

Agenda Date: April 27, 2023
Item Number: B3

Docket: TG-230182
Company Name: Empire Disposal Inc.

Staff: Ben Sharbono, Regulatory Services
John Cupp, Consumer Protection
Andrew Sellards, Consumer Protection

Recommendation

Take no action, allowing tariff revisions filed by Empire Disposal Inc. on March 15, 2023, as revised April 18, 2023, to become effective on May 1, 2023.

Background

On March 15, 2023, Empire Disposal Inc. (Empire or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$550,000 (13.7 percent) in additional annual revenue. The Company provides regulated solid waste collection service to approximately 5,100 residential, 130 recycling, 950 commercial, and 18 roll-off customers in Spokane and Whitman Counties. The Company's last general rate increase became effective on April 1, 2018.

The primary drivers of the request are increases in general operating expenses and significant capital investment since the last general rate case. This includes purchasing seven new collection vehicles and many service containers. Commission staff (Staff) adjusted new assets to reflect invoice supported costs and removed assets that reached the end of their service lives.

The Company's outside repairs account included an unusually large repair for a necessary and prudent engine replacement. Staff reviewed the annual repair expense for the last five years, finding the Company's expenses significantly varied year to year. Staff normalized the expense by adjusting the account to the average of the last five years to best reflect a normal operating year.

To attract and retain employees, Empire implemented increases in pay and equalizing pay rates for driver positions and operations employees.

Staff removed expenses for food, travel, lodging, and employee community activities which are unallowable expenses to be recovered through rates. Staff also removed advertising expenses and normalized self-insurance expenses by using the average of the last three years of the expense.

Staff also updated the Company's fuel expense to the most recent 12-month fuel cost as required by WAC 480-70-346.

Staff has completed its review of the Company's financial documents and found the Company's initial request for \$550,000 was overstated. Staff and the Company have agreed to a new additional annual revenue amount of approximately \$405,000 (10.2 percent).

Rate Comparison

The tables below show the current, Company-proposed, and Staff-revised rates, for the most common services. The full list of rates is included in the Company's tariff.

Most Common Residential Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference
Spokane – 1-64 gal – Weekly	\$33.11	\$37.96	\$36.72	10.9%
Spokane – 1-90 gal – Weekly	\$41.57	\$47.65	\$46.11	10.9%
Whitman – 1-64 gal – Weekly	\$30.46	\$34.92	\$33.78	10.9%
Whitman – 1-90 gal – Weekly	\$37.88	\$43.42	\$42.01	10.9%

Most Common Commercial Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference
Spokane – 1 yard – per Pick Up	\$20.94	\$24.00	\$23.23	10.9%
Whitman – 1 yard – per Pick Up	\$18.75	\$21.49	\$20.80	10.9%

Comment Summary

On March 31, 2023, the Company notified its customers by mail of the proposed rate increase. Staff received one comment from a customer who is opposed to the increase. The customer believes the requested amount is excessive and exceeds cost of living increases. The customer indicated on the web comment form they did not want to be contacted, so Staff was unable to reach out to this customer.

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