Agenda Date: September 28, 2017

Item Number: B1

**Docket: TG-170878**

Company Name: Yakima Waste Systems, Inc.

Staff: Greg Hammond, Regulatory Analyst

 Rachel Stark, Consumer Protection Staff

**Recommendation**

Take no action, thereby allowing the tariff pages filed on August 4, 2017, and revised on September 20, 2017, to go into effect October 1, 2017, by operation of law.

**Discussion**

On August 4, 2017, Yakima Waste Systems, Inc. (Yakima Waste or company), filed revisions to Tariff No. 11 with the Utilities and Transportation Commission (commission) that would generate approximately $738,800 (7.2 percent) additional annual revenue. The proposed increase would become effective October 1, 2017, and is prompted by new truck purchases, payroll increases, and other increased operating expenses. The company currently serves approximately 20,500 residential and commercial customers in Yakima County. The company’s last general rate increase became effective June 1, 2015.

Staff’s review found the proposed rates would result in excessive revenue. Staff made an adjustment to depreciation expense, removing assets that would be fully depreciated by the effective date of the general rate increase, and adding new assets purchased since the end of the test year. This adjustment resulted in a decrease in revenue requirement of approximately $70,000.

As filed, this case was submitted using the recently adopted staff methodology for recovering salvage values, wherein the company is allowed to recover the remaining depreciation expense left on capital assets that are carrying salvage values. This ensures the company fully recovers its investment in these assets and prevents assets from remaining stagnant on the depreciation schedule for years after their useful lives. Because salvage values are now removed on all assets, the calculations will be more straightforward in future filings, and will more appropriately reflect the reality of how these assets are treated in the course of business.

Staff also made some minor adjustments to remove non-recoverable expenses being allocated through the corporate overhead account, and made an adjustment to the company’s disposal fee normalization to recognize the revenue effect of the disposal fee increase that took place on February 1, 2017.

The company and staff have agreed on a revised revenue requirement of approximately $588,000 (5.7 percent) additional annual revenue, and on revised rates, which are fair, just, reasonable, and sufficient. On September 20, 2017, the company filed revised rates at staff recommended levels.

**Rate Comparison**

|  |  |  |  |
| --- | --- | --- | --- |
| **Service** | **Current Rates** | **Revised Rates** | **Percent Increase/Decrease** |
| 1 Can Garbage (Weekly) |  $ 7.23  |  $ 7.75  | 7.2% |
| 48 Gal. Garbage (Weekly) |  $ 10.32  |  $ 11.06  | 7.2% |
| 96 Gal. Garbage (Weekly) |  $ 13.23  |  $ 14.17  | 7.1% |
| 64 Gal. Recycling (EOW) |  $ 9.56  |  $ 8.95  | -6.4% |
| 96 Gal. Yard Waste (EOW) |  $ 10.78  |  $ 10.15  | -5.8% |
| 1.5 Yard Garbage (Monthly Rent) |  $ 10.18  |  $ 10.91  | 7.2% |
| 1.5 Yard Garbage (Per Pickup) |  $ 7.21  |  $ 7.72  | 7.1% |

**Customer Comments**

On August 21, 2017, the company notified its customers by mail of the proposed tariff revision. Customers were notified that they may access relevant documents about this tariff revision on the commission’s website, and that they may contact Rachel Stark at 1-888-333-9882 or rstark@utc.wa.gov with questions or concerns.

**General Comments**

As of today, we have received six consumer comments; five opposed and one in favor of the increase. Consumers who are opposed, commented that this is a drastic increase, the service they receive has remained the same, there is poor quality of service, the company mismanages its investments, and drivers’ habits waste fuel money.

The one customer in favor of the increase states the service is a bargain, the drivers are professional, and the service is a critical public service.

**Staff Response**

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

**Conclusion**

Take no action, thereby allowing the tariff pages filed on August 4, 2017, and revised on September 20, 2017, to go into effect October 1, 2017, by operation of law.