

Agenda Date: March 27, 2008
Item Number: B1 and B2

Dockets: TG-080079, TG-080082
Company Names: Murrey's Disposal Company, Inc., G-9
American Disposal Company, Inc., G-87

Staff: Nicki Johnson, Regulatory Analyst
Dennis Shutler, Consumer Affairs Specialist

Recommendations

1. Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Murrey's Disposal Company, Inc., and American Disposal Company, Inc.
2. Approve the staff recommended revised rates to become effective April 1, 2008, on a permanent basis.

Discussion

On January 14, 2008, Murrey's Disposal Company, Inc., (Murrey's), and American Disposal Company, Inc., (American), (collectively, the companies), filed with the Washington Utilities and Transportation Commission (commission) tariff revisions that would generate \$1,268,000 (4.80 percent) in additional revenue per year. The companies are under common ownership and have identical rates. Murrey's and American serve 53,000 regulated customers in Pierce County.

The proposed filings pass through the increased disposal fees, increase residential and multi-family recycling rates, and increase the yard waste rates. The last general rate increase for garbage, multi-family recycling and yard waste rates became effective January 1, 1999. The residential recycling rates were last increased in November 2005 in response to the new single-stream recycling program.

The proposed garbage rate increases are prompted by a \$3.06 per ton tip fee increase at Land Recovery, Inc., the disposal site in Pierce County. Customers will be notified of this disposal fee pass-through on their next bill. Proposed rates would generate \$346,000 (1.59 percent) in additional garbage revenue per year.

The companies propose to increase the recycling rates to recover increased fuel, labor and processing costs. Proposed recycling rates would generate \$544,000 (16.54 percent) in additional recycling revenue per year.

The proposed yard waste rate increase is intended to recover rising costs since the last rate increase nine years ago. Proposed yard waste rates would generate \$378,000 (31.09 percent) in additional yard waste revenue per year. Staff analysis of the yard waste program revealed that the proposed yard waste rates generated excessive revenue. On February 19, 2008, the companies filed revised rates at the staff recommended level. The revised rates would generate

approximately \$197,000, a 16.19 percent increase. On February 28, 2008, the commission entered a Complaint and Order Suspending Tariff Revisions pending an investigation to determine whether the revisions were fair, just, reasonable, and sufficient. The commission allowed the revised rates to go into effect on a temporary basis on March 1, 2008.

Murrey's and American notified its customers of the rate increase by mail on January 30, 2008. The commission received 30 customer comments on the proposed filings. On March 3, 2008, Consumer Affairs staff sent the customers a letter advising them of staff's recommended revised rates. No customers commented on the revised rates.

Rate Comparison

	Current Rate	Proposed Rate	Revised Rate
Residential Recycling (per month)	\$4.75	\$5.50	\$5.50
Yard Waste (per month)	\$4.30	\$5.64	\$5.00
Yard Waste Extra	\$1.20	\$2.00	\$1.20
Multi-family Recycling (per yard)	\$3.19	\$4.14	\$4.14
Multi-family (96 gallon cart per pick up)	\$3.53	\$4.55	\$4.55
Multi-family (6 yard container per pick up)	\$28.14	\$31.55	\$31.55

Average Customer Charge Comparison – One Can Customer

Monthly Service	Present	Proposed	Revised
Garbage Component	\$14.20	\$14.39	\$14.39
Mandatory Recycling	\$4.75	\$5.50	\$5.50
Commodity Adjustment	(\$3.13)	(\$3.13)	(\$3.13)
Total Garbage and Recycling	\$15.82	\$16.76	\$16.76
Voluntary Yard waste	\$4.30	\$5.64	\$5.00
Total: Garbage, Recycling and Yard waste	\$20.12	\$22.40	\$21.76

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

Conclusion

Staff recommends the commission Dismiss the Complaint and Order Suspending the Tariff Revisions filed by Murrey's Disposal Company, Inc., and American Disposal Company, Inc., and approve the staff recommended revised rates to become effective April 1, 2008, on a permanent basis.