

Agenda Date: January 15, 2009  
Item Number: B1

**Docket: TG-081969**  
Waste Management of Washington, d/b/a Valley Garbage, G-237

Staff: Layne Demas, Transportation Program Staff  
Dennis Shutler, Consumer Protection Staff

### **Recommendation**

1. Dismiss the Complaint and Order Suspending the Tariff revisions filed by Waste Management of Washington, d/b/a Valley Garbage, and
2. Allow the temporary rates to become effective January 16, 2009, on a permanent basis.

### **Discussion**

On October 30, 2008, Waste Management of Washington, d/b/a Valley Garbage, (Valley or company), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate approximately \$2,300,000 (9.8 percent) in additional annual revenue. The tariff revisions propose to increase and decrease rates for garbage collection service, increase rates for curbside recycling collection service, and decrease rates for yardwaste collection service. The proposed rate revisions are prompted by increases in disposal fees, labor, fuel, medical insurance, pension costs, and other operating expenses. The company has also built a new operating facility to replace the aging facility acquired years ago. Valley serves approximately 51,600 residential and commercial customers in eastern Spokane County. Valley's last rate increase was effective on February 1, 2003.

Staff's analysis showed Valley's proposed rates were excessive. Staff and the company negotiated revised rates that would generate approximately \$2,140,000 (9.2 percent) in additional annual revenue. On December 11, 2008, the company filed substitute pages with the commission at staff's revised rates.

### **Customer Comments**

Valley notified its customers of the rate increase by mail on November 28, 2008. The commission has received comments from 59 customers. Staff's open meeting memorandum dated December 23, 2008, summarized and responded to comments from 33 customers. The commission has received comments from 26 additional customers. All comments were received prior to the December 23, 2008, meeting and all commenters were notified of the temporary revised rates. The comments from the 26 additional customers, raised the following new issues;

- **Customer Comment** – Two customers commented that the company is making too much money in recycling. Besides charging to pick up recyclables, they make money selling the recyclable materials.

**Staff's response** – The recycling rate reflects the cost of collecting and hauling the recyclable materials. The company returns the revenue it receives from selling the collected recyclable material to the ratepayers in the form of a credit, currently \$1.32 per month.

- **Customer Comment** – One customer would like to subscribe to recycling service.

**Staff's response** – Consumer Protection staff advised the customer to contact the company and request the recycling service.

On December 23, 2008, the Consumer Protection staff sent every customer who had commented on Valley's filing a letter advising them of staff's recommended revised rates and that customers could file additional comments on the revised rates. One customer who had previously commented offered an additional comment.

- **Customer Comment** – One customer wants to know why he is forced to use the company provided yardwaste container instead of a container of his choosing, such as sold by Home Depot.

**Staff's response** – Staff explained the containers provided by the company are specifically designed for use with the company's automated collection vehicles.

This rate case is the final step to apply uniform rates to all customers. Due to various acquisitions, the company operated with three different rate structures that applied to three different service areas. The company proposed to bring all rates to parity in 2003. To avoid rate shock, staff recommended, and the company agreed, to bring all commercial rates and two residential areas into parity, and increase one residential area incrementally closer to the other two residential areas. The company agreed to file uniform rates in its next rate case. This filing brings all rates into parity by decreasing rates in one residential area and increasing rates in the other residential area.

### **Rate Comparison**

#### **Spokane**

<b><u>Residential - monthly rates</u></b>	<b><u>Present</u></b>		<b><u>Proposed</u></b>		<b><u>Revised</u></b>
One Mini Can per week	\$11.15		\$10.50		\$10.40
One 32 gallon Can per week	\$14.10		\$13.60		\$13.40
One 35 gallon Cart per week	\$15.10		\$14.70		\$14.50
Mandatory Curbside Recycling	\$3.35		\$4.65		\$4.65
Recycling Commodity Credit ( <i>expires July 31, 2009</i> )	(\$1.32)		(\$1.32)		(\$1.32)
Voluntary Yardwaste	\$9.19		\$7.90		\$ 7.90

	<u>Present</u>		<u>Proposed</u>		<u>Revised</u>
<b><u>Commercial - per pickup</u></b>					
One Yard Container	\$13.95		\$15.30		N/C
Two Yard Container	\$24.95		\$27.40		N/C

**Valley**

<b><u>Residential - monthly rates</u></b>	<u>Present</u>		<u>Proposed</u>		<u>Revised</u>
One Mini Can per week	\$ 9.25		\$10.50		\$10.40
One 32 gallon Can per week	\$11.95		\$13.60		\$13.40
One 35 gallon Cart per week	\$12.95		\$14.70		\$14.50
Mandatory Curbside Recycling	\$3.35		\$4.65		\$4.65
Recycling Commodity Credit ( <i>expires July 31, 2009</i> )	(\$1.32)		(\$1.32)		(\$1.32)
Voluntary Yardwaste	\$9.19		\$7.90		\$7.90
<b><u>Commercial - per pickup</u></b>					
One Yard Container	\$13.95		\$15.30		N/C
Two Yard Container	\$24.95		\$27.40		N/C

**Average Customer Charge Comparison – One 35 Gallon Cart Customer**  
**Spokane**

<u>Monthly Service</u>	<u>Present</u>		<u>Proposed</u>		<u>Revised</u>
Garbage	\$15.10		\$14.70		\$14.50
Mandatory Recycling net of commodity credit	<u>\$2.03</u>		<u>\$3.33</u>		<u>\$3.33</u>
Total Garbage and Mandatory Recycling	\$17.13		\$18.03		\$17.83
			5.3%		4.1%
Voluntary Yardwaste	<u>\$9.19</u>		<u>\$7.90</u>		<u>\$7.90</u>
Total: Garbage, Mandatory Recycling and Voluntary Yardwaste	\$26.32		\$25.93		\$25.73
			-1.5%		-2.2%

**Valley**

<b><u>Monthly Service</u></b>	<b><u>Present</u></b>	<b><u>Proposed</u></b>	<b><u>Revised</u></b>
Garbage	\$12.95	\$14.70	\$14.50
Mandatory Recycling net of commodity credit	<u>\$2.03</u>	<u>\$3.33</u>	<u>\$3.33</u>
Total Garbage and Mandatory Recycling	\$14.98	\$18.03	\$17.83
		20.4%	19.0%
Voluntary Yardwaste	<u>\$9.19</u>	<u>\$7.90</u>	<u>\$7.90</u>
Total: Garbage, Mandatory Recycling and Voluntary Yardwaste	\$24.17	\$25.93	\$25.73
		7.3%	6.5%

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are reasonable and required as part of the company's operations. The additional customer comment does not change staff's opinion that the company's financial information supports the revised revenue requirement and the revised temporary rates and charges are fair, just, reasonable, and sufficient.

**Conclusion**

1. Dismiss the Complaint and Order Suspending the Tariff revisions filed by Waste Management of Washington, d/b/a Valley Garbage, and
2. Allow the temporary rates to become effective January 16, 2009, on a permanent basis.