Agenda Date: February 27, 2014

Item Number: B1

**Docket: TG-140086**

Company Name: Rabanco, Ltd.

 dba Tri-County Disposal, G-12

Staff: Ann LaRue, Regulatory Analyst

 Amy White, Regulatory Analyst

 John Cupp, Consumer Protection Staff

**Recommendation**

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Rabanco, Ltd. dba Tri County Disposal, on January 15, 2014, and revised on February 25, 2014.
2. Allow the revised rates, filed on February 25, 2014, to become effective on March 1, 2014, on a temporary basis, subject to refund.

**Discussion**

On January 15, 2014, Rabanco, Ltd. dba Tri-County Disposal (Tri-County or company), filed revisions to Tariff No. 8 with the Utilities and Transportation Commission (commission) that would generate approximately $229,000 (19.1 percent) additional annual revenue. The proposed increase would become effective March 1, 2014, and is prompted by the company taking over collection service to 905 residential and commercial customers in the City of White Salmon (city)[[1]](#footnote-1) and increased costs in labor, fuel, maintenance, healthcare, pension, and other general operating expenses. Tri-County Disposal currently serves approximately 4,800 residential and commercial customers in Klickitat, Skamania, and Yakima Counties. The company’s last general rate increase became effective December 1, 2011.

Commission staff has completed its review of the company’s supporting financial documents. However, the information provided by the company for the acquisition of the garbage truck, the carts and the dump bed truck from the City of White Salmon was unsupported. On February 13, 2014, staff advised the company that without a signed purchase or a lease agreement for the assets owned by the City of White Salmon, the assets would be excluded from the rate case. The company stated that the purchase of this equipment would not be completed prior to beginning collection service in the City of White Salmon. On February 21, 2014, the company provided a signed lease agreement for the assets owned by the City of White Salmon.

On February 25, 2014, the company filed revised tariff pages reflecting revised rates at staff recommended levels, subject to refund. The revenue impact of the revised rates is approximately $82,000 (5.8 percent) additional annual revenue.

Tri-County currently has no rates established for the City of White Salmon. The company will assume solid waste collection services in the city on March 1, 2014, and will purchase the garbage truck, the carts and the dump bed truck from the City of White Salmon through auction some time thereafter. Staff expects the company to provide support for the expenses related to the purchase of the assets to commission staff forthwith, so that permanent rates may be established.

 **Rate Comparison**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Residential Monthly Rates** | Current Rate | Company Proposed Rate | Staff Proposed Rate | Increase |
| 1 Can | 11.99 | 14.40 | 12.69 | 5.8% |
| 2 Cans | 15.92 | 19.12 | 16.84 | 5.8% |
| 3 Cans | 19.63 | 23.58 | 20.77 | 5.8% |
| 4 Cans | 23.53 | 28.26 | 24.89 | 5.8% |
| City of White Salmon |  |  |  |  |
| 35-Gallon Toter | NA | 14.40 | 12.69 |  |
| 65-Gallon Toter | NA | 20.76 | 17.76 |  |
| 95-Gallon Toter | NA | 28.80 | 25.75 |  |
| **Commercial Per Pickup Rates** |  |  |  |  |
| 32-Gal Can | 2.57 | 3.09 | 2.70 | 5.1% |
| 1.5-Yard Container | 15.60 | 18.74 | 16.50 | 5.8% |
| 2-Yard Container | 19.76 | 23.74 | 20.90 | 5.8% |
| 3-Yard Container | 26.13 | 31.39 | 27.65 | 5.8% |
| City of White Salmon |  |  |  |  |
| 35-Gallon Toter | NA | 14.40 | 2.70 |  |
| 65-Gallon Toter | NA | 20.76 | 4.10 |  |
| 95-Gallon Toter | NA | 28.80 | 5.95 |  |
| 1-Yard Container | NA | 13.12 | 11.00 |  |
| **Drop-Box Service** |  |  |  |  |
| 40-Yard Container | 135.10 | 162.30 | 142.95 | 5.8% |

**Customer Comments**

On January 28, 2014, the company notified its customers of the proposed rate increase by mail. Staff received nine consumer comments, all opposed to the rate increase. Customers were notified that they may access relevant documents about this rate increase 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**

* Seven customers stated that the amount of the proposed increase is excessive. Several are senior citizens living on fixed incomes.

**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, the opportunity for the company to earn a reasonable return on investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

**Conclusion**

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Rabanco, Ltd. dba Tri County Disposal, on January 15, 2014, and revised on February 25, 2014.
2. Allow the revised rates, filed on February 25, 2014, to become effective on March 1, 2014, on a temporary basis, subject to refund.
1. Collection services are currently provided by the City of White Salmon but will be provided by Tri-County Disposal. [↑](#footnote-ref-1)