

Agenda Date: June 29, 2017  
Item Number: B1

**Docket: TG-170378**

Company Name: Torre Refuse & Recycling dba Sunshine Disposal & Recycling, G-260

Staff: Greg Hammond, Regulatory Analyst  
John Cupp, Consumer Protection Staff

### **Recommendation**

Take no action, thereby allowing the tariff pages filed on May 16, 2017 and revised on June 21, 2017, to go into effect July 1, 2017, by operation of law.

### **Discussion**

On May 16, 2017, Torre Refuse & Recycling dba Sunshine Disposal & Recycling (Sunshine or company), filed revisions to Tariff No. 3 with the Utilities and Transportation Commission (commission) that would generate approximately \$342,000 (8.7 percent) additional annual revenue from garbage collection services. The proposed increase would become effective July 1, 2017, and is prompted by increased labor costs, new truck purchases, and repairs and maintenance expenses. The company currently serves approximately 6,000 residential and commercial customers in Spokane County. The company's last general rate increase became effective July 1, 2013.

Staff's review found the proposed rate increase to be justified. Staff made adjustments to reclassify yardwaste and recycling activities to more accurately reflect the expenses associated with serving garbage customers. Staff also removed non-safety related bonuses paid to its employees. These adjustments caused a decrease of roughly \$66,000 to the annual revenue requirement.

In addition, staff made an adjustment to the depreciation schedule, removing assets that would be fully depreciated by the effective date of the proposed tariff, and adjusting assets purchased during the test year to allow a full year's worth of depreciation expense. Because the company had purchased a few high-dollar trucks during the test year, the company's depreciation expense calculation, using a partial year convention, had understated the company's true expense on a forward-looking basis. This caused a rather substantial upward staff adjustment.

Also, the company had several old assets that were fully depreciated but were carrying salvage values on the depreciation schedule. Staff believes companies should move away from salvage values on assets that in practice have little or no salvage value. Therefore staff removed older assets carrying salvage values that have remained on the books for as much as ten years beyond the assets useful life. In order to ensure the company fully recovers its investment, staff allowed recovery of the remaining salvage values using the company's average time period between rate cases as the period for recovery. This approach, in this case, allows salvage values to be fully recovered over the next four years.

After all adjustments were made, the revenue requirement was slightly higher than the company's original proposal. The company declined to increase rates further and settled at the originally proposed amount.

### **Rate Comparison**

	<b>Current Rate</b>	<b>Proposed Rate</b>	<b>% Increase</b>
<b>Residential Garbage</b>			
35 Gal. Toter Monthly	\$ 12.49	\$ 14.05	12.5%
35 Gal. Toter Weekly	\$ 20.26	\$ 22.29	10.0%
64 Gal. Toter Weekly	\$ 27.52	\$ 30.25	9.9%
96 Gal. Toter Weekly	\$ 35.02	\$ 38.30	9.4%
<b>Commerical Garbage</b>			
1 YD Per Pickup	\$ 19.48	\$ 21.23	9.0%
2 YD Per Pickup	\$ 33.51	\$ 36.39	8.6%

### **Customer Comments**

The company notified its customers by mail of the proposed rate increase. Customers were notified that they may access relevant documents about this rate increase on the commission's website, and that they may contact John Cupp at 1-888-333-9882 or [jcupp@utc.wa.gov](mailto:jcupp@utc.wa.gov) with questions or concerns. Staff received 19 consumer comments, all opposed to the rate increase.

### **General Comments**

- Seven customers commented on the frequency of the company's rate increases, stating the company raised its rates in January of this year. Five customers believe the amount of the proposed increase is excessive. There were several comments from customers on fixed incomes, who believe the rates are already high enough.

### **Staff Response**

The most recent increase was a disposal fee pass-through, effective January 1, 2017. 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**

Take no action, thereby allowing the tariff pages filed on May 16, 2017 and revised on June 21, 2017, to go into effect July 1, 2017, by operation of law.