Agenda Date: July 26, 2013

Item Number: B1

**Docket: TG-130759**

Company Name: Pullman Disposal Service, Inc., G-42

Staff: Amy White, Regulatory Analyst

Sheri Hoyt, Consumer Protection Staff

**Recommendation**

Allow the Tariff Revisions filed by Pullman Disposal Service, Inc., on May 16, 2013, as revised July 15, 2013, to become effective August 1, 2013, by operation of law.

**Discussion**

On May 16, 2013, Pullman Disposal Service, Inc. (Pullman or company), filed tariff revisions with the Utilities and Transportation Commission (commission) that would generate approximately $160,000 (5.7 percent) additional annual revenue. The proposed increases are prompted by increases in wages, postage, fuel, insurance, and other operating expenses, and costs to implement a new commingled recycling service. The filing also reflects lower disposal fees charged at the Whitman County landfill. On June 14, 2013, the company filed to extend the proposed effective date from July 1, 2013, to August 1, 2013. The company serves approximately 9,600 customers in and around Pullman in Whitman County. The company’s last general rate increase became effective April 1, 2012.

Staff has completed its review of the company’s supporting financial documents, books and records. Staff’s review found that the company’s proposed rates would result in excess revenue. Staff and the company agreed to a revised revenue requirement of approximately $154,000 (5.5 percent) additional annual revenue and to revised rates. On July 15, 2013, the company filed revised tariff pages at the staff recommended revised rates.

**Rate Comparison**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Residential Monthly Rates** | **Current Rate** | **Proposed Rate** | **Revised Rate** | **Percent Increase (Decrease)** |
| **Outside Pullman City Limits** |  |  |  |  |
| One 32-Gallon Can Every Other Week Pick-Up | $13.03 | $12.90 | $12.83 | (1.5%) |
| One 95-Gallon Cart Every Other Week Pick-Up | $25.20 | $24.95 | $24.82 | (1.5%) |
| Voluntary Recycle Service Every Other Week Pick-Up | $2.68 | $5.31 | $5.31 | 198% |
| One 95-Gallon Cart Every Other Week Pick-Up plus Voluntary Recycling Every Other Week Pick-Up | $27.88 | $30.26 | $30.13 | 8.1% |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Residential Monthly Rates** | **Current Rate** | **Proposed Rate** | **Revised Rate** | **Percent Increase (Decrease)** |
| **Inside Pullman City Limits** |  |  |  |  |
| One 32-Gallon Can Every Other Week Pick-Up (Includes $5.31 For Mandatory Recycling) | $15.71 | $18.21 | $18.14 | 15.5% |
| One 95-Gallon Cart Every Other Week Pick-Up (Includes $5.31 For Mandatory Recycling) | $27.88 | $30.26 | $30.13 | 8.1% |
|  |  |  |  |  |
| **Commercial Per Pick-Up Rates** |  |  |  |  |
| Monthly Rental, 1.5-Yard Container | $4.81 | $4.76 | $ 4.74 | (1.5%) |
| 1.5-Yard Container, Per Pick-Up | $16.58 | $16.41 | $16.33 | (1.5%) |
| 4-Yard Container, Monthly Rental | $7.42 | $7.35 | $7.31 | (1.5%) |
| 4-Yard Container, Each Pick-Up | $39.09 | $38.70 | $38.50 | (1.5%) |

**Customer Comments**

On May 31, 2013, the company notified its customers of the proposed rate increase by mail. Staff received three consumer comments regarding the proposed rate increase; two opposed to the rate increase, none in favor, and one undecided. Customers were notified that they may access relevant documents about this rate increase on the commission’s website, and that they may contact Sheri Hoyt at 1-888-333-9882 or shoyt@utc.wa.gov with questions or concerns.

**General Comments**

* One customer noted that the company is proposing a recycling rate for the new commingled recycling that is almost double what it has been for source-separated recycling, and believes that if commingled recycling is a cheaper process but the customer’s cost doubles, then the only winner is the solid waste disposal company.
* One customer said he did not accept the company’s need to purchase new trucks, and that the automated trucks should result in greater efficiencies and less personnel and fuel costs.
* One customer said other businesses have to learn to be more efficient with less, and Pullman Disposal should not be any different.

**Staff Response**

State law requires rates to be fair and reasonable for customers, while also allowing the company to recover appropriate operating expenses and earn a reasonable return on its investment. Rates are based on each company’s specific needs.

**Conclusion**

Staff has completed its review of the company’s supporting financial documents, books and records. Staff’s review shows that expenses are reasonable and required as part of the company’s operations. The customers’ comments do not change staff’s opinion that the company’s financial information supports the staff’s revised revenue requirement and the revised rates and charges are fair, just, reasonable and sufficient. Therefore, staff recommends that the commission:

Allow the Tariff Revisions filed by Pullman Disposal Service, Inc., on May 16, 2013, as revised July 15, 2013, to become effective August 1, 2013, by operation of law.