

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND	)	DOCKETS TG-090097 and
TRANSPORTATION COMMISSION,	)	TG-090098
	)	
Complainant,	)	ORDER 02
	)	
v.	)	
	)	ORDER DISMISSING
MURREY’S DISPOSAL COMPANY,	)	COMPLAINT AND ORDER
INC., G-9 AND AMERICAN	)	SUSPENDING TARIFF
DISPOSAL COMPANY, INC., G-87	)	REVISIONS; ALLOWING TARIFF
	)	REVISIONS, ON LESS THAN
Respondent.	)	STATUTORY NOTICE;
	)	GRANTING EXEMPTIONS FROM
	)	RULES; ORDERING REFUNDS
.....	)	

**BACKGROUND**

- 1     On January 15, 2009, Murrey’s Disposal Company, Inc., and American Disposal Company, Inc., (collectively “Murrey’s and American” or Companies), filed with the Washington Utilities and Transportation Commission (Commission) revised pages to their Tariff No. 25. The Companies are under common ownership and have identical rates. The Companies serve approximately 52,000 customers in Pierce County. The stated effective date is March 2, 2009.
  
- 2     In these filings, Murrey’s and American propose to pass through increased disposal fees to garbage customers, and increase rates for drop box, residential recycling, recycling station, and yard waste collection services. Murrey’s and American proposed rates that are designed to increase revenues by \$1,186,064 (4.3 percent) annually.
  
- 3     Staff’s analysis showed the Companies’ proposed rates for disposal fees would generate \$26,849 in excess annual revenue. Staff and the Companies agreed to revised rates for disposal fees that would generate \$475,820 (1.7 percent) in additional annual revenue. On February 23, 2009, the Companies filed substitute pages with the Commission at Staff’s recommended revised rates.

- 4 Staff's analysis showed a higher revenue requirement for drop box, residential recycling, recycling station, and yard waste collection services than what the Companies proposed. Staff's analysis also showed that the garbage and multi-family recycling rates were too high and generate more than the required revenue requirement.
- 5 On February 26, 2009, the Commission issued a complaint and order suspending the tariff revisions filed by the Companies on January 15, 2009, and the substitute pages the Companies filed on February 23, 2009; and, allowed the proposed tariffs filed by the Companies to become effective on March 1, 2009, on a temporary basis, subject to refund if the Commission determines that different rates will be fair, just, reasonable and sufficient.
- 6 Staff and the Companies' representatives met to discuss Staff's analysis of the general rate cases, and agreed that Staff would take the following approach in determining the appropriate revenue requirement: apply the Lurito Gallagher methodology to each of the major services (e.g., total garbage, recycling and yard waste) separately, instead of to the combined services, to calculate the Companies' total revenue requirement; allocate common business expenses to each type of service using the number of route hours (with certain adjustments), instead of using the number of routes; and, assign identifiable assets directly to each type of service and allocate common assets between each type of service (average costing), instead of assigning all infrastructure and investment to garbage and only those incremental or additional costs that can be assigned directly to recycling or yard waste programs (marginal costing).
- 7 Staff also found that the Companies could not provide detailed information regarding the "Corporate Overhead" expenses, and should maintain their records in a manner that will allow them to provide a detailed breakdown, by expense account, for the "Corporate Overhead" expenses, in the Companies' next rate case.
- 8 Staff and the Companies agreed to a revised revenue requirement of \$1,088,584 (3.9 percent) in additional annual revenue and revised rates. On April 16, 2009, the Companies filed revised rates at Staff-recommended levels.
- 9 Although the revised rates for garbage decrease and the revised rates for recycling and yard waste services increase, the total revised cost for combined garbage and mandatory recycling service decreases, and the total cost of combined garbage, mandatory recycling

and yard waste service decreases. The revised rates are increases to the original proposed rates for drop box service that the Companies noticed to customers.

- 10 The Companies request an exemption from WAC 480-70-266, Tariffs, to allow the revised rates to become effective on May 1, 2009, on less than statutory notice, and an exemption from WAC 480-70-271, Customer Notice, to allow the company to notify customers affected by the increased revised rates in the next billing cycle.
- 11 Murrey's and American notified the recycling and yard waste customers of the proposed rate increase by mail on January 28, 2009. The Commission received comments from 71 customers concerning Murrey's and American's original January 15, 2009, filings. The majority of the comments concerned the percentage increase in the recycling and yard waste rates.
- 12 RCW 81.28.050 and WAC 480-70-266 require forty-five days' notice to the Commission prior to the effective date of the tariff. The tariff sheets showing the increase to drop box rates were filed on April 16, 2009. The Companies request, however, less than statutory notice as permitted by WAC 480-70-276, so that the tariff revisions become effective on May 1, 2009. The Companies request less than statutory notice because the revised rates result in some increases compared to the rates the Companies originally proposed and sent notice to customers.
- 13 Under WAC 480-70-271, solid waste companies must provide each affected customer a notice at least thirty days before the requested effective date of the proposed rate increase. Granting the Companies' less than statutory notice request also requires an exemption from WAC 480-70-271, regarding notice to customers. For the same reason(s) listed in seeking less than statutory notice, the Companies' seek such an exemption from customer notice requirements. The Companies propose to notify customers on their next billing.
- 14 The temporary rates were in effect for two months, resulting in a total amount over-collected of \$12,273, or 0.04 percent of the Companies' total revenue requirement of \$28,398,810. The over-collection affects only residential garbage customers.
- 15 The Companies advised Staff that it would cost them approximately \$15,000 to refund the \$12,273 difference to customers. In addition, there is no mechanism available to the Companies to charge higher rates for drop box customers for the past two months. Staff

recommends that the Commission not require the Companies to refund the customers the difference between the temporary rates and the permanent rates.

- 16 Following discussion with the Companies' representative during the April 30, 2009, open meeting about the refund issue, the Commissioners determined that the Companies must credit to residential garbage customers the difference between the temporary rates and permanent rates. Further, the Companies are required to submit a compliance filing with the Commission to implement the required credit, which method must be approved by the Commission Secretary by letter.
- 17 Staff has completed its audit and determined that the Companies' financial information supports the revised rates for drop box, residential recycling, recycling station, and yard waste collection services, and the revised rates for garbage and multi-family recycling services. The Commission accepts those rates to become effective on May 1, 2009, on a permanent basis, on less than statutory notice.

#### FINDINGS AND CONCLUSIONS

- 18 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts and affiliated interests of public service companies, including solid waste companies. *RCW 80.01.040, RCW 81.01, RCW 81.04, RCW 81.16, RCW 81.28 and RCW 81.77.*
- 19 (2) Murrey's and American are solid waste companies and public service companies subject to Commission jurisdiction.
- 20 (3) These matters came before the Commission at its regularly scheduled meeting on April 30, 2009.
- 21 (4) The revised tariff revisions filed on April 16, 2009, are fair, just, reasonable and sufficient because Murrey's and American have demonstrated that they require additional revenues and have filed revised rates at Staff's recommended levels.

- 22 (5) After reviewing the tariff revisions Murrey's and American filed in Dockets TG-090097 and TG-090098 and giving due consideration, the Commission finds it is consistent with the public interest to dismiss the Complaint and Order Suspending Tariff Revisions in Dockets TG-090097 and TG-090098, dated February 26, 2009, and allow the revised tariff revisions filed on April 16, 2009, to Tariff No. 25 to become effective on May 1, 2009.
- 23 (6) Following discussion with the Companies' representative during the April 30, 2009, open meeting, the Commission finds the Companies must credit to residential garbage customers the difference between the temporary rates and permanent rates.
- 24 (7) The Commission Secretary should be authorized to accept by letter, with copies to all parties to this proceeding, a filing that complies with the requirements for providing a credit to residential garbage customers in this Order. *WAC 480-07-170; WAC 480-07-880.*
- 25 (8) Murrey's and American are subject to RCW 81.28.050 and WAC 480-70-266, which require solid waste companies to file changes in any rate or charge with forty-five days' notice. WAC 480-70-276 authorizes the Commission, for good cause shown, to allow changes in rates or charges without requiring forty-five days' notice.
- 26 (9) WAC 480-70-271 requires solid waste collection companies to provide customers with 30 days notice of a proposed rate increase. WAC 480-70-051 authorizes the Commission to grant an exemption from the provisions of any rule in WAC 480-70, if consistent with the public interest, the purposes underlying regulation and applicable statutes. See also WAC 480-07-110.

**ORDER**

**THE COMMISSION ORDERS:**

- 27 (1) The Complaint and Order Suspending Tariff Revisions in Dockets TG-090097  
and TG-090098, entered on February 26, 2009, is dismissed.
- 28 (2) The proposed revised tariff pages that Murrey's Disposal Company, Inc., and  
American Disposal Company, Inc., filed in these dockets on April 16, 2009, shall  
become effective on May 1, 2009, on a permanent basis.
- 29 (3) After the effective date of this Order, Murrey's Disposal Company, Inc., and  
American Disposal Company, Inc., are granted an exemption from WAC 480-70-  
266, to allow the revised rates to become effective May 1, 2009, on less than  
statutory notice.
- 30 (4) After the effective date of this Order, Murrey's Disposal Company, Inc., and  
American Disposal Company, Inc., are granted an exemption from WAC 480-70-  
271, concerning customer notice requirements. Murrey's Disposal Company,  
Inc., and American Disposal Company, Inc., shall notify customers on their next  
billing.
- 31 (5) Murrey's Disposal Company, Inc., and American Disposal Company, Inc., are  
required to provide a credit to residential garbage customers in an amount equal to  
the difference between the temporary rates and the permanent rates, and are  
required to file with the Commission a proposed method to implement the credit  
required in this Order.
- 32 (6) The Commission Secretary is authorized to accept by letter, with copies to all  
parties to this proceeding, a filing that complies with the requirements of this  
Order.
- 33 (7) After providing the credit to customers, Murrey's Disposal Company, Inc., and  
American Disposal Company, Inc., are required to submit a sample of the  
customer invoice reflecting the credit, and notice that they have completed  
providing the credit to customers.

- 34 (8) Murrey's Disposal Company, Inc., and American Disposal Company, Inc., are required to provide a detailed breakdown by expense accounts for the "Corporate Overhead" expense, with their next rate case filing.

DATED at Olympia, Washington, and effective April 30, 2009.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

JEFFREY D. GOLTZ, Chairman

PATRICK J. OSHIE, Commissioner