

Agenda Date: September 25, 2008
Item Number: B3

Docket: TG-081518
Company Name: Waste Connections of Washington, Inc., G-253

Staff: Nicki Johnson, Regulatory Analyst
Dennis Shutler, Consumer Affairs Specialist

Recommendation

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Waste Connections of Washington, Inc.; and
2. Allow temporary rates at the staff recommended revised rates to become effective October 1, 2008, subject to refund.

Discussion

On August 15, 2008, Waste Connections of Washington, Inc., (Waste Connections or company), filed with the Utilities and Transportation Commission (commission) tariff revisions for garbage collection that would generate \$959,800 (5.4 percent) in additional revenue per year. The company serves approximately 58,000 customers in Clark County. The proposed rates are prompted by increases in labor, fuel, benefits and new equipment purchases. The company's last general rate increase became effective in November 2006.

Staff's analysis showed Waste Connections' proposed rates were excessive. Staff and the company negotiated revised rates that would generate approximately \$772,000 (4.4 percent) in additional revenue. On September 16, 2008, the company filed substitute pages with the commission at staff's revised rates.

Customer comments

On August 29, 2008, the company notified its customers of the rate increase by mail. In addition to one customer comment supporting the filing, the commission has received five customer comments opposed to the filing. The following is staff's summary of the comments received and staff's response:

- **Customer Comment** – Opposed to the amount of the rate increase because:
 - The company should look internally for solutions and tighten its budget rather than increasing rates.
 - The company should lower costs by increasing route efficiency or hold the line on labor costs, not increase rates
 - The customer is against any rate increase.

Staff's response – Although staff understands the customers' concerns regarding the amount of the increase, we do not explicitly consider the amount of the increase in preparing recommendations. The company is entitled to recover reasonable, prudent expenses and the opportunity to earn a reasonable return. Staff audits the company's financial records to ensure the company's costs are accurate and reasonable. We use a cost of service analysis to recommend rates for the various customer classes and service options. Staff's goal is to recommend the "right" rates that will allow the company to recover reasonable operating expenses and provide an opportunity to earn a reasonable return on investment.

- **Customer Comment** – The drivers in the recycle operations use fast breaking and leave skid marks in the neighborhoods. If they drove better, they could probably save money on tire expense and I would not object to the increase.

Staff's response – The commission regulates only the garbage operations in Clark County. To comment on recycling service, customers should contact the company or Clark County Public Works - Recycling and Solid Waste Program.

- **Customer Comment** – The customer would like automated service for both recycling and garbage service, with monthly pick-up of recycling.

Staff's response – Currently, the company does not offer automated collection service to customers in rural Clark County. Automated collection service would require the company to make a substantial investment in new carts and new trucks. The commission regulates only the garbage operations in Clark County. To comment on the options for recycling service, customers should contact Clark County Public Works - Recycling and Solid Waste Program.

Although the company filed revised rates at lower levels, customers have not yet been advised that staff and the company have agreed to revised rates and, as such, have not had the opportunity to comment on the revised rates. Customers deserve to know about, and comment on, the revised rates. The commission should consider all information, including any additional customer comments on the revised rates, in deciding whether to approve the revised rates on a permanent basis.

Rate Comparison

	Present	Proposed	Revised
Residential Monthly Rates			
1 Can Garbage - Weekly	\$12.21	\$12.91	\$12.77
2 Cans Garbage - Weekly	\$17.73	\$18.74	\$18.54
Mini-Can Garbage - Weekly	\$9.64	\$10.19	\$10.08
Commercial			
One Yard Container – Weekly - Per Month	\$80.22	\$84.76	\$83.91
20 Yard Drop Box - Per Pick-up	\$111.00	\$114.87	\$104.26

Average Customer Charge Comparison – One Can Customer

Monthly Service	Present	Proposed	Revised
Garbage Component	\$12.21	\$12.91	\$12.77
		5.7%	4.6%

In Clark County, the commission regulates only garbage rates. Clark County contracts with Waste Connections to provide recycling and yard waste collection.

Commission staff has completed its review of the company’s supporting financial documents, books and records. Staff’s review shows that the expenses are required and reasonable for the company’s operations. The company’s financial information supports the revised revenue requirement and the revised rates are fair, just, reasonable, and sufficient.

Conclusion

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Waste Connections of Washington, Inc.; and
2. Allow temporary rates at the staff recommended revised rates to become effective October 1, 2008, subject to refund.