

Agenda Date: February 23, 2022
Item Number: B1

Docket: TG-220950
Company Name: Zippy Disposal Service, Inc.

Staff: Ben Sharbono, Regulatory Services
John Cupp, Consumer Protection

Recommendation

Take no action allowing the tariff pages filed by Zippy Disposal Service, Inc. on December 16, 2022, and revised on February 10, 2023, to take effect by operation of law March 1, 2023.

Background

On December 16, 2022, Zippy Disposal Service, Inc. (Zippy or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$94,000 (5.7 percent) additional annual revenue. The Company provides regulated solid waste collection service to approximately 4,480 residential and recycling customers in Chelan County. The Company's last general rate increase became effective on June 3, 2019.

The primary drivers of the request are increases in general operating expenses, capital investments, and disposal costs in its Chelan operational area.

Since the last general rate case the Company has purchased new vehicles and assets necessary to continue to provide service. Commission staff (Staff) adjusted the depreciation and investment to remove assets that had reached the end of their service lives expiring before the effective date of the new tariff pages. Staff also adjusted investment to reflect net book value at the end of the test year instead of average investment as required by Washington Administrative Code (WAC) 480-07-520.

While reviewing expenses Staff discovered a significant increase in the Company's Tires expense in the test year compared to previous years. The Company stated it purchased a larger number of tires during the test period due to information it received from the tire company about potential shortages from market volatility. Staff to an average of three years of the Company's tire purchases to calculate a reasonable yearly expense. This resulted in a reduction.

Staff also updated the Company's fuel expense to the most recent 12-month fuel cost as required by WAC 480-70-346. Due to rising fuel costs, Staff's adjustment increased fuel expense.

To attract and retain quality and qualified personnel, the Company has increased employee wages since it's last rate case to keep up with the current jobs market. Staff adjusted the Company wage expenses to remove bonuses generally not allowed to be included in rates. Bonuses are given on a discretionary basis which are not known and measurable year to year. It is also questionable as to how bonuses benefit customers.

Staff's detailed review of the general ledger removed items that were either not allowable or not a normal part of business to provide the services to customers. Several adjustments were made reducing these expenses.

Staff has completed its review of the Company's financial documents and found the Company's initial request for \$94,000 was overstated. Staff and the Company have agreed to a new additional annual revenue amount of approximately \$46,000 (2.4 percent).

Rate Comparison

The tables below show the current, Company-proposed, and Staff-revised rates, for the most common services. The full list of rates is included in the Company's tariff.

Most Common Residential Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
1-45 gal. Toter – Weekly	\$19.85	\$21.10	\$20.33	\$0.48	2.4%
1-65 gal. Toter – Weekly	\$24.40	\$25.75	\$24.98	\$0.58	2.4%
1-95 gal. Toter – Weekly	\$30.60	\$32.30	\$31.33	\$0.73	2.4%

Most Common Commercial Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
1 yd Container – per Pick Up	\$17.80	\$18.80	\$18.23	\$2.31	2.4%
2 yd Container – per Pick Up	\$28.50	\$30.10	\$29.18	\$0.68	2.4%
30 yd Drop-box – per Pick Up	\$150.50	\$158.85	\$154.11	\$11.29	2.4%

Comment Summary

On December 30, 2022, the Company notified its customers by mail of the proposed rate increase. Staff received no comments.

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