

Agenda Date: November 27, 2013
Item Number: B1

Docket: TG-131794
Company Name: Waste Control, Inc. G-101

Staff: Melissa Cheesman, Regulatory Analyst
Ann LaRue, Regulatory Analyst
Brett Shearer, Regulatory Analyst
Sheri Hoyt, Consumer Protection Staff

Recommendation

1. Issue a Complaint and Order Suspending Tariff No. 15 filed by Waste Control, Inc., on September 23, 2013, and revised on November 25, 2013.
2. Allow Tariff No. 15 and revised pages filed on November 25, 2013, to become effective on December 1, 2013, on a temporary basis, subject to refund.

Discussion

On September 23, 2013, Waste Control, Inc. (WCI or company), filed new Tariff No. 15 with the Utilities and Transportation Commission (commission) that would generate approximately \$392,000 (11.4 percent) additional annual revenue. The company requested an exemption from the work paper filing requirements in WAC 480-07-520(4)(j) that requires the company to file the income statement and balance sheet for each affiliated entity. The proposed increases are prompted by increased disposal fees, payments to affiliates, employee wages and benefits, fuel, and other general operating expenses. The company's last general rate increase became effective February 1, 2010. The company serves approximately 11,000 customers in Cowlitz, Clark, and Skamania County.

On October 10, 2013, the commission denied the company's request for exemption. In support of its request, the company's representative stated that it would take about one month and cost about \$10,000 to prepare income statements and balance sheets for the four affiliated entities. The commission denied the company's request, stating in part: "We are not persuaded by WCI's claim that preparing the documents required by WAC 480-07-520(4)(j) would be a financial hardship and result in a cost that would necessarily be passed on to its customers. ... Without these documents, we cannot properly review and audit the Company's proposed new rates and cannot be assured of the prudence and reasonableness of WCI's proposed expenses. Granting WCI an exemption in this case would not be in the public interest."

On October 14, 2013, the company filed the income statements and balance sheets for the four affiliated entities in compliance with WAC 480-07-520(4)(j).

Commission staff has completed its review of the company's supporting financial documents, books and records. The company and staff have not agreed to a revenue requirement. Therefore,

the company has not demonstrated the proposed rates are fair, just, reasonable or sufficient. Staff recommends the commission issue a Complaint and Order Suspending Tariff 15 filed by Waste Control, Inc., on September 23, 2013, as revised on November 25, 2013.

If the commission suspends a tariff that includes rates to recover disposal fees, RCW 81.77.160 requires the commission to allow the rates related to the disposal fees to become effective on the originally filed effective date on an interim basis, subject to refund, pending the commission's final order. On November 25, 2013, the company filed a request to allow rates related to the disposal fees to become effective on an interim basis, subject to refund, and filed revised tariff pages designed to recover just the disposal increase portion of the proposed rates. The revenue impact of the disposal fee increase is approximately \$176,000 (4.9 percent) additional annual revenue.

Rate Comparison

Residential Garbage – Cowlitz County	Current Rate	Proposed Rate	Percent Increase	Temporary Disposal-Only Rate
One 60-65 Gallon Cart Weekly Pick-Up	\$ 17.80	\$ 19.50	9.6 %	\$ 18.87
Residential Garbage – Castle Rock				
One 60-65 Gallon Cart Weekly Pick-Up	\$ 17.55	\$ 19.25	9.7 %	\$ 18.62
Residential Garbage – Woodland Area				
One 60-65 Gallon Cart Weekly Pick-Up	\$ 15.40	\$ 18.10	17.5 %	\$ 16.94
Commercial – Cowlitz County and Castle Rock				
2-Yard Container Per Pick-Up	\$ 39.60	\$ 48.97	23.7 %	\$ 41.27
Commercial – Woodland				
2-Yard Container Per Pick-Up	\$ 39.98	\$ 47.54	18.9 %	\$ 41.65
Drop Box – All areas except Mt. Saint Helens				
20-Yard Roll-off, Per Haul	\$ 81.00	\$ 95.00	17.3 %	Item 230
Drop Box – Mt. Saint Helens areas				
20-Yard Roll-off, Per Haul	\$295.00	\$315.00	6.8 %	Item 230

Customer Comments

On Sept. 23, the company notified its customers of the proposed rate increase by mail. Staff received two consumer comments regarding the proposed rate increase; one opposed to the rate increase and one in favor. 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.

General Comments

- One customer felt that he pays too much for garbage service already and is concerned that if the rate is increased people are going to start dumping their garbage in other people's cans or wherever they can find to dump it. The customer comments that a person working would not be available to attend the public meeting regarding this matter.
- One customer commented that he is supportive of a rate increase for Cowlitz County and feels that the company may in fact be too modest in its request. The customer feels Waste Control does an excellent job of residential and commercial garbage collection and feels he is fortunate to have such a responsible organization in his area.

Staff Response

The customers were advised 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. In addition, the customers were advised if they are unable to attend the open meeting in person, the commission has a telephone line that enables them to participate or listen. They were directed to call the commission's Records Center at (360) 664-1234 for instructions, and to be added to the sign-in sheet the day before the open meeting.

Conclusion

1. Issue a Complaint and Order Suspending Tariff No. 15 filed by Waste Control, Inc., on September 23, 2013, and revised on November 25, 2013.
2. Allow Tariff No. 15 and revised pages filed on November 25, 2013, to become effective on December 1, 2013, on a temporary basis, subject to refund.