

Agenda Date: June 28, 2012  
Item Number: B5

**Docket:** TG-120733  
Company Name: Zippy Disposal Service, Inc. G-260

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

### **Recommendation**

Issue a Complaint and Order Suspending the Tariff Revisions filed by Zippy Disposal Service, Inc., on May 18, 2012, and on June 27, 2012, and allow the tariff revisions filed on June 27, 2012, to become effective on July 3, 2012, on a temporary basis, subject to refund.

### **Discussion**

On May 18, 2012, Zippy Disposal Service, Inc. (Zippy or company), filed tariff revisions with the Utilities and Transportation Commission (commission). The tariff revisions would generate approximately \$73,500 (8.9 percent) additional annual revenue from Chelan County customers and \$6,254 (1.9 percent) from Douglas and Okanogan County customers. The proposed increases are prompted by an increase in disposal fees from \$34 per yard to \$37 per yard at the Chelan County transfer station effective July 1, 2012, and increased costs for labor, employee benefits, and fuel. Zippy provides regulated solid waste collection service to 1,844 residential and commercial customers in Chelan, Douglas, and Okanogan County. The company's last general rate increase became effective on May 1, 2011.

Commission staff has not completed its review of the company's supporting financial documents, books and records. Therefore, the company has not demonstrated the proposed rates are fair, just, reasonable or sufficient.

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. The company requested that the commission approve temporary disposal fee increases, subject to refund, for Item 230, pass through disposal fee, increases and on June 27, 2012, the company filed revised tariff pages to implement that request. The revenue impact of the temporary disposal fee increase is approximately \$28,000 (1.7 percent) additional annual revenue.

### **Customer Comments**

On May 30, the company notified its customers of the proposed rate increase by mail. Three comments have been received to date; all are opposed to the proposed rate increase. Customers were notified that they may access documents about this rate case on the commission's website, and that they may contact John Cupp at 1-888-333-WUTC (9882) or jcupp@utc.wa.gov with questions or concerns.

### General Comments

- All three commenters stated that the increase is too drastic and that the company should make ends meet by tightening its belt.

### 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 for the company to earn a reasonable return on investment. Regulatory staff review filings to ensure that all rates and fees are appropriate at [www.utc.wa.gov](http://www.utc.wa.gov), and that they may contact Pam Smith at 1-888-333-WUTC (9882) with questions or concerns.

### Rate Comparison

<b>Chelan County Residential Rates</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Percent Increase</b>
1 Can Weekly Pick-Up	\$15.59	\$17.95	15.2%
65-Gallon Toter Weekly Pick-Up	\$19.64	\$22.06	12.4%
<b>Chelan County Commercial Per Pick-Up Rates</b>			
1-Yard Container	\$15.50	\$16.15	4.2%
20-Yard Drop Box (Non-Compacted)	\$118.65	\$128.00	7.9%

\*\* Drop Box disposal rates are published separately in Item 230.

### Conclusion

Issue a Complaint and Order Suspending the Tariff Revisions filed by Zippy Disposal Service, Inc., on May 18, 2012, and on June 27, 2012, and allow the tariff revisions filed on June 27, 2012, to become effective on July 3, 2012, on a temporary basis, subject to refund.