

Agenda Date: January 26, 2023
Item Number: B1

Docket: TG- 220857
Company Name: Murrey's Disposal Company, Inc.

Staff: Mike Young, Regulatory Services
John Cupp, Consumer Protection

Recommendation

Take no action allowing tariff pages filed by Murrey's Disposal Company, Inc., on November 17, 2022, and revised on January 18, 2023, to become effective February 1, 2023, by operation of law.

Background

On November 17, 2022, Murrey's Disposal Company, Inc., (Murrey's or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions that would generate approximately \$2,841,000 (5.6 percent) in additional annual revenue for the collection of garbage, recycling, and yard waste. The Company provides refuse, recycling, and yard waste services to approximately 63,000 residential and 2,200 commercial customers in Pierce County. The Company's last general rate increase became effective January 1, 2019.

The rate increase is prompted by several issues including wages, capital projects, insurance, and other cost increases. Wages for recycling drivers have been brought up to par with those of refuse truck drivers and this accounts for the disparate increase in recycling rates compared to garbage rate increases. The Company also included pay raises for 2022 and 2023 for all employees. Since the 2018 rate filing, Murrey's has completed several capital projects such as relocating and expanding the truck refueling point, joint construction (with Pierce County Refuse) of a welding shop and demolition of the old welding shop, expanding the truck and container parking areas, and leasing additional storage space for containers. The Company also acquired several new trucks and other equipment.

Discussion

The Company had initially filed for a January 1, 2023, effective date but it was discovered that the customer notice sent to residential customers contained incorrect rates and so another notice was sent at the end of December and the filing extended to February 1, 2023. Commission staff (Staff) has reviewed the books and records of Murrey's and finds the costs supported and necessary to provide service. During the review it was discovered that the Company had omitted the regulated solid waste tons from multi-family customers from the calculations, and further had used six months for the disposal fee decrease instead of the correct nine months. The net of these adjustments added to regulated costs and account for a higher revised annual revenue amount. Also, the Company proposed, and Staff agreed, that depreciation for the fuel station and welding shop be included as these items were finalized after the end of the test year but would be in

service prior to the effective date of rates. This adjustment added approximately \$80,000 to the regulated cost. The bulk of these two adjustments largely impacted solid waste and had minimal effect on recycling and yard waste rates. Staff and the Company agreed to a revised revenue of \$3,070,000 (6.1 percent) additional annual revenue. and filed tariff pages at the revised rates.

Rate Comparison

Service	Non-COVID Rate	Current/ COVID Rate	Proposed Rate	Revised Rate	Dollar Increase	Percentage Increase
1 35-gal cart w/recycling 1 X Week	\$21.13	\$21.23	\$21.39	\$21.65	\$0.42	1.98%
1 65-gal cart w/recycling 1 X Week	\$31.01	\$31.16	\$31.39	\$31.78	\$0.62	1.99%
2 YD FL/RL 1 X week	\$41.03	\$41.22	\$41.53	\$42.05	\$0.83	2.01%
6 YD Roll-Off 1 X week	\$106.53	\$107.03	\$107.83	\$109.18	\$2.15	2.01%
EOW Recycling Service	\$7.38	\$7.41	\$9.45	\$9.45	\$2.04	27.53%
EOW Yard Waste Service	\$6.20	\$6.23	\$7.18	\$7.18	\$0.95	15.25%

Note: The non-COVID rates were set to go into effect September 1, 2023

Customer Comments

On November 30, 2022, the Company notified its customers by mail of the proposed rate increase. A corrected notice was sent on December 28, 2022, with an extension of the effective date to February 1, 2023. Customers were notified that they may contact John Cupp at 1-888-333-9882 or john.cupp@utc.wa.gov with questions or concerns. Staff received 19 consumer comments regarding the proposed rate increase; 18 opposed to the rate increase, one in favor.

Comments

Customers feel the increase to recycling rates is excessive. They also believe the Company should not be allowed rates because service is unreliable when it snows, even when there is very little snow. The customer in favor of the rate increases believes the increases is minimal, and the money should go to the Company's drivers.

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.

Staff explained the recycling rate increase was mostly due to recycling truck drivers' wages were increased to match the wages of garbage truck drivers, and partly due to Company investment in recycling equipment.

Conclusions

Staff has completed its review of the Company's documentation. Staff's review shows that the revised tariff pages filed are reasonable and required as part of the Company's operations.

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