

Agenda Date: February 28, 2019
Item Number: B2

Docket: TG-180924

Company Name: Waste Management of Washington d/b/a Waste Management - South Sound and Waste Management - Seattle

Staff: Mike Young, Section Manager, Water and Transportation
John Cupp, Consumer Protection Staff

Recommendation:

Issue an order dismissing the Complaint and Order dated December 28, 2018 which suspended the tariff pages filed on November 13, 2018, by Waste Management of Washington, d/b/a Waste Management - South Sound and Waste Management – Seattle, and allows the rates as revised on February 11, 2019, to go into effect March 1, 2019.

Discussion

On November 13, 2018, Waste Management of Washington, d/b/a Waste Management - South Sound and Waste Management - Seattle, (Waste Management or company) filed a petition for waiver of WAC 480-70-351(2), which requires companies to use the most recent 12 months to project revenue from the sale of recyclable materials, and tariff revisions generating approximately \$190,000 (2.1 percent) in additional annual revenue, to become effective January 1, 2019. The company provides service to 17,700 garbage and recycling customers in King County. The company's last general rate filing was for \$1,053,000 additional annual revenue and became effective June 1, 2014.

On December 28, 2018, the commission entered Order 01 suspending the tariff pages filed on November 13, 2018, but allowing the rates incorporating the increased disposal fee implemented by King County to go into effect on a temporary basis, subject to refund January 1, 2019, in accordance with RCW 81.77.160, Pass-through rates.

In its initial review commission staff (staff) did not agree with the methodology applied by the company to compute the annual commodity adjustment. The company had been using a cumulative method to calculate the true-up adjustment for prior periods, and in this filing proposed to switch to the more conventional method utilizing only the previous 12 months of data. Staff also felt that because the company utilizes an affiliate Materials Recovery Facility (MRF) that customers were being treated differently than customers served by a hauler utilizing a third party processor.

Upon further review, staff accepts the company's proposed true-up calculation as it avoids the question of retroactive rate making raised by the inclusion of more than the most recent 12-month period. In further discussions with the company, staff also realizes the issue of how customers are treated based on the arrangement between the company and the MRF is a policy decision that should not be changed during the course of a revenue sharing agreement, and

should be addressed outside of this current filing. Instead, any changes to how revenue sharing is applied, or commodity adjustments are calculated, should be implemented at the start of the next revenue sharing plan period, which in this case would be January 1, 2020.

The company agrees with staff and therefore withdraws its petition for a waiver of WAC 480-70-351(2). The company and staff also agreed to incorporate January and February 2019 actual data in the true up calculation when the company files again in November 2019. The company filed revised pages reflecting the commodity adjustment as originally filed and making the temporary disposal fee rates permanent.

Customer Comments

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 john.cupp@utc.wa.gov with questions or concerns. Staff received seven consumer comments regarding the proposed rate increase; six opposed and one in favor.

General Comments

- Customers believe they should not have to pay more to compensate for the company's reduced recycling profits. They also expressed concern about the frequency of the company's requests for rate increases and the company's statement in its notice that the commodity adjustment will be adjusted every six to twelve months. One customer agreed with the increase, saying it "makes sense."

Staff Response

State law requires rates to be fair, just, reasonable, and sufficient to allow the company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Commission staff performs a thorough review of rate filings to ensure that all rates and fees are appropriate.

Conclusion

Commission staff has completed its review of the company's financial books and records and agrees with the company's calculation of the commodity adjustment and disposal fee increase as originally filed.

Recommendation:

Issue an order that first dismisses the Complaint and Order dated December 28, 2018 which suspended the tariff pages filed on November 13, 2018, by Waste Management of Washington, d/b/a Waste Management - South Sound and Waste Management – Seattle, and second, allows the rates as revised on February 11, 2019, to go into effect March 1, 2019.