

Agenda Date: May 26, 2011
Item Number: B2

Docket: TG-110663
Company Name: Murrey's Disposal Company, Inc., G-9
d/b/a Olympic Disposal

Staff: Nicki Johnson, Regulatory Analyst
Pam Smith, Consumer Program Specialist

Recommendation

Take no action and allow the company's revised proposed rates filed on May 18, 2011, to become effective June 1, 2011, by operation of law.

Discussion

On April 14, 2011, Murrey's Disposal Company, Inc., d/ b/a Olympic Disposal (Olympic or company), filed tariff revisions with the Utilities and Transportation Commission (commission). The tariff revisions would generate approximately \$302,000 (5.4 percent) in additional annual revenue. The proposed rate revisions are prompted by increases in labor costs, health and welfare benefits, increased investment, and other operating expense increases. Olympic provides regulated service to approximately 12,000 residential and commercial customers in Clallam and Jefferson counties. The company's last general rate increase became effective on January 1, 2009.

Staff's analysis of the company's financial information showed a lower revenue requirement for residential and commercial solid waste collection and residential recycling than what the company proposed. The drop box rates are appropriate at the proposed rates.

Staff and the company agreed to a revised revenue requirement of \$269,000 (4.8 percent) in additional annual revenue. On May 18, 2011, Olympic filed revised rates at staff recommended levels.

Customer Comments

On April 29, 2011, the company notified its customers of the proposed rate increase by mail. The commission received five customer comments on this filing; all oppose the increase. Consumer Protection staff advised customers that they may access company documents about this rate case at www.utc.wa.gov and that they may contact Pam Smith at 1-888-333-9882 with questions or concerns.

General Comments

- One customer believes the company should cut costs internally. One customer believes the company asks for too many little increases. Two believe the rates are too high.

Staff Response

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 investment. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

Service Quality Comments

- One customer commented that driveway service has been changed and he must take his can to the road.

Staff Response

Staff wrote a letter to the customer and is waiting for a call back. Staff will investigate the issue when contacted.

Rate Comparison

Residential Monthly Rates	Current Rate	Proposed Rate	Revised Rate	Percent Increase
Garbage Disposed in Clallam County				
32-Gallon Can Weekly Pick-up	\$19.05	\$19.62	\$19.47	2.2%
Voluntary Recycling - 2 Bins Every-Other-Week Service	\$ 9.22	\$ 9.57	\$ 9.51	3.1%
Garbage Disposed in Jefferson County				
32-Gallon Can Weekly Pick-up	\$20.15	\$20.76	\$20.60	2.2%
Voluntary Recycling – 2 Bins Every-Other-Week Service	\$ 9.22	\$ 9.57	\$ 9.51	3.1%
Commercial Per Pick-up Rates				
Garbage Disposed in Clallam County				
One-Yard Container –Per Pick-up	\$18.38	\$18.92	\$18.78	2.2%
Garbage Disposed in Jefferson County				
One-Yard Container, Per Pick-up	\$19.10	\$19.68	\$19.53	2.3%
Drop Box Per Pick-up Rate				
In Clallam and Jefferson Counties				
20-Yard Drop Box (Non-Compacted) Per Pick-up	\$74.10	\$106.48	\$106.48	43.7%

Bill Comparison – Residential Customer

Monthly Rates Clallam County	Current Rate	Revised Rate
32-Gallon Can Weekly Pick-up	\$19.05	\$19.47
Voluntary Recycling – 2 Bins Every-Other-Week Service	\$ 9.22	\$ 9.51
Total Monthly Bill	\$28.27	\$28.98
Percent Increase		2.5%

Monthly Rates Jefferson County	Current Rate	Revised Rate
32-Gallon Can Weekly Pick-up	\$20.15	\$20.60
Voluntary Recycling – 2 Bins Every-Other-Week Service	\$ 9.22	\$ 9.51
Total Monthly Bill	\$29.37	\$30.11
Percent Increase		2.5%

Conclusion

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that the expenses are reasonable and required as part of the company's operation. The customers' comments do not change staff's opinion that the company's financial information supports the revised revenue requirement and the revised proposed rates and charges are fair, just, reasonable and sufficient. Therefore, staff recommends the commission take no action and allow the company's revised proposed rates filed on May 18, 2011, to become effective June 1, 2011, by operation of law.