

Agenda Date: December 30, 2014  
Item Number: B1

**Docket: TG-143889**

Company Name: Waste Management of Washington, Inc., dba Waste Management of Spokane

Staff: Ann LaRue, Lead Regulatory Analyst  
Mike Young, Regulatory Analyst  
John Cupp, Consumer Protection Staff

**Recommendation**

1. Issue a Complaint and Order Suspending the Tariff Revisions filed by Waste Management of Washington, Inc., dba Waste Management of Spokane on November 14, 2014, and revised on December 19, 2014.
2. Order Waste Management of Washington, Inc., dba Waste Management of Spokane to file replacement pages showing revised disposal only rates, to become effective on January 1, 2015, in accordance with RCW 81.77.160 and WAC 480-70-341.

**Discussion**

On November 14, 2014, Waste Management of Washington, Inc., dba Waste Management of Spokane (WM Spokane or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$1,160,000 (10 percent) additional annual revenue. The proposed increase was prompted by increases in labor and other operating and administrative costs, and a reduced regulated customer base. WM Spokane currently serves approximately 26,500 regulated residential, commercial, and drop box customers in Spokane County. The company's last general rate increase became effective May 1, 2013.

Approximately half of the company's regulated customers have changed to nonregulated service because of company contracts with Spokane Valley and Liberty Lake. Other changes since the company's last rate case include: a \$6 million (40 percent) increase in total investment expenses, operating leases for the contract cities' property, increased labor cost of \$460,000 (3.7 percent) of total labor expenses, and decreased fuel costs of \$38,000 (3.2 percent) of total fuel expenses. Staff requires additional time to analyze the changes in allocation factors due to the change in regulated and nonregulated service and the increased costs since the last rate case. However, there is a disposal fee decrease of approximately \$100,000 (1.3 percent) included in this filing scheduled to become effective January 1, 2015.

### **Rate Comparison**

<b>Residential Monthly Rates (weekly service)</b>	<b>Current Rate</b>	<b>Disposal Fee Only Rate</b>	<b>Decrease</b>
1 32-Gallon Can	\$13.39	\$13.22	-1.3%
1 35-Gallon Cart	\$14.45	\$14.26	-1.3%
1 64-Gallon Cart	\$21.79	\$21.55	-1.1%
1 96-Gallon Cart	\$29.14	\$28.79	-1.2%
<b>Commercial Per Pickup Rates</b>			
32-Gallon Can	\$3.49	\$3.46	-0.8%
2-Yard Container	\$27.33	\$26.95	-1.4%
<b>Drop-Box Service</b>			
20-Yard Container	\$65.00	\$65.00	No Change

### **Customer Comments**

On December 1, 2014, the company notified its customers by mail of the proposed 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](mailto:jcupp@utc.wa.gov) with questions or concerns. Staff received 37 consumer comments regarding the proposed rate increase; 34 opposed to the rate increase, and three undecided.

### **General Comments**

Nineteen customers commented that fuel prices are down, and should not be a reason for the company's rates to increase. Four customers stated that the current rates are already too high. Several customers stated that the company needs to cut costs rather than pass everything through to customers.

### **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 to earn a reasonable return on its investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

### **Conclusion**

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