

Agenda Date: April 29, 2010
Item Number: B3

Docket: TG-091775
Company Name: Yakima Waste Systems, Inc., G-89

Staff: Nicki Johnson, Regulatory Analyst
Dennis Shutler, Consumer Protection Staff

Recommendation

Issue and order to:

1. Authorize Yakima Waste to file revised tariff pages reflecting the revised rates agreed to by staff and the company.
2. Grant Yakima Waste an exemption from WAC 480-70-266, Tariffs, to allow it to file the revised tariff pages on less than statutory notice to become effective on June 1, 2010.

Discussion

On November 12, 2009, Yakima Waste Systems, Inc., (Yakima Waste or company), filed with the Utilities and Transportation Commission (commission) tariff revisions that would generate approximately \$363,000 (4.7 percent) in additional annual revenue for solid waste collection services. The filing was prompted by an increase in disposal fees. Disposal fees increased from \$27.03 per ton to \$30.89 per ton effective January 1, 2010. Yakima Waste filed rates to recover the increased disposal fees without filing all the documents required in a general increase filing. The company serves approximately 20,000 customers in Yakima County. This is Yakima Waste's first rate filing since the company was acquired by Waste Connections in November 2008.

On December 23, 2009, the commission issued a complaint and order suspending the tariff revisions filed by the company on November 12, 2009, and the substitute pages the company filed on November 13, 2009, and December 10, 2009; and, allowed the proposed tariffs filed by the company to become effective on January 1, 2010, on a temporary basis, subject to refund if the commission determines that different rates will be fair, just, reasonable and sufficient. The commission also ordered the company:

1. To file all documents required for a general rate case as provided in WAC 480-07-520 by March 1, 2010, together with any additional documents that may be requested by commission staff.
2. To not change or alter the tariffs filed in this Docket during the suspension period, unless authorized by the Commission.

Yakima Waste filed the documents required for a general rate case on March 1, 2010. Staff completed its analysis of the Company's supporting financial records, and found Yakima Waste's current, temporary rates generate more revenue than the Company needs in its garbage

operations. The Company asked for approximately \$363,700 (4.7 percent) of additional garbage revenue and the Company's financial records support an increase of only about \$93,200 (1.1 percent); approximately \$270,500 less than the Company requested. The analysis shows that:

- Residential and commercial rates in effect prior to January 1, 2010, were too high.
- The current, temporary rates for drop box service are less than the cost of providing the service.
- The rates in effect prior to January 1, 2010, for its voluntary residential recycling and yard waste programs are less than the cost of providing service. The revenue requirements for these programs are \$139,600 (99.1 percent) in additional annual revenue and \$56,900 (86.6 percent) in additional annual revenue, respectively.

Staff and the company negotiated revised rates that are fair, just, reasonable and sufficient. Those rates are both higher and lower than the rates currently in effect. The net effect of the revised lower rates for residential and commercial garbage service and the revised higher rates for drop box service, residential recycling and residential yard waste increases Yakima Waste's total revenue requirement by about \$289,700 (3.6 percent), as compared to rates in effect prior January 1, 2010. The Company agrees with Staff's revised revenue requirement and revised rates.

Revised Rates Compared to Current (Permanent or Temporary) Rates

<u>Customer Class</u>	<u>Service</u>	<u>Change</u>
Residential	Garbage	Decrease
	Voluntary Recycling	Increase
	Voluntary Yard Waste	Increase
Commercial	Garbage	Decrease
Drop Box	Garbage	Increase

Rate Comparison

Note: Revised Rates that are greater than rates in effect prior to January 1, 2010, or Temporary Rates are highlighted

	Rates Prior to January 1, 2010	Temporary Rates January 1, 2010	Revised Rates
Residential Monthly Rates			
One Can Garbage - Weekly Service	\$6.42	\$6.64	\$6.17
Two Cans Garbage - Weekly Service	\$8.42	\$8.81	\$8.09
Voluntary Residential Recycling – Every-Other-Week Service	\$3.46		\$9.00
Voluntary Yard Waste – Every- Other-Week Service	\$4.86		\$9.28
Commercial and Drop Box			
One and One Half Yard Container Per Pick Up	\$6.25	\$6.63	\$6.01
One and One Half Yard Container Rent Per Month	\$9.12		\$8.77
Drop Box 20 Yard - Per Pick Up	\$58.20		\$65.85
Drop Box 20 Yard - Rent Per Month	\$27.00		\$30.60

The company asks that the commission to:

1. Authorize Yakima Waste to file revised tariff pages reflecting the revised rates agreed to by staff and the company.
2. Grant Yakima Waste an exemption from WAC 480-70-266, Tariffs, to allow it to file the revised tariff pages on less than statutory notice to become effective on June 1, 2010. WAC 480-70-266, requires the company to provide at least 45 days' notice to the commission of any filing that will result in an increase in rates to customers. The purpose of the 45 days' notice requirement is to provide sufficient time for staff to analyze the filing. In this case, staff has already completed its analysis and staff recommends that the Commission grant this request.

Customer Comments

Yakima Waste used a bill insert, placed in the first bills issued after January 1, 2010, to notify customers of the increases effective January 1, 2010. Therefore, no customer comments were received for the disposal fee only filing.

Customers have not received notice of the increases reflected in the revised rates. Yakima Waste has advised Staff that, with the requested June 1, 2010, effective date, the company will be able to comply with the 30 days' customer notice requirements of WAC 480-70-271.

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 companies' operations, that the financial information supports the revised revenue requirement, and that the revised rates and charges, some of which are higher than the temporary rates, are fair, just, reasonable, and sufficient. However, customers have not received notice of the revised rates that are higher than the temporary rates and have not had an opportunity to comment on those rates. Therefore, staff recommends the commission issue an order:

1. Authorize Yakima Waste to file revised tariff pages reflecting the revised rates agreed to by staff and the company.
2. Grant Yakima Waste an exemption from WAC 480-70-266, Tariffs, to allow it to file the revised tariff pages on less than statutory notice to become effective on June 1, 2010.