

Agenda Date: April 27, 2007
Item Number: B4

Docket: TG-070525
Company Name: Waste Management of Washington, Inc., d/b/a Waste Management of Greater Wenatchee, G-237

Staff: Layne Demas, Regulatory Analyst
John Cupp, Consumer Program Staff

Recommendation

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Waste Management of Washington, Inc., d/b/a Waste Management of Greater Wenatchee.
2. Allow temporary rates at the staff recommended revised rates to become effective May 1, 2007, subject to refund.

Discussion

On March 15, 2007, Waste Management of Washington, Inc., d/b/a Waste Management of Greater Wenatchee, G-237 (Greater Wenatchee or company) filed a general rate increase for solid waste service. The company serves approximately 12,500 customers in the parts of Douglas, Chelan, and Grant counties. The last general rate increase has been in effect since November 2001. The overall impact of the filing will be approximately \$748,000 (15.4 percent). The major drivers of the proposed revision is an increase in tipping fees at the Wenatchee transfer station from \$16.33 to \$19.30 per yard and at the Greater Wenatchee Landfill from \$13.67 to \$15.86 per yard. Also contributing to the proposed increase are increased labor and benefit costs and high fuel costs in the test period.

Twenty-one customers commented on this filing. Seventeen are opposed, saying the proposed increase is too drastic and rates are already too high. Several of these customers said they are seniors on fixed incomes, and the increase will be hard on them. One customer said she understands the need for an increase. Several customers commented on issues that the commission does not regulate, such as landfill disposal fees.

The commission has received a letter from Mr. Ron Dragoo, Douglas County Solid Waste Program Administrator (copy attached). Mr. Dragoo comments on the following issues:

- Yard Waste. Mr. Dragoo quotes The Douglas County minimum Service Level Ordinance (CE. 04-07) "each county residential solid waste generator who resides within the Unincorporated Area of Douglas County shall be afforded an opportunity to voluntarily subscribe to yard debris collection service provided by a Certified Solid Waste Hauler".

The company has looked into the feasibility of offering a volunteer yard waste collection program. At the present time the company does not consider such a program economically feasible. Staff searched the most recent service level ordinance copy available but was unable to locate the language in Mr. Dragoo's quote.

- Douglas County solid waste collection fee. Douglas County imposes an annual fee effective

April 1 of each year based on an estimate of the number of yards that will be collected. Mr. Dragoo takes issue with the entry on several tariff pages that the fee expires on March 31, 2008.

The tariff pages publish the specific amount charged to each customer as a pass through fee. Since this fee changes annually on April 1st, it is correct to indicate the time frame involved. The tariff pages effectively expire and the company must file updated pages to reflect the new fee before March 31st of each year.

- Disposal Fees. Mr. Dragoo refers to the Douglas County Solid Waste Disposal Host Agreement in raising the issue of weight measured solid waste.

The Host agreement is an agreement where the landfill pays a host fee to the county for all solid waste coming into the land fill. It is apparent the company is complying with this Host fee. Also, the commission has no jurisdiction over Waste Management's landfill operations

- Customer information. Mr. Dragoo refers to the requirement to provide consumer information, the Rights and Responsibilities of Solid Waste Customers, annually to each customer and initially to new customers.

The company feels it is substantially in compliance with the rights and responsibilities requirements.

- Annual Report. Mr. Dragoo mentions he can't find the specific costs associated with preparing the annual report to the commission.

The consolidated annual report is prepared at the Kirkland headquarters office from information provided by all regulated operating companies. It is a de minimis expense in comparison to the overall cost of operations and would not be specifically referenced in the filing. This cost, however, is allowed in rates and allocated to all regulated customers.

Staff's review of Greater Wenatchee's operations revealed that some proposed rates were excessive. On April 17, 2007, the company filed revised rates at the staff recommended level. The revised rates generate approximately \$725,500 (13.4 percent). Although the company filed revised rates at lower levels, customers have not yet been advised that staff and the company have agreed to revised rates and they have not had the opportunity to comment on the revised rates. Customers deserve to know about, and comment on, the revised rates. The commission should consider all information, including any additional customer comments on the revised rates, in deciding whether to approve the revised rates.

The current and proposed rates are shown below:

	Present Rates	Proposed Rates	Revised Rates
Residential - monthly rate			
Mini can	\$ 6.10	\$ 7.40	n/a
One 32 gal. can per week	\$ 7.90	\$ 9.50	\$ 9.40
One 64 gal. toter per week	\$12.70	\$15.30	\$15.10
One 96 gal. toter per week	\$16.30	\$19.60	\$19.40
Commercial - per pickup			
One yard container	\$11.30	\$13.80	n/a
Two yard container	\$17.80	\$21.70	n/a
Dropbox per haul			
15-50 yard	\$101.70	\$106.90	n/a

Conclusion

Staff recommends that the commission issue a Complaint and Order Suspending the Tariff Revisions filed by Greater Wenatchee and allow temporary revised rates at staff recommended levels, to become effective May 1, 2007, subject to refund.

Attachment