

Agenda Date: March 25, 2021
Item Number: B1

Docket: TG-200987
Company Name: Peninsula Sanitation Service, Inc.

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

Recommendation

Take no action, allowing the tariff revisions filed by Peninsula Sanitation Service, Inc. on December 15, 2020, to go into effect April 1, 2021, by operation of law.

Discussion

On December 15, 2020, Peninsula Sanitary Service, Inc. (Peninsula or company), filed Tariff Number 17 with the Washington Utilities and Transportation Commission (commission) that would generate approximately \$350,000 (9.3 percent) additional annual revenue. The filing is prompted by Order 03 in Docket TG-190476 issued August 19, 2020. The company serves approximately 5,073 residential customers, 552 commercial customers, and 23 roll off customers in Pacific County. The company's last general rate increase became effective on April 1, 2013.

The purpose for the filing was to correct company billing practices, and specifically, to allow for collection costs associated with driving on private roads to be recovered in regular rates instead of ancillary charges. After reviewing the information provided by the company, commission staff (staff) and the company agreed to an approximate \$222,000 (5.9 percent) increase in annual revenue based on the company's rate calculations. The primary drivers of this increase are a disposal fee increase and employee raises.

The company's model produced a higher revenue requirement, but this was adjusted by removing revenue for non-regulated activities and self-hauling billings. This reduction identified by staff and the company derives from billing practices involving Pacific Solid Waste, Inc., an affiliate transfer station wholly owned by the owners of Peninsula. Customers of Peninsula can pay charges for self-hauling to the transfer station through their Peninsula account. This adjustment reduced revenues and expenses by approximately \$125,000.

Pacific Solid Waste, Inc. also increased its disposal fees on February 1, 2021, at the transfer station in compliance with rule and law. The disposal fee increased from \$113.25 to \$120.00 per ton, which is still below the \$123.93 per ton rate charged at the Royal Heights transfer station, operated by a third party under contract with the county.

Staff and the company did not agree on the methodology for accounting for depreciation of certain assets, primarily trucks, and their associated salvage values. However, staff and the company agreed that the amount of depreciation expense included in rates is supported, and it is

in the best interest of the customers to set rates at the company's proposed amounts. The depreciation issue will not be a factor in future filings as those assets are replaced. Commission staff has completed its review of the company's supporting financial documents and records. Staff's review shows that the revised expenses are reasonable and required as part of the company's operation, the company's financial information supports the revised revenue requirement, and the rates and charges are fair, just, reasonable, and sufficient.

RATE COMPARISON

	Current Rate	Proposed Rate	Percent Change
Residential Garbage			
1 60-Gallon Cart - Weekly Pickup	\$24.88	\$26.19	5.25%
1 90-Gallon Cart - Weekly Pickup	\$31.30	\$32.94	5.25%
Commercial Garbage			
60-Gallon Cart – Per Month	\$36.81	\$38.74	5.25%
90-Gallon Cart – Per Month	\$42.43	\$44.66	5.25%
300 Gal/1.5-Yard – Per Pickup	\$30.05	\$31.63	5.25%
Roll-Off Garbage			
20-Yard - Per Pickup	\$203.06	\$213.72	5.25%
30-Yard – Per Pickup	\$240.00	\$252.60	5.25%

Customer Comments

On January 13, 2021, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received 31 consumer comments opposed to the rate increase.

General Comments

Two customers commented in favor of the increase. One customer voiced customer service concern, and staff provided information about how to contact Consumer Protection.

Conclusion

Take no action, allowing the tariff revisions filed by Peninsula Sanitation Service, Inc., on December 15, 2020, to go into effect on April 1, 2021, by operation of law.