

Agenda Date: October 26, 2023
Item Number: B1

Docket: TG-230668
Company: Torre Refuse & Recycling LLC

Staff: Ben Sharbono, Regulatory Analyst
John Cupp, Regulatory Analyst

Recommendation

Take no action allowing the Tariff Revisions filed by Torre Refuse & Recycling LLC for Tariff number 4 on August 15, 2023, as revised October 16, 2023, to take effect on November 1, 2023, by operation of law.

Background

On August 15, 2023, Torre Refuse & Recycling LLC d/b/a Sunshine Disposal & Recycling (Torre or Company) filed with the Washington Utilities and Transportation Commission (Commission) tariff revisions to Tariff Number 4 that would generate approximately \$1,090,000 (18.7 percent) in additional annual revenue. Torre provides regulated garbage services to approximately 23,000 customers in Spokane County. The Company's last general rate increase became effective May 1, 2022.

Torre is seeking this increase due to increased capital investments, wage expenses, repair costs, and allocated expenses over the year since its last general rate increase.

Discussion

A primary driver of this request, Torre's capital investments have increased substantially in the last year. The Company purchased several new vehicles to replace old equipment. The Company also purchased additional containers and totes. During the review, one of the trucks was found to be incorrectly allocated to Torre's Spokane operation. Commission staff (Staff) reviewed the invoices for the additional equipment and reviewed the calculations for depreciation of the assets. After review, the depreciation and net investment for the operation were reduced.

Over the last year, the Company saw increases in labor costs. To remain competitive in maintaining and attracting personnel Torre has increased wages for drivers, mechanics, and support staff. A large part of the wages impacting this request are allocated among several Torre owned operations. The initial filing provided that the allocations were based on wages in each division, which Staff has concerns about. Staff's concern is that wage increases in a division would divert allocated expenses to that operation when no increase in operations warranted the adjustment.

Due to the timing where the allocation concerns were highlighted Staff requested the Company to extend the effective date. The Company agreed and requested an extension of the effective

date on September 22, 2023. Staff worked with the Company to find an alternate allocation basis to validate the expenses from the proposed allocation methodology by the Company, settling on driver and mechanic work hours. After reviewing the results of the additional information, Staff concluded the Company’s calculation was supported. Staff discussed with the Company activities to track going forward to improve allocation calculations in future cases.

Staff removed unallowable bonuses, advertising, subscriptions and dues, travel, and entertainment expenses. At Staff’s request to identify the subject matter of legal expenses, the Company identified two items it requested be removed as unrelated to regulated operations.

Fuel expenses were updated to reflect the most recent 12-month period per Washington Administrative Code 480-70-346, resulting in a slight decrease in fuel expenses.

Rate Comparison

The table below shows the current, Company-proposed, and Staff-revised rates, for the most common services. The full list of rates is included in the Company’s tariff.

Most Common Residential Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference	
35-Gal Weekly	\$24.32	\$29.46	\$28.83	\$4.51	18.5%
64-Gal Weekly	\$33.02	\$39.95	\$39.10	\$6.08	18.4%
96-Gal Weekly	\$41.92	\$50.24	\$49.23	\$7.31	17.4%

Most Common Commercial Lines of Service	Current Rate	Proposed Rate	Revised Rate	Difference	
1-Yard per pickup	\$23.29	\$27.77	\$27.22	\$3.93	16.9%
2-Yard per pickup	\$41.02	\$48.70	\$47.76	\$6.74	16.4%

Customer Comments

On August 17, 2023, the Company notified its customers of the rate increase by mail. Staff received 14 consumer comments, all opposed to the proposed rate increase.

Eight customers commented that the proposed increase amount is excessive. Four mentioned the frequency of increases in their rates.

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 explained that the increase in January of this year was to pass through increased disposal fees and to increase recycling commodity credits.

Conclusion

Staff has completed its review of Torre's accounts, books, and supporting documents. Staff found the initial request for \$1,090,000 was overstated. Staff and the Company have agreed to a revised increase in annual revenue of approximately \$1,002,000 (17.2 percent). Staff believes the revised rates are fair, just, reasonable, and sufficient.

Recommendation

Take no action allowing the Tariff Revisions filed by Torre Refuse & Recycling LLC for its Tariff number 4 on August 15, 2023, as revised October 16, 2023, to take effect on November 1, 2023, by operation of law.