

Agenda Date: March 27, 2013
Item Number: B1

Docket: TG-132286
Company Name: Peninsula Sanitation Service, Inc., G-011

Staff: Mike Young, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Dismiss the Complaint and Order suspending the tariff revisions filed on December 16, 2013, by Peninsula Sanitation Service, Inc., and allow the revised tariff revisions, as filed by the company on March 20, 2014, to become effective April 1, 2014.

Discussion

On December 16, 2013, Peninsula Sanitation Service, Inc. (Peninsula, or company), filed tariff revisions with the Washington Utilities and Transportation Commission (commission) in compliance with commission Order 02 in Docket TG-120283. This filing would generate approximately \$230,600 (7.9 percent) additional annual revenue.

Peninsula provides regulated solid waste collection service to approximately 5,000 residential and commercial customers in Pacific and Wahkiakum counties. The requested rate increase is primarily due to increases in employee wages and benefits, fuel and other general operating expenses. On January 30, 2014, the commission entered a Complaint and Order suspending the tariff revisions filed by the company on December 16, 2013.

The company's last general rate increase became effective July 1, 2012. In Order 02 of Docket TG-120283 the commission allowed revised rates and directed the company to work with staff to implement improved accounting and recordkeeping methods to develop sufficient information for the company to comply with work paper filing requirements set forth in WAC 480-07-520 and directed the company to perform a cost of service study for its next general rate case. The commission also ordered the company to file a general rate case, including a cost of service study, using a full twelve months of data collected under its improved accounting and recordkeeping, with a proposed effective date no later than February 1, 2014. The company filed a general rate case in compliance with this order on December 16, 2013.

The company's filing complied with the work paper filing requirements set forth in WAC 480-07-520. However, the company's cost of service filing was based on customer data drawn from one week in December 2012 and one week in August, 2013. The company's Price Out based on average customer counts derived from these two sample weeks did not easily reconcile to the actual revenue recorded on the company's books. Also the company operates combined commercial and residential collection routes, and did not separate time and weight data by those categories. As a result, the cost of service study was incomplete and produced inaccurate rates.

The company provided additional data and staff has completed its review of the company's supporting financial documents, books and records. Staff's review found that the company's revenue requirement was excessive. Contested issues included; travel expenses incurred by the

owner, as President of the Washington Recycling & Refuse Association, to attend out-of-state events, equipment and repair expenses, legal and accounting fees, affiliate rent, advertising, driver payroll, officer payroll, and meals and entertainment. Staff and the company agreed to a revised revenue requirement of \$73,900 (2.6 percent) additional annual revenue.

Staff substantially revised the company's cost of service study and proposed a rate structure that would generate the revised revenue requirement. The company agreed with staff's proposal and filed revised tariff pages on March 20, 2014, at the agreed upon rates

Rate Comparison

	Current Rate	Proposed Rate	Revised Rate	Percentage Increase
Residential Rates				
60-Gallon Cart - Weekly	\$ 24.30	\$ 26.30	\$ 24.88	2.4%
60-Gallon Cart - Monthly	\$ 14.40	\$ 15.60	\$ 14.40	0.0%
90-Gallon Cart - Weekly	\$ 28.85	\$ 31.30	\$ 31.30	8.5%
Bag Service - Per Bag	\$ 6.40	\$ 7.00	\$ 7.00	9.4%
Commercial Rates				
1.5-Yard - Per Pickup	\$ 30.05	\$ 32.65	\$ 30.05	0.0%
60-Gallon Cart - Per Pickup	\$ 7.75	\$ 8.50	\$ 8.50	9.7%
90-Gallon Cart - Per Pickup	\$ 9.00	\$ 9.80	\$ 9.80	8.9%
Drop Box Rates - Per Pickup				
20-Yard	\$ 189.90	\$ 208.00	\$ 203.06	6.9%
30-Yard	\$ 215.05	\$ 240.00	\$ 240.00	11.6%
15-Yard Compacted	\$ 214.80	\$ 237.50	\$ 221.73	3.2%
20-Yard Compacted	\$ 302.70	\$ 332.00	\$ 310.75	2.6%

Comment Summary

On January 1, 2014, the company notified its customers of the proposed rate increase by mail. Staff received three consumer comments, all opposed to the rate increase. Consumers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

Business Practices

- One customer stated that the company charges \$5.00 to each customer that lives in a gated community for opening the gate to enter.

Staff Response

Compliance Investigation staff are in contact with the customer and working to resolve the customer's issue.

General Comments

- Customers believe the company raises its rates too frequently, and that this increase is excessive.

Staff Response

The 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 for the company to earn a reasonable return on investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

Conclusion

Staff recommends the Commission:

Dismiss the Complaint and Order suspending the tariff revisions filed on December 16, 2013, by Peninsula Sanitation Service, Inc., and allow the revised tariff revisions, as filed by the company on March 20, 2014, to become effective April 1, 2014.