

Agenda Date: May 28, 2009
Item Number: B1

Docket: TG-082230
Company Name: Sanitary Service Co., Inc., G-14

Staff: Nicki Johnson, Regulatory Analyst
Nancy Paulson, Consumer Protection Staff

Recommendation

1. Dismiss the Complaint and Order Suspending the Tariff revisions filed by Sanitary Service Co., Inc.; and
2. Allow the temporary rates to become effective June 1, 2009, on a permanent basis.

Discussion

On December 16, 2008, Sanitary Service Co., Inc., (Sanitary Service or company), filed with the Utilities and Transportation Commission (commission) tariff revisions for residential recycling and yard waste collection service that would generate \$90,871 (10.4 percent) in additional annual revenue. The proposed rates would increase the residential recycling revenues by \$83,633 (10.8 percent) and yard waste revenues by \$7,238 (7.0 percent) on an annual basis. The company serves approximately 17,500 residential customers in Whatcom County. The proposed rates are prompted by increases in labor, fuel, and other operating costs. The company's last general rate increase became effective in July 2008.

Staff's analysis showed Sanitary Service's proposed residential recycling rates were excessive. Staff and the company negotiated lower, revised rates for recycling that would generate about \$54,500 (7.0 percent) in additional revenue. The proposed yard waste rates are cost justified. On January 22, 2009, the company filed a substitute page with the commission at staff's revised rates.

At the January 29, 2009, open meeting, the commission suspended the filing and allowed temporary rates, at the staff-recommended level, to become effective February 1, 2009, subject to refund.

Customer Comments

On December 23, 2008, the company notified its customers of the rate increase by mail. A total of six customer comments have been received to date; five opposed and one undecided. No comments have been received to date on the temporary revised rates. Please note: Customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

Consumer Protection staff advised customers that they have access to all company documents pertinent to this rate case at utc.wa.gov and that they may contact Nancy Paulson toll-free at 1-888-333-9882 with questions or concerns.

Filing Documents and Methodology Comments

- Three customers questioned increased fuel costs as one of the reasons for the proposed rate increases. Not only has fuel decreased in price, but the company recovered the fuel costs through temporary fuel surcharges. One customer commented that the company is more expensive than other solid waste providers and the company should cut its operating expenses.

Staff Response

Staff's analysis showed Sanitary Service's proposed residential recycling rates were excessive. Staff and the company negotiated lower, revised rates for recycling. The proposed yard waste rates are cost justified. The proposed revised rates will offset higher fuel costs.

- **Service Quality Comments**

Two customers commented that the company missed their garbage and recycle pickups. They believe the company should compensate them for the missed pickups.

Staff Response

The missed pickups were weather related. The company is not required to credit for missed pickups since the company will pick up accumulated trash on the next scheduled pickup or available date.

Business Practice Comments

- Three customers commented on the curbside recycling program. One customer wanted to know if he was required to pay for recycling even if he chose not to use the service. One customer objected to the recycling increase because when recycling started he was told it would be free and he might receive money from the sale of the recyclable material. One customer wants the garbage rates to increase rather than the recycling rates because lower recycling rates would provide an incentive to recycle.

Staff Response

The Whatcom County minimum service level ordinance requires all garbage customers to pay for recycling service regardless of whether they use the curbside service. This serves as an incentive to participate in curbside recycling. Staff revised the company's proposed rates to ensure that the recycling rate includes only reasonable costs and a reasonable return on investment.

Rate Comparison

	Present	Proposed	Revised
Residential Monthly Rates			
Mandatory Recycling – Every-Other-Week	\$3.73	\$4.13	\$3.99
Voluntary Yard Waste - Every-Other-Week	\$10.00	\$10.70	\$10.70

Average Customer Charge Comparison – One Can Garbage

Monthly Garbage	Present	Proposed	Revised
Garbage Component	\$11.83	\$11.83	\$11.83
Mandatory Recycling – Every-Other-Week	\$3.73	\$4.13	\$3.99
Recycle Commodity Charge	\$.38	\$.38	\$.38
Total Garbage and Mandatory Recycling	\$15.94	\$16.34	\$16.20
		2.5%	1.6%
Total Garbage and Mandatory Recycling	\$15.94	\$16.34	\$16.20
Voluntary Yard Waste - Every-Other-Week	\$10.00	\$10.70	\$10.70
Total Garbage, Mandatory Recycling and Voluntary Yard Waste	\$25.94	\$27.04	\$26.90
		4.2%	3.7%

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 operations. The company’s financial information supports the revised revenue requirement and the revised rates and charges are fair, just, reasonable and sufficient.

Conclusion

1. Dismiss the Complaint and Order Suspending the Tariff revisions filed by Sanitary Service Co., Inc.; and
2. Allow the temporary rates to become effective June 1, 2009, on a permanent basis.