

Agenda Date: April 26, 2012
Item Number: B1

Docket: TG-120283
Company Name: Peninsula Sanitation Service, Inc., G-011

Staff: Mike Young, Regulatory Analyst
Pam Smith, Consumer Protection Staff

Recommendation

Issue a complaint and order suspending the tariff revisions filed by Peninsula Sanitation Service, Inc., on February 29, 2012.

Discussion

On February 29, 2012, Peninsula Sanitation Service, Inc. (Peninsula, or company), filed tariff revisions with the Utilities and Transportation Commission (commission). The tariff revisions would generate \$628,000 (31.5 percent) in additional annual revenue. Commission staff has completed its review of the company's supporting financial documents, books and records and concludes that the proposed revenue requirement is excessive. Therefore, the company has not demonstrated the proposed rates are fair, just, reasonable or sufficient.

Rate Comparison

<u>Residential Monthly Rates</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Percent Increase</u>
One 60-Gallon Can Weekly Pick-up	\$18.70	\$22.50	20.4%
One 60-Gallon Can Monthly Pick-up	\$11.30	\$14.45	27.9%
One 90-Gallon Can Weekly Pick-up	\$22.00	\$33.50	52.3%
<u>Commercial Per Pick-up Rates</u>			
1.5-Yard Container Per Pick-up	\$23.10	\$35.00	51.5%
1.5-Yard Container Every Other Week	\$23.10	\$35.00	51.5%
One 60-Gallon Can Per Pick-up	\$6.00	\$8.00	33.3%
One 90-Gallon Can Per Pick-up	\$6.95	\$10.00	43.9%
<u>Drop Box Rates</u>			
20-Yard Per Pick-up	\$151.20	\$195.00	29.0%
30-Yard Per Pick-up	\$171.20	\$220.00	29.0%
20-Yard Compacted Per Pick-up	\$171.20	\$220.00	29.0%
20-Yard Compacted-Customer Owned Per Pick-up	\$241.00	\$300.00	24.5%

Customer Comments

On March 30, 2012, the company notified its customers of the proposed rate increase by mail. Staff received eight customer comments opposing the rate 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

- Six customers oppose the increase due to current economic conditions.

Staff Response

The customers were advised that state law requires solid waste and recycling rates to be fair, just, reasonable and sufficient. The rates must allow the company to recover reasonable operating expenses and provide the company the opportunity to earn a reasonable return on investment. They were also advised that the commission's regulatory staff will review the filing to ensure that all rates and fees are appropriate.

- One customer would like a low-income senior citizen rate.

Staff Response

Staff attempted to reach the customer to discuss a low-income rate for seniors. If the call is returned, staff will advise the customer that a reduced low-income rate must be adopted into the Pacific County solid waste management plan. Once adopted, it may be considered by the commission.

Service Quality

- There was one comment concerning poor service.

Staff Response

Staff attempted to reach the customer to discuss the service issue. The customer did not return the telephone call.

Conclusion

Commission staff has completed its review of the company's supporting financial documents, books and records and concludes that the revenue requirement is excessive. The company has not demonstrated that the proposed rates are fair, just, reasonable and sufficient. Therefore, staff recommends the commission issue a complaint and order suspending the tariff revisions filed by Peninsula Sanitation Service, Inc., on February 29, 2012.