

Agenda Date: December 27, 2012  
Item Number: B2

**Docket:** TG-121777

Company Name: American Disposal Co. Inc., dba Vashon Disposal, G-87

Staff: Roland Martin, Accounting Manager, Solid Waste/Water/Transportation  
John Cupp, Consumer Protection Staff

**Recommendation**

Take no action, allowing the rates filed by American Disposal Co., Inc., dba Vashon Disposal, on November 7, 2012, as revised on December 17, 2012, to become effective on January 1, 2013, by operation of law.

**Discussion**

On November 7, 2012, American Disposal Co., Inc., dba Vashon Disposal (Vashon or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$118,000 (18.4 percent) additional annual revenue for the collection of residential and commercial garbage, residential recycling and drop box service. Vashon serves 1,671 residential and 163 commercial customers in King County. The filing is prompted by increased costs of labor, employee benefits, fuel, parts, equipment and disposal fees. The company's last general rate increase became effective in the early 1990s.

Staff's analysis indicates the company's proposed rates are too high. Staff and the company agreed to a revised revenue requirement of \$71,662 (11.2 percent) additional annual revenue. On December 17, 2012, Vashon filed a complete set of substitute pages, including revised rates at staff recommended levels.

**Rate Comparison**

<b>Residential Rates:</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Revised Rates</b>	<b>Percent Increase</b>
One 20-Gallon Mini Can Once a Week	\$11.34	\$12.74	\$12.05	6.3%
One 32-Gallon Can Once a Week	\$15.90	\$17.87	\$16.89	6.2%
Two 32-Gallon Can Once a Week	\$22.15	\$24.89	\$23.53	6.2%
One 32-Gallon Can Every-Other-Week	\$12.79	\$14.37	\$13.59	6.3%
One 32-Gallon Can Once a Month	\$5.14	\$5.78	\$5.46	6.2%
<b>Recycling Service:</b>				
Voluntary Recycling Every-Other-Week	\$3.90	\$11.48	\$9.74	149.7%

<b>Commercial Rates</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Revised Rates</b>	<b>Percent Increase</b>
1-Yard Container per Pick-Up	\$16.18	\$18.18	\$17.19	6.2%
2-Yard Container per Pick-Up	\$28.41	\$31.93	\$30.18	6.2%
<b>Drop Box</b>				
20-Yard Container per Pick-Up	\$120.00	\$139.42	\$137.58	14.7%
25-Yard Container per Pick-Up	\$120.00	\$139.42	\$137.58	14.7%

### **Customer Comments**

On November 30, 2012, the company notified its customers of the proposed rate increase by mail. Staff received two consumer comments regarding the proposed rate increase, both of which opposed the rate increase. Customers were notified that documents related to the rate increase are available on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns.

### **General Comments**

- Both customers believe that the requested increase for recycling service is drastic.

### **Staff Response**

The customers were advised that 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 investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

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 customers' comments do not change staff's opinion that the company's financial information supports the staff's revised revenue requirement and the revised proposed rates and charges are fair, just, reasonable, and sufficient.

### **Conclusion**

Take no action, allowing the rates filed by American Disposal Co., Inc., dba Vashon Disposal, on November 7, 2012, as revised on December 17, 2012, to become effective on January 1, 2013, by operation of law.