

Agenda Date: August 26, 2021
Item Number: B6

Docket: TG-210562

Company Name: Carroll-Naslund Disposal Service, Inc.

Staff: Benjamin Sharbono, Regulatory Analyst
John Cupp, Consumer Protection Staff

Recommendation

Take no action, allowing the tariff revisions filed by Carroll-Naslund Disposal Service, Inc. on July 16, 2021, as revised on August 23, 2021, to go into effect September 1, 2021, by operation of law.

Discussion

On July 16, 2021, Carroll-Naslund Disposal Service, Inc. (Carroll-Naslund or Company), filed Tariff Number 5 with the Utilities and Transportation Commission (Commission) that would generate approximately \$212,000 (16.01 percent) additional annual revenue. The filing is prompted by increasing labor and retirement costs, vehicle maintenance expenses, and insurance expenses since the company's last general rate case. The Company's regulated operations serve approximately 4,150 residential customers, 942 commercial customers, and 26 roll off customers in Asotin and Garfield Counties. The company's last general rate increase became effective April 1, 2016.

Since this Company's last general rate increase the number of regulated customers has increased by approximately 20 percent. As a result, the Company has hired two additional employees and purchased two additional collection vehicles. The company is experiencing rising maintenance costs as they continue to utilize older vehicles, which remains cheaper for customers than the Company acquiring new vehicles. The Company health insurance premiums and benefits have also increased over the same period.

Commission staff (Staff) reviewed the expenses for maintenance and vehicle repairs, finding several pieces of equipment, totalling approximately \$5,625, that Staff moved to the depreciation schedule, treating them the same as like items. Staff also used its depreciation model, which had been used in Carroll-Naslund's 2015 rate case. Staff's calculated depreciation is approximately \$51,600 less than the Company model. Staff also made approximately \$15,000 in proforma adjustments removing assets reaching the end of their service lives during the test period.

Staff also revised expenses for damage to customer property, and removing late fee's paid to the US Treasury. To settle the case, staff agreed to allow the average of the last 4 years of payments made by the company to customers for damage to property. These payments are for minor incidents, such as ruptured hydraulic line clean up or damage to yards. This will not establish precedent for future filings. Staff completely removed the late fees. The combination results in a reduction of approximately \$7,500.

During the rate case, it was found the Company had not included consultant expenses related to the general rate case. As standard practice, the costs were allocated over a 3-year period resulting in an increase of \$3,712.

After Staff's review of the Company's supporting financial documents and records, Staff and the Company agreed to a revised revenue increase of approximately \$167,314 (13.2 percent). Staff and the company agreed on revised rates and Staff believes the financial information supports the rates and find them to be fair, just, reasonable, and sufficient.

RATE COMPARISON

	Current Rate	Proposed Rate	Revised Rate	Percent Change
Residential Garbage				
1 64-Gallon Cart - Weekly Pickup	\$16.60	\$19.34	\$18.80	13.2%
1 96-Gallon Cart - Weekly Pickup	\$20.06	\$23.37	\$22.72	13.2%
Comercial Garbage				
1.5 Yard – Monthly Rent	\$8.20	\$9.55	\$9.29	13.2%
1.5 Yard – Per Pickup	\$13.36	\$15.56	\$15.13	13.2%
2 Yard – Monthly Rent	\$10.55	\$12.29	\$11.95	13.2%
2 Yard – Per Pickup	\$16.52	\$19.25	\$18.71	13.2%
Roll-Off Garbage				
20-Yard – Monthly Rent	\$55.00	\$65.00	\$62.29	13.2%
20-Yard – Per Pickup	\$75.00	\$87.00	\$84.94	13.2%
30-Yard – Monthly Rent	\$65.00	\$75.00	\$73.61	13.2%
30-Yard – Per Pickup	\$105.00	\$121.50	\$118.91	13.2%

Customer Comments

On July 15, 2021, the Company notified its customers by mail of the proposed rate increase. Staff received one comment.

Customer Comments

One customer commented that the pandemic and inflation make this rate increase unaffordable.

Staff Response

State law requires rates to be fair, just, reasonable, and sufficient to allow the Company to recover reasonable operating ex penses 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, allowing the tariff revisions filed by Carroll-Nalund Disposal Service, Inc. on July 16, 2021, as revised on August 23, 2021, to go into effect September 1, 2021, by operation of law.