

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Request of
BASIN DISPOSAL INC. AND ED'S
DISPOSAL, INC.,

DOCKETS TG-230187 and
TG-230189

ORDER 01

Seeking Approval of Tariff Revisions

ALLOWING TARIFFS TO GO
INTO EFFECT, SUBJECT TO
CONDITION

BACKGROUND

- 1 On March 17, 2023, Basin Disposal Inc. (Basin Disposal) and Ed's Disposal, Inc., (Ed's Disposal or, together with Basin Disposal, Companies) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$1.46 Million (38.8 percent) for Basin Disposal and \$82,000 (3.5 percent) for Ed's Disposal in additional annual revenue. The two Companies provide regulated solid waste collection service to approximately 8,050 residential, 975 commercial, and 108 roll-off customers in Benton, Franklin, and Walla Walla Counties. Basin Disposal's and Ed's Disposal's last general rate increases became effective on June 1, 2017. The primary drivers of the request are increases in operating expenses and significant capital investment since the last general rate case.
- 2 As part of its review, Commission staff (Staff) adjusted the legal expense account to amortize expenses incurred in Docket TG-220215. In TG-220215, Basin Disposal filed with the Commission a formal complaint against the application of another company that sought to contract with customers of Basin Disposal in its certificated territory. Staff agreed the expense was reasonably incurred as a normal cost of business in a regulatory environment and the costs could be recovered through rates. Staff and Basin Disposal agreed to amortize the expense over a five-year period, in line with prior cases.¹
- 3 Staff has completed its review of the Companies' financial documents and found the Companies' initial request for \$1.46 Million and \$82,000 was overstated. Staff and the Companies have agreed to a revised additional annual revenue amount of approximately \$1.23 Million (23.4 percent) for Basin Disposal and to reduce annual revenue by

¹ See Docket TS-200065. Staff and the Company used a 5-year recovery period for legal fees incurred defending a territorial certificate.

approximately \$86,000 (-3.2 percent) for Ed's Disposal.

4 Staff recommends the Commission issue an order requiring the Companies to submit general rate cases with effective dates aligned with the end of the 5-year period, June 1, 2028, to prevent over recovery of the amortized legal expense.

5 When the Companies submit the general rate cases, Staff recommends the Commission require the Companies to submit cost-of-service models. During Staff's site visit on May 5, 2023, the Companies stated they are planning on merging the operations of Basin Disposal and Ed's Disposal. Requiring a cost-of-service review will allow the costs and revenues to be fairly distributed between lines of service.

DISCUSSION

6 The Commission agrees with Staff that the costs of defending a regulated company's certificate is an allowable expense for inclusion in a general rate increase. In a regulatory environment, the responsibility to customers includes ensuring that services are rendered at the lowest reasonable costs, part of which is achieved by economies of scale. Defending its territory to prevent the loss of any portion of its customer base reduces per-customer costs, and thus supports this goal. Accordingly, it is reasonable for the Company to recover those costs through rates.

7 The Commission agrees the recovery needs to be timely removed from rates. Requiring the Companies to submit new general rate cases at the end of the collection period will ensure the expense will be removed promptly on the end of the fifth year, and that the rates instituted at that time will be fair, just, reasonable, and sufficient.

8 Further, to ensure that rates are fair, just, and reasonable, we agree that a cost-of-service model should be submitted to fairly allocate rates across customers' lines of service.

FINDINGS AND CONCLUSIONS

9 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, regulations, practices, accounts and securities, transfers of property, and affiliated interests of public service companies, including solid waste companies.

10 (2) Basin Disposal and Ed's Disposal are solid waste companies and public service companies subject to Commission jurisdiction.

- 11 (3) On March 17, 2023, Basin Disposal and Ed's Disposal filed revised tariff pages with a requested effective date of June 1, 2023.
- 12 (4) On May 18, 2023, Basin Disposal and Ed's Disposal submitted updated revised tariff pages.
- 13 (5) This matter came before the Commission at its regularly scheduled meeting on May 25, 2023.
- 14 (6) Basin Disposal and Ed's Disposal requested to include legal expenses incurred while defending their certificated territory.
- 15 (7) Basin Disposal and Ed's Disposal will amortize the legal expenses over a 5-year period.
- 16 (8) The Commission finds that the proposed rates are fair, just, reasonable, and sufficient, and allows the tariff filed on March 17, 2023, as revised on May 18, 2023, to go into effect on June 1, 2023, subject to the condition that the Companies will file general rate cases with an effective date of June 1, 2028, that must include a cost-of-service analysis demonstrating the rates are fairly distributed across lines of service.

ORDER

THE COMMISSION ORDERS:

- 17 (1) The tariff filed on April 13, 2023, by Basin Disposal Inc. and Ed's Disposal, Inc., as revised on May 18, 2023, is approved, and will become effective by operation of law, subject to the condition described in paragraph 16 of this Order.

- 18 (2) The Commission retains jurisdiction over the subject matter Basin Disposal Inc. and Ed's Disposal, Inc., to effectuate the provisions of this Order.

DATED at Lacey, Washington, and effective May 25, 2023.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner