

Agenda Date: May 25, 2023
Item Number: B3

Docket: TG- 230188
Company Name: Basin Disposal of Yakima, LLC

Staff: Jaclynn Simmons, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Issue an order allowing tariff pages filed by Basin Disposal of Yakima, LLC, on March 17, 2023, as revised on May 18, 2023, to become effective June 1, 2023, and require Basin Disposal of Yakima, LLC to provide a cost-of-service analysis with its next general rate case.

Discussion

On March 17, 2023, Basin Disposal of Yakima, LLC (Basin or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$317,000 (29.63 percent) additional annual revenue. The Company supplies regulated solid waste services to approximately 2,000 residential, 650 commercial, and 60 drop box customers in Yakima County. The Company's last general rate increase became effective on June 1, 2010.

On March 28, 2023, the Company requested an extension to allow more time to review the case with a new effective date of June 1, 2023.

The main drivers of the request are higher operating costs and the need to start recovery of new assets that were placed in-service after the Company's last rate case. The Company is also requesting to add new services to the tariff. Commission staff (Staff) adjusted the Company's fuel, bringing it to the most current 12 months of fuel costs per WAC 480-70-346. Staff made minor adjustments, removing unallowable expenses. Staff reviewed the payroll increases and bonuses and made minor adjustments to each. Staff reviewed newly obtained assets that were put into service after the test year and removed three new trucks that did not pass the prudence test for use and useful.

Staff adjusted expenses for a disposal increase that came into effect after the Company filed for this general increase in rates. This increased the revenue requirement by \$36,031. Staff discussed with the Company that waiting 13 years between rate cases can cause rate shock to their customers and that the Commission recommends that the Company should file or come back every two to three years for rate review. Staff recommends that the Commission order the Company to file a cost-of service analysis in its next general rate case due to the length of time between rate cases. This will ensure that the rates allowed are in line with the current cost of providing the service.

In Staff's review the revenue requirement that the Company calculated, and the revenue requirement Staff calculated was higher than the amount the Company requested. The Company explained it chose the lower amount to reduce rate shock to its customers. Staff and the Company agreed to an additional annual revenue amount of \$353,031 or 33 percent. This additional annual revenue amount is higher than requested due to the increase in the disposal fees set by the County Transfer Station. The Company sent revised pages on May 18, 2023. Staff found the revenue requirement and rates agreed on are fair, just, reasonable, and sufficient, on the condition that the Company provide a cost-of-service analysis with its next general rate case.

Rate Comparison

Service	Current Rates	Company Proposed Rates	Revised Rates	Percentage Increase
32 gal 1x wk.	\$7.54	\$10.42	\$9.55	26.66%
64 gal 1x a wk.	\$9.30	\$12.91	\$14.06	51.18%
300 gal	\$42.13	\$54.95	\$52.17	23.82%
1.5 yd 1x wk.	\$42.13	\$54.95	\$52.17	23.82%
20 yd	\$93.23	\$100.00	\$100.00	7.26%

Customer Comments

On April 20, 2023, the Company notified its customers by mail of the proposed rate increase. Staff received one comment opposed to the proposed rate increase.

The commenter believes the proposed increase amount is excessive.

Staff Response

State law requires rates to be fair, just, reasonable, and sufficient to allow the Company to recover reasonable operating expenses and the opportunity to earn a reasonable return on its investment. Commission Staff perform a thorough review of rate filings to ensure that all rates and fees are appropriate.

Conclusion

Staff completed their review of the Company's documentation. Staffs review shows that the tariff pages filed are reasonable and needed as part of the Company's operations.

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