent information from Spokane County announcing disposal fee decreases effective May 1, 2013.

Staff has completed its review of the company's supporting financial documents, books and records. Staff's review found that WM Spokane's proposed rates would result in excess revenue. After incorporating the disposal fee decrease, several adjustments were made including the cost of recycling processing, legal fees, corporate and other overhead costs, and property held for sale.

Staff and the company agreed to a revised revenue requirement of approximately \$1,000,000 (4.0 percent), including a reduction of \$900,000 (-4.5 percent) in garbage service, an increase of \$1,350,000 (54.0 percent) in recycling service and an increase of \$550,000 (32.8 percent) in yard waste service. On April 17, 2013, the company filed lower, revised rates at staff recommended levels.

Rate Comparison

	Current Rate	Proposed Rate	Revised Rate	Percentage Increase
Residential Monthly Rates				
20 Gallon Cart	\$ 11.79	\$ 12.10	\$ 11.26	-4.5%
35 Gallon Cart	\$ 15.05	\$ 15.50	\$ 14.37	-4.5%
64 Gallon Cart	\$ 22.68	\$ 23.40	\$ 21.67	-4.5%
96 Gallon Cart	\$ 30.32	\$ 31.30	\$ 28.97	-4.5%
Recycling Service	\$ 4.65	\$ 8.05	\$ 7.16	54.0%
Yard Waste Service	\$ 7.90	\$ 11.40	\$ 10.49	32.8%
Commercial Monthly Rates				
1.0 Yard Container	\$ 15.86	\$ 16.30	\$ 15.15	-4.5%
1.5 Yard Container	\$ 22.75	\$ 23.40	\$ 21.73	-4.5%
2.0 Yard Container	\$ 28.43	\$ 29.30	\$ 27.15	-4.5%
4.0 Yard Container	\$ 47.85	\$ 49.30	\$ 45.70	-4.5%
6.0 Yard Container	\$ 65.08	\$ 67.10	\$ 62.15	-4.5%

Customer Comments

On Feb. 3, 2013, the company notified its customers of the proposed rate increase by mail. Staff received 143 consumer comments regarding the proposed rate increase; 135 opposed to the rate increase, two in favor, and six undecided. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact Sheri Hoyt at 1-888-333-9882 or shoyt@utc.wa.gov with questions or concerns.

Service Quality

- One customer said he had a continuing problem with Waste Management's drivers using a private driveway as a through public road; he had complained numerous times to the company and was told that the damage to his pine and apples trees would stop, but every time the company changes drivers it starts again.

Staff left a message asking the customer to call to discuss his complaint further. The customer did not return staff's call.

Business Practices

- Three customers felt it was unfair to have to pay for recycling services when they can't get curbside recycling pickup.

Staff informed the customers that curbside recycling service is charged only to customers who are eligible for the service. Upon review with Waste Management, these customers are all outside of the company's service territory for curbside recycling pursuant to the county service level ordinance. The customers were informed that, in order to obtain curbside recycling service, they will need to contact the county and request that the service level ordinance be amended to include their addresses. In addition, the addresses were provided to Waste Management and Waste Management indicated it would provide the information to the county during a regularly scheduled meeting.

General Comments

- Fifty-one customers said they thought the requested increase amount was excessive; 17 customers cited current economic conditions as a factor; nine customers felt the company's rates were already too high; 26 customers said they are elderly, low-income or on fixed incomes and couldn't afford to pay a higher amount for garbage and recycling services; and 10 customers felt that operating costs have declined and the company should "tighten its belt" instead of raising the rates for its services.

Customers were informed that state law requires rates to be fair and reasonable for customers, while also allowing the company to recover appropriate operating expenses and earn a reasonable return on its investment. Rates are based on each company's specific needs.

- One customer wanted Waste Management to offer an additional service level—one small bag of garbage at curbside—for those customers that have minimal trash to be collected each week.

The customer's comments were provided to Waste Management. Waste Management suggested a change in the customer's service level, which would result in a lower monthly charge. Staff relayed the suggested change and explained to the customer that there is no rule that would allow the commission to dictate service levels offered by solid waste carriers or that would allow customers to petition a carrier to offer a specific service level. In addition, the customer was informed counties have the authority to establish minimum service level ordinances; the customer was directed to contact her county's solid waste division to see if it would consider such an ordinance.

- Nineteen customers said they did not wish to participate in Waste Management's curbside recycling program and did not like that they were forced to pay for a service they don't want or use.

Customers were informed that recycling levels and urban recycling service areas are mandated by Spokane County Ordinance Title 8, Chapter 8.58. Under the ordinance, curbside garbage customers must pay for curbside recycling whether they use the service or not.

Recommendation

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 customers' comments do not change staff's opinion that the company's financial information supports the staff's revised revenue requirement and the revised rates and charges are fair, just, reasonable, and sufficient.

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