

Agenda Date: June 30, 2011
Item Number: B2

Docket: TG-110885
Company Name: Robert J. Pellegrini, G-21
d/b/a Upper Valley Disposal

Staff: Nicki Johnson, Regulatory Analyst
Pam Smith, Consumer Program Specialist

Recommendation

Take no action and allow the company's proposed rates filed on May 31, 2011, as revised on June 21, 2011, to become effective July 1, 2011, by operation of law.

Discussion

On May 13, 2011, Robert J. Pellegrini, d/b/a Upper Valley Disposal (Upper Valley or company), filed tariff revisions with the Utilities and Transportation Commission (commission). The tariff revisions would generate approximately \$97,000 (7.6 percent) in additional annual revenue. The proposed rate revisions are prompted by increases in labor costs, health and welfare benefits, increased investment, and other operating expense increases. Upper Valley provides regulated service to approximately 3,000 residential and commercial customers in Okanogan County. The company's last general rate increase became effective on January 1, 2007.

Staff's analysis of the company's financial information showed a lower revenue requirement for residential and commercial solid waste collection. The drop box rates are appropriate at the proposed rates.

Staff and the company agreed to a revised revenue requirement of approximately \$42,000 (3.3 percent) in additional annual revenue. On June 21, 2011, Upper Valley filed revised rates at staff recommended levels.

Customer Comments

On May 31, 2011, the company notified its customers of the proposed rate increase by mail. Five customer comments have been received to date. Two customers support the increase, and three customers oppose the 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

- The two customers who support the increase believe the rate is reasonable and the service is good. One customer believes the rate is too high. One customer is a senior citizen on a fixed income, and another customer opposes the increase due to the current economic conditions.

▪ **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 to earn a reasonable return on investment. Regulatory staff will review the filing to ensure that all rates and fees are appropriate.

Rate Comparison

Residential Monthly Rates	Current Rate	Proposed Rate	Revised Rate	Percent Increase
32-Gallon Can Weekly Pick-up	\$15.35	\$16.57	\$15.74	2.5%
Two 32-Gallon Can Weekly Pick-up	\$20.94	\$22.60	\$ 21.48	2.6%
Commercial Per Pick-up Rates				
1-Yard Container, Per Pick-up	\$15.00	\$16.19	\$15.41	2.7%
2-Yard Container, Per Pick-up	\$24.86	\$26.83	\$25.55	2.8%
Drop Box				
Drop Box Rent	\$95.00	\$105.00	\$105.00	10.5%
Drop Box Per Hour	\$107.66	\$118.86	\$118.86	10.4%

Bill Comparison – Residential Customer

Monthly Rates	Current Rate	Revised Rate
32-Gallon Can Weekly Pick-up	\$15.35	\$15.74
Total Monthly Bill	\$15.35	\$15.74
Percent Increase		2.5%

Conclusion

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

Take no action and allow the company’s proposed rates filed on May 31, 2011, as revised on June 21, 2011, to become effective July 1, 2011, by operation of law.