

Agenda Date: June 28, 2012
Item Number: B2

Docket: TG-120523
Company Name: Waste Management of Washington, Inc.
d/b/a Waste Management of Greater Wenatchee, G-237

Staff: Amy White, Regulatory Analyst
Pam Smith, Consumer Protection Staff

Recommendation

Take no action, allowing the rates filed by Waste Management of Washington, Inc., d/b/a Waste Management of Greater Wenatchee, on April 17, 2012, as revised on June 6, 2012, to become effective on July 1, 2012, by operation of law.

Discussion

On April 17, 2012, Waste Management of Washington, Inc, d/b/a Waste Management of Greater Wenatchee (WM Wenatchee or company) filed tariff revisions with the Utilities and Transportation Commission (commission). The proposed filing would generate approximately \$440,032 (8.3 percent) additional annual revenue. The proposed increases are prompted by increased disposal, maintenance, labor, fuel, and other operating and administrative costs. WM Wenatchee provides regulated solid waste collection service to approximately 16,000 residential and commercial customers in Chelan and Douglas counties. The last WM Wenatchee general rate increase became effective on June 1, 2007.

On May 8, 2012, the company filed to extend the effective date of the filing to July 1, 2012. A problem in the company's billing department delayed delivery of the rate increase notices to customers until May 31, 2012.

Staff has completed its review of the company's financial information and the analysis shows that the proposed rates result in excessive revenue. Staff and the company agreed to a revised revenue requirement of \$409,523 (7.5 percent) additional annual revenue. On June 6, 2012, the company filed revised rates at staff recommended levels.

Customer Comments

On June 1, 2012, the company notified its customers of the proposed rate increase by mail. Staff received fifteen customer comments regarding the proposed rate increase. Consumer Protection staff advised the customers that they may access company documents pertinent to this rate case at www.utc.wa.gov, and that they may contact Pam Smith at 1-888-333-WUTC (9882) with questions or concerns.

General Comments

- Two customers oppose the increase due to current economic conditions. Two customers

oppose the increase because the rates are too high. Two customers do not believe the solid waste rate structure encourages conservation.

Staff Response

The customers were advised that state law requires solid waste and recycling rates to be fair, just and reasonable; sufficient to allow the company to recover reasonable operating expenses; and provide the company the opportunity to earn a reasonable return on investment. Regulatory staff will review the filing to ensure that all rates and fees are appropriate.

Business Practices

- Three customers oppose the increase because they believe the recycling rate is too high.

Staff Response

Staff attempted to reach the customers to discuss the recycling rates. Two customers did not respond. Staff talked with one customer and explained the costs to process and sort recycling and the current market conditions. Regulatory staff will review the filing to ensure that all rates and fees are appropriate.

- One customer would like the refuse tax eliminated.

Staff Response

Staff contacted the customer and explained that the refuse tax was mandated by the county and comments regarding the tax should be directed to the county.

- Three customers would like bi-weekly solid waste service instead of weekly service. One customer would like an occasional can solid waste option instead of a monthly option. One customer would like a monthly yard waste option.

Staff Response

Staff contacted two customers and provided information regarding the different service options. One customer was receiving the monthly service option. Staff attempted to reach two other customers and will provide service option information when contacted.

Rate Comparison

Residential Monthly Rates	Current Rate	Proposed Rate	Revised Rate	Percent Increase
Mini-Can Weekly Pick-Up	\$ 7.50	\$ 8.20	\$ 8.00	6.7%
32-Gallon Can Weekly Pick-Up	\$ 9.50	\$10.40	\$10.20	7.3%
96-Gallon Cart Weekly Pick-Up	\$19.55	\$21.30	\$21.10	7.9%
Recycling Every-Other-Week Pick-Up	\$ 6.80	\$ 8.40	\$ 8.40	23.5%
Yard Waste Every-Other-Week Pick-Up	\$ 8.85	\$ 9.90	\$ 9.90	11.9%

Commercial Per Pick-up Rates	Current Rate	Proposed Rate	Revised Rate	Percent Increase
1-Yard Container	\$37.60	\$41.00	\$41.00	9.0%
3-Yard Container	\$93.10	\$101.50	\$101.50	9.0%
40-Yard Drop Box (Non-Compacted)	\$106.90	\$114.40	\$114.40	7.1%

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that expenses are reasonable and required as part of the company's operation. The customers' comments do not change staff's opinion and the revised proposed rates and charges are fair, just, reasonable and sufficient.

Conclusion

Take no action, allowing the rates filed by Waste Management of Washington, Inc., d/b/a Waste Management of Greater Wenatchee, on April 17, 2012, as revised on June 6, 2012, to become effective on July 1, 2012, by operation of law.