

Agenda Date: May 9, 2013
Item Number: B2

Docket: TG-130502
Company Name: American Disposal Company, Inc. – G-87

Staff: Gene Eckhardt, Assistant Director Solid Waste/Water/Transportation
Melissa Cheesman, Regulatory Analyst
Sheri Hoyt, Consumer Protection Staff

Recommendation

Issue a Complaint and Order Suspending the Tariff Revisions filed by American Disposal Company, Inc., on April 8, 2013.

Discussion

On April 8, 2013, American Disposal Company, Inc. (American or company) and its sister company Murrey's Disposal Company, Inc. (Item B1), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$2,287,000 (8.2 percent) additional annual revenue, and are scheduled to become effective June 1, 2013. The proposed increases are prompted by increases in employee wages and benefits, fuel, parts and equipment. The company's last general rate increase became effective March 1, 2010. The company serves approximately 17,500 customers in Pierce County.

Commission staff has not completed its review of the company's supporting financial documents, books and records, and the company has not yet responded to all outstanding data requests. Therefore, the company has not yet demonstrated the proposed rates are fair, just, reasonable or sufficient.

Staff would normally wait until the last open meeting before the scheduled effective date, here May 30, to recommend suspension. However, in this case, staff believes that issuing a suspension order now will promote, not delay, resolution of this case. Because of out-of-state training requirements, it is now clear that the lead staff analyst assigned to this case will not be able to conclude the case prior to the May 30 open meeting. Suspension now will not cause any delay in resolving this case. Staff and the company can continue to work together to resolve the case in an informal environment and bring it back to the commission for consideration at an open meeting prior to August 1, two months after the scheduled effective date. If the case has not been resolved prior to August 1, the Administrative Law Division would issue a Notice of Prehearing Conference, triggering the formal adjudication phase. Suspension may help resolve this matter sooner in two ways. First, suspension may provide additional resources to resolve both the staff's and the company's concerns regarding issues such as: the scope of staff's data requests, the company's responses to staff's data requests, and whether or not the company's response to data requests filed with the commission on secure email complies with the commission's filing requirements and public records requirements. Second, if staff and the company reach an impasse, the parties could move quickly to the adjudicative phase without having to wait for an open meeting to suspend the filing.

Rate Comparison

Residential Garbage	Current Rate	Proposed Rate	Percent Increase
One 20-Gallon Can Weekly Pick-Up	\$13.03	\$13.45	3.2 %
One 32-Gallon Cart Weekly Pick-Up	\$16.17	\$16.58	2.5 %
Recycling and Yard Waste			
Multi-Family Recycling per Yard Pick-Up	\$3.71	\$4.66	25.6%
Residential Recycling Service	\$6.00	\$7.54	25.7 %
Residential Yard Waste Services	\$5.91	\$6.85	15.9 %
Commercial Per Pick-Up Rates			
4-Yard Container Per Pick-Up	\$63.51	\$65.01	2.3 %
Drop Box			
30-Yard Roll-off, Per Haul	\$102.35	\$107.53	5.1 %

Customer Comments

On April 30, 2013, the company notified its customers of the proposed rate increase by mail. Staff received three consumer comments regarding the proposed rate increase; all are opposed. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact Sheri Hoyt at 1-888-333-9882 or shoyt@utc.wa.gov with questions or concerns.

General Comments

- One customer believes the company should use its increased revenues to upgrade its equipment to use automated lift trucks instead of workers, which would be more fiscally responsible because the non-union workers could be reduced; one customer feels garbage rates should be increased, but recycling pick up should be reduced and picked up every third week for fuel savings; and one customer believes company personnel are paid too much.

Staff Response

- State law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and earn a reasonable return on its investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

Conclusion

For all of the above reasons, staff recommends the commission issue a Complaint and Order Suspending the Tariff Revisions filed by Murrey's Disposal Company, Inc., on April 8, 2013.