

Agenda Date: June 28, 2012
Item Number: B1

Docket: TG-120283
Company Name: Peninsula Sanitation Service, Inc., G-011

Staff: Mike Young, Regulatory Analyst
Pam Smith, Consumer Protection Staff

Recommendation

Take no action, allowing the revised tariff revisions filed by Peninsula Sanitation Service, Inc., on June 25, 2012, to go into effect on July 1, 2012, by operation of law. Issue an order directing the company to work with staff to implement changes to its accounting and recordkeeping to provide the information needed to comply with commission rules, and to file a general rate case, including a cost of service study, with a proposed effective date no later than February 1, 2014.

Discussion

On February 29, 2012, Peninsula Sanitation Service, Inc. (Peninsula or company), filed tariff revisions with the Utilities and Transportation Commission (commission). The tariff revisions would generate approximately \$638,000 (31.5 percent) additional annual revenue. On April 24, 2012, and subsequently on May 31, 2012, the company requested an extension of the effective date of the proposed rates to July 1, 2012, to allow more time to provide supporting information.

Commission staff has completed its review of the company's supporting financial documents, books and records, and concluded the company's proposed rates are excessive. The company and staff have agreed to a lower revenue requirement of approximately \$450,000 (20.8 percent) additional annual revenue and lower rates. The company filed revised proposed rates on June 25, 2012, at staff recommended levels. The company has also agreed to make changes to its accounting and record keeping to comply with WAC 480-70-066 and WAC 480-07-520, and to file a general rate case, including a cost of service study, with a proposed effective date no later than February 1, 2014.

Rate Comparison

Residential Monthly Rates	Current Rate	Proposed Rate	Revised Rate	Percent Increase
One 60-Gallon Can Weekly Pick-Up	\$18.70	\$23.50	\$23.50	25.6%
One 60-Gallon Can Monthly Pick-Up	\$11.30	\$14.45	\$14.20	25.6%
One 90-Gallon Can Weekly Pick-Up	\$22.00	\$33.50	\$27.65	25.6%

	Current Rate	Proposed Rate	Revised Rate	Percent Increase
Commercial Per Pick-Up Rates				
1.5-Yard Container Per Pick-Up	\$23.10	\$35.00	\$29.00	25.5%
1.5-Yard Container Every Other Week	\$23.10	\$33.00	\$29.00	25.5%
One 60-Gallon Can Per Pick-Up	\$6.00	\$8.00	\$7.55	25.8%
One 90-Gallon Can Per Pick-Up	\$6.95	\$10.00	\$8.75	25.9%
Drop Box Rates				
20-Yard Per Pick-Up	\$151.20	\$195.00	\$189.90	25.6%
30-Yard Per Pick-Up	\$171.20	\$220.00	\$215.05	25.6%
20-Yard Compacted Per Pick-Up	\$171.20	\$220.00	\$214.80	25.6%

Customer Comments

On March 30, 2012, the company notified its customers of the proposed rate increase by mail. Staff received 11 customer comments opposing the rate increase. Consumer Protection staff advised the customers that they may access company documents pertinent to this rate case at www.utc.wa.gov and that they may contact Pam Smith at 1-888-333-WUTC (9882) with questions or concerns.

General Comments

- Six customers oppose the increase due to current economic conditions. One customer believes the rate increase is too high.

Staff Response

The customers were advised that state law requires solid waste and recycling rates to be fair, just, reasonable and sufficient. The rates must allow the company to recover reasonable operating expenses and provide the company the opportunity to earn a reasonable return on investment. They were also advised that the commission's regulatory staff will review the filing to ensure that all rates and fees are appropriate.

- Two customers would like a low-income senior citizen rate.

Staff Response

Staff attempted to reach the customers to discuss a low-income rate for seniors. If the calls are returned, staff will advise the customers that a reduced low-income rate must be adopted into the Pacific County solid waste management plan. Once adopted, it may be considered by the commission.

Business Practices

- One customer was concerned the company was ending the summer resident (vacation rate) option.

Staff Response

Staff attempted to reach the customer to discuss the vacation rate. If the call is returned staff will advise the customer that there is a pre-paid bag service option for infrequent users of the service.

Service Quality

- There was an additional comment concerning poor service.

Staff Response

Staff attempted to reach the customer to gather information regarding the poor service issue. The customer did not return the telephone call.

Commission staff has completed its review of the company's supporting financial documents, books and records and has reached agreement with the company on the necessary revenue requirement. The company has demonstrated that the revised proposed rates are fair, just, reasonable and sufficient.

Conclusion

Take no action, allowing the revised tariff revisions filed by Peninsula Sanitation Service, Inc., on June 25, 2012, to go into effect on July 1, 2012, by operation of law. Issue an order directing the company to work with staff to implement changes to its accounting and recordkeeping to provide the information needed to comply with commission rules, and to file a general rate case, including a cost of service study, with a proposed effective date no later than February 1, 2014.