

Agenda Date: October 27, 2011  
Item Number: B1

**Docket:** TG-111598  
Company Name: Yakima Waste Systems, Inc., G-89

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

### **Recommendation**

Take no action, allowing the rates filed by Yakima Waste Systems, Inc., on September 2, 2011, as revised on October 14, 2011, to become effective on November 1, 2011, by operation of law.

### **Discussion**

On September 2, 2011, Yakima Waste Systems, Inc., (Yakima Waste or company), filed tariff revisions with the Utilities and Transportation Commission (commission). The tariff revisions would generate approximately \$633,000 (7.9 percent) in additional annual revenue. The proposed rate revisions are prompted by increases in labor costs, fuel costs, increased investment, and other operating expense increases. Yakima Waste provides regulated service to approximately 22,000 residential and commercial customers in Yakima County, including about 1,700 residential recycle-only customers within the City of Yakima and commercial garbage customers within the City of Yakima. The City of Yakima provides only residential garbage service. The company's last general rate case became effective on June 1, 2010.

Staff's analysis of the company's financial information showed a lower revenue requirement for the approximate 2,600 residential recycling customers and approximate 1,100 yard waste customers than what the company proposed. The residential and commercial garbage rates along with the drop box rates are appropriate at the proposed rates.

Staff and the company agreed to a revised revenue requirement of \$575,000 (7.2 percent) in additional annual revenue. On October 14, 2011, Yakima Waste filed complete set of substitute pages, including revised rates at staff recommended levels.

### **Rate Comparison**

<b>Residential Monthly Rates</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Revised Rate</b>	<b>Percent Increase</b>
32-Gallon Can Weekly Pick-up	\$ 6.29	\$ 6.71	\$ 6.71	6.7%
Two 32-Gallon Can Weekly Pick-up	\$ 8.25	\$ 8.80	\$ 8.80	6.7%
Voluntary Recycling Every-Other-Week Service	\$ 6.50	\$ 8.16	\$ 6.72	3.4%
Voluntary Yard Waste Every-Other-Week Service	\$ 7.50	\$ 11.16	\$10.17	35.6%

<b>Commercial Rates</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Revised Rate</b>	<b>Percent Increase</b>
1.5-Yard Container –Per Pick-up	\$ 6.22	\$ 6.63	\$ 6.63	6.6%
1.5-Yard Container –Rent	\$ 8.77	\$ 9.35	\$ 9.35	6.6%
<b>Drop Box Per Pick-up Rate</b>				
30-Yard Drop Box (Non-Compacted) Per Pick-up	\$73.81	\$84.90	\$84.90	15.0%

**Bill Comparison – Residential Customer**

<b>Monthly Rates</b>	<b>Current Rate</b>	<b>Revised Rate</b>
32-Gallon Can Weekly Pick-up Garbage	\$ 6.29	\$ 6.71
Voluntary Recycling Every-Other-Week Service	\$ 6.50	\$ 6.72
Total Garbage and Recycling	\$12.79	\$13.43
Percent Increase		5.0%
Voluntary Yard Waste Every-Other-Week Service	\$ 7.50	\$10.17
Total Garbage, Recycling and Yard Waste	\$20.29	\$23.60
Percent Increase		16.3%

**Customer Comments**

On September 30, 2011, the company notified its customers of the proposed rate increase by mail. Twelve customer comments have been received to date. Two customers support the increase and 10 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](http://www.utc.wa.gov), and that they may contact Pam Smith at 1-888-333-WUTC (9882) with questions or concerns.

**General Comments**

- Three customers are on a fixed income, and three customers oppose the increase due to the current economic conditions. One customer would like to see the company contract out the yard waste service.

**Staff Response**

The customers were advised that state law requires solid waste and recycling 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. Customers were advised that commission regulatory staff will review the filing to ensure that all rates and fees are appropriate.

### **Fuel Surcharge Comments**

- Three customers commented on the recent fuel surcharge increase, they believe the past increase should be sufficient to cover the increased fuel cost.

### **Staff Response**

The customers were advised that the current fuel surcharge is not high enough to cover the current cost of fuel. The commission allows the company to implement temporary fuel surcharges to help offset some of the increased fuel costs. Staff reviews all charges to ensure that rates and fees are appropriate.

### **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 commission take no action, allowing the rates filed by Yakima Waste Systems, Inc., on September 2, 2011, as revised on October 14, 2011, to become effective on November 1, 2011, by operation of law.