

Agenda Date: December 14, 2017
Item Numbers: E4 and E5

Dockets: TG-170981 and TG-170982
Company Name: Basin Disposal, Inc. G-118
Ed's Disposal, Inc. G-110

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

Recommendation

1. Issue an order dismissing the complaint and order suspending tariff revisions for Dockets TG-170981 and TG-170982.
2. Allow tariff revisions filed by Basin Disposal, Inc. and Ed's Disposal, Inc. on September 15, 2017, and revised on December 13, 2017, to go into effect on January 1, 2018.

Discussion

On September 15, 2017, Basin Disposal, Inc. (BDI) and Ed's Disposal, Inc. (Ed's), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately \$476,000 (7.5 percent BDI and Ed's combined) additional annual revenue. BDI serves approximately 5,500 residential and commercial customers; Ed's serves approximately 4,500 residential and commercial customers, both in Benton, Franklin, and Walla Walla counties. The filing is prompted by increases in wages, benefits, medical insurance, new assets, and other general operating expenses, and adjustments to overhead allocations. The last general rate increase for BDI became effective June 1, 2017, and Ed's became effective on August 1, 2005.

Staff has completed its review of the companies' supporting financial documents, books, and records. Staff's review found that the companies' proposed rates would result in excess revenue. Staff and the companies agreed to a revised revenue requirement of approximately \$320,000 (6.2 percent when BDI and ED's are combined) additional annual revenue, with a reduction of \$248,000 (-2.4 percent) for Basin. On December 13, 2017, BDI and Ed's filed revised tariff pages with the revised proposed rates at staff recommended levels.

BDI and Ed's filed concurrent rate cases because of the extent that both operations share managerial, administrative personnel, assets and the proximity of the two service areas. By filing a rate case concurrently, staff is able to create a single price. The result is that BDI rates will be decreasing while Ed's rates are increasing.

The commission authorized BDI to recover costs related to the superfund clean-up site in Docket TG-170189¹. In the creation of the single price for service in the current filing, those costs associated with superfund cleanup was pro-rated for each service line for BDI customers only.

¹ See TG-170189 Memo 01 and TG-170189 Order 01.

The following tables represent the rates staff recommended at the November 30, 2017, open meeting. These rates did not go into effect because the commission issued a complaint and order suspending tariff revisions.

Rate Comparison

Ed's Disposal (ED's)				
	Current Rate	Proposed Rate	Revised Rate	Percent Increase
Residential Monthly Rates				
One 64-Gallon Tote Weekly Pick-Up	\$12.43	\$17.39	\$18.25	46.8 %
One 96-Gallon Tote Weekly Pick-Up	\$14.61	\$20.44	\$23.00	57.4 %
Commercial Per Pick-Up Rates				
2.0-Yard Container First Pick-Up	\$32.00	\$23.42	\$25.50	-20.3 %
2.0-Yard Container Additional Pick-Up	\$13.83	\$23.42	\$25.50	84.4 %
3.0-Yard Container First Pick-Up	\$37.84	\$27.95	\$30.50	-19.4 %
3.0-Yard Container Additional Pick-Up	\$17.69	\$27.95	\$30.50	72.4 %
Dropbox Per Pick-Up Rates				
20 Yard Container Per Pick-Up	\$90.00	\$100.00	\$110.00	22.2 %

Basin Disposal (BDI)					
	Current Rate	Proposed Rate	Revised Rate*	PLP Rate	Percent Increase
Residential Monthly Rates					
One 64-Gallon Tote Weekly Pick-Up	\$20.25	\$19.24	\$18.25	\$0.09	-9.4 %
One 96-Gallon Tote Weekly Pick-Up	\$25.00	\$23.84	\$23.00	\$0.13	-7.5 %
Commercial Per Pick-Up Rates					
2.0-Yard Container First Pick-Up	\$26.00	\$23.42	\$25.50	\$0.14	-1.4 %
2.0-Yard Container Additional Pick-Up	\$26.00	\$23.42	\$25.50	\$0.14	-1.4 %
3.0-Yard Container First Pick-Up	\$31.00	\$27.95	\$30.50	\$0.20	-1.0 %
3.0-Yard Container Additional Pick-Up	\$31.00	\$27.95	\$30.50	\$0.20	-1.0 %
Dropbox Per Pick-Up Rates					
20 Yard Container Per Pick-Up	\$115.00	\$100.00	\$110.00	\$0.96 per ton	-4.3 %

*The difference in the BDI and ED's rates is the cost associated with the superfund process.

Between the November 30, 2017, open meeting and December 14, 2017, open meeting staff designed a phased in rate for Ed's service lines that have high subscription rates. This method was applied by staff to address concerns of rate shock discussed by the commission at the November 30, 2017, open meeting. Below is a table showing the rates that have changed from staff's original proposal from November 30, 2017.

Phase One (effective January 1 through December 31, 2018)			
Basin Disposal Tariff 94		Ed's Disposal Tariff 5	
64 Gallon Tote	\$20.25	64 Gallon Tote	\$17.10
96 Gallon Tote	\$25.00	96 Gallon Tote	\$19.80
Redelivery Cost	\$7.50	Redelivery Cost	\$7.50
Drop Box Mileage	\$3.60	Drop Box Mileage	\$3.60
The above are the only rates changed from the November 30, 2017, proposed rates.			

Phase Two (effective January 1, 2019)			
Basin Disposal Tariff 94		Ed's Disposal Tariff 5	
64 Gallon Tote	\$18.34	64 Gallon Tote	\$18.25
96 Gallon Tote	\$23.13	96 Gallon Tote	\$23.00
Redelivery Cost	\$3.25	Redelivery Cost	\$3.25
Drop Box Mileage	\$3.20	Drop Box Mileage	\$3.20
The above are the only rate changes from phase one.			

Customer Comments

On October 2, 2017, the companies notified its customers by mail of the proposed rate changes. Customers were notified that they may access relevant documents about the filings on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or jcupp@utc.wa.gov with questions or concerns. Staff received 10 consumer comments regarding Ed's proposed rate increase; nine opposed, and one in favor.

General Comments

One customer stated the company's notice did not provide enough information for a complete analysis of the proposed increase.

Staff Response

Staff explained the process used in its investigation into rate requests.

Nearly all the commenters believe the amount of the proposed increase is excessive. Five customers said Ed's already received an increase this year. Two customers did not provide a reason for opposing the increase.

Staff Response

Staff explained the company's rates went up February 1, due to an increase in disposal fees, and the company's last general rate increase was in 2005.

The customers were advised 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. Regulatory staff reviews filings to ensure that all rates and fees are appropriate.

Conclusion

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