

Agenda Date: February 28, 2019  
Item Number: B3

**Docket: TG-181016**

Company Name: Waste Management, Inc. d/b/a Waste Management of Greater Wenatchee G-237

Staff: Scott Sevall, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Issue an order granting a waiver from WAC 480-07-520 which allows tariff revisions filed by Waste Management, Inc. d/b/a Waste Management of Greater Wenatchee on December 4, 2018, revised on January 11 and January 29, 2019, to go into effect and authorizing the use of a deferred accounting mechanism to establish an annual commodity adjustment.

### **Discussion**

On December 4, 2018, Waste Management, Inc. d/b/a Waste Management of Greater Wenatchee (WM or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$568,000 (7.5 percent) additional annual revenue. WM serves approximately 19,000 residential and commercial customers in Chelan, Douglas, Lincoln and Okanogan counties. The filing is prompted by increases in disposal fees, recycling processing and other general operating expenses. The last general rate increase for Waste Management of Greater Wenatchee became effective July 1, 2012 for \$440,000 (8.1 percent) additional annual revenue. On January 11, 2019, the company filed revised pages and extended the effective date to March 1, 2019. The company again filed revised pages on January 29, 2019, to include a new requested service for bear resistant containers that had not been included in the initial filing.

Staff has completed its review of the company's supporting financial documents, books and records and finds WM's proposed rates to be fair, just, reasonable, and sufficient.

This case was driven by an increase in disposal costs, recycling processing fees, reduced commodity revenue, and payroll. The costs for processing recycling have increased significantly over the past year while at the same time commodity values have decreased by 50 percent so the rate for curbside recycling will see the largest increase. However, this case also establishes an annual commodity adjustment for this tariff, as new markets arise and commodity values increase, customers will receive this benefit as an increased credit to their bill. The current per ton processing fee for recycling is \$134.58. The County and WM have not entered into a revenue share agreement. Customers will see the benefit of 100 percent of the commodity value as a credit on their bills. Rate impacts are in the following table.

### **Rate Comparison**

<b>Residential</b>	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Recycling Commodity Adjustment</b>	<b>Percentage</b>
35 Gallon tote	\$12.40	\$13.27		7.0%
64 Gallon tote	\$17.36	\$18.58		7.0%
96 gallon tote	\$22.37	\$23.94		7.0%
Residential Yard waste	\$9.90	\$10.55		6.5%
Residential Recycling	\$8.40	\$12.67	(\$1.50)	33.0%

### **Customer Comments**

On January 18, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received 15 consumer comments regarding the proposed rate increase; 14 opposed and one in favor.

### **General Comments**

Most of the comments are about the proposed increase in the recycling rate. Customers believe this increase will take away all incentive to recycle. Many customers are unhappy that they don't receive credit when the company misses pickups due to inclement weather.

### **Staff Response**

Staff explained that companies are required to pick up the missed garbage on the next scheduled pickup date. Staff informed customers that 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. Customers were also told that commission staff performs a thorough review of rate filings to ensure all rates and fees are appropriate.

### **Conclusion**

1. Issue an order granting a waiver from WAC 480-07-520 and allow tariff revisions filed by Waste Management, Inc. d/b/a Waste Management of Greater Wenatchee on December 4, 2018, revised on January 11 and January 29, 2019, to go into effect;
2. Authorize the use of a deferred accounting mechanism to establish an annual commodity adjustment.