

Agenda Date: February 28, 2007
Item Number: B1

Docket: **TG-061854**
Pullman Disposal Service, Inc., G-42

Staff: Bob Colbo, Transportation Program Staff
John Cupp, Consumer Program Staff

Recommendation

Continue the current suspension but make the new residential rates temporary and subject to refund, and allow Pullman Disposal Service, Inc., G-42, to withdraw the balance of its original filing.

Background

On December 14, 2006, Pullman Disposal Service, Inc., (Pullman or company), filed a general rate increase. The company serves approximately 6,000 customers in and around the city of Pullman. Present rates had been in effect since 1997, and the overall impact of the filing was \$747,731 (26.8 percent). The major cause of the proposed revision was an increase in tipping fees at the Whitman County Landfill from \$69 to \$95 per ton and increases to employee pay and benefits.

The filing was first presented at the open meeting of January 10, 2007, for the purpose of hearing comments from customers. It was presented again at the open meeting of January 24, 2007. At that time the company was allowed to file tariff revisions generating \$387,646 (13.9 percent) to recover the increased disposal fees portion of the increase only.

The commission received comments from seven customers who opposed the proposed increase. These customers said they feel the rates are already too high, the charges for the different can sizes are not in proportion with the can sizes, and they don't have the option of taking their business elsewhere. One customer commented in favor of the proposed increase because of the great service she receives, and one customer said the company should get an increase only if it really needs it. Temporary permanent rates covering disposal fee increases only were approved to become effective February 1, 2007, and the balance of the proposal was suspended at the January 24, 2007, open meeting.

The staff investigation of the filing is now complete and an allocation made between regulated and non-regulated segments of the company's business. No additional revenue requirement exists for its regulated operations beyond that which has already been addressed. The company has made minor technical changes to specific residential rates establishing a more uniform rate spread between residential service levels. Overall revenues will not change. The company also requested the commission allow it to withdraw the balance of the original filing.

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 final 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, proposed, and revised rates are shown below:

| Service Level | Present Rates | Proposed Rates | Percent Change | Disposal Rates Effective 1-Feb | Percent Change | Final Rates | Percent Change |
|---|---------------|----------------|----------------|--------------------------------|----------------|--------------|----------------|
| Residential Rates - Wkly Svc., Mo. Rate | | | | | | | |
| 1 Can | \$10.60 | \$13.34 | 25.8% | \$11.73 | 10.66% | \$11.75 | 10.85% |
| 2 Can | \$15.20 | \$19.13 | 25.9% | \$16.89 | 11.12% | \$17.25 | 13.49% |
| 3 Can | \$22.60 | \$28.44 | 25.8% | --- | | | 9.87% |
| Adj. 3 Can Rate* | \$20.20 | \$28.44 | 40.8% | \$22.46 | 11.19% | \$22.75 | 12.62% |
| 4 Can | \$27.95 | \$35.17 | 25.8% | \$30.77 | 10.09% | \$28.25 | 1.07% |
| Recycling | \$2.52 | \$3.16 | 25.4% | No increases | | No increases | |
| Yard Waste | \$5.28 | \$6.55 | 24.1% | No increases | | No increases | |
| Commercial Rates | | | | | | | |
| 1 Yard Mo. Rent | \$3.82 | \$4.81 | 25.9% | No increases | | No increases | |
| 1 Yd. per pickup | \$9.30 | \$11.70 | 25.8% | | | \$10.70 | 15.05% |
| 2 Yard Mo. Rent | \$5.20 | \$6.54 | 25.8% | No increases | | No increases | |
| 2 Yd. per pickup | \$16.40 | \$20.63 | 25.8% | | | \$19.20 | 17.07% |
| 3 Yard Mo. Rent | \$6.13 | \$7.71 | 25.8% | No increases | | No increases | |
| 3 Yd. per pickup | \$22.75 | \$28.62 | 25.8% | | | \$26.95 | 18.46% |

Drop Box Service

| | | | | | |
|-------------------|----------|-----------|-------|--------------|--------------|
| 20 Yd. Mo. Rent | \$56.65 | \$67.87 | 19.8% | No increases | No increases |
| 20 Yd. per pickup | \$170.85 | \$204.68 | 19.8% | No increases | No increases |
| 30 Yd. Mo. Rent | \$56.65 | \$ 67.87 | 19.8% | No increases | No increases |
| 30 Yd. per pickup | \$184.50 | \$ 221.03 | 19.8% | No increases | No increases |
| 40 Yd. Mo. Rent | \$56.65 | \$ 67.87 | 19.8% | No increases | No increases |
| 40 Yd. per pickup | \$198.15 | \$ 237.38 | 19.8% | No increases | No increases |

* 3 can rate adjusted for rate design re-allocation

Conclusion

Continue the current suspension, making the new residential rates temporary and subject to refund, and allow Pullman Disposal Service, Inc., G-42, to withdraw the balance of its original filing.