

Agenda Date: April 27, 2007  
Item Number: B4

**REVISED April 26, 2007**

**Docket:** TG-070525  
**Company Name:** Waste Management of Washington, Inc., d/b/a Waste Management of Greater Wenatchee, G-237

**Staff:** Layne Demas, Regulatory Analyst  
John Cupp, Consumer Program Staff

### **Recommendation**

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Waste Management of Washington, Inc., d/b/a Waste Management of Greater Wenatchee.
2. Allow temporary rates at the staff recommended revised rates to become effective May 1, 2007, subject to refund.

### **Discussion**

On March 15, 2007, Waste Management of Washington, Inc., d/b/a Waste Management of Greater Wenatchee, G-237 (Greater Wenatchee or company) filed a general rate increase for solid waste service. The company serves approximately 12,500 customers in the parts of Douglas, Chelan, and Grant counties. The last general rate increase has been in effect since November 2001. The overall impact of the filing will be approximately \$748,000 (15.4 percent). The major drivers of the proposed revision is an increase in tipping fees at the Wenatchee transfer station from \$16.33 to \$19.30 per yard and at the Greater Wenatchee Landfill from \$13.67 to \$15.86 per yard. Also contributing to the proposed increase are increased labor and benefit costs and high fuel costs in the test period.

Twenty-one customers commented on this filing. Seventeen are opposed, saying the proposed increase is too drastic and rates are already too high. Several of these customers said they are seniors on fixed incomes, and the increase will be hard on them. One customer said she understands the need for an increase. Several customers commented on issues that the commission does not regulate, such as landfill disposal fees.

The commission has received a letter from Mr. Ron Dragoo, Douglas County Solid Waste Program Administrator (copy attached). Mr. Dragoo comments on the following issues:

- Yard Waste. Mr. Dragoo quotes The Douglas County minimum Service Level Ordinance (CE. 04-07) "each county residential solid waste generator who resides within the Unincorporated Area of Douglas County shall be afforded an opportunity to voluntarily subscribe to yard debris collection service provided by a Certified Solid Waste Hauler".

Staff's Response: The Douglas County Board of Commissioners passed Resolution C.E. 04-07 on January 21, 2004. Section 3.08(4) requires the company to provide voluntary yard waste service. The company's proposed tariff does not include a rate for yard waste service. Mr. Dragoo informed staff that the ordinance was inadvertently not codified. Neither staff nor the company were aware of this ordinance or the requirement that the company provide voluntary yard waste service. The company has

committed to work with Mr. Dragoo to implement a yard waste program. Staff thinks the county and company can quickly resolve this issue independent of the general rate case. This issue should not affect the commission's decision in this matter.

- Douglas County solid waste collection fee. Douglas County charges Greater Wenatchee an annual fee, effective April 1, based on an estimate of the number of yards that the company will collect. The company recovers that cost by charging customers a monthly fee. Mr. Dragoo takes issue with the entry on several tariff pages that the fee expires on March 31, 2008.

Staff's Response: The tariff pages publish the specific amount charged to each customer as a "pass through" fee. Since this fee changes annually on April 1, the company correctly published the fee to expire March 31. The tariff pages effectively expire and the company must file updated pages to reflect the new fee before March 31 each year.

- Disposal Fees. Mr. Dragoo refers to the Douglas County Solid Waste Disposal Host Agreement with the landfill, raising the issue of weight-measured solid waste.

Staff's Response: The commission has no jurisdiction over Waste Management's landfill operations. The Host Agreement requires the landfill (owned by a separate Waste Management operating company) to charge rates by weight. Mr. Dragoo states that the company's tariff should therefore publish landfill disposal fees by weight. Staff disagrees. Item 230 publishes disposal fees that the company charges to its customer as a "pass through." The company must publish the rates it actually pays. If the landfill charges the company by the yard, the company must publish the rate by the yard. Staff understands that the county and the landfill company are working to implement rates on a per-ton basis. When the landfill changes its rates to a per-ton basis, Greater Wenatchee must change the rates in its tariff to a per-ton basis.

- Customer information. Mr. Dragoo refers to the requirement to provide consumer information, the Rights and Responsibilities of Solid Waste Customers, annually to each customer and initially to new customers.

Staff's Response: The company states that it is not in strict compliance with either the commission's rules or the county's requirements regarding consumer information it provides to customers and the company will immediately supplement its existing information distribution practices to comply with both commission rules and county requirements. Staff believes this issue should not impact the commission's decision in this general rate case. However, staff will work with the company to provide technical assistance and ensure the company meets its obligations.

- Annual Report. Mr. Dragoo mentions he can't find the specific costs associated with preparing the annual report to the Douglas County Board of Commissioners.

Staff's Response: The costs of preparing government reports are appropriate overhead

costs to include in rates. All of these costs are very small and would never be published as a separate fee in a tariff.

To summarize, staff thinks Mr. Dragoo raised two relevant issues. The county's ordinance, unknown to both staff and the company because it was not codified, requires the company to provide voluntary yard waste service. The company has not complied with commission rules or county requirements regarding consumer information it provides to customers. The company has committed to work with the county to implement the required yard waste service and to fully comply with the commission's rules and the county's requirements regarding consumer information provided to customers. Staff believes that, for the purpose of deciding the general rate case, the company's commitment to resolve these issues is sufficient.

Staff's review of Greater Wenatchee's operations revealed that some proposed rates were excessive. On April 16, 2007, the company filed revised rates at the staff recommended level. The revised rates generate approximately \$725,500 (13.4 percent). 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 revised 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 and proposed rates are shown below:

	<b>Present Rates</b>	<b>Proposed Rates</b>	<b>Revised Rates</b>
<b>Residential - monthly rate</b>			
Mini can	\$ 6.10	\$ 7.40	n/a
One 32 gal. can per week	\$ 7.90	\$ 9.50	\$ 9.40
One 64 gal. toter per week	\$12.70	\$15.30	\$15.10
One 96 gal. toter per week	\$16.30	\$19.60	\$19.40
<b>Commercial - per pickup</b>			
One yard container	\$11.30	\$13.80	n/a
Two yard container	\$17.80	\$21.70	n/a
Dropbox per haul			
15-50 yard	\$101.70	\$106.90	n/a

### **Conclusion**

Staff recommends that the commission issue a Complaint and Order Suspending the Tariff Revisions filed by Greater Wenatchee and allow temporary revised rates at staff recommended levels, to become effective May 1, 2007, subject to refund.

Attachment