

Agenda Date: June 30, 2022
Item Number: B2

Docket: TG-220444
Company Name: Excess Disposal, Inc. d/b/a Excess Disposal Service

Staff: Ben Sharbono, Regulatory Analyst
John Cupp, Regulatory Analyst, Consumer Protection

Recommendation

Issue an order granting exemption from WAC 480-07-520(4)(d) and allowing the tariff pages filed by Excess Disposal, Inc. on June 17, 2022, and revised on July 25, 2022, to take effect by operation of law August 1, 2022.

Background

On June 17, 2022, Excess Disposal, Inc. d/b/a Excess Disposal Service (Excess or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$116,000 (7.6 percent) additional annual revenue. The Company is filing due to increases in general operating expenses, employee benefits, disposal fees, and capital investments. The Company further seeks a waiver of Washington Administrative Code (WAC) 480-07-520(4)(d). The Company provides regulated solid waste collection service to approximately 1,230 residential customers in Pend Oreille County. The Company's last general rate increase became effective on February 1, 2016. This is the first general rate case under the current ownership.

The Company is requesting a waiver from WAC 480-07-520(4)(d), which states “[i]f nonregulated revenue represents more than ten percent of total company test period revenue, a detailed separation of all revenue and expenses between regulated and nonregulated operations.” The Company's non-regulated business operations are 10.9 percent of its revenue. The Company does not currently track revenues and expenses separately for its non-regulated activities. Commission staff (Staff) recommends that the Commission grant a waiver from WAC 480-07-520(4)(d) due to how close the revenue is to the threshold. This is the first general rate case under the new ownership and the Company is learning Commission rules and practices. Additionally, the inability to separate non-regulated activities from regulated did not impede Staff's ability to complete its review of the rate case.

Staff advised the Company that if the waiver is granted it only applies to this general rate case filing. The Company is expected to separate regulated and non-regulated expenses per WAC 480-70-520(4)(d).

Staff has reviewed the documents and information provided by the Company. In addition to reviewing an adjustment for increasing disposal fees, Staff adjusted depreciation, fuel, insurance, and wage expenses.

The largest expense increase driving this filing is due to Pend Oreille County passing and implementing Ordinance No. 2021-1 in July 2021. This required solid waste companies to dispose of collected waste using County collection sites. Prior to July, the Company had been using both the Pend Oreille and Spokane County facilities, with the Spokane County locations having lower costs per ton. Changing facilities increased expenses by approximately \$80,000.

Staff's review of the asset list led to a reduction in depreciation expense of approximately \$18,700 due to differences in Company and Commission calculation practices. Part of this adjustment is the removal of salvage value recovery for assets that have already been fully recovered in rates.

Staff adjusted fuel expense to the most recent 12-month period as required by WAC 480-70-346. At the same time, Staff removed the Company's pro forma adjustment that increased fuel expense based on the average cost of fuel in the test year. These two adjustments resulted in a net increase to fuel expense of approximately \$10,800.

Staff adjusted the insurance policy premium expense to reflect the cost of the current policies, reducing insurance expense approximately \$10,500.

Staff removed \$7,100 of wage expense in bonuses for employees. Bonuses are not considered known and measurable because they are provided at the discretion of owners and management. Employee appreciation should not be borne by customers.

Other adjustments disallowed expenses for advertising, donations, and non-collection related organization dues.

Staff completed its review of the Company's financial documents and found the initial request for \$116,000 was overstated. Staff and the Company agreed to approximately \$70,000 (4.5 percent) annual revenue increase.

Rate Comparison

The proposed effective date of the tariff filing is August 1, 2022.

The tables below show the current, Company-proposed, Staff-revised rates, and the most common service levels. The full list of rates is included in the Company's tariff.

Most Common Residential Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
1-32 gal. Can - Weekly	\$23.09	\$25.81	\$24.13	\$1.04	4.51%
2-32 gal. Can - Weekly	\$38.13	\$42.34	\$39.85	\$1.72	4.51%
1-32 gal. Can - Every Other Week	\$18.04	\$19.65	\$18.85	\$0.81	4.51%
2-32 gal. Can - Every Other Week	\$22.56	\$24.80	\$23.58	\$1.02	4.51%
1-45 gal. Can - Weekly	\$34.45	\$37.93	\$36.00	\$1.55	4.51%

Most Common Commercial Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference Revised to Current	
1-32 Commercial Can - Each Scheduled Pick Up	\$3.91	\$4.42	\$4.09	\$0.18	4.51%
1yd - First Pick Up	\$32.47	\$33.70	\$33.93	\$1.46	4.51%
1yd - Each Additional Pick Up	\$21.39	\$22.20	\$22.33	\$0.97	4.51%
2yd - First Pick Up	\$49.58	\$51.46	\$51.82	\$2.24	4.51%
2yd - Each Additional Pick Up	\$36.08	\$37.45	\$37.71	\$1.63	4.51%

Comment Summary

On June 20, 2022, 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 comments@utc.wa.gov with questions or concerns. Staff received one comment in support of the Company.

Recommendation

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