

Agenda Date: August 30, 2012
Item Number: B2

Docket: TG-120733
Company Name: Zippy Disposal Service, Inc., G-121

Staff: Mike Young, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Zippy Disposal Service, Inc. on May 18, 2012, and allow the revised rates filed on August 22, 2012, to become effective on September 1, 2012.

Discussion

On May 18, 2011, Zippy Disposal Service, Inc. (Zippy or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$79,700 (5.7 percent) additional annual revenue. The proposed increases are prompted by an increase in the Chelan County disposal fee from \$34.93 per yard to \$37.46 per yard effective July 3, 2012. In addition, the costs for labor, employee benefits, and fuel have increased since the last general rate increase became effective on May 1, 2011. Zippy provides regulated solid waste collection service to approximately 1800 residential and commercial customers in Chelan, Douglas, and Okanogan Counties.

On June 28, 2012, the company filed revised tariff pages designed to recover just the Item 230 pass through portion of the disposal increase, approximately \$12,600 (0.9%) additional annual revenue. The commission entered a Complaint and Order Suspending Tariff Revisions and allowed the revised pages to become effective on July 3, 2012, on a temporary basis, subject to refund.

The company calculated that it needed \$110,000 (7.9 percent) additional annual revenue, but chose to file proposed rates that would generate only \$79,700 (5.7 percent) additional annual revenue. Staff's analysis demonstrated a need for \$104,700 (7.5 percent) additional annual revenue. The rates from Staff's Cost of Service study would generate \$59,000 (4.3 percent) additional annual revenue. Staff and the company agreed to a revised rate design that would generate \$79,500 (5.7 percent) additional annual revenue and keep all rates equal to or less than the rates the company noticed to customers. This compromise partially implements cost of service rates. Staff has advised the company that we expect the company's next filing will fully implement costs of service based rates. On August 22, 2012, Zippy filed revised rates at staff recommended levels.

Customer Comments

On May 30, the company notified its customers of the proposed rate increase by mail. Three comments have been received to date; all are opposed to the proposed rate increase. Customers

were notified that they may access documents about this rate case on the commission's website, and that they may contact John Cupp at 1-888-333-WUTC (9882) or jcupp@utc.wa.gov with questions or concerns.

General Comments

- All three commenters stated that the increase is too drastic and that the company should make ends meet by tightening its belt.

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

Rate Comparison

Chelan County Residential Rates	Current Rate	Proposed Rate	Revised Rate	Percent Increase
1 Can Weekly Pick-up	\$15.59	\$17.95	17.95	15.1%
Chelan County Commercial Per Pick-up Rates				
1-yard Commercial Container	\$15.50	\$16.15	\$16.15	4.2%
20-Yard Drop Box (Non-Compacted)	\$118.65	\$128.00	\$128.00	7.9%
30-Yard Drop Box (Non-Compacted)	\$133.10	\$138.00	\$133.10	0.0%
Douglas & Okanogan County Residential Rates				
1 Can Weekly Pick-up	\$14.85	\$16.35	\$16.35	10.1%
Douglas & Okanogan County Commercial Per Pick-up Rates				
20-Yard Drop Box (Non-Compacted)	\$107.75	\$114.95	\$114.95	6.7%
30-Yard Drop Box (Non-Compacted)	\$124.00	\$124.95	\$124.95	0.8%

Commission staff has completed its review of the company's supporting financial documents, books and records. Staff's review shows that expenses are reasonable and required as part of the company's operation. The customer's 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.

Conclusion

Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Zippy Disposal Service, Inc., on May 18, 2012, and allow the revised rates filed on August 22, 2012, to become effective on September 1, 2012.