

Agenda Date: July 26, 2019  
Item Number: E2

**Docket:** TG-190421  
Company Name: Island Disposal, Inc.

Staff: Greg Hammond, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Issue an order:

1. Granting the company's requested exemption from WAC 480-07-520(4);
2. Require the company to file a general rate case no later than December 31, 2020; and
3. Allow the tariff pages filed on May 23, 2019, and revised on July 18, 2019, to take effect August 1, 2019.

### **Discussion**

On May 23, 2019, Island Disposal, Inc. (Island or company) filed with the Washington Utilities and Transportation Commission (commission) revisions to its Tariff 8 reflecting the addition of new rates for automated garbage collection. The company serves approximately 10,000 residential and commercial customers in Island County. The company's last general rate increase became effective on July 1, 2012.

The company will be converting its customers from customer-provided cans to company-provided automated carts on a route-by-route basis. Customers who are being immediately converted to automated service have been given 30 days' advanced customer notice. Customers who will be converted to automated service in the future will also be given 30 days' advance customer notice. The company expects all of its customers will be converted to automated carts over the next one-to-two years. The proposed rates for cart service are based on the existing equivalent can rates with the addition of recovery of principal on the recently purchased automated carts.

Because customers will no longer have the option to use customer-provided cans once they are converted to automated service, this filing is classified as a general rate case, due to the fact that the automated rates are higher than the existing equivalent can rates. As initially filed, the company's proposed rates would have generated approximately \$68,000 (2.8 percent) additional annual revenue. Commission staff (staff) and the company agreed to a modified rate design, which would generate approximately \$62,000 (2.6 percent) additional annual revenue. The company filed revised tariff pages at staff recommended levels on July 18, 2019.

This filing falls within the definition of a general rate increase pursuant to WAC 480-07-505. WAC 480-07-520 lists the minimum required information the company must provide in a general rate increase filing. The company provided information pertinent to the new automated cart rates but did not provide the remainder of the information required by the rule and requested

an exemption from the work paper filing requirements of WAC 480-07-520(4). Because this filing only addresses the addition of a new service level, and does not alter the company's revenue requirement outside of recovery of principal on its new carts, staff had adequate information necessary to process the request and finds the proposed rates to be reasonable. The company has stated it intends to file a full general rate case by the end of 2020 in order to recover the cost of the new automated garbage trucks and to address potential cost savings on its labor costs due to automation. Pursuant to this, staff recommends the commission order the company to file a general rate case no later than December 31, 2020, in order to adjust rates based on the actual results of the change to automated garbage service.

This item was previously scheduled to appear on the June 27, 2019, open meeting. Staff discovered that the customer notice did not meet all of the requirements outlined in WAC 480-70-271. The company agreed to extend the proposed effective date to August 1, 2019, and sent the revised customer notice on July 1, 2019. The company filed replacement pages reflecting the August 1, 2019, effective date on July 18, 2019.

### **Rate Comparison**

	<b>Current Rates</b>				
<b>Residential Rates</b>	<b>– Equivalent Service</b>	<b>Proposed Rates</b>	<b>Revised Rates</b>	<b>Increase</b>	
35 Gal. Toter Weekly Garbage	\$ 17.35	\$ 17.83	\$ 17.83	2.8%	
64 Gal. Toter Weekly Garbage	\$ 25.12	\$ 25.66	\$ 25.66	2.2%	
96 Gal. Toter Weekly Garabge	\$ 36.29	\$ 36.88	\$ 36.88	1.6%	
<b>Commercial Service - Per Pickup</b>					
35 Gal. Toter – Per Pickup	\$ 3.36	\$ 3.47	\$ 3.47	3.3%	
64 Gal. Toter – Per Pickup	\$ 6.72	\$ 6.85	\$ 5.21	-22.5%	
96 Gal. Toter – Per Pickup	\$ 10.08	\$ 10.22	\$ 7.85	-22.2%	

### **Customer Comments**

On July 1, 2019, the company notified its customers by mail of the proposed rate increase. Staff received no comments.

### **Conclusion**

Issue an order:

4. Granting the company's requested exemption from WAC 480-07-520(4);
5. Require the company to file a general rate case no later than December 31, 2020; and
6. Allow the tariff pages filed on May 23, 2019, and revised on July 18, 2019, to take effect August 1, 2019.