

Agenda Date: December 28, 2018  
Item Numbers: B3 and B4

**Dockets:** **TG-180953 and TG-180955**  
Company Names: Murrey's Disposal Company, Inc. G-9  
American Disposal Company, Inc. G-87

Staff: Greg Hammond, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Take no action, thereby allowing the tariff pages filed on November 15, 2018, and revised on December 24, 2018, to go into effect by operation of law.

### **Discussion**

On November 15, 2018, Murrey's Disposal Company, Inc. and American Disposal Company, Inc. d/b/a Vashon Disposal (Murrey's and Vashon or companies), filed revisions to Tariff No. 27 and original Tariff No. 2 with the Utilities and Transportation Commission (commission) that would generate approximately \$3,210,000 (8.8 percent) additional annual revenue for Murrey's Disposal in Pierce County, and 122,000 (12.5 percent) for American Disposal on Vashon Island. These rate increases are proposed with an effective date of January 1, 2019, and are prompted by additional investment in capital assets, increases in employee wages, and fuel costs, along with increases in other general operating expenses.

These filings also reflect the merging of certificates between the American and Murrey's Pierce County operations under the Murrey's certificate, G-009. Going forward, American Disposal's certificate, G-087, will only contain its Vashon Disposal d/b/a. Murrey's currently serves approximately 125,000 residential, multi-family, and commercial customers in Pierce County. Vashon Disposal currently serves approximately 3,140 customers in King County. Murrey's last general rate case, a limited scope rate filing reflecting its change to automated garbage collection, took effect March 1, 2017. Vashon Disposal's last general rate case took effect January 1, 2013.

In conjunction with these filings, the company also filed for a disposal fee increase for Vashon Disposal under Docket TG-180929. The rate effect has been incorporated into Docket TG-180955 under Original Tariff No. 2.

Commission staff's (staff) review found the proposed rates would result in excessive revenue. Staff made adjustments to the company's depreciation schedule, bringing its investment up to date as of the end of the test year. Additionally, staff made modifications to some of the company's proposed allocators, among other adjustments. The company and staff have agreed on a revised revenue requirement of approximately \$2,859,000 (7.9 percent) additional annual revenue, and on revised rates, which are fair, just, reasonable, and sufficient. On December 24, 2018, the company filed revised rates at staff recommended levels.

**Rate Comparison****Murrey's Disposal**

<b>Residential Rates (Monthly)</b>	<b>Current Rates</b>	<b>Revised Rates</b>	<b>Percent Increase</b>
20 Gal. Cart Weekly Garbage (With Recycl.)	\$ 15.04	\$ 16.22	7.8%
35 Gal. Cart Weekly Garbage (With Recycl.)	\$ 19.00	\$ 20.49	7.8%
65 Gal. Cart Weekly Garbage (With Recycl.)	\$ 27.93	\$ 30.12	7.8%
Every-Other-Week Recycling (With Garbage)	\$ 6.14	\$ 7.36	19.9%
<b>Multi-Family Rates (Monthly)</b>			
35 Gal. Cart Weekly Garbage (With Recycl.)	\$ 20.63	\$ 22.25	7.9%
1 Yard Per Pickup	\$ 25.12	\$ 27.54	9.6%
<b>Commercial Rates (Per Pickup)</b>			
35 Gal. Cart Per Pickup	\$ 4.44	\$ 4.79	7.9%
1 Yard Per Pickup	\$ 21.33	\$ 23.00	7.8%

**American Disposal d/b/a Vashon Disposal**

<b>Residential Rates (Monthly)</b>	<b>Current Rates</b>	<b>Revised Rates (GRC)</b>	<b>Percent Increase</b>	<b>Revised Rates With Disp. Fee Increase</b>
Mini-Can Weekly Garbage	\$ 12.49	\$ 13.17	5.4%	\$ 13.36
1 Can Weekly Garbage	\$ 17.64	\$ 18.60	5.4%	\$ 18.92
EOW Week Recycling (With Garbage)	\$ 9.74	\$ 14.53	49.2%	\$ 14.53
<b>Commercial Rates (Per Pickup)</b>				
1 Can Per Pickup	\$ 3.35	\$ 3.53	5.4%	\$ 3.59
1 Yard Per Pickup	\$ 18.08	\$ 19.06	5.4%	\$ 19.44

**Customer Comments****TG-180953 - Murrey's Rate Case**

On November 30, 2018, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received 23 consumer comments, all opposed to the proposed rate increase.

### **General Comments**

- The main theme of the comments in this case is that rates are being increased frequently for various reasons, including commodity debits and disposal fees. Commenters believe the proposed increase is excessive on top of all the other increases. Many commented that their rates are already too high.

### **Staff Response**

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. Commission staff performs a thorough review of rate filings to ensure that all rates and fees are appropriate.

### **TG-180955 - American Disposal Vashon rate case**

On November 30, 2018, the company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received four consumer comments, all opposed to the rate increase.

### **General Comments**

- Customers are unhappy about frequent rate increases. They believe the rates are already high enough.

### **Staff Response**

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. Commission staff performs a thorough review of rate filings to ensure that all rates and fees are appropriate.

### **Conclusion**

Take no action, thereby allowing the tariff pages filed on November 15, 2018, and revised on December 24, 2018, to go into effect by operation of law.