

Agenda Date: March 28, 2013
Item Number: B1

Docket: TG-121353
Company Name: San Juan Sanitation Co., G-144

Staff: Amy White, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

1. Dismiss the Complaint and Order Suspending the Tariff Revision filed on August 14, 2012, filed by San Juan Sanitation Co., and
2. Allow the revised rates and tariff revision filed on March 18, 2013, by San Juan Sanitation Co. to become effective on April 1, 2013, on a permanent basis.

Background

On August 14, 2012, San Juan Sanitation Co., (San Juan or company) filed with the Utilities and Transportation Commission (commission) tariff pages to implement a new, mandatory-pay recycling program for all residential garbage customers, as required by San Juan County ordinances 2-2012 and 9-2012. San Juan operates in San Juan County and provides service to approximately 875 residential recycling customers.

San Juan proposed a start-up rate of \$9.40 per month based on estimated costs and projected \$98,000 annual revenue. On September 27, 2012, the commission suspended the filing and allowed the rate to become effective on October 1, 2013, on a temporary basis, subject to refund. The commission also ordered San Juan to provide additional data and operating information on its recycling and solid waste programs, including the actual results of the first four months of recycling operations.

The company made its compliance filing on February 15, 2013, and filed tariff pages on March 18, 2013, that propose to increase the temporary \$9.40 recycling rate to \$11.00 (17 percent) on a permanent basis. The proposed permanent rates would generate approximately \$16,500 (17.1 percent of recycling revenues and 1.5 percent of company-wide revenue) more annual revenue than the temporary rates. Staff has completed its review of the company's financial information for the first four months operations and finds that it supports the revised increased revenue requirement and that the proposed increased permanent rates are fair, just, reasonable and sufficient.

Customer Comments

On Aug. 30, 2012, the company notified its customers of the proposed initial rates by mail. Prior to the open meeting on Sept. 27, staff received three customer comments opposing the proposed rate increase. The company notified customers of the proposed permanent rates by mail on March 1, 2013. Staff received an additional comment on March 7, 2013, also opposed to the increase. Customers were notified that they may access relevant documents about this rate case 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.

General Comments

- The commenters oppose the increase because they believe the recycling rate is too high.

Staff Response

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 earn a reasonable return on its investment. Regulatory staff review filings to ensure that all rates and fees are appropriate.

- Two customers asked why the minimum level of service is two cans, when one can may be enough.

Staff Response

Staff explained to the consumers that the company is required by San Juan County to offer two-can service as a minimum. The customers are not required to use two cans but customers are required to pay for that minimum level of service.

Rate Comparison

Residential Monthly Rates	Current Temporary Rate	Proposed Permanent Rate	Percent Increase
Mandatory Recycle Monthly Up To Two 32-Gallon Cans (Customer Supplied)	\$ 9.40	\$11.00	17.0 %
Pre-Paid Sticker / Tag	\$ 5.00	\$ 6.00	20.0 %
Occasional Extra 32-Gallon Can Pick-Up	\$ 3.00	\$ 3.00	NA

Average Customer Charge Comparison

Garbage Service (Plus Mandatory Recycling Service)	Garbage Charge	Temporary		Permanent		% Change Monthly Bill
		Recycling Charge	Monthly Bill	Recycling Charge	Monthly Bill	
One 20-gallon Mini-Can Monthly	\$ 7.70	\$9.40	\$17.10	\$11.00	\$18.70	9.3 %
One 32-gallon Can Monthly	\$ 8.50	\$9.40	\$17.90	\$11.00	\$19.50	8.9 %
Two 32-gallon Cans Every-Other-Week	\$30.65	\$9.40	\$40.05	\$11.00	\$41.65	4.0 %
Two 32-Gallon Cans Weekly	\$54.65	\$9.40	\$64.05	\$11.00	\$65.65	2.5 %

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