

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

<p>WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,</p> <p>Complainant,</p> <p>v.</p> <p>MURREY’S DISPOSAL COMPANY, INC., d/b/a OLYMPIC DISPOSAL,</p> <p>Respondent.</p>	<p>DOCKET TG-210912</p> <p>ORDER 01</p> <p>ALLOWING RATES TO GO INTO EFFECT SUBJECT TO CONDITION</p>
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BACKGROUND

1 On November 15, 2021, Murrey’s Disposal Company, Inc., d/b/a Olympic Disposal (Olympic Disposal or Company) filed with the Washington Utilities and Transportation Commission (Commission) a proposed tariff revision that would generate approximately \$1,256,000 (6.8 percent) in additional annual revenue, to become effective January 1, 2021. The Company subsequently extended the effective date to January 28, 2022. The Company also requested an exemption from the workpaper filing requirements listed in WAC 480-520-07(4).

2 The proposed rate increase applies only to the Company’s Item 260 – Intermodal Box and Chassis rates, which currently apply to two paper mills in Clallam and Jefferson Counties: Port Townsend Paper (PTP) and McKinley Paper Company (McKinley). The filing updates the Company’s Item 260 rates to reflect the current costs of providing these services. The Company’s last general rate increase became effective June 1, 2011. The Company argues that its current rates do not reflect the current cost of providing service.

3 On November 30, 2021, the Company provided notice of the proposed rate increase to its customers. In one comment received by the Commission, the customer commented that the rate increase is excessive, and the customer might consider hauling their own waste.

4 On January 13, 2022, Commission staff (Staff) met with the Company and the two affected customers.

5 Staff completed its review of the Company’s initial filing and found that the proposed rates would result in excess revenue. Staff adjusted the Company’s calculations for labor

costs, operating hours, overhead allocations, and disposal tonnages, as well as updated monthly haul counts. These adjustments resulted in a revised revenue requirement of approximately \$1,323,000 (7.3 percent) in additional annual revenue for Olympic Disposal as a whole.

6 In its review, Staff could not consider a full test year of financial information due to a service dispute that resulted in the Company not servicing PTP beginning June 2020 and then reestablishing service for both PTP and McKinley in June 2021. Staff recommends that Commission require the Company to make a compliance filing by May 15, 2023, to allow for potential rate adjustments based upon a full 12-month test year.

7 Staff believes the requested exemption is unnecessary because the filing is of a type that may be excluded from the Commission's rules for general rate cases.

8 On January 19, 2022, the Company filed revised tariff pages reflecting Staff's adjustments. Staff recommends that the Commission issue an order allowing the proposed tariffs, as revised on January 19, 2022, to take effect and requiring the Company to make a compliance filing by May 15, 2023.

DISCUSSION

9 We agree with Staff. The Commission's rules for general rate cases require companies to file workpapers supporting companies' rate request that help Staff (and any other parties) assess the companies' calculations.¹ Washington Administrative Code (WAC) 480-07-505 states that the Commission will generally not initiate a general rate case in response to a solid waste collection company's filing that regards "specialized hauling services restricted to certain specific waste products that are limited to specific customers." Here, Olympic Disposal's tariff revisions apply only to Item 260 and its provision of service to two paper mills. While the Company's filing might meet one or more criteria of a general rate case, we agree with Staff that the Company's filing is narrow and fits within the exclusion identified. We, therefore, find that the Commission should not initiate a general rate case based upon this filing. Accordingly, we determine that the Company's requested exemption from general rate case filing requirements is unnecessary.

10 Likewise, we agree with Staff's recommendation regarding Olympic Disposal's proposed tariff revisions, as revised on January 19, 2022, and find that the proposed rates are fair, just, reasonable, and sufficient. The Company's initially proposed rates were designed

¹ See WAC 480-07-520.

using a ground-up approach. Using the data that the Company gathered over the last few months of providing the service, the Company applied its known and measurable direct costs, such as labor, disposal costs, fuel, and depreciation expense, as well as an allocated portion of overhead costs, to create a flat rate for each mill site and disposal location. In comparison to current rates, the Company's proposal would increase Item 260 rates by 35.7 percent to 78.2 percent, depending on the origin and disposal site used.

- 11 The Company's revised rates, as of January 19, 2022, are consistent with Staff's review and propose a revised revenue requirement of approximately \$1,323,000 (7.3 percent) in additional annual revenue for Olympic Disposal as a whole. The revised additional annual revenue requirement has increased from the Company's initial proposal because of the updated monthly haul counts, which lowered the Company's estimated current annual revenue from these services. However, when comparing the expected annual revenue to be collected from these services, the revised rates would generate approximately \$200,000 less than what was initially proposed.
- 12 When compared to the initially proposed rates, the rate effect of these adjustments resulted in a lower range of increase to the Item 260 Intermodal rates, which would now increase by 19.4 percent to 65.1 percent, depending on the mill and disposal site. The revised rates would increase rates for hauls to the Cowlitz Landfill by approximately 19.7 percent on average and would increase rates for hauls to the Wasco Landfill by approximately 64.5 percent on average. The more considerable increase for hauls to the Wasco Landfill is due to the additional haul time associated with trips to the Wasco Landfill, located in The Dalles, Oregon, which is not adequately reflected in the current rate structure. Per the Company, all hauls would ideally be taken to the Cowlitz Landfill, however, there have been recent instances where hauls are rejected at the Cowlitz Landfill due to excess moisture in the material and must then be taken to the Wasco Landfill.
- 13 We agree with Staff that the Company provided adequate support for the rate increase in its initial filing and in additional documentation as requested by Staff in data requests. While the Company has not provided financial information for a full 12-month test year due to the dispute over the Company's service territory, we find that the Company has met its burden to show that the proposed rates, as revised, are fair, just, reasonable, and sufficient. However, because the Company has been unable to provide financial information for a full 12-month test year, we find it appropriate and in the public interest to allow the proposed rates, as revised, to go into effect by operation of law on January 28, 2022, subject to the condition that the Company makes a compliance filing by May 15, 2023, to allow for potential rate adjustments based on a full 12-month test year. This

compliance filing should include the full books and records for the Company as a whole to ensure there is no cross-subsidization between these Item 260 services and the Company's municipal solid waste, recycling, and yard-waste services.

14 Accordingly, under the circumstances of this case, we agree with Staff and determine that the proposed rates, as revised on January 19, 2022, are fair, just, reasonable, and sufficient and should be allowed to go into effect by operation of law on January 28, 2022, subject to the condition outlined in Paragraph 13, above.

FINDINGS AND CONCLUSIONS

15 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, and affiliated interests of public service companies, including solid waste collection companies.

16 (2) Olympic Disposal is a solid waste collection company and a public service company subject to Commission jurisdiction.

17 (3) This matter came before the Commission at its regularly scheduled meeting on January 27, 2022.

18 (4) Olympic Disposal has demonstrated that the proposed rates, as revised on January 19, 2022, are fair, just, reasonable, and sufficient.

19 (5) After review of the revised tariff pages filed by Olympic Disposal in Docket TG-210912 and giving due consideration, the Commission finds it is consistent with the public interest to allow the tariff revisions to go into effect by operation of law on January 28, 2022, subject to the condition requiring the Company to make a compliance filing by May 15, 2023, as outlined in Paragraph 13.

ORDER

THE COMMISSION:

20 Allows the tariff revisions filed by Murrey's Disposal Company, Inc., d/b/a Olympic Disposal, in this docket on November 15, 2021, as revised on January 19, 2022, to go into effect by operation of law on January 28, 2022, subject to the condition that

Murrey's Disposal Company, Inc., d/b/a Olympic Disposal makes a compliance filing by May 15, 2023, as outlined in Paragraph 13 of this Order.

DATED at Lacey, Washington, and effective January 27, 2022.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner