

Agenda Date: July 29, 2010
Item Number: B1

Dockets: **TG-101080**
Company Name: Waste Management of Washington, Inc., G-237

Staff: Christopher Mickelson, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

1. Grant the company's request for an exemption from WAC 480-70-266, Tariffs, to allow the revised rates to become effective on August 1, 2010, on less than statutory notice.
2. Grant the company's request for an exemption from WAC 480-70-271, Customer Notice, to allow the company to notify customers affected by the increased revised rates in the next billing cycle.
3. Approve the staff recommended revised rates, as filed by the company on July 15, 2010, to become effective August 1, 2010, on less than statutory notice.

Discussion

On June 16, 2010, Waste Management of Washington, Inc., (Waste Management or company) filed tariff revisions with the Utilities and Transportation Commission (commission) for the operations it conducts under the registered trade names Waste Management – South Sound and Waste Management of Seattle (WM – South Sound/Seattle). The tariff revisions would increase Waste Management's rates in its WM – South Sound/Seattle divisions by \$1,742,953 (16.2 percent) in additional annual revenue.

WM – South Sound/Seattle provides regulated service to approximately 20,500 residential and commercial customers in the King County. WM - South Sound/Seattle's last general rate increase became effective on May 1, 2006.

Staff's analysis showed a lower revenue requirement for residential and commercial garbage collection, and a higher revenue requirement for residential recycling collection, residential yard waste, and drop box services than what the company proposed.

Staff and the company agreed to a revised revenue requirement of \$1,483,008 (13.8 percent) in additional annual revenue and revised rates. On July 15, 2010, the company filed revised rates at staff recommended levels.

A customer receiving weekly 35-gallon garbage service and every other week 96-gallon recycling service would pay \$3.73 (17.3 percent) more per month using the revised rates instead of \$4.13 (19.1 percent) more using the original rates proposed by the company (see "Bill Comparison – Residential Customer" table below).

The company requests an exemption from Washington Administrative Code (WAC) 480-70-266, Tariffs, to allow the revised rates to become effective on August 1, 2010, on less than statutory

notice, and an exemption from WAC 480-70-271, Customer Notice, to allow the company to notify customers affected by the increased revised rates in the next billing cycle.

RCW 81.28.050 and WAC 480-70-266 require forty-five days' notice to the commission prior to the effective date of the tariff. The company requests, however, less than statutory notice as permitted by WAC 480-70-276, so that the tariff revisions become effective on August 1, 2010. The company must request less than statutory notice because the revised rates result in some increases compared to the rates the company originally proposed and sent notice to customers.

Under WAC 480-70-271, solid waste companies must provide each affected customer a notice at least thirty days before the requested effective date of the proposed rate increase. For the same reason listed in seeking less than statutory notice to the commission, the company seeks such an exemption from customer notice requirements. The company originally notified customers of the proposed rates filed on July 1, 2010, and requests waiver of customer notice of the revised rates. The company proposes to notify customers by bill insert in the next billing cycle.

Customer Comments

On July 1, 2010, the company notified its customers of the proposed rate increase by mail. The commission received 15 customer comments on this filing. Fourteen customers oppose the proposed increase and one customer is undecided. Please note that customers often address several issues of concern within one comment. Therefore, subtotals may not equal the total number of comments submitted.

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 Dennis Shutler at 1-888-333-9882 with questions or concerns.

Filing Documents and Methodology

- Three customers believe the increased rates are a result of the recent union contract settlement.

Staff Response:

Employee wages and benefits are only one component of a company's expenses. The commission allows companies to recover reasonable employee wages and benefits through rates.

Business Practices

- One customer believes the company should manage its service routes more efficiently.

Staff Response

The company has staff assigned to ensure that its routes operate in the most cost effective manner.

General

- Nine customers believe the amount of the increase is excessive due to increased costs of living and current economic conditions. One customer believes the company should work within a budget, like its customers. Two customers stated they will cancel their service if the rates increase.

Staff Response

Customers were advised that state law requires rates to be fair and reasonable, and sufficient to allow the company the opportunity to recover reasonable operating expenses and earn a reasonable return on investment.

Rate Comparison

Residential Monthly Rates	Current Rate	Proposed Rate	Revised Rate
32-Gallon Can Weekly Pick-up	\$13.00	\$15.20	\$14.20
35-Gallon Cart Weekly Pick-up	\$14.20	\$16.60	\$15.60
64-Gallon Cart Weekly Pick-up	\$21.00	\$24.50	\$23.10
96-Gallon Cart Every-Other-Week Pick-up (Mandatory Recycling Service)	\$7.37	\$9.10	\$9.70
96-Gallon Cart Every-Other-Week Pick-up (Optional Yard Waste Service)	\$10.20	\$11.40	\$11.70

Commercial Per Pick-up Rates	Current Rate	Proposed Rate	Revised Rate
1 Yard Container	\$13.00	\$15.20	\$14.30
2 Yard Container	\$22.80	\$26.60	\$25.10
30 Yard Drop Box (Non-Compacted)	\$92.20	\$105.10	\$116.70
30 Yard Drop Box (Compacted)	\$119.40	\$136.10	\$151.20

Bill Comparison – Residential Customer

Monthly Rates	Current Rate	Proposed Rate	Revised Rate
35-Gallon Cart (Weekly Garbage Service)	\$14.20	\$16.60	\$15.60
Recycling Cart (Mandatory Every Other Week Service)	\$7.37	\$9.10	\$9.70
Total Monthly Bill	\$21.57	\$25.70	\$25.30
Increase		19.1%	17.3%

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 customer’s comments do not change staff’s opinion that the company’s financial information supports the revised revenue requirement and the revised rates

and charges are fair, just, reasonable, and sufficient. Therefore, staff recommends the following:

1. Grant the company's request for an exemption from WAC 480-70-266, Tariffs, to allow the revised rates to become effective on May 1, 2010, on less than statutory notice.
2. Grant the company's request for an exemption from WAC 480-70-271, Customer Notice, to allow the company to notify customers affected by the increased revised rates in the next billing cycle.
3. Approve the staff recommended revised rates, as filed by the company on July 15, 2010, to become effective August 1, 2010, on less than statutory notice.