

Agenda Date: May 25, 2023  
Item Number: B1

**Docket:** TG- 230184  
Company Name: Basin Disposal of Washington, LLC

Staff: Jaclynn Simmons, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Issue an order allowing tariff pages filed by Basin Disposal of Washington, LLC, on March 17, 2023, as revised on May 18, 2023, to become effective June 1, 2023, and require Basin Disposal of Washington, LLC to provide a cost-of-service analysis with its next general rate case.

### **Discussion**

On March 17, 2023, Basin Disposal of Washington, LLC (Basin or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$710,000 (30.49 percent) additional annual revenue. The Company provides regulated solid waste services to approximately 4,800 residential, 480 commercial, and 44 drop box customers in Walla Walla County. The Company's last general rate increase became effective on June 1, 2010.

On March 28, 2023, the Company requested an extension to allow more time to review the case with a new effective date of June 1, 2023.

The main drivers of the request are higher general operating costs and the need to start recovery of new assets that were put in-service after the Company's last rate case. Commission staff (Staff) adjusted the Company's fuel, bringing it to the most current 12 months of fuel costs per WAC 480-70-346. Staff made minor adjustments to the employee costs and other miscellaneous accounts, removing unallowable expenses. Staff reviewed the new payroll increases and bonuses and made minor adjustments to each. Staff also reviewed the prudence for newly obtained assets that were put into service after the test year. Staff removed six new trucks from the rate case as they did not pass the prudence test of being used and useful, however Staff allowed the chassis for three of the trucks which have been paid for and received to resolve the case. Staff adjusted the Company's capital structure by capping the Company's equity at 60 percent and bringing the debt to 40 percent and this lowered the Company's return on equity.

Staff also discussed with the Company that waiting 13 years before a rate case can cause rate shock to their customers and that the Commission recommends that the Company should file or come back every two to three years for rate review. Because of the lag in between this filing and the previous rate case for the company Staff recommends the Company be ordered to provide a cost-of-service analysis with their next general rate case.

Staff and the Company agreed to a lower revenue requirement of \$327,121 or 12.50 percent. The Company submitted revised pages on May 18, 2023. Staff found the revised revenue requirement and rates agreed on are fair, just, reasonable, and sufficient.

### **Rate Comparison**

Service	Current Rates	Company Proposed Rates	Staff Revised Rates	Percentage Increase
32 gal 1x wk.	\$13.26	\$17.30	\$14.82	11.78%
64 gal 1x a wk.	\$18.51	\$24.15	\$20.69	11.78%
1.5 yd 1x wk.	\$115.11	\$175.57	\$130.16	13.07%
20 yd	\$107.63	\$145.00	\$120.00	11.49%

### **Customer Comments**

On April 20, 2023, the Company notified its customers by mail of the proposed rate increase. Staff received nine comments, all opposed to the proposed rate increase. Every commenter in this case believes the proposed increase amount is excessive. Two of them feel the rates increase faster than the inflation rate.

### **Staff Response**

State law requires 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 its investment. Commission Staff perform a thorough review of rate filings to ensure that all rates and fees are appropriate.

### **Conclusion**

Staff completed their review of the Company's documentation. Staffs review shows that the revised tariff pages filed are reasonable and needed as part of the Company's operations.

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