

Agenda Date: November 30, 2018
Item Number: B1

Docket: TG-180752

Company Name: Waste Management, Inc. d/b/a Waste Management of Skagit County G-237

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

Recommendation

Allow the tariff revisions filed by Waste Management, Inc. d/b/a Waste Management of Skagit County on September 5, 2018, and as revised on November 21, 2018, to become effective on December 1, 2018, by operation of law.

Discussion

On September 5, 2017, Waste Management, Inc. d/b/a Waste Management of Skagit County (WM or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$830,000 (9.1 percent) additional annual revenue. WM serves approximately 18,000 residential and commercial customers in Skagit, Snohomish, and Island counties. The filing is prompted by increases in new assets, recycling processing and other general operating expenses. The last general rate increase for WM became effective July 1, 2011 for \$574,000 (8.4 percent).

Staff has completed its review of the company's supporting financial documents, books and records. Staff's review found that the company's proposed rates would result in excess revenue. Staff and the companies agreed to a revised revenue requirement of approximately \$812,000 (8.8 percent) additional annual revenue. On November 21, 2018, WM filed revised tariff pages with the revised proposed rates at staff recommended levels.

This case represents WM continuing to invest in their compressed natural gas (CNG) infrastructure and fleet, eventually amounting to 50 CNG trucks for the Skagit County operation. The filing also includes the recent tax law changes (due to the Tax Cut and Jobs Act) and changes in recycling processing reflecting recent trends in the recycling markets. This rate case removes the recycling surcharge from this tariff as the recycling markets have started to stabilize. The capital investment in CNG assets is also significant in this case as 14 new trucks were purchased and infrastructure for fueling CNG trucks was installed. Recent technology has brought the cost of CNG fueled trucks in line with the cost of new diesel trucks; CNG remains much cheaper and cleaner burning than diesel. The rates that staff and the company have agreed to are fair, just, reasonable, and sufficient.

Rate Comparison

WM Rates				
Residential	Current Rate	Proposed Rate	Revised Rate	Percentage
Snohomish County				
64 Gallon tote	\$25.50	\$29.00	\$28.40	11.3 %
Recycling Service	\$7.90	\$9.00	\$9.62	21.7 %
Skagit County				
64 Gallon tote	\$24.50	\$31.10	\$27.40	11.8 %
Recycling Service	\$9.40	\$10.70	\$11.32	20.4 %
Island County				
64 Gallon tote	\$27.30	\$31.10	\$30.40	11.3 %
Recycling Service	\$9.40	\$10.70	\$11.30	20.2 %

Customer Comments

On September 1, 2018, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received 16 consumer comments regarding the proposed rate increase, all opposed to the rate increase.

Comments

- Half the customers who commented feel the amount of the proposed increase is excessive. Several feel customer service is poor. Senior citizens on fixed incomes expressed concerns about this increase on top of an already high cost of living.

Staff Response

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 meet this standard. Staff has reached out to customers with service issues to see if commission rules are being followed. Most of the customer service issues were related to missed pickups, and the company had responded appropriately.

Conclusion

Allow the tariff revisions filed by Waste Management, Inc. d/b/a Waste Management of Skagit County on September 5, 2018, and as revised on November 21, 2018, to become effective on December 1, 2018, by operation of law.