

Agenda Date: February 25, 2021  
Item Number: B1

**Docket:** TG-201013  
Company Name: Waste Management of Washington, Inc.,  
d/b/a Waste Management – South Sound and Waste Management of  
Seattle

Staff: Scott Sevall, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Issue an order

- Granting the petition filed by Waste Management of Washington, Inc., d/b/a Waste Management – South Sound and Waste Management of Seattle on December 30, 2020, for exemption from WAC 480-07-520(4),
- allowing the tariff revisions filed on December 30, 2020 and revised on February 16, 2021 to go into effect March 1, 2021 by operation of law,
- and requiring Waste Management of Washington, Inc., d/b/a Waste Management – South Sound and Waste Management of Seattle to file a rate revision no later than December 31, 2021, removing labor costs from future revenue share plans with King County and adjusting recycling collection rates.

### **Discussion**

On December 30, 2020, Waste Management of Washington, Inc., d/b/a Waste Management – South Sound and Waste Management of Seattle (WM South Sound/Seattle), filed Tariff Number 23 with the Utilities and Transportation Commission (commission) that would generate approximately \$1,247,000 (9.2 percent) additional annual revenue. The proposed increase is prompted by increased expenses for disposal, maintenance, labor, fuel, and other operating and administrative costs. The company serves approximately 20,000 residential customers, 1,000 commercial customers, and 1,390 roll off customers in King County. The company's last general rate increase became effective June 1, 2014.

Staff's review found the proposed rates would result in excessive revenue. The main adjustments proposed by staff in this case were to depreciation and the roll off revenue reported in the historical test period. The depreciation adjustment removed assets that were fully recovered between the historical test period and the effective date of the tariff. The adjustment to revenue for roll off service was to normalize the effect of the COVID-19 pandemic, as businesses reduced their service during the pandemic. The company and staff have agreed to a revised revenue requirement of approximately \$1,145,000 (8.5 percent) additional annual revenue and on revised rates. On February 16, 2021, the company filed revised rates at staff recommended levels.

Staff and the company also discussed the company's future Commodity Revenue Share Agreements with King County. In recent history the value of commodities has fluctuated drastically, which has impacted the revenue available to achieve the goals of revenue share plans. Staff feels the administrative labor costs included in the plan should be supported in recycling rates and not the variable revenue generated by the revenue share plan. The company is currently in the middle of a revenue share plan and should not be forced to change the plan at this moment. However staff recommends the revisions to remove labor costs be made in the new plan which will come to the UTC for approval during 2021 when the current plan expires. This would allow the revenue generated by commodities to be used only for direct program costs-administrative labor for the program would be funded by collection rates.

Commission staff has completed its review of the company's supporting financial documents and records. Staff's review shows that the revised expenses are reasonable and required as part of the company's operation, the company's financial information supports the revised revenue requirement, and the revised rates and charges are fair, just, reasonable, and sufficient.

### **RATE COMPARISON**

	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>Revised Rate</b>	<b>Percent Change</b>
<b>Residential Garbage</b>				
1 35-Gallon Cart - Weekly Pickup	\$21.16	\$22.11	\$21.84	3.2%
1 64-Gallon Cart - Weekly Pickup	\$30.97	\$32.36	\$31.96	3.2%
<b>Residential Yard Waste</b>				
1 64-Gallon Cart - Every Other Week Pickup	\$12.24	\$14.57	\$14.46	18.1%
<b>Residential Recycling</b>				
1 96-Gallon Cart - Every Other Week Pickup	\$10.49	\$13.24	\$13.03	24.2%
<b>Comercial Garbage</b>				
1-Yard Container - Weekly Pickup	\$19.88	\$19.88	\$19.88	0.0%
4-Yard Container - Weekly Pickup	\$64.86	\$64.86	\$64.86	0.0%
<b>Roll-Off Garbage</b>				
30-Yard - Per Pickup	\$134.14	\$198.30	\$185.50	38.2%

### **Customer Comments**

On January 15, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may contact John Cupp at 1-888-333-9882 or [john.cupp@utc.wa.gov](mailto:john.cupp@utc.wa.gov) with questions or concerns. Staff received 31 consumer comments opposed to the rate increase.

### **General Comments**

Nearly half the comments mention the economic effect the pandemic has had on consumers and consider this a bad time to raise rates. Many feel the requested increase amount is excessive. Nine customers stated poor customer service as their reason for opposing the increase.

### **Staff Response**

Staff informed customers 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. Customers were also told that commission staff performs a thorough review of rate filings to ensure all rates and fees are appropriate. Staff also explained that Consumer Protection may be able to help customers who cannot resolve customer service issues with the company, and provided contact information.

### **Conclusion**

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